

**MEETING OF THE STATE BOARD OF ADMINISTRATION**

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

**MAY 10, 2016**

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

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**AGENDA**

- ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE JANUARY 21, 2016 AND MARCH 2, 2016 CABINET MEETINGS.**

**(See Attachments 1A – 1B)**

**ACTION REQUIRED**

- ITEM 2. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$100,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE CONSTRUCTION BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 2A)**

**ACTION REQUIRED**

- ITEM 3. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$540,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2016 SERIES (TO BE DETERMINED)**

**(See Attachment 3A)**

**ACTION REQUIRED**

- ITEM 4. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$210,000,000 STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION FLORIDA FOREVER REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 4A)**

**ACTION REQUIRED**

- ITEM 5. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$175,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 5A)**

**ACTION REQUIRED**

- ITEM 6. APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$250,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 6A)**

**ACTION REQUIRED**

- ITEM 7. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$9,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (BROOKESTONE I)**

**(See Attachment 7A)**

**ACTION REQUIRED**

- ITEM 8. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$12,200,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (COLUMBUS COURT)**

**(See Attachment 8A)**

**ACTION REQUIRED**

- ITEM 9. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$15,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (MARCIA GARDENS)**

**(See Attachment 9A)**

**ACTION REQUIRED**

- ITEM 10. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S 2016 CORPORATE GOVERNANCE PRINCIPLES AND VOTING GUIDELINES.**

**(See Attachment 10A)**

**ACTION REQUIRED**

- ITEM 11. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING "THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME] SUMMARY REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS." (SECTION 218.409(6)(a)1, F.S.)**

**(See Attachments 11A - 11D)**

**ACTION REQUIRED**

- ITEM 12. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S PROPOSED BUDGETS FOR FISCAL YEAR 2016-2017: (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 12A)**

**ACTION REQUIRED**

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STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND  
CABINET

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**VOLUME 1**

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

DATE: THURSDAY, JANUARY 21, 2016

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

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

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By Secretary Steverson

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**P R O C E E D I N G S**

GOVERNOR SCOTT: Good morning. Welcome to the January 21st Cabinet meeting.

To begin our meeting, I'd like to welcome Grace Cerio to lead this morning's invocation. Please remain standing after the invocation for the pledge of allegiance led by Mrs. Cloud's first grade really smart class at the Florida State University school, followed by the singing of the National Anthem by Elizabeth and Ana Pusifer.

Grace, good morning.

(WHEREUPON, THE INVOCATION WAS GIVEN AND THE PLEDGE OF ALLEGIANCE WAS SAID).

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STATE OF FLORIDA

IN RE: MEETING OF THE  
GOVERNOR AND CABINET

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VOLUME II

CABINET MEMBERS:                      GOVERNOR RICK SCOTT  
   ATTORNEY GENERAL PAM BONDI  
   CHIEF FINANCIAL OFFICER JEFF  
   ATWATER  
   COMMISSIONER ADAM PUTNAM

DATE:                                        THURSDAY, JANUARY 21, 2016

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

REPORTED BY:                              YVONNE LAFLAMME, FPR  
   COURT REPORTER and  
   NOTARY PUBLIC

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2 DIVISION OF BOND FINANCE

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5 GOVERNOR SCOTT: Next, we would like to recognize  
6 Ash Williams with the State Board of Administration.

7 Well, times are easier, right, Ash?

8 EXECUTIVE DIRECTOR WILLIAMS: Commissioner Putnam  
9 has it, I'm deeply relieved not to be getting  
10 evaluated right now.

11 Now, on that happy subject, where the markets  
12 are, suffice it to say, they've been about as ugly as  
13 anything I've seen in my career for the beginning of  
14 the year. If we look at the fiscal year-to-dates  
15 through last night's close, Florida Retirement System  
16 Trust Fund is down 7.27 percent. That's 126 basis  
17 points ahead of target; nonetheless, it's 14.1 billion  
18 dollars below where we started the fiscal year.  
19 That's net of distributions of roughly four billion,  
20 so it's not all market pain.

21 And I guess what I would offer on that, is  
22 there's no question there's been extraordinary misery  
23 here, but there's got to be a bottom somewhere. And  
24 if you look at where we are and look at all of our  
25 asset classes, there's only really one that's down and  
that's global equity. Every other asset class is up

1       which is exactly the reason you would diversify, and  
2       it's serving us well. And if you sort of try and call  
3       the bottom for where things are and you have to ask  
4       yourself the question, In the US, is the collective  
5       value of the private businesses that are publically  
6       traded in the United States -- however many trillions  
7       of less dollars than they were today on the 31st of  
8       December or the 1st of November -- I think the answer  
9       is no, you can't really do that math and justify it.

10       We still have the rule of law. We still have the  
11       strongest currency in the world. I don't accept for a  
12       moment that US equity values or global equity values  
13       are permanently impaired. Money has to go somewhere.

14       There are a lot of things shaking out, but  
15       commonly, bottoms are made when there's unbridled  
16       capitulation and people are scared and they're just  
17       sellers, no matter what. That's usually marked by  
18       several things. First of all, selling and declines  
19       become uniform against all segments of the US market,  
20       all sectors of the SNP 500. They also become pretty  
21       much uniform; correlations of one across global equity  
22       markets and ultimately across commodities and bonds as  
23       well.

24       Every one of those things is happening now, so I  
25       think we're closer to a bottom than anything else, and

1       that's why you have investment policy. That's why you  
2       rebalance. That's why you have things that work well  
3       when other things are going badly, et cetera. So  
4       that's why we have institutional discipline and we're  
5       following it, so I think over the fullness of time,  
6       we'll be fine.

7             Item 1. Request approval of the minutes of the  
8       November 10, 2015, and December 8, 2015, meetings.

9             GOVERNOR SCOTT: Is there a motion on the item?

10            ATTORNEY GENERAL BONDI: So moved.

11            GOVERNOR SCOTT: Is there a second?

12            CFO ATWATER: Second.

13            GOVERNOR SCOTT: Any comments or objections?

14       Hearing none, the motion carries.

15            EXECUTIVE DIRECTOR WILLIAMS: Thank you.

16            GOVERNOR SCOTT: Let's do two and three together.

17       Is there a motion on items two and three?

18            ATTORNEY GENERAL BONDI: So moved.

19            CFO ATWATER: Second.

20            GOVERNOR SCOTT: Any comments or objections?

21       Hearing none, the motion carries.

22            Let's go on to Item 4.

23            EXECUTIVE DIRECTOR WILLIAMS: Thank you. Request  
24       approval of the reappointment of Mr. Gary Went  
25       (phonetic) to the Investment Advisory Council.

1 CFO ATWATER: So moved.

2 ATTORNEY GENERAL BONDI: Second.

3 GOVERNOR SCOTT: Any comments or objections?

4 Hearing none, the motion carries.

5 EXECUTIVE DIRECTOR WILLIAMS: Thank you. Item 5,  
6 request approval of a draft letter certifying the  
7 trustees have reviewed the Auditor General's annual  
8 financial audit and acted on any findings as  
9 necessary. There weren't any material deficiencies  
10 identified in the Auditor General's work.

11 GOVERNOR SCOTT: Is there a motion?

12 ATTORNEY GENERAL BONDI: So moved.

13 CFO ATWATER: Second.

14 GOVERNOR SCOTT: Any comments or objections?

15 Hearing none, the motion carries.

16 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

17 Item 6, request approval and authority to file a  
18 notice of proposed rule for the Florida Hurricane  
19 Catastrophe Fund. These are the insurer reporting  
20 requirements, and essentially, we have two substantive  
21 changes here: One, make certain provisions that the  
22 reporting requirements are more consistent with best  
23 practice and the private sector; the other brings us  
24 in compliance with an administrative finding relating  
25 to the capture of certain data in a prior year.

1           GOVERNOR SCOTT: All right. Is there a motion on  
2     the item?

3           ATTORNEY GENERAL BONDI: So moved.

4           GOVERNOR SCOTT: Is there a second?

5           CFO ATWATER: Second.

6           GOVERNOR SCOTT: Any comments or objections?

7     Hearing none, the motion carries. All right.

8           So we'll go onto finance.

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2 STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

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4 EXECUTIVE DIRECTOR WILLIAMS: Excellent. So --

5 GOVERNOR SCOTT: I'll do it for you.

6 Item 1, is there a motion?

7 ATTORNEY GENERAL BONDI: So moved.

8 GOVERNOR SCOTT: Any comments or objections?

9 Hearing none, the motion carries.

10 Item 2, is there a motion?

11 ATTORNEY GENERAL BONDI: So moved.

12 CFO ATWATER: Second.

13 GOVERNOR SCOTT: Any comments or objections?

14 Hearing none, the motion carries.

15 ATTORNEY GENERAL BONDI: We don't need you, Ash.

16 GOVERNOR SCOTT: Now, we'll see how good Ben is.

17 Ben, you're not done.

18 DIRECTOR WATKINS: Almost, Governor.

19 GOVERNOR SCOTT: Thank you, Ash.

20 EXECUTIVE DIRECTOR WILLIAMS: Take care.

21 GOVERNOR SCOTT: Ash, what's going to happen to

22 interest rates?

23 EXECUTIVE DIRECTOR WILLIAMS: Not going anywhere

24 fast is my guess.

25 GOVERNOR SCOTT: No.

1 EXECUTIVE DIRECTOR WILLIAMS: And I would say one  
2 other thing. If you look at current sampling of  
3 opinion, the probability of the fed fullfilling their  
4 own expectations for the number of increases this year  
5 is down to one percent.

6 GOVERNOR SCOTT: What did they say, three or four  
7 this year?

8 EXECUTIVE DIRECTOR WILLIAMS: Four was the  
9 original comment. And if you look at Droggy's  
10 comments this morning, the European Central Bank, in  
11 which he said we need to reexamine; weakness is  
12 clearly present. We need to be accommodating, and he  
13 again reiterated what he said some months ago, which  
14 is we will do whatever is necessary to provide the  
15 liquidity to retain stability, et cetera, et cetera,  
16 and markets are like that.

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2 DIVISION OF BOND FINANCE

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4 (Continued)

5 DIRECTOR WATKINS: Governor, as a follow on to  
6 that in terms of fixed income market.

7 So notwithstanding the lift-off last week because  
8 of developments in the global markets price of oil not  
9 meeting inflationary targets from the feds standpoint,  
10 speculation on the street now is there's not going to  
11 be -- at first they talked about the pace of  
12 increases, and now they're talking about maybe no  
13 increases for 2016 from the feds. So, you know, it  
14 remains to be seen.

15 The strategists and alleged experts continue to  
16 be confounded about where rates are going and that's  
17 where discipline pays, and so our discipline has been  
18 to execute transactions as they are in the money and  
19 meet our threshold savings level, so consequently it  
20 served as well. We were in the market last week,  
21 Peter Antonacci (phonetic) asked us of the execution  
22 of \$400 million refunding for the water management  
23 district, which we worked over the holidays to have it  
24 ready and have the papers on the shelf, with the  
25 expectation of coming back and taking advantage of



1 market conditions early in January. And we were able  
2 to do that with refunding for the water management  
3 district last week, and we were in the Turnpike this  
4 week. So interest rates are likely to stay low for a  
5 while.

6 Back to performance evaluations. I've had an  
7 opportunity to do the math, and I really appreciate  
8 you guys taking the time to complete the form, and I'm  
9 certainly willing -- more than willing to take  
10 feedback from you all, any time. Obviously, the score  
11 and average score of the subjective evaluation is  
12 4.84, so anything above 4.6, according to the scale is  
13 significantly exceeds expectation, so I'm thankful for  
14 that.

15 Not surprising, but certainly willing to take  
16 input at any time. The valuable part of this exercise  
17 from my perspective is that it allowed for  
18 self-reflection to set goals, objectives, and  
19 priorities, and lay those out in a very formal way, so  
20 that's what's been done in terms of developing the  
21 form, and so I appreciate you all take the time to do  
22 your part in providing subjective performance  
23 evaluations. So that's where we are on the completion  
24 of the evaluation process.

25 GOVERNOR SCOTT: Thank you. You've done a great

1       job. So does anyone want to make a motion?

2           CFO ATWATER: Governor, I would. I would like us  
3       to maybe visit a conversation on compensation. I  
4       would like to put it in the form of a motion but  
5       having (inaudible) I would rather have a conversation  
6       for that, if you're okay with the motion.

7           GOVERNOR SCOTT: There's no reason we can't; it  
8       doesn't mean we can do it.

9           CFO ATWATER: I'm familiar with that. So what I  
10      would like to share with you though is, there is no  
11      peer from the position that I --

12          GOVERNOR SCOTT: Because he has no peer.

13          CFO ATWATER: Frankly, I would say he has no peer  
14      in my opinion. I don't think there's a person that  
15      serves his role, that works with partners and  
16      citizens, and CAT funds, and in the dynamics of all of  
17      the management districts and universities like he  
18      does; uniquely by himself, but his team does.

19          But what we did look at, Governor, if you will  
20      recall we do have senior investment officers within  
21      the SBA. Their range is 176 at the low, 220 at the  
22      high. And my recollection is, first off, I think the  
23      numbers spoke for themselves 4.84 is subjective and  
24      4.66 is objective.

25          DIRECTOR WATKINS: Combined together, it's 4.84.

1           CFO ATWATER: 4.84. That speaks to all of us  
2           having the opinion about outstanding performance that  
3           I would like to recommend that if we would consider  
4           putting the motion a 10 percent salary increase that  
5           would take the position from 183 to 201,300; that puts  
6           us still thousands of dollars below the median salary  
7           of our senior investment officers, and I would like to  
8           lay that before the board to consider.

9           GOVERNOR SCOTT: Is there a second?

10          ATTORNEY GENERAL BONDI: Do we want to discuss  
11          this now?

12          CFO ATWATER: Sure, sure.

13          ATTORNEY GENERAL BONDI: I would have no  
14          objection on it to 210, given that what the money  
15          managers make at SBA.

16          GOVERNOR SCOTT: Commissioner?

17          COMMISSIONER PUTNAM: This is one of those issues  
18          if we walk out the door, we would be have the same  
19          conversation we were just having about insurance. And  
20          we're taking tremendous advantage of knowing if we had  
21          to fill this vacancy, I think in fairness, what it  
22          would cost to move in and treat Ben the next way we're  
23          going to treat -- (inaudible.)

24          GOVERNOR SCOTT: So there's a motion, existing  
25          motion we need to call. So you have a motion on the

1 table?

2 CFO ATWATER: What I might do and let me just, to  
3 be in the conversation, I was trying to work with the  
4 number of a 10 percent range, knowing that's a  
5 conversation. We're looking for all employees every  
6 year and trying to get this position -- and certainly  
7 a person of 25 years, I believe --

8 DIRECTOR WATKINS: I thought it was going to be,  
9 too. And it's north of 20.

10 CFO ATWATER: North of 20. That I would -- I was  
11 aiming to see if we could get a good midpoint of the  
12 current senior investment officers. If I'm reading  
13 the Attorney General, I share that opinion that the  
14 Veteran status and the extraordinary reputation that  
15 Mr. Watkins holds among the regular agency leaders  
16 across the country, and what he's done for our water  
17 management system, university system, and for us, I  
18 would be pleased to amend the motion to set the salary  
19 for the position at 210,000.

20 GOVERNOR SCOTT: Okay. Is there a second?

21 ATTORNEY GENERAL BONDI: Second.

22 GOVERNOR SCOTT: All right. Any comments or  
23 objections? Hearing none, the motion carries.

24 Thank you, Ben.

25 DIRECTOR WATKINS: Thank you all very much. And

1        what means more than anything is the opportunity to  
2        serve and support in the leadership that you all have  
3        provided me during my tenure here. This is not  
4        something I do for the money. If I was doing it for  
5        the money, I would be making a big mistake.

6                So it's a pleasure to serve, so thank you very  
7        much. I appreciate the confidence and the support  
8        that y'all have provided.

9                GOVERNOR SCOTT: Thank you, Ben.

10               That concludes today's meeting. Our next meeting  
11        is Thursday, February 4, hosted by Commissioner of  
12        Agriculture at the great state fairgrounds in Tampa.

13               (Off of the record at 2:50 p.m.)

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## STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND  
CABINET

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

DATE: WEDNESDAY, MARCH 2, 2016

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

REPORTED BY: NANCY S. METZKE, RPR, FPR  
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## P R O C E E D I N G S

GOVERNOR SCOTT: Good morning. Welcome to the March 2nd Cabinet meeting.

To begin our meeting, I would like to welcome Walker Rivard to lead this morning's invocation. Please remain standing after the invocation for the Pledge of Allegiance led by the student council members from the Medart Elementary School, followed by the singing of the National Anthem by Everett Reed.

So please rise.

(WHEREUPON, THE INVOCATION WAS GIVEN AND THE PLEDGE OF ALLEGIANCE WAS SAID) .

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**STATE BOARD OF ADMINISTRATION**

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

Nice easy markets, huh?

EXECUTIVE DIRECTOR WILLIAMS: Well, better lately, I'll give them that.

Good morning, Governor, Cabinet members. By way of update, as of last night's close, fiscal year to date the Florida Retirement System Trust Fund is down 3.99%. That is, however, 92 basis points ahead of target. The balance is at \$137.3 billion, which is 10.7 billion below where it started the year.

But just to give you an idea of what this volatility is like, that's up \$300 million from the day before.

GOVERNOR SCOTT: That's calendar year?

EXECUTIVE DIRECTOR WILLIAMS: I'm sorry?

GOVERNOR SCOTT: That's above calendar year?

EXECUTIVE DIRECTOR WILLIAMS: No, fiscal year.

GOVERNOR SCOTT: Fiscal year, okay.

EXECUTIVE DIRECTOR WILLIAMS: The longer period, right.

1           GOVERNOR SCOTT: I was going to say, you're  
2 pretty good if it was calendar year.

3           EXECUTIVE DIRECTOR WILLIAMS: Right.

4           GOVERNOR SCOTT: That's not bad for fiscal  
5 year either with these markets.

6           EXECUTIVE DIRECTOR WILLIAMS: On the whole,  
7 we'll take it. I mean if you look at where the  
8 equity market was --

9           GOVERNOR SCOTT: Yeah.

10          EXECUTIVE DIRECTOR WILLIAMS: -- look at where  
11 our global equity benchmark was as of last night's  
12 close --

13          GOVERNOR SCOTT: Right.

14          EXECUTIVE DIRECTOR WILLIAMS: -- it was down  
15 9.95%. So, you know, down 3.99 starts looking  
16 better. Everything is relative in life, but it's  
17 not where we want it to be and we're working on it.

18          Item 1, would request approval of the minutes  
19 of the January 21, 2016, meeting.

20          GOVERNOR SCOTT: All right. Is there a motion  
21 to approve?

22          CFO ATWATER: So moved.

23          ATTORNEY GENERAL BONDI: Second.

24          GOVERNOR SCOTT: Any comments or objections?

25          (NO RESPONSE).

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

3           EXECUTIVE DIRECTOR WILLIAMS: Thank you.

4           Item 2, request approval of a fiscal  
5 sufficiency of an amount not exceeding \$195,000,000  
6 State of Florida full faith and credit, Department  
7 of Transportation right of way acquisition and  
8 bridge construction refunding bonds.

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

11          ATTORNEY GENERAL BONDI: So move.

12          GOVERNOR SCOTT: Is there a second?

13          CFO ATWATER: Second.

14          GOVERNOR SCOTT: Any comments or objections?

15          (NO RESPONSE).

16          GOVERNOR SCOTT: Hearing none, the motion  
17 carries.

18          EXECUTIVE DIRECTOR WILLIAMS: Thank you.

19          GOVERNOR SCOTT: All right. One last item  
20 that we won't decide today, but if everybody could  
21 look at their calendars for the possibility of  
22 moving the June 8th Cabinet meeting to a date later  
23 in June, that we can combine it with the clemency  
24 on June 24th. So if we can look at our calendars,  
25 I don't have mine --

1           ATTORNEY GENERAL BONDI: Same day? It would  
2 be on the same --

3           CFO ATWATER: It could be or --

4           GOVERNOR SCOTT: It could be, so why don't we  
5 do this? I haven't seen my calendar, so why don't  
6 we -- at the next Cabinet meeting we will make a  
7 decision on that.

8           ATTORNEY GENERAL BONDI: So clemency,  
9 Governor, is already set, correct?

10          GOVERNOR SCOTT: On the 24th.

11          ATTORNEY GENERAL BONDI: And then we'd like to  
12 possibly move Cabinet to the same day?

13          GOVERNOR SCOTT: Either that day or the day  
14 before or after.

15          ATTORNEY GENERAL BONDI: That might be great  
16 if we could do it the same day since we're here.

17          GOVERNOR SCOTT: Yeah.

18          COMMISSIONER PUTNAM: I'm happy to do it the  
19 same day.

20          ATTORNEY GENERAL BONDI: If that's okay.

21          COMMISSIONER PUTNAM: For anyone's planning  
22 purposes, I'm happy to cancel it on the 9th today  
23 and we'll set the replacement date officially next  
24 time on the 24th.

25          GOVERNOR SCOTT: Let's go ahead, and cancel --

1 I just want to look at my calendar to just make  
2 sure.

3 Let's cancel the June 8th Cabinet meeting.

4 COMMISSIONER PUTNAM: June 9th.

5 GOVERNOR SCOTT: Oh, the existing one is  
6 June 9th?

7 COMMISSIONER PUTNAM: Isn't that right?

8 MS. FIELD: June 9th, yes, sir.

9 GOVERNOR SCOTT: Okay. So we're going to  
10 cancel the June 9 Cabinet meeting, that will get  
11 canceled, and then when we -- I think we're back  
12 together on the 29th. We'll decide on the 29th if  
13 we need a Cabinet meeting on around June 4th --  
14 June 24th and which day, if it's same day or the  
15 day before or after, okay?

16 ATTORNEY GENERAL BONDI: It would be great if  
17 we could do them the same day, if all of our  
18 schedules permit.

19 GOVERNOR SCOTT: Yeah.

20 ATTORNEY GENERAL BONDI: I'm just not sure  
21 where I am that week.

22 GOVERNOR SCOTT: I can't imagine they don't,  
23 but --

24 ATTORNEY GENERAL BONDI: Right, I agree.

25 GOVERNOR SCOTT: -- or if it's the same day,

1           okay?

2           ATTORNEY GENERAL BONDI: Thank you.

3           GOVERNOR SCOTT: All right. That concludes  
4 today's meeting. Our next meeting is March 29th in  
5 Tallahassee.

6           Thanks everybody for being here.

7  
8  
9                           \*                   \*                   \*                   \*

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** April 27, 2016

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING  
\$100,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, DEPARTMENT OF  
TRANSPORTATION RIGHT-OF-WAY ACQUISITION AND BRIDGE  
CONSTRUCTION BONDS, SERIES (TO BE DETERMINED)**

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$100,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of financing the acquisition of right-of-way and bridge construction for the Department of Transportation, and to pay costs associated with the issuance and sale of the Bonds. The Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a resolution authorizing the sale of the Bonds which is anticipated to be adopted by the Governor and Cabinet on May 10, 2016.

The Bonds to be issued pursuant to Section 17 of Article VII of the State Constitution and Chapter 88-247, Laws of Florida, are to be secured by a pledge of and shall be payable primarily from motor fuel and special fuel taxes, except those defined in Section 9(c) of Article XII of the State Constitution, as provided by law (the "Pledged Gas Taxes"), and shall additionally be secured by the full faith and credit of the State. The Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2005B through 2016A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$195,000,000 Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the "Series 2016 Refunding Bonds") at its March 2, 2016, meeting, of which \$29,180,000 remains unissued. The Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2016 Refunding Bonds. The Bonds will be issued on a parity as to lien and security for payment from the Pledged Gas Taxes with the Outstanding Bonds.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$100,000,000 STATE OF FLORIDA, FULL FAITH AND  
CREDIT, DEPARTMENT OF TRANSPORTATION RIGHT-OF-WAY  
ACQUISITION AND BRIDGE CONSTRUCTION BONDS,  
SERIES (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$100,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined) (the "Bonds"), in one or more series, for the purpose of financing the acquisition of right-of-way and bridge construction for the Department of Transportation, and to pay costs associated with the issuance and sale of the Bonds; and,

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

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

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

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

**WHEREAS**, the Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on February 28, 1989, as amended and supplemented by various resolutions and a resolution authorizing the sale of the Bonds which is anticipated to be adopted by the Governor and Cabinet on May 10, 2016; and,

**WHEREAS**, the Division has heretofore issued State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds and Refunding Bonds, Series 2005B through 2016A (the "Outstanding Bonds"); and,



**WHEREAS,** the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$195,000,000 Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) (the “Series 2016 Refunding Bonds”) at its March 2, 2016, meeting, of which \$29,180,000 remains unissued; and,

**WHEREAS,** the Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2016 Refunding Bonds; and,

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

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

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

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

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

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

**BE IT RESOLVED,** by the State Board of Administration of Florida, a constitutional body described Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration of Florida to issue an amount not exceeding \$100,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the \$29,180,000 unissued portion of the \$195,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds (to be determined) approved on March 2, 2016, is hereby rescinded.

**ADOPTED** May 10, 2016

STATE OF FLORIDA)  
:  
COUNTY OF LEON )

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, approving the fiscal sufficiency of an issue of an amount not exceeding \$100,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Bonds, Series (to be determined), and rescinding the approval of fiscal sufficiency with respect to the \$29,180,000 unissued portion of the \$195,000,000 State of Florida, Full Faith and Credit, Department of Transportation Right-of-Way Acquisition and Bridge Construction Refunding Bonds, Series (to be determined) approved on March 2, 2016.

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

(SEAL)

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** April 27, 2016



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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$540,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2016 SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$540,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding 2005 Series G, 2006 Series B and the 2007 Series B Public Education Capital Outlay Bonds, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-first Supplemental Authorizing Resolution and a sale resolution adopted by the State Board of Education on March 29, 2016.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2016 Series B (to be delivered May 19, 2016) ("the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$660,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "2016 Series Refunding Bonds") at its March 29, 2016, meeting, of which \$467,850,000 remains unissued. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds, and when and if issued, the 2016 Series Refunding Bonds.

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

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

cc: Janie knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING  
\$540,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF  
EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS,  
2016 SERIES (TO BE DETERMINED)**

**WHEREAS**, the State Board of Education of Florida proposes to issue an amount not exceeding \$540,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding 2005 Series G, 2006 Series B and the 2007 Series B Public Education Capital Outlay Bonds, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; and,

**WHEREAS**, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-first Supplemental Authorizing Resolution and a sale resolution adopted by the State Board of Education on March 29, 2016; and,

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

**WHEREAS**, the State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2016 Series B (to be delivered May 19, 2016) (the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$660,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "2016 Series Refunding Bonds") at its March 29, 2016, meeting, of which \$467,850,000 remains unissued; and,

**WHEREAS**, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds, and when and if issued, the 2016 Series Refunding Bonds; and,

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, that the proposal of the State Board of Education of Florida to issue an amount not exceeding \$540,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined), is hereby approved as to fiscal sufficiency.

**ADOPTED** May 10, 2016

STATE OF FLORIDA )

:

COUNTY OF LEON )

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, approving the fiscal sufficiency of an amount not exceeding \$540,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida this 10th day of May 2016.

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

(SEAL)

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** April 27, 2016

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$210,000,000 STATE OF FLORIDA, DEPARTMENT OF ENVIRONMENTAL PROTECTION FLORIDA FOREVER REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the Department of Environmental Protection of Florida, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$210,000,000 State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Florida Forever Revenue Bonds, Series 2007B and 2008A, 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 Forty-first Subsequent Resolution adopted by the Governor and Cabinet on August 5, 2015, and the Forty-second Subsequent Resolution which is anticipated to be adopted by the Governor and Cabinet on May 10, 2016.

The Department of Environmental Protection has heretofore issued Florida Forever Revenue Bonds and Revenue Refunding Bonds, Series 2007A through 2015A, and Everglades Restoration Revenue and Revenue Refunding Bonds, Series 2007A-B through 2015A (collectively, the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$98,000,000 Florida Forever Revenue Refunding Bonds, Series (to be determined) (the "Series 2016 Refunding Bonds") at its August 5, 2015, meeting, of which \$19,275,000 remains unissued. The Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2016 Refunding Bonds. The proposed Bonds shall be issued on parity as to source and security for payment with the Outstanding Bonds.

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

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$210,000,000 STATE OF FLORIDA, DEPARTMENT OF  
ENVIRONMENTAL PROTECTION FLORIDA FOREVER  
REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$210,000,000 State of Florida Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), on behalf of and in the name of the State of Florida Department of Environmental Protection, for the purpose of refunding all or a portion of the outstanding Florida Forever Revenue Bonds, Series 2007B and 2008A, and to pay costs associated with the issuance and sale of the Bonds; and,

**WHEREAS**, the Bonds will be issued in one or more series pursuant to the Forty-first Subsequent Resolution adopted by the Governor and Cabinet on August 5, 2015, and the Forty-second Subsequent Resolution which is anticipated to be adopted by the Governor and Cabinet on May 10, 2016 (together referred to herein as the "Resolution"); and,

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

**WHEREAS**, the Department of Environmental Protection has heretofore issued Florida Forever Revenue Bonds and Revenue Refunding Bonds, Series 2007A through 2015A, and Everglades Restoration Revenue and Revenue Refunding Bonds, Series 2007A-B through 2015A (collectively, the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$98,000,000 Florida Forever Revenue Refunding Bonds, Series (to be determined) (the "Series 2016 Refunding Bonds") at its August 5, 2015, meeting, of which \$19,275,000 remains unissued; and,

**WHEREAS**, the Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the Series 2016 Refunding Bonds; and,

**WHEREAS**, the proposed Bonds shall be issued on parity as to source and security for payment with the Outstanding Bonds; and,

**WHEREAS**, the proposed Bonds are secured by excise taxes required by law to be distributed pursuant to Section 201.15, Florida Statutes (the "Pledged Revenues"). The Bonds to be issued pursuant to the Resolution shall not constitute, directly or indirectly, a debt or a charge against the State of Florida, or any political subdivision thereof under the Constitution and laws of the State of Florida and shall not constitute a lien on any of the lands acquired from the proceeds of the Bonds, or any part thereof; and,



**WHEREAS**, all applicable requirements of Section 5.01 of the Forty-first Subsequent Resolution, as amended, regarding the issuance of additional bonds will be met prior to the issuance of the Bonds; and,

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$210,000,000 State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the \$19,275,000 unissued portion of the \$98,000,000 State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined) approved on August 5, 2015, is hereby rescinded.

**ADOPTED** May 10, 2016

**STATE OF FLORIDA)**

**:**

**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, approving the fiscal sufficiency of an amount not exceeding \$210,000,000 State of Florida, Department of Environmental Protection Florida Forever Revenue Refunding Bonds, Series (to be determined) ), and rescinding the approval of fiscal sufficiency with respect to the \$19,275,000 unissued portion of the \$98,000,000 State of Florida Department of Environmental Protection, Florida Forever Revenue Refunding Bonds, Series (to be determined) approved on August 5, 2015.

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

---

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

**(SEAL)**

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** April 27, 2016



---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING  
\$175,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION  
TURNPIKE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$175,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 2008A Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-third Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on May 10, 2016.

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

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$175,000,000 STATE OF FLORIDA, DEPARTMENT OF  
TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES  
(TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$175,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the Series 2008A Bonds; and,

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-third Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on May 10, 2016, (together, the "Resolution"); and,

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

**WHEREAS**, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2016B (the "Outstanding Bonds"); and,

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

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

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

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

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

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

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$175,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** May 10, 2016

STATE OF FLORIDA )  
:  
COUNTY OF LEON )

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, approving the fiscal sufficiency of an amount not exceeding \$175,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series (to be determined).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

(SEAL)

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** April 27, 2016



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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING  
\$250,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION  
TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$250,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined) (the "Bonds") for the purpose of financing the construction or acquisition of capital improvements to the turnpike system. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on May 10, 2016.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2016B (the "Outstanding Bonds"). The State Board of Administration has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$175,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its May 10, 2016, meeting. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds and the Refunding Bonds when and if approved and issued. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$250,000,000 STATE OF FLORIDA, DEPARTMENT OF  
TRANSPORTATION TURNPIKE REVENUE BONDS, SERIES (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$250,000,000 State of Florida, Department of Transportation Turnpike Revenue Bonds, Series (to be determined) (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of financing the construction or acquisition of capital improvements to the turnpike system; and,

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Forty-fourth Supplemental Turnpike Revenue Bond Resolution anticipated to be adopted by the Governor and Cabinet on May 10, 2016, (together, the "Resolution"); and,

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

**WHEREAS**, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2016B (the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$175,000,000 Turnpike Revenue Refunding Bonds, Series (to be determined) (the "Refunding Bonds") at its May 10, 2016, meeting, and;

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

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

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



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

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

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

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

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

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

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

**ADOPTED** May 10, 2016

STATE OF FLORIDA )  
:  
COUNTY OF LEON )

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

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

(SEAL)

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** April 27, 2016

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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 \$9,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (BROOKESTONE I)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Leon County, Florida (Brookestone I). 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 \$9,500,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,  
(SERIES TO BE DESIGNATED) (BROOKESTONE I)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Leon County, Florida (Brookestone I); 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, (series to be designated) (Brookestone I), in an amount not exceeding \$9,500,000, 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** May 10, 2016

**STATE OF FLORIDA)**

**:**

**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, making the fiscal determination in connection with the issuance of an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Brookestone I).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

**(SEAL)**

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** April 27, 2016

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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 \$12,200,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (COLUMBUS COURT)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$12,200,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Hillsborough County, Florida (Columbus Court). 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 \$12,200,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,  
(SERIES TO BE DESIGNATED) (COLUMBUS COURT)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$12,200,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Hillsborough County, Florida (Columbus Court); 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, (series to be designated) (Columbus Court), in an amount not exceeding \$12,200,000, 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** May 10, 2016

**STATE OF FLORIDA)**

**:**

**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, making the fiscal determination in connection with the issuance of an amount not exceeding \$12,200,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Columbus Court).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

**(SEAL)**

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** April 27, 2016

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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 \$15,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (MARCIA GARDENS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$15,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Marcia Gardens). 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 \$15,500,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,  
(SERIES TO BE DESIGNATED) (MARCIA GARDENS)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$15,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Marcia Gardens); 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, (series to be designated) (Marcia Gardens), in an amount not exceeding \$15,500,000, 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** May 10, 2016

**STATE OF FLORIDA)**

**:**

**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held May 10, 2016, making the fiscal determination in connection with the issuance of an amount not exceeding \$15,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Marcia Gardens).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 10th day of May 2016.

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

**(SEAL)**

**State Board of  
Administration of  
Florida 2016  
Corporate Governance  
Principles & Voting  
Guidelines**



## INTRODUCTION

The Florida State Board of Administration (SBA) manages the fourth largest U.S. pension fund and other non-pension trust funds with assets spanning domestic and international capital markets. Our primary function is to represent the interests of our beneficiaries so that they will see fair returns on their investment; therefore, we have a clear interest in promoting the success of companies in which we invest. To ensure returns for our beneficiaries, we support the adoption of internationally recognized governance structures for public companies. This includes a basic and unabridged set of 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 Bulletin §2509.08-2, 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, 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

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<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.



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>

In 2014, the SEC issued a staff legal bulletin, providing guidance on investment advisers' responsibilities in voting client proxies and retaining proxy advisory firms, as well as on the availability and requirements of two exemptions to the federal proxy rules that are often relied upon by proxy advisory firms. In the Bulletin, the SEC outlined several new requirements for proxy advisors, including: 1) requirements to disclose significant relationships or material interests to the recipient of the advice; 2) clarified that advisors are not required to register with the SEC; and 3) clarified that advisors are not required to provide publicly-traded companies time to review proxy advisers' voting recommendations prior to client distribution. Additionally, the SEC outlined several new requirements for fund managers, including: 1) requirements to review their proxy voting policies at least annually to ensure proxies are voted in the best interests of investor clients; 2) requirements to determine whether the proxy advisers they use have the capacity and competency to adequately analyze proxy issues; and 3) clarified that investment advisers that vote client shares are not required to vote all proxies or all proposals on ballots (clarifying SEC Rule 206(4)-6, and confirming existing Department of Labor (DOL) Interpretive Bulletin §2509.08-2).<sup>5</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 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

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<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).

<sup>5</sup> Securities & Exchange Commission, Staff Legal Bulletin No. 20, "Proxy Voting: Proxy Voting Responsibilities of Investment Advisers and Availability of Exemptions from the Proxy Rules for Proxy Advisory Firms," June 30, 2014.

align their processes with corporate governance best practices. This means shareowners have two primary obligations: 1) to monitor the performance of the company and 2) to protect their right to act when it is necessary.

In the 1930's, Benjamin Graham and David Dodd succinctly described the agenda for corporate governance activity by stating that shareowners should focus their attention on matters where the interest of the officer and the stockholders may be in conflict. This includes questions about preserving the full integrity and value of the characteristics of ownership appurtenant to shares of common stock. For example, the right to vote may be diluted by a classified board or by dual class capitalization, and the right to transfer the stock to a willing buyer at a mutually agreeable price may be abrogated by the adoption of a poison pill.

Since management and board composition change over time, while shareowners continue their investment, shareowners must ensure that the corporate governance structure of companies will allow them to exercise their ownership rights permanently. Good corporate management is not an excuse or rationale upon which institutional investors may relinquish their ownership rights and responsibilities. The proxy voting system must be an even playing field. Neither management nor shareowners should be able to dominate or influence voting dynamics. A 2006 article analyzed the corporate governance implications of the decoupling of voting power and economic ownership through methods such as vote trading and equity swaps, methods largely hidden from public view and not captured by current regulation or disclosure rules. This method has been used by finance-savvy activist hedge funds, for example, who have borrowed shares just before the record date in order to better support proposals they favor, reversing the transactions after the record date. The SBA believes that enhanced disclosure rules are critical to reveal hidden control of voting power.<sup>6</sup>

Management needs protection from the market's frequent focus on the short-term in order to concentrate on long-term returns, productivity, and competitiveness. Shareowners need protection from coercive takeover tactics and directors with personal agendas. Ideal governance provisions should provide both sides with adequate protection. They should be designed to give management the flexibility and continuity it needs to make long-term plans, to permit takeover bids in cases where management performance is depressing long-term value, to ensure that management is accountable to shareowners, and to prevent coercive offers that force shareowners to take limited short-term gains. 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

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<sup>6</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."

takeover defenses and, perhaps more importantly, managers frequently ignore even a majority shareowner vote in favor of a proposal.<sup>7</sup>

### *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>8</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>9</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>10</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 optimize the returns to its shareowners over time. Where other considerations affect this objective, they should be clearly stated and disclosed. To achieve this objective, the corporation should endeavor to ensure the long-term viability of its business, and to manage effectively its relationship with stakeholders.

#### **2. Communications & Reporting**

Corporations should disclose accurate, adequate and timely information, in particular meeting market guidelines where they exist, so as to allow investors to make informed decisions about the acquisition, ownership obligations and rights, and sale of shares. Material developments and foreseeable risk factors, and matters related to corporate governance should be routinely disseminated to shareowners. Shareowners, the board, and management should discuss corporate governance issues. Where appropriate, these parties should converse with government and regulatory representatives, as well as other concerned bodies, so as to resolve disputes, if possible, through negotiation, mediation, or

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<sup>7</sup> Black, B., 1998. "Shareowner Activism and Corporate Governance in the United States."

<sup>8</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>9</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>10</sup> Organization for Economic Co-operation & Development (OECD), "Corporate Governance Factbook," February 2014.

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>11</sup>

### **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.

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<sup>11</sup> Organization for Economic Cooperation & Development (OECD), Role of Institutional Investors in Promoting Good Corporate Governance, January 11, 2012.

Shareowners should be given sufficient information about any such proposal early enough to allow them to make an informed judgment and exercise their voting rights.

## **7. Voting Responsibilities**

The exercise of ownership rights by all shareowners, including institutional investors should be facilitated. Institutional investors acting in a fiduciary capacity should disclose their overall corporate governance and voting policies with respect to their investments, including the procedures that they have in place for deciding on the use of their voting rights. Institutional investors acting in a fiduciary capacity should disclose how they manage material conflicts of interest that may affect the exercise of key ownership rights regarding their investments. Shareowners, including institutional investors, should be allowed to consult with each other on issues concerning their basic shareowner rights, subject to exceptions to prevent abuse. The corporate governance framework should be complemented by an effective approach that addresses and promotes the provision of analysis or advice by analysts, brokers, rating agencies, and others that is relevant to decisions by investors, free from material conflicts of interest that might compromise the integrity of their analysis or advice.

### *Active Strategies & Company Engagement*

The objective of SBA corporate governance engagement is to improve the governance structures at companies in which the SBA owns significant shares in order to enhance the value of SBA equity holdings.

A study on the evolution of shareowner activism in the United States affirms that activism by investors has increased considerably since the mid-1980s due to the involvement of public pension funds and institutional shareowners. The study identifies the potential to enhance value of investments as the main motive for active participation in the monitoring of corporations. However, as shareowner activism entails concentrated costs and widely disbursed benefits, only investors with large positions are likely to obtain a large enough return on their investment to justify the costs.<sup>12</sup> One recent study demonstrated strong relative market returns based on investor engagement activities.<sup>13</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

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<sup>12</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>13</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.

own shares. Other recent SBA corporate governance activities have included dealing with conflicts of interest within organizations with which we do business.

Department of Labor (DOL) Interpretive Bulletin §2509.08 states that voting proxies is a fiduciary responsibility and that proxies should be treated like any other financial asset, executed in the best interest of beneficiaries in accordance with written guidelines. Additionally, Florida Law may prohibit investment in companies or mandate reporting on certain investments due to geopolitical, ethnic, religious, or other factors. Compliance with these laws and any related reporting requirements have similarities to corporate governance issues and are consolidated organizationally.

Consistent with prudent and responsible investment policy, all or some of the following measures may be instituted when a corporation is found by the SBA to be under-performing market indices or in need of corporate governance reform:

- The SBA will discuss the corporate governance deficiencies with a representative and/or the Board of Directors. Deficiencies may occur in the form of policies or actions, and often result from the failure to adopt policies that sufficiently protect shareowner assets or rights. The SBA may request to be informed of the progress in ameliorating such deficiencies.
- Under SEC Rule 14(a) 8, shareowner proposals may be submitted to companies with identified performance deficiencies. Shareowners proposals will be used to place significant issues on a company's meeting ballot in order to allow all shareowners to approve or disapprove of significant issues and voice the collective displeasure of company owners.<sup>14</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 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

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<sup>14</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.

address to public companies that we are invested in. This keeps our holdings or trading strategies confidential, and allows us to avoid unwanted solicitations.

Recent developments have led many to believe that the distinction between OBO and non-objecting beneficial owners or “NOBO’s” should be eliminated. However, the SEC is likely to be cautious in seeking to change the current framework in significant ways.<sup>15</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, a number of steps must be taken to address the distinction between OBO and NOBO companies and to respect the privacy of beneficial owners involved. Proposals that eliminate the possibility of anonymity are not supported. It is necessary for any changes made to the current system to accommodate the strong privacy interests of current OBO firms, such as SBA.

#### *Disclosure of Proxy Voting Decisions*

SBA discloses all proxy voting decisions once they have been made, typically seven to ten calendar days prior to the date of the shareowner meeting. Disclosing proxy votes prior to the meeting date improves the transparency of our voting decisions. Historical proxy votes are available electronically on the SBA’s website.<sup>16</sup>

#### *Proxy Voting and Securities Lending*

SBA participates in securities lending in order to enhance the return on its investment portfolios. In the process of lending securities, the legal rights attached to those shares are transferred to the borrower of the securities during the period that the securities are on loan. As a result, SBA’s right to exercise proxy voting on loaned securities is forfeited unless those affected shares have been recalled from the borrower in a timely manner (i.e. on, or prior to, the share’s record date). SBA has a fiduciary duty to exercise its right to vote proxies and to recall shares on loan when it is in the best interest of our beneficiaries. The ability to vote in corporate meetings is an asset of the fund which needs to be weighed against the incremental returns of the securities lending program.

Although SBA shall reserve the right to recall the shares on a timely basis prior to the record date for the purpose of exercising voting rights for domestic as well as international securities, the circumstances required to recall loaned securities are expected to be atypical. Circumstances that lead SBA to recall shares include, but are not limited to, occasions when there are significant voting items on the ballot such as mergers or proxy contests or instances when SBA has actively pursued coordinated efforts to

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<sup>15</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>16</sup> Reporting is publicly available at [www.sbafla.com](http://www.sbafla.com), including real time voting decisions prior to shareowner meetings.

reform the company's governance practices, such as submission of shareholder proposals or conducting an extensive engagement. In each case, the direct monetary impact of recalled shares will be considered and weighed against the discernible benefits of recalling shares to exercise voting rights. However, because companies are not required to disclose an upcoming meeting and its agenda items in advance of the record date, it usually is not possible to recall shares on loan.



## 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>17</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

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<sup>17</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".

proper board oversight, SBA is likely to vote against all or most members of the board, and in cases where a dissident has launched a proxy contest, SBA may be supportive of the dissident nominees if they present with appropriate qualifications and strategies, as discussed below. Shareowners sometimes target under-performing directors through “vote no” campaigns. An empirical study found that “vote no” campaigns are an effective tool to voice concerns with a particular director and often successfully pressure the company to take action.<sup>18</sup> This underscores that performance is an essential component of governance and should be considered when evaluating director elections.

Boards are expected to conduct internal and external evaluations of their own functioning to assess how well they are performing their responsibilities.<sup>19</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>20</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, un-remediated material weaknesses, and attempts to limit auditor liability through auditor engagement contracts. The severity, breadth, chronological sequence and duration of financial restatements, and the company’s efforts at remediation will be examined in determining whether withhold votes are warranted.

Likewise, the function of the nominating and governance committees will be assessed by considering how the committees have approached implementation of governance rules and the impact on shareowners’ rights, particularly in cases of bylaw amendments or votes on shareowner and management proposals. Bylaws that create supermajority voting thresholds or limit shareowner rights are generally undesirable, but depends on the context of the individual company. This committee also is responsible for board nominations, and SBA judges this function by the qualifications and diversity of the nominees. This committee should make an effort to seek candidates that are diversified not only in experience, gender and race, but in all other aspects appropriate for the individual company and should disclose these efforts to shareowners.

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<sup>18</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.

<sup>19</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>20</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.

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.

**Failing to sufficiently act on shareowner input** -- such as ignoring a shareowner proposal that received majority support of votes cast.

**Serving on too many boards (“overboarding”)** – generally a director who serves on more than 3 company boards and who is employed in a full-time position.<sup>21</sup> Directors with significant outside responsibilities such as serving as CEO of a public company should not exceed one external board membership.<sup>22</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.

**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 is engaged directly or indirectly in related-party transactions are highly likely to be considered non-independent, depending on the materiality of the circumstances. At controlled companies (where an investor controls a majority of a firm’s equity capital), support may be withheld from directors at boards with less than a one-third proportion of independent directors.

Boards without adequate independence from management may suffer from conflicts of interest and impaired judgment in their decision-making. In addition to poor transparency, directors with ties to management may be perceived to be less willing and able to effectively evaluate and scrutinize company strategy and performance. SBA carefully scrutinizes management nominees to the board,

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<sup>21</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 overboarded, 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 overboarded directors, while firms, whose directors acquire an additional board seat and become over boarded, end up experiencing negative abnormal returns.

<sup>22</sup> Neil Roland, “Directors at troubled companies overbooked, research firm claims” Financial Week, February 25, 2009. This article gives examples of over-boarding problems at struggling U.S. financial institutions.

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 takes into account practices in the local market, but does not compromise on fundamental tenets such as the right to elect individual directors (as opposed to a slate as a whole) and the need for proof that director candidates can provide independent oversight of management. Global markets increasingly depend on the homogenization of better governance standards to increase shareowner value and liquidity in emerging markets. The protection of fundamental voting rights may be at odds with local market customs in the short run<sup>23</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 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?

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<sup>23</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).

When dissidents seek board control with a majority of nominees, they face a high burden of proof and must provide a well-reasoned and detailed business plan, including the dissidents' strategic initiatives, a transition plan that describes how the dissidents will affect change in control, and the identification of a qualified and credible new management team. The SBA compares the detailed dissident plan against the incumbents' plan and compares the dissidents' proposed board and management team against the incumbent team.

Usually dissidents run a "short slate", which seeks to place just a few nominees on the board, not a majority. In these cases, the SBA places a lower burden of proof on the dissidents. In such cases, the SBA's policy does not necessarily require the dissidents to provide a detailed plan of action or proof that its plan is preferable to the incumbent plan. Instead, the dissidents must prove that change is preferable to the status quo and that the dissident slate will add value to board deliberations, including by considering the issues from a viewpoint different than current management, among other factors.

#### PROXY ACCESS: FOR

Proxy access is an important mechanism for shareowners with substantial holdings to nominate directors directly in the company's proxy materials. Generally, we support proposals that have reasonable shareownership (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>24</sup> SBA typically supports proposals to provide for an independent board chairman; however, in certain cases where

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<sup>24</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 Case for Independent Leadership in Corporate North America," Policy Briefing No. 4, Millstein Center for Corporate Governance & Performance, Yale School of Management, 2009.

strong performance and governance provisions are evident, SBA may support the status quo of a serving combined CEO and chairman.

When considering whether to support a separate CEO and chairman proposal, SBA takes into account factors such as if there is a designated, independent lead director with the authority to develop and set the agenda for meetings and to lead sessions outside the presence of the executive chair, as well as short and long-term corporate performance on an absolute and peer-relative basis. In order to maintain board accountability, the SBA will not endorse the combined role of CEO and chair unless there is a strong, empowered lead director, superior company performance, and exemplary governance practices in other areas such as shareowner rights and executive compensation.

#### MAJORITY VOTING FOR DIRECTOR ELECTIONS: FOR

Proxy contests are rare; most elections feature uncontested elections where the number of directors nominated equals the number of board seats. When plurality voting is used as the voting standard in uncontested elections, the members are guaranteed election, no matter how few shareowners supported them. The SBA supports a majority voting standard for uncontested elections because it adds the requirement that a majority of shareowners must vote for each member to be considered duly elected. We prefer for the board to make this requirement in the bylaws of the company, not as a board policy. Policies that require the board members failing to achieve majority support to offer a resignation, which in turn may or may not be accepted by the board or committee, are not acceptable alternatives to a true majority vote standard for uncontested elections.

The SBA strongly endorses the majority voting election standard for the meaningful accountability it affords shareowners and because it provides another element to the system of checks and balances of power within the corporate structure. In contested elections, however, plurality voting remains the most effective voting standards, so all bylaws should specify that the majority voting standard applies only to uncontested elections.

#### ANNUAL ELECTIONS / NON-CLASSIFIED BOARD: FOR

A classified, or staggered, board is one in which directors are divided into three “classes” with each director serving three-year terms. All directors on a non-classified board serve one-year terms and the entire board is re-elected each year. The SBA opposes classified boards and their provisions because we believe that annual accountability will ultimately lead to 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>25</sup> While classified board proponents cite stability, independence, and long-term strategic risk taking as justification for staggered boards, recent research has shown little evidence of such benefits.<sup>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>

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<sup>25</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.

<sup>26</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. 694*, June, 2010; Gompers, Paul A., Joy L. Ishii, and Andrew Metrick, "Corporate Governance and Equity Prices." *National Bureau of Economic Research Working Paper No. W8449*, August 2001; Bates, Thomas W., David A. Becher and Michael L. Lemmon, 2007, "Board Classification and Managerial Entrenchment from the Market for Corporate Control", electronic copy available at: <http://ssrn.com/abstract=923408>; Jiraporn, Pornsit and Yixin Liu, 2008, "Capital Structure, Staggered Boards, and Firm Value," *Financial Analyst Journal*, Volume 64, Number 1.

<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

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 supports advisory committee proposals, particularly those intended to improve poor corporate governance practices.

#### CUMULATIVE VOTING: CASE-BY-CASE

Cumulative voting generally is useful to minority shareowners at companies where a large or controlling shareowner or block of shareowners that may act in concert (such as a family-owned company) exists. It guarantees that minority shareowners will be able to elect at least one of their preferred candidates to the board of directors, even if the candidate does not win a majority vote. In contrast, only majority shareowners are guaranteed board representation at companies without cumulative voting.

The SBA will examine proposals to adopt cumulative voting in light of the company's ownership profile (particularly whether there is a majority or near majority voting block) and the presence of other governance provisions such as proxy access and majority voting election requirements that directly address the voting process. A majority vote election standard ensures board accountability in uncontested elections and in some cases mitigates the need for cumulative voting. Although majority voting is meaningful in uncontested elections, it can convolute voting outcomes in contested elections. Cumulative voting, on the other hand, is meaningful primarily in contested elections, and therefore pairs well with proxy access provisions at controlled companies.

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<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."



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 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

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<sup>29</sup> Executive stock ownership is covered in the executive compensation section of these guidelines.

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 as a result of lawsuits relating to their corporate actions. SBA may vote in favor if the covered acts provide that a "good faith" standard was satisfied. The SBA votes **against** such proposals if coverage expands beyond legal expenses and to applies to acts that are more serious violations of fiduciary obligation, such as negligence or violating the duty of care.

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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 also to generate higher shareowner value.

## RATIFY ACTIONS TAKEN BY BOARD DURING PAST YEAR: CASE-BY-CASE

Many countries require that shareowners discharge the board or management for actions taken in the previous year. In most cases, discharge is a routine item and does not preclude future shareowner action in the event that wrongdoing is discovered.<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

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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."

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.

## INVESTOR PROTECTIONS

Investor protections encompass voting items that impact the ability of shareowners to access information needed to make prudent decisions about ownership and to exercise their rights to influence the board, election processes, and governance structure of the company. These items fall into categories relating to audits, disclosures, anti-takeover defenses and vote-related mechanisms. SBA is committed to strong investor rights across all of these domains and will exercise our votes to protect and strengthen the rights of shareowners in these crucial areas.

While SBA is deferential to the company and board on many issues affecting the operations of the firm whenever prudent, we are not deferential when it comes to the ability to exercise shareowner responsibilities, which includes monitoring the firm and the board of directors and acting to support change when it is warranted. We require and therefore will support strong audit functioning and detailed disclosures in a variety of areas. Strong investor rights, as well as policies that do not allow board entrenchment, are necessary for investors to protect share value.

### **Auditors**

#### RATIFICATION OF AUDITORS: CASE-BY-CASE

Most major companies around the world use one of the major international auditing firms to conduct their audits. As such, concerns about the quality and objectivity of the audit are typically minimal, and the reappointment of the auditor is usually a routine matter. In the United States, companies are not legally required to allow shareowners to ratify the selection of auditors; however, a growing number are doing so. Typically, proxy statements disclose the name of the company's auditor and state that the board is responsible for selection of the firm.

The auditor's role in safeguarding investor interests is critical. Independent auditors have an important public trust, for it is the auditor's impartial and professional opinion that assures investors that a company's financial statements are accurate.<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>

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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,

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.

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 auditor's periodically. Shareowners should be given the opportunity to review the performance of the auditors annually and ratify the board's selection of an auditor for the coming year.<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.

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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.

<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).

## APPOINT INTERNAL STATUTORY AUDITORS (JAPAN, HONG KONG, SOUTH KOREA): FOR

Most votes for auditors in Japan are to approve internal statutory auditors (also known as corporate auditors) rather than external auditors. Statutory auditors have the right to attend board meetings, although not to vote, and the obligation to cooperate with the external auditor and to approve its audit. They are required by law to keep board members informed of the company's activities, but this has become a largely symbolic function. They do not have the ability to remove directors from office. Internal auditors serve for terms of four years, and may be renominated an indefinite number of times. While many investors view statutory auditors in a positive light, they are not substitutes for independent directors.

In Japan, at least half of internal auditors must be independent. While companies have complied with the technical requirements of the law, many have ignored its spirit. It is in shareowners' interests to improve the audit and oversight functions in Japan and to increase the accountability of companies to shareowners. Therefore, the SBA will not support internal auditors specified as independent but with a past affiliation with the company. When a statutory auditor attends fewer than 75 percent of board and auditor meetings, without a reasonable excuse, the SBA will generally vote against the auditor's appointment.

In other capital markets, such as South Korea, proposals seeking shareowner approval for statutory auditors' fees are not controversial. Generally, management should disclose details of all fees paid to statutory auditors well in advance of the meeting date so that shareowners can make informed decisions about statutory auditor remuneration requests. In any market, SBA may vote against the appointment of the auditor if necessary information about the auditors and fees has not been appropriately disclosed.

## REMOVE/ACCEPT RESIGNATION OF AUDITORS: CASE-BY-CASE

SBA seeks to ensure auditors have not been pressured to resign in retaliation for their opinions or for providing full disclosure.

## AUDITOR INDEMNIFICATION AND LIMITATION OF LIABILITY: CASE-BY-CASE

Auditor indemnification and limitation of liability are evaluated on an individual basis. Factors to be assessed by the SBA include:

- the terms of the auditor agreement and degree to which it impacts shareowners' rights;
- Motivation and rationale for establishing the agreements;
- quality of disclosure; and
- historical practices in the audit area.



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>37</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>38</sup>

While term limits may actually result in higher audit fees, the positive impact would be that a new auditor would periodically provide a fresh look at the company's accounting practices. A practice of term limits also ensures that the audit won't see the company as a never-ending client, and perhaps will be more inclined to flag questionable practices. Despite attracting a lot of attention, mandatory audit rotation has not been required by regulators or by exchange listing standards.<sup>39</sup> SBA weighs the aspects

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<sup>37</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>38</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>39</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

of the individual situation and proposal terms when making voting decisions concerning audit rotation, considering the length of tenure for the auditor, the level of audit and non-audit fees, and the history of audit quality. A history of restatements or atypical fees increases the likelihood of SBA supporting these proposals. Most companies seek shareowner ratification of the auditor, and the lack of this provision would also increase the likelihood of SBA supporting a reasonable proposal.

## ***Disclosures***

### COMPANY REPORTS OR DISCLOSURES: CASE-BY-CASE

Often, shareowner proposals do not request that companies take a specific action, but instead simply request information in the form of reports or disclosures on their policies or actions. Disclosure requests cover a variety of topics. SBA considers supporting disclosure requests when there is a reasonable expectation that the information would help investors make better risk assessments and for topics that cover issues that could have a substantial impact on shareowner value. We evaluate the company's existing disclosures on the topic and weigh the benefit from additional disclosures against the 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.

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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.

- Water supply and conservation—Companies should disclose crucial water supply issues, as well as contingency planning to ensure adequate supply for anticipated company demand levels. SBA often supports proposals seeking disclosure of water supply dependency or preparation of a report pertaining to sustainable water supply for company operations.
- Political contributions and expenditure—Companies should disclose the amount and rationales for making donations to political campaigns, political action committees (PACs), and other trade groups or special interest organizations. SBA typically considers the following factors:
  - Recent significant controversy or litigation related to the company’s political contributions or governmental affairs;
  - The public availability of a company policy on political contributions and trade association spending, including the types of organizations supported;
  - The business rationale for supporting political organizations; and
  - The board oversight and compliance procedures related to such expenditures of corporate assets.
- Operations in protected or sensitive areas—Such operations may expose companies to increased oversight and the potential for associated risk and controversy. The SBA generally supports requests for reports outlining potential environmental damage from operations in protected regions unless operations in the specified regions are not permitted by current laws or regulations, the company does not currently have operations or plans to develop operations in protected regions, or the company provides disclosure on its operations and environmental policies in these regions comparable to industry peers.
- Community impact assessments—Controversies, fines, and litigation can have a significant negative impact on a company’s financials, public reputation, and even ability to operate. Companies operating in areas where potential impact is a concern often develop internal controls aimed at mitigating exposure to these risks by enforcing, and in many cases, exceeding local regulations and laws. SBA considers proposals to report on company policies in this area by evaluating the company’s current disclosures, industry norms, and the potential impact and severity of risks associated with the company’s operations.
- Supply chain risks—Often these proposals seek information for better understanding risks to the company through their materials purchasing and labor practices. For example, allegations of sweatshop labor or child labor can harm sales and reputation, so knowledge of the company’s policies for preventing these practices are highly relevant to shareowners. SBA considers the terms of the proposal against the current company disclosures and industry standards, as well as the potential severity of risks.
- Corporate diversity—SBA will generally support requests for additional information and disclosures at companies where diversity across members of the board, management and employees lags those of peers or the population. Board members, management and employees with differing backgrounds, experiences and knowledge will enhance corporate performance.<sup>40</sup>

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<sup>40</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.

## ***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>41</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 minimum, unilateral adoption should incorporate a sunset provision or a near-term window for eventual shareowner approval.

### EXCLUSIVE FORUM: AGAINST

The SBA generally opposes restrictions on shareowner ability to pursue derivative claims and to participate in the selection of appropriate venue.<sup>43</sup> Standard access to the court system is considered to be a fundamental shareowner right. SBA generally votes against proposals to establish exclusive forum and supports proposals requesting that exclusive forum provisions be ratified by shareowners. SBA will

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<sup>41</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.

<sup>43</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.

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>44</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

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<sup>44</sup> Srinidhi, Bin and Sen, Kaustav, "Effect of Poison Pills on Value Relevance of Earnings."

the corporation to call the meeting often depends on the particular state's statutes, as does the corporation's ability to limit or deny altogether a shareowner's right to call a special meeting.

#### SUPERMAJORITY VOTE REQUIREMENTS: AGAINST

The SBA does not support shareowner proposals that require supermajority voting thresholds. Supermajority requirements can be particularly burdensome if combined with a requirement for the vote result to be calculated using the number of shares outstanding (rather than the votes cast). There have been many instances when a company's requirements called for a proposal to be supported by eighty percent of shares outstanding but failed because just under eighty percent of shares outstanding were voted. This can be particularly problematic for resolutions to approve mergers and other significant business combinations. Voting results should simply be determined by a majority vote of the disinterested shares.<sup>45</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 of time, commonly for a period of 3-5 years.<sup>46</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.

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<sup>45</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>46</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.

#### LIMIT VOTING RIGHTS: AGAINST

The SBA supports maximization of shareowners' voting rights at corporations. Any attempts to restrict or impair shareowner-voting rights, such as caps on voting rights, holding period requirements, and restrictions to call special meetings, will be opposed.

#### ABSTENTION VOTING TABULATION: CASE-BY-CASE

Abstentions should count for quorum purposes but should be excluded from voting statistics reporting percentages for and against. Some companies request to count abstentions in with against votes when reporting tabulations. This practice makes for inaccurate voting statistics and defies the intentions of the shareowners casting their votes. We strongly support abstention tabulation for matters of quorum satisfaction only.

#### TABULATING VOTES: CASE-BY-CASE

The SBA supports proposals that allow for independent third parties to examine and tabulate ballots. We support practices of end-to-end vote confirmation for accuracy and security in casting votes.

#### ESTABLISH A DISTINCTION FAVORING REGISTERED HOLDERS/BENEFICIAL HOLDERS: AGAINST

An extremely small and shrinking percentage of shareowners hold shares in registered form, nearing only one percent of shares outstanding. SBA does not believe any preference or distinction in ownership holding mechanism is necessary or useful. We oppose the adoption of any policy using distinctions among shareowners based on how shares are held.

## CORPORATE STRUCTURE

These proposals seek to make some change in the corporate structure and are often operational in nature. In every case, SBA makes a decision by considering the impact of the change on the financial value and health of the company, as well as its impact on shareowner rights.

These proposals include corporate restructurings, capital structure changes, changes to the articles of incorporation and other various operational items. While many of these proposals are considered to be routine, they are not inconsequential. Some have profound impact on shareowner value and rights. Shareowners should have the opportunity to approve any issuance of shares or securities that carry equity-like claims or rights. Furthermore, companies may bundle non-routine items with routine items in an attempt to obtain a more favorable outcome, so the SBA must examine these proposals on a case-by-case basis. SBA may vote against bundled items in any case if the bundle includes highly negative components.

### MERGERS/ACQUISITIONS/SPINOFFS: CASE-BY-CASE

SBA evaluates these proposals based on the economic merits of the proposal and anticipated synergies or advantages. We also consider opinions of financial advisors. Support for the proposal may be mitigated by potential conflicts between management's interests and those of shareowners and negative impacts on corporate governance and shareowner rights. The SBA may oppose the proposal if there is a significant lack of information in order to make an informed voting decision.

For any proposal, the following items are evaluated:

- Economic merits and anticipated synergies;
- Independence of board, or special committee, recommending the transaction;
- Process for identifying, selecting, and negotiating with partners;
- Independence of financial advisor and financial opinion for the transaction;
- Tax and regulatory impacts;
- Corporate governance changes; and
- Aggregate valuation of the proposal.

### APPRAISAL RIGHTS: FOR

SBA generally supports proposals to restore or provide shareowners with rights of appraisal. In many states, mergers and other corporate restructuring transactions are subject to appraisal rights. Rights of appraisal provide shareowners who are not satisfied with the terms of certain corporate transactions the right to demand a judicial review to determine a fair value for their shares. If a majority of shareowners approve a given transaction, the exercise of appraisal rights by a minority of shareowners will not necessarily prevent the transaction from taking place. Therefore, assuming that a small minority of shareowners succeed in obtaining what they believe is a fair value, appraisal rights may benefit all



shareowners. If enough shareowners dissented and if the courts found a transaction's terms were unfair, such rights could prevent a transaction that other shareowners had already approved.

#### ASSET PURCHASES/SALES: CASE-BY-CASE

Boards may propose a shareowner vote on the sale or purchase of significant assets; sometimes these proposals are part of a strategy shift driven by changes in the marketplace, problematic corporate performance, or activist-investor campaigns. The SBA evaluates asset purchase proposals on a case-by-case basis, considering the following factors:

- Transaction price;
- Fairness opinion;
- Financial and strategic benefits;
- Impact on the balance sheet and working capital;
- The negotiation history and process;
- Conflicts of interest;
- Other alternatives for the business; and
- Non-completion risk.

#### APPROVE REORGANIZATION OF DIVISION OR DEPARTMENT/ARRANGEMENT SCHEME, LIQUIDATION: CASE-BY-CASE

Resolutions approving corporate reorganizations or restructurings range from the routine shuffling of subsidiaries within a group to major rescue programs for ailing companies. Such resolutions are usually supported unless there are clear conflicts of interest among the various parties or negative impact on shareowners' rights. In the case of routine reorganizations of assets or subsidiaries within a group, the primary focus with the proposed changes is to ensure that shareowner value is being preserved, including the impact of the reorganization on the control of group assets, final ownership structure, relative voting power of existing shareowners if the share capital is being adjusted, and the expected benefits arising from the changes.

Options are far more limited in the case of a distress restructuring of a company or group as shareowners often have few choices and little time. In most of these instances, the company has a negative asset value, and shareowners would have no value remaining after liquidation. SBA seeks to ensure that the degree of dilution proposed is consistent with the claims of outside parties and is commensurate with the relative commitments of other company shareowners.

#### APPROVE SPECIAL PURPOSE ACQUISITION COMPANY (SPAC) TRANSACTION: CASE-BY-CASE

A SPAC is a pooled investment vehicle designed to invest in private-equity type transactions, particularly leveraged 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 particular stock exchange and to terminate the registration of their common stock under the Securities & Exchange Act of 1934, so that, among other things, they do not have to comply with the requirements of the Sarbanes-Oxley Act of 2002.<sup>47</sup> Companies 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

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<sup>47</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.

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>48</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>49</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 in order to preserve net operating loss carry-forwards (or "NOLs"). NOLs can represent a significant asset for the company, one that can be effective at reducing future taxable income. Section 382 of the Internal Revenue Code of 1986 imposes limitations on the future use of the company's NOLs if the company undergoes an ownership change; therefore, some companies seek to limit certain transactions by adopting ownership limits. Firms often utilize a shareowner rights plan (poison pill) in conjunction with NOL-oriented acquisition restrictions.

While stock ownership limitations may allow the company to maximize use of its NOLs to offset future income, they may significantly restrict certain shareowners from increasing their ownership stake in the company. Such ownership limitations can be viewed as an anti-takeover device. Though these restrictions on shareowners are undesirable, SBA often supports proposals when firms seek restrictions solely in order to protect NOLs. We review the company's corporate governance structure and other control protections in conjunction with the proposal and weigh the negative impact of the restrictions against the financial value of the NOLs (relative to the firm's market capitalization) in making a decision.

#### CHANGE OF CORPORATE FORM (GERMANY, AUSTRALIA, NEW ZEALAND): CASE-BY-CASE

This proposal seeks shareowner approval to convert the company from one corporate form to another. Examples of different corporate forms include: Inc., LLP, PLP, LLC, AG, SE. The SBA generally votes FOR such proposals, unless there are concerns with the motivation or financial impact of a change to firm's corporate structure.

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<sup>48</sup> Matthew Cain, and Steven Davidoff, "Form Over Substance? The Value of Corporate Process and Management Buyouts," August 2010.

<sup>49</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.

## 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 carefully scrutinized to ensure its use will benefit shareowners. We apply a stricter standard if the company has not stated a use for the additional shares or has significant levels of previously authorized shares still available for issue. Proposals that include shares with unequal voting rights will likely be opposed.

Proposals to reduce authorized share capital can result from a variety of corporate actions, ranging from routine accounting measures to reductions pertaining to a significant corporate restructuring in the face of bankruptcy. These proposals can vary significantly from market to market as a result of local laws and accounting standards. In all instances, the SBA considers whether the reduction in authorized share capital is for legitimate corporate purposes and not to be used as an anti-takeover tactic.

### STOCK SPLIT OR REVERSE STOCK SPLIT: FOR

Typically SBA supports reasonable proposals for stock splits or reverse stock splits. These proposals often seek to scale back the cost of each share into what is traditionally thought of as a comfortable price and trading zone, which seeks to influence the psychology of the market's perception of price more than anything else. Reverse stock splits may be requested to ensure a company's shares will not be subject to delisting by their exchange's standards, often following a significant negative shock to the share price.

### DUAL CLASS STOCK AUTHORIZATION: AGAINST

SBA opposes dual-class share structures. The one share, one vote principle is essential to proper functioning of capitalism; dual class shares distort the commensurate relationship between economic interest and voting power and ultimately risk harm to companies and their shareowners.<sup>50</sup> A number of

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<sup>50</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>.

academic studies have documented an array of value-destroying effects stemming directly from dual class share structures.<sup>51</sup> SBA will support proposals asking companies to move away from dual class structures.

#### 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 pre-emptive rights when the amount of shares requested is less than the unissued ordinary share capital or one-third of the issued ordinary share capital. Issuance authority should be limited to a five year timeframe. SBA also considers the issue price and any potential pricing discounts, as well as past issuance practices at the company, in judging the appropriateness of the terms and potential for misuse (such as granting large blocks at a discount to a third party). If insufficient information is disclosed about the issuance and conditions of its implementation, SBA may vote against authorization. Proposals that include shares with unequal voting rights will likely be opposed.

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<sup>51</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 2006). ECGI - Finance Working Paper No. 134/2006 Available at SSRN: <http://ssrn.com/abstract=941054>. Gompers, Paul A., Ishii, Joy L. and Metrick, Andrew, "Extreme Governance: An Analysis of Dual-Class Companies in the United States" (May 1, 2008). AFA 2005 Philadelphia Meetings Available at SSRN: <http://ssrn.com/abstract=562511> or DOI: 10.2139/ssrn.562511. Cremers, Martijn and Allen Ferrell, "Thirty Years of Corporate Governance: Firms Valuation & Stock Returns" (September 2009). Yale ICF Working Paper No. 09-09. Available at <http://ssrn.com/abstract=1279650>. Puttonen, Vesa, Ikaheimo, Seppo and Ratilainen, Tuomas, "External Corporate Governance and Performance - Evidence from the Nordic Countries" (January 30, 2007) Available at SSRN: <http://ssrn.com/abstract=960431>. Jiraporn, Pornsit, 2005, "An Empirical Analysis of Corporate Takeover Defenses and Earnings Management: Evidence from the U.S.", Applied financial Economics (University of Warwick, U.K.), Vol. 15, No. 5, pp. 293-303. Li, Kai, Ortiz-Molina, Hernan and Zhao, Shelly, "Do Voting Rights Affect Institutional Investment Decisions? Evidence from Dual-Class Firms" (November 2007). Available at SSRN: <http://ssrn.com/abstract=950295>. Dimitrov, Valentin and Jain, Prem C., "Recapitalization of One Class of Common Stock into Dual-class: Growth and Long-run Stock Returns" (September 1, 2004). Available at SSRN: <http://ssrn.com/abstract=422080> or DOI: 10.2139/ssrn.422080.

#### APPROVE GENERAL SHARE ISSUANCE WITHOUT PREEMPTIVE RIGHTS: CASE-BY-CASE

Companies may need the ability to raise funds for routine business contingencies without the expense of carrying out a rights issue. Such contingencies include, but are not limited to, facilitating stock compensation plans, small acquisitions, or payment for services. Recognizing that shareowners suffer dilution as a result of issuances, authorizations should be limited to a fixed number of shares or a percentage of capital at the time of issuance. The SBA generally supports issuance requests without preemptive rights up to a maximum of 20 percent above current levels of issued capital. Proposals that include shares with unequal voting rights will likely be opposed.

#### APPROVE ISSUE OF PREFERRED SHARES: CASE-BY-CASE

“Preferred share” typically refers to a class of stock that provides preferred dividend distributions and preferred liquidation rights as compared to common stock; however, preferred shares typically do not carry voting rights. SBA typically votes against preferred share issues that carry voting rights, include conversion rights, or have “blank check” ability. We typically support issuances without conversion or voting rights when the company demonstrates legitimate financial needs.

Blank check preferred stock gives the board of directors the power to issue shares of preferred stock at their discretion, with voting, conversion, distribution, and other rights set by the board at the time of issuance. Blank check preferred stock can be used for sound corporate purposes like raising capital, stock acquisition, employee compensation, or stock splits or dividends. However, blank check preferred stock is also suited for use as an entrenchment device. The company could find a “white knight,” sell the knight a large block of shares, and defeat any possible takeover attempt. With such discretion outside the control of common stock shareowners, the SBA typically opposes any proposals to issue blank check preferred stock.

#### RESTRUCTURE/RECAPITALIZE: CASE-BY-CASE

These proposals deal with the alteration of a corporation’s capital structure, such as an exchange of bonds for stock. The SBA is in favor of recapitalizations when our overall investment position is protected during the restructuring process.

#### TARGETED SHARE PLACEMENT: CASE-BY-CASE

SBA typically supports shareowner proposals requesting that companies first obtain shareowner authorization before issuing voting stock, warrants, rights or other securities convertible into voting stock, to any person or group, unless the voting rights at stake in the placement represent less than 5 percent of existing voting rights.

## SHARE REPURCHASE: CASE-BY-CASE

When a company has excess cash, SBA's preferred method for distributing it to shareowners is through adopting a quarterly dividend. Dividends are an effective means for returning cash and serve as an important signal to the market of earnings stability. Because dividend adoptions and subsequent changes are scrutinized carefully, they serve as an important marker of a company's commitment to return cash to shareowners. Repurchases on the other hand require no commitment to ongoing return of profits to shareowners. Repurchased shares often end up being granted to executives as part of stock compensation packages; this common use of cash is in actuality paying compensation and not a form of profit return to owners. Because of this, SBA strongly prefers dividend adoption over share repurchases. We support repurchases only in cases of unusual cash accumulation, such as from a divestiture of assets. Cash flows from operations that have an expected long-term generation pattern should be committed to owners through quarterly dividends. Repurchases are also supported if the rationale is that management believes the stock is undervalued. Companies should not commit to long term repurchases at any market price; evidence shows that many companies tend to repurchase shares at market-highs with these plans and generally buy at inopportune times.

## DECLARE DIVIDENDS: FOR

Declaring a dividend is a preferred use of cash and method of releasing profits to shareowners. SBA generally supports dividend declarations unless the 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>52</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

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<sup>52</sup> Marquardt, Carol, "Managing EPS Through Accelerated Share Repurchases: Compensation Versus Capital Market Incentives." Baruch College-CUNY, September 2007.



permission to make corporate decisions without broad shareowner approval. Because most shareowners vote by proxy and would not know what issues will be raised under this item, SBA does not support this proposal.

#### AMEND SHAREOWNERS' MEETING QUORUM REQUIREMENTS: CASE-BY-CASE

SBA supports quorums of a simple majority. We do not support super-majority quorum requirements.

#### AMEND BYLAWS OR ARTICLES OF ASSOCIATION: CASE-BY-CASE

The SBA considers the merits of the proposed amendment and its potential impact on shareowner rights and value. Different amendments should not be presented in a bundled format, which would prevent shareowners from making individual decisions on each provision. We may not support a bundled proposal that contains a mix of desirable and undesirable features.

#### NAME CHANGE: FOR

Changing a company's name is a major step that has likely gone through extensive management consideration and/or marketing research. SBA generally supports these proposals.

#### RECEIVE/APPROVE/AMEND REPORTS AND AUDITED ACCOUNTS FOR PREVIOUS FINANCIAL REPORTING PERIODS: CASE-BY-CASE

Generally, SBA supports these proposals unless we are aware of serious concerns about the accounting principles used or doubt the integrity of the company's auditor. Annual audits of a firm's financial statements should be mandatory and carried out by an independent auditor.

#### CHANGE METHOD OF PREPARING ACCOUNTS/DISTRIBUTING FINANCIAL STATEMENTS TO SHAREOWNERS: CASE-BY-CASE

If the changes have been instituted by a nationwide regulation, they will be approved. Otherwise, they will be carefully scrutinized to ensure they are not damaging to our interests. For instance, managers may seek to reclassify accounts to enhance their perceived performance. If this is the case, then managers may earn more in performance-based compensation without adding actual value to the firm.

#### ADOPT OR CHANGE STAKE DISCLOSURE REQUIREMENT(S): CASE-BY-CASE

Proposals may be submitted to conform to recent changes in home market disclosure laws or other regulations. However, proposed levels that are below typical market standards are often only a pretext for an anti-takeover defense. Low disclosure levels may require a greater number of shareowners to

disclose their ownership, causing a greater burden to shareowners and to the company. Positions of more than five percent are significant, however, and would be supported by SBA.

#### RESTRICT INTER-SHAREOWNER COMMUNICATIONS: AGAINST

The ability to dialogue assists shareowners in seeing each other's perspective and helps owners exercise their rights in a free, capitalist market. SBA would not typically support restrictions beyond those of market regulators. In U.S. markets, the SEC has established enforceable guidelines that govern communications from shareowners or other parties for the purposes of soliciting proxies or pursuing corporate takeover measures.

#### CHANGE DATE OF FISCAL YEAR-END: FOR

Companies may seek shareowner approval to change their fiscal year end. Most countries require companies to hold their annual shareowners meeting within a certain period of time after the close of the fiscal year. While the SBA typically supports this routine proposal, opposition may be considered in cases where the company is seeking the change solely to postpone its annual meeting.

#### AUTHORIZE DIRECTORS TO MAKE APPLICATION FOR ONE OR MORE EXCHANGE LISTINGS: FOR

SBA generally supports proposals to authorize secondary share listings, absent evidence that important shareowner rights will not be harmed or restricted to an unreasonable extent. Secondary listings may provide additional funding in other capital markets and/or increase share liquidity.

#### SET OR CHANGE DATE OR PLACE OF ANNUAL MEETING: FOR

Flexibility is necessary in time and location of board meetings. As such, the SBA typically supports proposals that provide reasonable discretion to the board for scheduling a shareowner meeting. SBA would not support changes if their impact is expected to inhibit participation by shareowners.

#### CHANGE/SET PROCEDURE FOR CALLING BOARD MEETINGS: CASE-BY-CASE

The SBA embraces full disclosure regarding the procedures for calling board meetings. Therefore, we typically vote FOR improvements in these procedures and the disclosure of these procedures.

#### ALLOW DIRECTORS TO VOTE ON MATTERS IN WHICH THEY ARE INTERESTED: CASE-BY-CASE

Generally, SBA does not support these proposals unless it is shown that the directors' interests are not material or the proposal conforms to federal regulations or stock exchange requirements.

## CHANGE QUORUM REQUIREMENT FOR BOARD MEETINGS: CASE-BY-CASE

SBA may support reasonable changes in quorum requirements for board meetings. We would not support a quorum of less than fifty percent.

## REINCORPORATION TO A DIFFERENT STATE: CASE-BY-CASE

Corporations may change the state in which they are incorporated as a way of changing minimum or mandatory governance provisions. A corporation having no business contacts or connections in a state may nonetheless choose that state as its place of incorporation and that state's laws will determine certain aspects of its internal governance structure. The ability of corporations to choose their legal domicile has led many states to compete for revenue from corporate fees and taxes by enacting management-friendly incorporation codes. This competition has encouraged states to support an array of anti-takeover devices and provide wide latitude in restricting the rights of shareowners.

Many companies changed their state of incorporation to Delaware since the 1980s because they viewed it as having a predictable and favorable legal climate for management. In 2007, North Dakota changed its laws of incorporation in an effort to create an environment of corporate governance best practices and strong shareowner rights. SBA will support proposals to shift the state of incorporation to states with net improvements in shareowner protections; however, the opportunity to increase shareowner rights will be weighed against the costs and potential disruption of changing the state of incorporation.<sup>53</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

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<sup>53</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.

completion of a takeover that would be detrimental to shareowners. SBA opposes proposals to amend the charter to include control share acquisition provisions or limit voting rights.

#### CONTROL SHARE CASH-OUT PROVISIONS: FOR

Control share cash-out statutes give dissident shareowners the right to “cash-out” of their position in a company at the expense of the shareowner who has taken a control position. When an investor crosses a preset threshold level, the remaining shareowners are given the right to sell their shares to the acquirer, who must buy them at the highest acquiring price. SBA typically supports proposals to opt out of control share cash-out statutes.

#### OPT-OUT OF DISGORGEMENT PROVISIONS: FOR

Disgorgement provisions require an acquirer or potential acquirer of more than a certain percentage of a company’s stock to disgorge (or pay back) to the company any profits realized from the sale of that company’s stock purchased 24 months before achieving control status. All sales of company stock by the acquirer occurring within a certain period of time (between 18 months and 24 months) prior to the investor’s gaining control status are subject to these recapture-of-profits provisions. SBA supports proposals to opt out of state disgorgement provisions.

#### ANTI-GREENMAIL: FOR

Greenmail payments are targeted share repurchases by management of company stock from individuals or groups seeking control of the company. They are one of the most wasteful entrenchment devices available to management. Since only the hostile party receives payment, usually at a substantial premium over the market value of his shares, the practice is discriminatory to all other shareowners of the company. With greenmail, management transfers significant sums of corporate cash to one entity for the purpose of fending off a hostile takeover. SBA supports proposals to adopt anti-greenmail charter or bylaw amendments or otherwise restrict a company’s ability to make greenmail payments.

#### FAIR PRICE AND SIMILAR PROVISIONS IN TWO-TIERED TENDER OFFERS: CASE-BY-CASE

SBA supports proposals to adopt a fair price provision as long as the shareowners’ vote requirement embedded in the provisions is no more than a majority of the disinterested shares. The SBA will vote against all other management fair price proposals. SBA also will typically support shareowner proposals to lower the shareowners’ vote requirement embedded in existing fair price provisions.

#### FAIR PRICE PROVISION: CASE-BY-CASE

Fair price provisions are a variation on standard supermajority voting requirements for mergers, whereby shareowners vote before a significant business combination can be affected. Fair price

provisions add a third option, allowing a bidder to consummate a merger without board approval or a shareowner vote as long as the offer satisfies the price requirements stipulated in the provision. Fair price provisions are normally adopted as amendments to a corporation's charter. The provisions normally include a super majority lock-in, a clause requiring a super majority shareowner vote to alter or repeal the provisions itself. We typically support management proposals to adopt a fair price provision, as long as the shareowner vote requirement imbedded in the provision is no more than a majority of the disinterested shares. We generally support shareowner proposals to lower the shareowner vote requirement imbedded in existing fair price provisions.

#### OPT OUT OF ANTI-TAKEOVER LAW: FOR

The SBA does not support corporations opting into state anti-takeover laws (e.g. Delaware). Such laws may prohibit an acquirer from making a well-financed bid for a target, which provides a premium to shareowners. We support proposals to opt-out of state anti-takeover laws.

#### APPROVE STAKEHOLDER PROVISIONS: AGAINST

Stakeholder provisions or laws permit directors to weigh the interests of constituencies other than shareowners, including bondholders, employees, creditors, customers, suppliers, the surrounding community, and even society as a whole, in the process of corporate decision making. The SBA does not support proposals for the board to consider non-shareowner constituencies or other nonfinancial effects when evaluating making important corporate decisions, such as a merger or business combination.

Evaluating the impact on non-shareowner constituencies provides a board with an explicit basis, approved by the shareowners, which it may invoke to reject a purchase offer that may be attractive in purely financial terms. Some state laws also allow corporate directors to consider non-financial effects, whether or not the companies have adopted such a charter or bylaw provision. SBA would support proposals to opt-out of such provisions.

## COMPENSATION

Compensation is an area that merits particular oversight from investors, as it exemplifies the delicate principal-agent relationship between shareowners and directors. Directors create compensation plans, often with the assistance of compensation consultants, that aim to motivate performance and retain management. Ultimately, it is the shareowners that bear the cost of these plans, and as average compensation packages have climbed steadily in value in recent years, shareowners have concern over the level of pay, the lack of disclosure, the role of compensation advisers, and the loyalty of board members to shareowners' interests over management's. Voting against plans with exorbitant pay or poor design is an important shareowner duty, and engagement with companies on their plans and features is a meaningful way for shareowners to protect value and contribute to oversight of their agents.<sup>54</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>55</sup>

Problematic issuer-developed peer groups may exhibit the following red flags: 1) too many firms listed

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<sup>54</sup> CFA Centre for Financial Market Integrity, "The Compensation of Senior Executives at Listed Companies: A Manual for Investors," 2007.

<sup>55</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?"

(more than 15); 2) bias toward “peers” that are substantially larger and/or more profitable;<sup>56,57</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
- Poor disclosure of performance metrics, thresholds, and targets
- Heavy reliance on time-based instead of performance-based vesting
- Imbalance between long-term and short-term incentive program payments
- Large guaranteed payments
- “Long-term” plans with overly short performance measurement and payout periods
- Excessive severance or single-trigger change-in-control packages
- Plans that cover non-employee consultants or advisors
- Inappropriate peer group selections resulting in out-sized or misaligned pay
- Excessive perquisites
- Lack of stock ownership guidelines for executives
- Tax gross-ups, evergreen issues, or option repricing practices are permitted
- Accelerated or unreasonable vesting provisions
- Dividend payments are made 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

<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>57</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>.

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>58</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 payouts.

#### 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 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

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<sup>58</sup> “Section 162(m) Requirements, Implications and Practical Concerns,” Exequity, September 2008.

<sup>59</sup> 2006 Employee Stock Purchase Plan Report, Equilar, Inc., 2006.



proposals that require metrics that are a degree removed from ultimate performance measures, such as proposals that require pay to be linked to performance on specific social mandates, absent a compelling argument for their usage.

SBA supports meaningful investor oversight of executive compensation practices and generally supports proposals requiring shareowner approval of specific performance metrics in equity compensation plans. SBA supports prior disclosure of performance metrics including quantifiable performance measures, numerical formulas, and other payout schedules covering at least a majority of all performance-based compensation awards to any named executive officers.

#### OPTION REPRICING: CASE-BY-CASE, TYPICALLY AGAINST

Option repricing is a contravening of the incentive aspect of plans. If the company has a history of repricing underwater options, SBA is unlikely to vote in support. There are very rare instances where repricing is acceptable, but several strict conditions must be met including a dramatic decline in stock value due to serious macroeconomic or industry-wide concerns and the necessity to reprice options in order to retain and motivate employees.

#### RECOUP BONUSES OR INCENTIVE COMPENSATION THROUGH CLAWBACK PROVISIONS: CASE-BY-CASE

Most commonly, clawback provisions address situations where the company's restated financial statements show that an executive did not achieve the performance results necessary for the executive to receive a bonus or incentive compensation. SBA recognizes that clawback provisions are an important aspect of performance-based compensation plans. To align executive interests with the interests of shareowners, executives should be compensated for achieving performance benchmarks. Equally, an executive should not be rewarded if he or she does not achieve established performance goals. If restated financial statements reveal that the executive was falsely rewarded, he or she should repay any unjust compensation received.

SBA evaluates these proposals by taking into consideration the impact of the proposal in cases of fraud, misstatement, misconduct, and negligence, whether the company has adopted a formal recoupment policy, and if the company has chronic restatement history or material financial problems.

#### DISCLOSURE OF WORK BY COMPENSATION CONSULTANTS: FOR

External compensation consultants should be independent to ensure that advice is unbiased and uncompromised. Multiple business dealings or significant revenue from the company may impair the independence of a pay consultant's opinions, advice, or recommendations to the compensation committee. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires that compensation committees analyze the independence of their compensation consultants and advisers and disclose any conflicts of interest concerning such consultants and advisers. Item 407(e)(3)(iv) of

Regulation S-K codifies the SEC's proxy disclosure requirement with respect to compensation consultant conflicts of interest, applicable to proxies filed in 2013 and thereafter.<sup>60</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>61</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.

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<sup>60</sup> Securities and Exchange Commission Final Rule, "Listing Standards for Compensation Committees," adopted June 20, 2012, effective July 27, 2012.

<sup>61</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.

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>62</sup> SBA generally supports proposals for companies to adopt a policy of not providing tax gross-up payments to executives, except in situations where gross-ups are provided pursuant to a plan, policy, or arrangement applicable to management employees of the company, such as a relocation or expatriate tax equalization policy.

#### REQUIRE SUPERMAJORITY OF INDEPENDENT BOARD MEMBERS TO APPROVE CEO COMPENSATION: AGAINST

SBA generally votes against proposals to seek approval of an amendment to the bylaws in order to provide that a company's CEO's compensation must be approved by a supermajority of all independent directors of the board. Proponents of this proposal argue that approval of this proposal would ensure that the company provides a CEO pay package that is widely supported by its independent directors, increasing the likelihood that the company's independent directors are kept informed of and feel shared responsibility for CEO compensation decisions. However, SBA supports the compensation committee members as sufficient to be the knowledgeable arbiters of compensation plan terms, metrics and payouts.

#### MANDATORY HOLDING PERIODS: CASE-BY-CASE

SBA supports proposals asking companies to adopt a mandatory holding period for their executives, as well as requiring executives to meet stock ownership requirements. When making voting decisions, SBA considers whether the company has any holding period or officer ownership requirements in place and how the company's executives' actual stock ownership 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:

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<sup>62</sup> "New Study on Tax Gross-ups," Risk & Governance Weekly, 12/5/08.

- The value of the payouts 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 payouts. 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 payouts may discourage acquirers from seeking the company as a target and result in a lower shareowner value. Plans that include excessive potential payouts, 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>63</sup>

Some executives may receive provision for severance packages, vested shares, salary, bonuses, perquisites and pension benefits even after death.<sup>64</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.

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<sup>63</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>64</sup> “Companies Promise CEOs Lavish Posthumous Paydays,” Wall Street Journal, June 10, 2008.

## 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>65</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.

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.

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<sup>65</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).

## 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 the majority of companies regardless of whether they have had shareowner proposals submitted. Therefore, engagement is an extremely effective and important tool for mitigating the widespread and systematic risks inherent in these issues.

SBA considers the vote on these proposals to be an important part of the communication process with management. We support these proposals when their adoption seems prudent in light of the current circumstances and the proposed actions may reasonably be considered to have a cost-effective, protective impact on shareowner value. These topics cover risks such as product safety, environmental impact, and human rights abuses—areas where investors have experienced significant share value losses over time due to missteps in management of these risks. It is our fiduciary duty to engage companies and make prudent voting decisions in the presence of substantial risks, by supporting reasonable proposals and maintaining a dialogue with companies on these topics.

### PRODUCT SAFETY: CASE-BY-CASE

Inadequate product safety standards can be catastrophic to brand and market value through lost sales, fines and legal liability. Failure to implement effective safety standards, and to enforce them throughout the supply chain, creates a risk that is difficult to overstate. Generally, SBA supports reasonable proposals requesting increased disclosure regarding oversight procedures, product safety risks, or the use of potentially dangerous or toxic materials in company products. Proposals asking the company to cease using certain production methods or materials will be evaluated based on the merits of the case supporting the actions called for in the proposal. SBA also considers current regulations, recent significant controversy, litigation and/or fines, and the current level of disclosure by the company.

### FACILITY SAFETY (NUCLEAR AND CHEMICAL PLANT SAFETY): CASE-BY-CASE

Resolutions requesting that companies report on risks associated with their operations and/or facilities are examined on a case-by-case basis, by considering the company's compliance with applicable regulations and guidelines; the level of existing disclosure related to security and safety policies, procedures, and compliance monitoring; and the existence of recent, significant violations, fines, or controversy related to the safety and security of the company's operations or facilities.

Some shareowner-sponsored resolutions ask a company to cease production associated with the use of depleted uranium munitions or nuclear weapons components and delivery systems, including disengaging from current and proposed contracts. Such contracts are monitored by government agencies, serve multiple military and non-military uses, and withdrawal from these contracts could have

a negative impact on the company's business. SBA evaluates these proposals on a case-by-case basis, but generally leaves decisions on the risk of engaging in certain lines of business up to the board, absent compelling a rationale to intervene.

#### ANIMAL TESTING AND WELFARE POLICIES: CASE-BY-CASE

Some resolutions ask companies to report on animal welfare conditions or to make changes in procedures relating to the treatment of animals. SBA examines each proposal in the context of current regulations, consumer sentiment, company disclosures, available technology and potential alternatives to the company's present procedures, and the feasibility and cost impact of the proposal when making a voting determination.

#### ENERGY AND ENVIRONMENT: CASE-BY-CASE

In conjunction with the Ceres principles<sup>66</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, taking into account whether the company has clearly disclosed its current policies and plan of action, as well as an analysis of the potential for regulatory and business risks in their operations. Proposals that request a company engage in specific environmental actions are evaluated on the potential to contribute to long-term shareowner value.

#### ***Marketing, Sales, and Business Policies***

#### RESTRICTIONS ON PRODUCT SALES, PRICING AND MARKETING: CASE-BY-CASE

Absent compelling arguments that product marketing or pricing has potential to cause damage such as through increased liability or reputational concern, SBA generally allows management to determine appropriate business strategies and marketing tactics.

#### PRIVACY AND CENSORSHIP: CASE-BY-CASE

As technology has changed, consumers have become more dependent on products that generate significant amounts of personal data, raising concerns over susceptibility to both government surveillance and invasive corporate marketing. In some markets, freedom to access information on the internet is impaired by government decree. Shareowners may make proposals asking companies to limit their own use of consumer-generated data or prohibit access to the data by other entities, such as governments. Proposals may also ask companies to cease certain business lines in countries where governments demand access to the data or the blocking of certain information. Such restrictions may

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<sup>66</sup> <http://www.ceres.org/about-us/our-history/ceres-principles>



not only violate human rights, but they also decrease the quality of service provided by companies and threaten the integrity of the industry as a whole. Proposals may also ask companies to provide reports on their practices and policies related to these concerns.

The SBA generally votes in favor of reasonable, disclosure-based resolutions relating to policies on data collection and internet access, unless the company already meets the disclosure provisions requested in the proposal. SBA considers the level of current applicable disclosure on the topic, the history of stakeholder engagement, nature and scope of the company's operations, applicable legislation, and the company's past history of controversy and litigation as it pertains to human rights. SBA generally does not support proposals asking companies to modify or restrict their business operations in certain markets, unless under extraordinary circumstances where a considerable threat to the company's operations or reputation exists.

#### OPERATIONS IN HIGH RISK MARKETS: CASE-BY-CASE

Shareowners may propose that companies adopt guidelines for doing business with or investing in countries where there is a pattern of ongoing egregious and systematic violations of human rights. Shareowners of companies operating in regions that are politically unstable, including terrorism-sponsoring states, sometimes propose ceasing operations or reporting on operations in high-risk markets. Such concerns are focused over how these business activities or investment may, in truth or by perception, support potentially dangerous and/or oppressive governments, and further, may lead to potential company reputational, regulatory, or supply chain risks. In accordance with §215.471(2) of Florida Statutes, the SBA votes against all proposals advocating increased United States trade with Cuba or Syria. SBA is also prohibited by state law from investing in companies doing certain types of business in Iran and Sudan.

SBA votes on a CASE-BY-CASE basis when evaluating requests to review and report on the company's potential financial and reputation risks associated with operations in high-risk markets, such as a terrorism-sponsoring state or otherwise, taking into account:

- Compliance with Florida state law;
- Compliance with U.S. sanctions and laws;
- Consideration of other international policies, standards, and laws;
- The nature, purpose, and scope of the operations and business involved that could be affected by social or political disruption;
- Current disclosure of applicable risk assessments and risk management procedures; and
- Whether the company has been recently involved in significant controversies or violations in high-risk markets.

## CONFLICT MINERALS: CASE-BY-CASE

As a part of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC mandates that public companies using ‘conflict minerals’ annually report on the scope of their due diligence of their suppliers, in addition to making disclosures about any payments made to foreign governments for the acquisition or production of these resources. SBA evaluates the scope of proposals going beyond the reports required by the SEC, as well as the economic rationale, and compares it to the expected compliance costs in making a voting decision.

## POLITICAL NEUTRALITY: CASE-BY-CASE

These resolutions call for companies to maintain political neutrality. They may also propose that appearance of coercion in encouraging its employees to make political contributions be avoided. The SBA examines proposals requesting the company to affirm political non-partisanship in the workplace on a case-by-case basis. We generally vote against such resolutions provided that the company is in compliance with laws governing corporate political activities and the company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and not coercive.

### ***Codes of Conduct***

## CODES OF CONDUCT: CASE-BY-CASE

Workplace codes of conduct are designed to safeguard workers’ rights in the international marketplace. Advocates of workplace codes of conduct encourage corporations to adopt global corporate standards that ensure minimum wages and safe working conditions for workers at in developing countries. U.S. companies that outsource portions of their manufacturing operations to foreign companies are expected to ensure that the products received from those contractors do not involve the use of forced labor, child labor, or sweatshop labor. A number of companies have implemented vendor standards, which include independent monitoring programs with respected local human rights and religious organizations to strengthen compliance with international human rights norms. Failure to manage the risks to workers’ safety and human rights can result in boycotts, litigation and stiff penalties.

When compliance is deemed necessary, SBA favors incorporation of operational monitoring, code enforcement, and robust disclosure mechanisms.<sup>67</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.

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<sup>67</sup> “Incorporating Labor and Human Rights Risk into Investment Decisions.” Aaron Bernstein, Harvard Labor and Worklife Program, Occasional Paper Series No. 2, September, 2008.

#### NORTHERN IRELAND (MACBRIDE PRINCIPLES): FOR

The MacBride Principles call on companies with operations in Northern Ireland to promote fair employment practices. Signatories of the MacBride Principles agree to make reasonable, good faith efforts to abolish all differential employment criteria whose effect is discrimination on the basis of religion. SBA supports adoption and implementation of the MacBride Principles, along with fair and transparent employment practices by firms operating in Northern Ireland.

#### HOLY LAND PRINCIPLES: CASE-BY-CASE

SBA supports proposals that seek to end discrimination and underrepresentation in the workplace based on national, racial, ethnic and religious affiliations. When companies cannot reasonably show they are taking steps to accomplish this goal, SBA will support shareowner proposals seeking compliance with these principles.

## MUTUAL FUND VOTING

Like shareowners of publicly-held corporations, shareowners of mutual funds are allowed a voice in fund governance. While some funds proscribe annual meetings in their charter documents, all funds must call special meetings of shareowners to amend substantive governance matters such as board composition, investment advisory agreements, distribution agreements, and changes to fundamental investment restrictions. To this end, mutual fund managers issue and solicit proxies similar to the way that stock corporations do.

Mutual fund proxies raise issues that differ substantially from those found in the proxies of public companies. Though mutual fund proxy holders are also frequently asked to elect trustees and ratify auditors, most of the other agenda items are related to the special nature of this type of security. As with elections of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence in regards to the mutual fund. There is evidence demonstrating a positive link between the quality of a mutual fund's board and its future performance and Sharpe ratio.<sup>68</sup> SBA's voting approach on mutual fund resolutions is similar to that of our approach on publicly-traded company resolutions in that votes are cast with an intention of maximizing value and preserving or enhancing investor rights.

### Fund Objective and Structure

The principal investment strategy identifies the financial market asset class or sub-sector in which the fund typically invests, e.g. the fund normally invests at least eighty percent of its assets in stocks included in the S&P 500. A fundamental investment restriction identifies prohibited activities, e.g. the fund may not invest more than twenty-five percent of the value of its total assets in the securities of companies primarily engaged in any one industry.

Beyond a fund's investment objectives, fund structure may also affect shareowner value. The majority of investment funds are open-end investment companies, meaning that they have no set limit on the number of shares that they may issue. A change in fee structure or fundamental investment policy requires the approval of a majority of outstanding voting securities of the fund, which under the Federal Investment Company Act of 1940 is defined as the affirmative vote of the lesser of either sixty-seven percent or more of the shares of the fund represented at the meeting, if at least 50 percent of all outstanding shares are represented at the meeting, or fifty percent or more of the outstanding shares of the fund entitled to vote at the meeting. Failure to reach this "1940 Act majority" subjects the funds to additional solicitation and administrative expenses.

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<sup>68</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.

## ELECTION OF DIRECTORS: CASE-BY-CASE

Similar to the election of directors of corporations, it is preferable to see mechanisms that promote independence, accountability, responsiveness, and competence within the mutual fund. Votes on director nominees should be determined on a case-by-case basis, considering the following factors:

- Director independence and qualifications, including relevant skills and experience;
- Past performance relative to its peers;
- Board structure;
- Attendance at board and committee meetings ;
- Number of mutual funds' boards and/or corporate boards (directorships) upon which a nominee sits; and
- If a proxy contest, Strategy of the incumbents versus the dissidents.

SBA typically withholds votes from directors if:

- They've attended less than 75 percent of the board and committee meetings without a valid reason for the absences;
- They've ignored a shareowner proposal that was approved by a majority of the shares voting;
- They are non-independent directors and sit on the audit or nominating committees;
- They are non-independent directors, and the full board serves as the audit or nominating committee, or the company does not have one of these committees; or
- The audit committee did not provide annual auditor ratification, especially in the case of substantial non-audit fees or other poor governance practices.

## CONVERTING CLOSED-END FUND TO OPEN-END FUND: CASE-BY-CASE

The SBA evaluates conversion proposals on a case-by-case basis, considering the following factors:

- Rationale for the change;
- Past performance as a closed-end fund;
- Market in which the fund invests;
- Measures taken by the board to address the discount; and
- Past shareowner activism, board activity, and votes on related proposals.

## INVESTMENT ADVISORY AGREEMENTS: CASE-BY-CASE

Votes on investment advisory agreements are determined by considering the following factors:

- Proposed and current fee schedules;
- Fund category/investment objective;
- Performance benchmarks;
- Share price performance as compared with peers;
- Resulting fees relative to peers; and
- Assignments (where the advisor undergoes a change of control).

When considering a new investment advisory agreement or an amendment to an existing agreement, the proposed fee schedule should be compared with those fees paid by funds with similar investment objectives. Any increase in advisory fees of more than 10 percent of the prior year's fees are judged to determine the long-term impact on shareowner value, and management must offer a detailed, specific and compelling argument justifying such a request.

#### APPROVE NEW CLASSES OR SERIES OF SHARES: FOR

The SBA generally votes FOR the establishment of new classes or series of shares. Boards often seek authority for a new class or series of shares for the fund to grow the fund's assets. The ability to create classes of shares enables management to offer different levels of services linked to the class or series of shares that investors purchase. Also, fee structures can be varied and linked to the series of shares, which allows investors to choose the purchasing method best suited to their needs. The board can use separate classes and series of shares to attract a greater number of investors and increase the variety of services offered by the fund.

#### CHANGE FUND'S INVESTMENT OBJECTIVE OR CLASSIFICATION: CASE-BY-CASE

Votes on changes in a fund's objective or classification are determined on a case-by-case basis, considering the following factors:

- Potential competitiveness;
- Current and potential returns;
- Risk of concentration; and
- Consolidation in target industry.

#### AUTHORIZE THE BOARD TO HIRE OR TERMINATE SUB-ADVISORS WITHOUT SHAREOWNER APPROVAL: AGAINST

SBA generally opposes proposals authorizing the board to hire or terminate sub-advisors without shareowner approval. Typically, the management company will seek authority, through the investment advisor, to hire or terminate a new sub-advisor, modify the length of a contract, or modify the sub-advisory fees on behalf of the fund. These investment decisions are normally made with majority shareowner approval, as determined by Section 15 of the Investment Company Act of 1940. However, funds may apply to the SEC for exemptions to this rule, and the SEC often grants these exemptions. These exemptions are usually structured so that they do not apply to the investment sub-advisory agreement that is in place at the time, but apply to any future sub-advisory agreement into which the fund enters.

## MERGERS: CASE-BY-CASE

The SBA generally evaluates mergers and acquisitions on a case-by-case basis, determining whether the transaction enhances shareowner value by giving consideration to:

- Resulting fee structure;
- Performance of both funds;
- Continuity of management personnel; and
- Changes in corporate governance and the impact on shareowner rights.

## CHANGE DOMICILE: CASE-BY-CASE

The SBA votes on fund re-incorporations on a case-by-case basis by considering the regulations and fundamental policies applicable to management investment companies in both states. Shareowner rights can be particularly limited in certain states, including Delaware, Maryland, and Massachusetts.<sup>69</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;
- 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.

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<sup>69</sup> Lucian Bebchuk and Alma Cohen, "Firms' Decisions Where to Incorporate." National Bureau of Economic Research Working Paper 9107, August 2002.

#### 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.





**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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TALLAHASSEE, FLORIDA 32308  
(850) 488-4406**

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32317-3300**

**RICK SCOTT  
GOVERNOR  
AS CHAIRMAN  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO**

May 10, 2016

Honorable Dan Raulerson  
Alternating Chair  
Joint Legislative Auditing Committee  
300 House Office Building  
402 South Monroe Street  
Tallahassee, Florida 32399-1100

Honorable Joseph Abruzzo  
Alternating Chair  
Joint Legislative Auditing Committee  
222 Senate Office Building  
404 South Monroe Street  
Tallahassee, Florida 32399-1300

Dear Representative Raulerson and Senator Abruzzo:

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 31, 2016 through March 31, 2016, there were no material impacts on the trust fund in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, reading "Ashbel C. Williams".

Ashbel C. Williams  
Executive Director & CIO

ACW/db  
Attachments

cc: Honorable Debbie Mayfield  
Honorable Amanda Murphy  
Honorable Ray Wesley Rodrigues  
Honorable Cynthia Stafford  
Honorable Lizbeth Benacquisto  
Honorable Rob Bradley  
Honorable Audrey Gibson  
Honorable Wilton Simpson  
Ms. Kathy Dubose, Coordinator



## **MONTHLY SUMMARY REPORT**

**January 2016**

**State Board of Administration of Florida**

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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from January 1, 2016, through January 31, 2016, 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, 2016)

Total Participants  
**777**

Florida PRIME™ Assets  
**\$8,836,981,197**

Total Number of Accounts  
**1,485**

## FACTS-AT-A-GLANCE

Florida PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

In December, the Federal Reserve took its customary two days to deliberate before releasing its decision to lift rates off near zero for the first time in seven years. With the recent volatility some are questioning if the hike was the correct move. We think it was, and the market turbulence has more to do with significant overseas economic issues and oil prices than a small 25 basis-point increase in rates.

These external factors may very well have an impact on the Federal Open Market Committee (FOMC) going forward by delaying its plan to increase rates over 2016. The Fed might be using the global worries as a scapegoat, as it is more concerned with the health of the U.S. economy than it would like to admit. The Fed would not be keen to communicate that the same economy it had enough faith in to hike rates a month ago is now stalling. The statement from the FOMC meeting in late January said the Fed can not ignore what is happening globally. It is probably easier for policymakers to point to that rather than to the domestic economy, especially because they likely still think it is on the right track in the medium to long term.

This is not to suggest the policymakers are second guessing themselves at this point, but we do think they would like to make fewer hikes this year. The January statement did say they see strength in the economy despite the few pockets of weakness and low inflation in the near term. They might delay or slow the hike schedule, possibly raising rates every third FOMC meeting rather than every other, waiting till the second quarter to hike and then enacting the every-other-meeting schedule. It will depend upon the domestic statistics; the global markets will have much less of an impact on the decisions. We think the more likely year-end federal funds level will be 1% rather than 1.75%. The London interbank offered rate (Libor) is certainly not pricing in a big move, staying steady over January at around 43, 61 and 85 basis points for 1-, 3- and 6-month, respectively.

Do not let all this attention paid to future actions make it seem like we are not appreciating liftoff. Like cash managers everywhere, it has been marvelous. Across

the industry, there has been lots of cash flows into money market funds and plenty of rising yields. That is even the case for the Treasury sector, which had been held so low for so long.

The benefits of the Fed hike have also shown up in our overnight operations. For nearly the entire time that the U.S. Treasury has been offering a select list of money market managers a guaranteed rate for buying of Treasuries—typically a floor of about five basis points. But since the hike, we have been able to trade with other counterparties and have not done much with the Fed, except at quarter-end. Throughout January, the market has been trading at about five basis points higher than the Fed's 25 basis points.

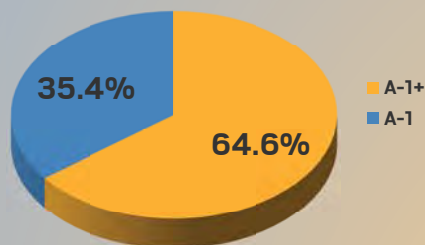
### INVESTMENT STRATEGY

The upward shift in the money market yield curve gave us ample opportunities to invest incoming funds in January and maturities into higher yielding securities. Our weighted average maturity (WAM) and weighted average life (WAL) were below our target range (45-45 days) at 33 and 51 days, respectively due to the cash inflows. This was as expected—and came at a good time—as we were in the heart of the tax collecting season and were able to invest those inflows (\$376.8 million to a total of \$8.8 billion in assets under management) at higher rates. Combined with re-investment of instruments that matured, this pushed the yield of the Pool to 53 basis points.

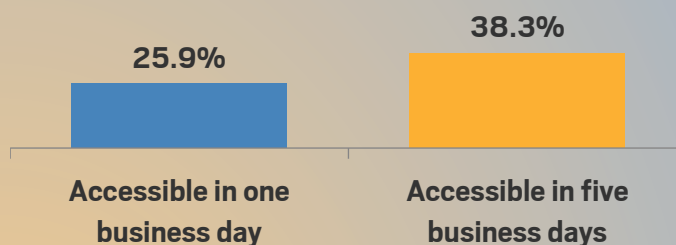
In this environment we felt that the percentage of the Pool's holdings in variable-rate paper of 19% was appropriate. We also made little change to our use of repo instruments, decreasing those from 7% to 5% of total. The market supply of bank paper declined over January and therefore so did our holdings of those instruments, from 23% to 19% of total, and the percentage of our holdings in money market funds fell from 21% to 18%. Balancing the portfolio was a rise in holdings of commercial paper, from 30% to 39%.

## PORTFOLIO COMPOSITION FOR JANUARY 2016

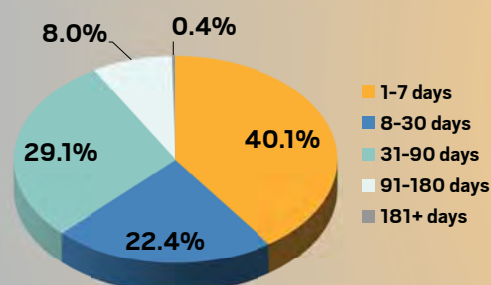
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Federated Prime Obligations Fund	9.3%
2. Federated Prime Cash Obligations Fund	8.8%
3. Standard Chartered PLC	5.0%
4. Mitsubishi UFJ Financial Group, Inc.	5.0%
5. North Rhine-Westphalia, State of	5.0%
6. BNP Paribas SA	5.0%
7. Toronto Dominion Bank	4.7%
8. Nationwide Building Society	4.5%
9. Royal Bank of Canada, Montreal	4.5%
10. Sumitomo Mitsui Financial Group, Inc.	4.2%

#### Average Effective Maturity (WAM)

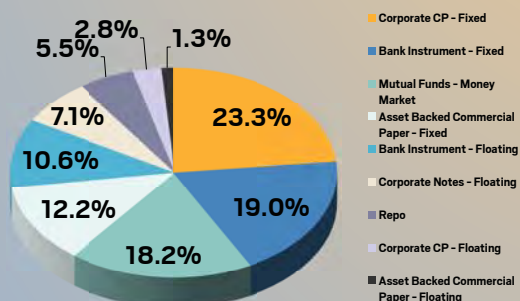
32.7 Days

#### Weighted Average Life (Spread WAM)

51.4 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH JANUARY 31, 2016

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.48%	0.24%	0.24%
Three Months	0.37%	0.16%	0.20%
One Year	0.26%	0.09%	0.16%
Three Years	0.20%	0.07%	0.14%
Five Years	0.23%	0.08%	0.16%
Ten Years	1.43%	1.30%	0.13%
Since 1/96	2.76%	2.55%	0.21%

Note: Net asset value at month end: \$8,836.7 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

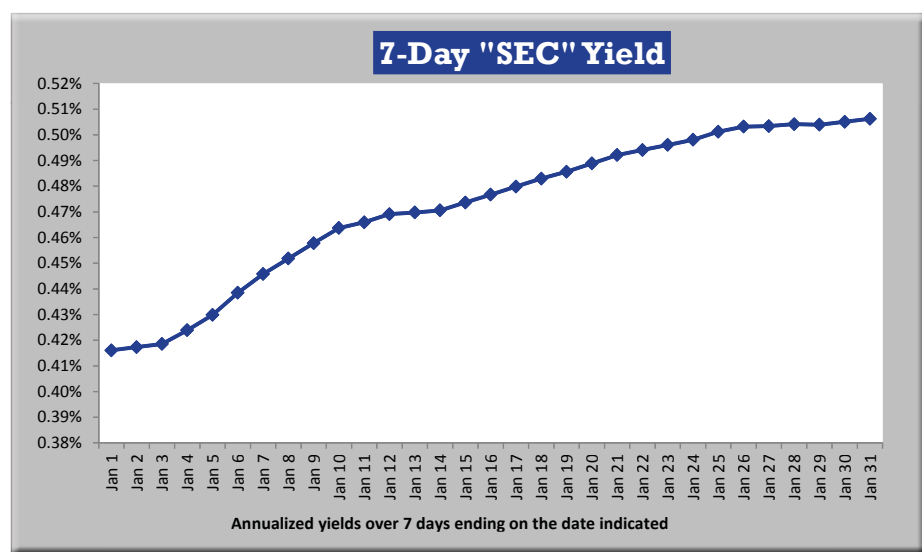
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 2016

Summary of Cash Flows		
Opening Balance (01/01/16)	\$	8,460,154,003
Participant Deposits		1,734,834,506
Gross Earnings		3,578,745
Participant Withdrawals		(1,361,586,057)
Fees		(134,417)
Fee Holiday*		134,417
Closing Balance (01/31/16)	\$	8,836,981,197
<b>Net Change over Month</b>	<b>\$</b>	<b>376,827,194</b>

\*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***		
January 2016	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 74,029.72	1.03
Federated Investment Management Fee	27,763.74	0.39
BNY Mellon Custodial Fee**	11,690.60	0.16
Bank of America Transfer Agent Fee	6,823.78	0.09
S&P Rating Maintenance Fee	8,811.51	0.12
Audit/External Review Fees	5,298.03	0.07
<b>Total Fees</b>	<b>\$ 134,417.38</b>	<b>1.87</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 8,648,567,600.

\*\*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 will fluctuate month-to-month.

\*\*\*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.



## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/1/2016		100,000,000	0.37	\$99,997,000	\$99,997,583	\$583
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		65,000,000	0.66	\$64,896,722	\$64,899,424	\$2,701
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/2/2016		25,000,000	0.43	\$24,998,833	\$24,998,892	\$58
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/4/2016		25,000,000	0.41	\$24,998,333	\$24,998,308	-\$25
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/4/2016		25,000,000	0.41	\$24,998,333	\$24,998,308	-\$25
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/18/2016		27,631,000	0.47	\$27,623,939	\$27,624,123	\$184
Australia & New Zealand , Sr. Unsec'd. Note, .9%, 2/12/2016	CORPORATE BOND	0.90	2/12/2016		3,400,000	0.41	\$3,400,625	\$3,400,292	-\$333
Australia & New Zealand , Sr. Unsec'd. Note, .9%, 2/12/2016	CORPORATE BOND	0.90	2/12/2016		1,000,000	0.67	\$1,000,085	\$1,000,086	\$1
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/4/2016		80,000,000	0.61	\$79,912,000	\$79,923,440	\$11,440
BMO Harris Bank, N.A., Mar 14, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.63	3/14/2016	2/16/2016	10,000,000	0.64	\$10,000,000	\$9,999,150	-\$850
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.73	7/6/2016	4/6/2016	51,000,000	0.74	\$51,000,000	\$50,869,593	-\$130,407
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		2/2/2016		150,000,000	0.40	\$149,993,500	\$149,994,200	\$700
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		2/3/2016		180,000,000	0.40	\$179,990,250	\$179,991,250	\$1,000
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		3/15/2016		100,000,000	0.59	\$99,925,889	\$99,944,800	\$18,911
BP Capital Markets PLC CP4-2	COMMERCIAL PAPER - 4-2		2/12/2016		100,000,000	0.42	\$99,984,056	\$99,986,117	\$2,061
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0.34	2/1/2016		485,000,000	0.34	\$485,000,000	\$485,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.76	6/6/2016		50,000,000	0.77	\$50,000,000	\$50,030,455	\$30,455
Bank of Montreal, Jun 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.56	6/1/2016	3/1/2016	25,000,000	0.57	\$25,000,000	\$24,995,375	-\$4,625
Bank of Montreal, May 23, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	5/23/2016	2/23/2016	50,000,000	0.59	\$50,000,000	\$49,995,050	-\$4,950
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	\$14,462,253	\$14,458,182	-\$4,071
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	15,000,000	0.74	\$15,028,967	\$15,008,385	-\$20,582
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	10,000,000	0.78	\$10,017,385	\$10,005,590	-\$11,795
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	54,250,000	0.82	\$54,335,311	\$54,280,326	-\$54,985
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.45	2/10/2016		75,000,000	0.46	\$75,000,000	\$75,004,946	\$4,946
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.87	7/8/2016		25,000,000	0.88	\$25,000,000	\$25,014,774	\$14,774
Bank of Nova Scotia, Toronto, May 09, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	5/9/2016	2/9/2016	50,000,000	0.45	\$50,000,000	\$49,994,100	-\$5,900

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	2/1/2016		100,000,000	0.39	\$100,000,000	\$99,999,967	-\$33
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	2/2/2016		100,000,000	0.39	\$100,000,000	\$99,999,944	-\$56
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.77	\$49,860,667	\$49,862,500	\$1,833
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/13/2016		30,000,000	0.81	\$29,909,333	\$29,914,207	\$4,873
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/14/2016		20,000,000	0.83	\$19,937,589	\$19,942,308	\$4,719
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		20,000,000	0.83	\$19,936,678	\$19,941,157	\$4,479
Bedford Row Funding Corp., Apr 14, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.56	4/14/2016	2/16/2016	25,000,000	0.57	\$25,000,000	\$24,995,625	-\$4,375
Bedford Row Funding Corp., Jun 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.65	6/7/2016	2/8/2016	25,000,000	0.65	\$25,000,000	\$24,997,550	-\$2,450
Bedford Row Funding Corp., May 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.57	5/10/2016	2/10/2016	50,000,000	0.58	\$50,000,000	\$49,993,550	-\$6,450
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/21/2016		25,000,000	0.81	\$25,000,000	\$25,012,302	\$12,302
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	\$50,000,000	\$50,028,041	\$28,041
Canadian Imperial Bank of Commerce, Jun 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	6/13/2016	2/11/2016	25,000,000	0.73	\$25,000,000	\$24,997,725	-\$2,275
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.65	6/8/2016		50,000,000	0.66	\$50,000,000	\$50,029,412	\$29,412
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		6/23/2016		50,000,000	0.86	\$49,829,667	\$49,880,159	\$50,492
Commonwealth Bank of Australia, Apr 04, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.61	4/4/2016	2/4/2016	50,000,000	0.62	\$50,000,000	\$49,998,350	-\$1,650
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	2/4/2016		20,000,000	0.39	\$20,000,000	\$20,000,039	\$39
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	2/17/2016		25,000,000	0.44	\$25,000,000	\$25,000,302	\$302
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.52	3/24/2016		120,000,000	0.53	\$120,000,000	\$120,000,913	\$913
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	3/3/2016		200,000,000	0.46	\$200,000,000	\$199,999,370	-\$630
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	2/8/2016		50,000,000	0.42	\$50,000,000	\$50,001,105	\$1,105
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	2/10/2016		10,000,000	0.42	\$10,000,000	\$10,000,265	\$265
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.40	2/25/2016		100,000,000	0.41	\$100,000,000	\$100,014,042	\$14,042
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.48	3/23/2016		165,000,000	0.49	\$165,000,000	\$165,014,358	\$14,358
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.17	2/1/2016		7,405,779	0.17	\$7,405,779	\$7,405,779	\$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		30,000,000	0.71	\$29,938,750	\$29,938,750	-\$0

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Fairway Finance Co. LLC, Jun 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.72	6/10/2016	2/10/2016	15,000,000	0.73	\$15,000,000	\$14,998,890	-\$1,110
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.46	2/1/2016	2/1/2016	773,104,827	0.45	\$773,104,827	\$773,104,827	\$0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.47	2/1/2016	2/1/2016	823,016,811	0.44	\$823,016,811	\$823,016,811	\$0
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,510,000	0.54	\$6,553,148	\$6,549,288	-\$3,860
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		7,500,000	0.54	\$7,549,712	\$7,545,263	-\$4,449
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		10,000,000	0.54	\$10,066,290	\$10,060,350	-\$5,940
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,100,000	0.54	\$6,140,428	\$6,136,814	-\$3,615
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		11,911,000	0.60	\$11,988,387	\$11,982,883	-\$5,504
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,006,297	\$1,006,035	-\$262
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,006,295	\$1,006,035	-\$260
General Electric Capital Corp., Sr. Unsecured, Jun 20, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.77	6/20/2016	3/21/2016	85,000,000	0.63	\$85,052,475	\$85,003,740	-\$48,735
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	\$4,641,354	\$4,642,362	\$1,008
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/4/2016		115,000,000	0.46	\$114,991,375	\$114,992,218	\$843
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/7/2016		25,000,000	0.53	\$24,986,278	\$24,987,149	\$871
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2016		100,000,000	0.54	\$99,933,750	\$99,935,000	\$1,250
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/11/2016		54,000,000	0.62	\$53,933,205	\$53,936,271	\$3,066
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/12/2016		100,000,000	0.62	\$99,874,611	\$99,880,161	\$5,550
International Bank for Reconstruction & Development (World Bank), Unsec'd. Note, 2/10/2016	SOVEREIGN	0.00	2/10/2016		50,000,000	0.51	49,991,667	49,996,750	\$5,083
J.P. Morgan Securities LLC, Apr 22, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.69	4/22/2016	2/22/2016	10,000,000	0.69	\$10,000,000	\$9,997,860	-\$2,140
J.P. Morgan Securities LLC, Feb 09, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.63	2/9/2016	2/9/2016	100,000,000	0.63	\$100,000,000	\$99,996,400	-\$3,600
J.P. Morgan Securities LLC, Feb 16, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.63	2/16/2016	2/16/2016	25,000,000	0.63	\$25,000,000	\$24,997,875	-\$2,125
J.P. Morgan Securities LLC, May 25, 2016	VARIABLE RATE COMMERCIAL PAPER	0.53	5/25/2016	2/25/2016	40,000,000	0.54	\$40,000,000	\$39,992,720	-\$7,280
J.P. Morgan Securities LLC, May 31, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.74	5/31/2016	2/1/2016	25,000,000	0.75	\$25,000,000	\$24,997,775	-\$2,225
JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.78	11/4/2016	2/8/2016	15,000,000	0.79	\$15,000,000	\$14,997,495	-\$2,505
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/4/2016		25,000,000	0.35	\$24,998,583	\$24,998,308	-\$275
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/5/2016		50,000,000	0.46	\$49,995,625	\$49,996,014	\$389

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		2/4/2016		25,000,000	0.44	\$24,998,208	\$24,998,433	\$225
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		2/8/2016		10,000,000	0.45	\$9,998,778	\$9,998,914	\$136
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/9/2016		50,000,000	0.51	\$49,992,361	\$49,993,507	\$1,146
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/10/2016		99,000,000	0.47	\$98,984,820	\$98,985,843	\$1,023
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/11/2016		125,000,000	0.51	\$124,977,431	\$124,980,500	\$3,069
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/25/2016		8,000,000	0.47	\$7,997,240	\$7,997,300	\$60
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/26/2016		15,137,000	0.47	\$15,131,584	\$15,131,702	\$118
Mizuho Bank Ltd., Mar 16, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.63	3/16/2016	2/16/2016	200,000,000	0.58	200,014,436	199,980,200	-\$34,236
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		2/5/2016		200,000,000	0.36	199,986,194	199,986,700	\$506
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		2/10/2016		50,000,000	0.43	49,993,000	49,994,167	\$1,167
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		2/11/2016		38,000,000	0.43	\$37,994,237	\$37,995,170	\$933
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		2/11/2016		100,000,000	0.45	\$99,984,111	\$99,987,289	\$3,178
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		2/18/2016		50,000,000	0.46	\$49,987,500	\$49,989,917	\$2,417
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		3/18/2016		50,000,000	0.66	\$49,955,764	\$49,978,086	\$22,322
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/4/2016		30,250,000	0.54	\$30,234,413	\$30,238,148	\$3,735
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/8/2016		90,000,000	0.56	\$89,946,375	\$89,960,415	\$14,040
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/9/2016		25,000,000	0.56	\$24,984,722	\$24,988,695	\$3,972
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/14/2016		100,000,000	0.64	\$99,921,250	\$99,948,750	\$27,500
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/21/2016		150,000,000	0.66	\$149,859,167	\$149,909,217	\$50,050
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		2/8/2016		100,000,000	0.39	\$99,989,444	\$99,990,111	\$667
Rabobank Nederland NV, Utrecht, Feb 22, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.37	2/22/2016	2/22/2016	5,000,000	0.38	\$5,000,000	\$4,999,395	-\$605
Rabobank Nederland NV, Utrecht, Mar 18, 2016	VARIABLE RATE EUR CERTIFICATE OF DEPOSIT	0.63	3/18/2016	2/18/2016	40,000,000	0.63	\$40,000,000	\$39,992,480	-\$7,520
Royal Bank of Canada, Montreal, May 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.56	5/12/2016	2/12/2016	50,000,000	0.57	\$50,000,000	\$49,995,900	-\$4,100
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.77	10/3/2016	4/4/2016	125,000,000	0.78	\$125,000,000	\$124,926,250	-\$73,750
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	2/26/2016		23,000,000	0.42	\$23,004,255	\$23,003,834	-\$421
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.39	3/9/2016		25,000,000	0.40	\$25,000,000	\$24,997,683	-\$2,318
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.51	3/4/2016		100,000,000	0.52	\$100,000,000	\$100,005,115	\$5,115
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	3/24/2016		25,000,000	0.66	\$25,000,000	\$25,004,832	\$4,832
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	4/1/2016		45,000,000	0.66	\$45,000,000	\$45,007,923	\$7,923

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.64	5/4/2016		23,000,000	0.66	\$22,999,694	\$22,999,875	\$181
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		2/5/2016		78,000,000	0.40	\$77,994,085	\$77,994,495	\$410
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		2/22/2016		50,000,000	0.40	\$49,987,000	\$49,986,000	-\$1,000
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		3/2/2016		75,000,000	0.44	\$74,970,438	\$74,969,063	-\$1,375
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/10/2016		49,500,000	0.66	\$49,463,356	\$49,471,756	\$8,400
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	2/5/2016		75,000,000	0.36	\$75,000,000	\$75,000,000	\$0
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	\$10,000,000	\$10,007,637	\$7,637
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	\$15,000,000	\$15,002,700	\$2,700
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	6/3/2016		65,000,000	0.76	\$65,000,000	\$65,039,123	\$39,123
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	\$10,000,000	\$10,000,281	\$281
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/14/2016		25,000,000	0.81	\$25,000,000	\$25,018,546	\$18,546
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.83	6/22/2016		25,000,000	0.84	\$25,000,000	\$25,020,630	\$20,630
Toronto Dominion Bank, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.65	4/15/2016	4/15/2016	40,000,000	0.66	\$40,000,000	\$39,972,040	-\$27,960
Toronto Dominion Bank, Feb 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	2/12/2016	2/12/2016	10,000,000	0.39	\$10,000,000	\$9,999,170	-\$830
Toronto Dominion Bank, Feb 24, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	2/24/2016	2/24/2016	50,000,000	0.59	\$50,000,000	\$49,993,150	-\$6,850
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	7/1/2016	2/1/2016	75,000,000	0.60	\$75,000,000	\$74,987,700	-\$12,300
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.78	11/4/2016	2/4/2016	10,000,000	0.79	\$10,000,000	\$9,998,500	-\$1,500
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.87	10/17/2016	4/18/2016	30,000,000	0.88	\$30,000,000	\$29,978,130	-\$21,870
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	0.94	9/9/2016	3/9/2016	24,000,000	0.64	\$24,046,113	\$24,028,632	-\$17,481
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		3/23/2016		15,000,000	0.46	\$14,989,875	\$14,991,023	\$1,148
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		5/13/2016		10,000,000	0.58	\$9,983,375	\$9,984,688	\$1,313
Toyota Motor Credit Corp., Apr 15, 2016	VARIABLE MEDIUM TERM NOTE	0.63	4/15/2016	4/15/2016	100,000,000	0.64	\$100,000,000	\$99,931,000	-\$69,000
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.82	10/7/2016	4/7/2016	50,000,000	0.83	\$50,000,000	\$49,967,900	-\$32,100
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.65	5/17/2016	2/17/2016	21,100,000	0.38	\$21,117,895	\$21,106,351	-\$11,544
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.65	5/17/2016	2/17/2016	1,420,000	0.39	\$1,421,158	\$1,420,427	-\$731

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JANUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.65	5/17/2016	2/17/2016	300,000	0.39	\$300,245	\$300,090	-\$155
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.65	5/17/2016	2/17/2016	2,000,000	0.40	\$2,001,653	\$2,000,602	-\$1,051
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		33,480,000	0.76	\$33,848,291	\$33,817,478	-\$30,812
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,000,000	0.99	\$10,100,922	\$10,100,800	-\$122
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	\$50,000,000	\$50,017,391	\$17,391
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.74	11/18/2016	3/21/2016	100,000,000	0.75	\$100,000,000	\$99,974,500	-\$25,500
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.77	11/21/2016	3/22/2016	50,000,000	0.78	\$50,000,000	\$49,982,850	-\$17,150
Westpac Banking Corp. Ltd., Sydney, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	4/15/2016	4/15/2016	25,000,000	0.74	\$25,004,711	\$25,004,125	-\$586
Total Value of Investments					8,834,072,417		\$8,833,377,164	\$8,833,168,883	-\$208,280

**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.

### Notice of Updating Software

On January 12, 2016, Microsoft officially ended support for all versions of its Internet Explorer ("IE") browser below version 11. The Florida PRIME™ website will still function with earlier versions of IE, however Microsoft will no longer be providing security patches or any other technical support for these older versions.

In order to provide enhanced security, the SBA will soon require TLS 1.2 browser encryption for accessing our websites. Current compliant browsers include:

- Chrome - v30 and later supports TLS 1.2.
- Firefox - v27 and later enables 1.2 by default
- Internet Explorer - v11 supports TLS 1.2 from Feb 2013
- Opera - v17 has added support for TLS 1.2.
- Safari - v5 on iOS and v7 on OS X have added support for up to TLS 1.2

If you cannot upgrade or use one of the above browsers for a time, contact us to explain how to configure IE10 and earlier versions to work with TLS1.2.

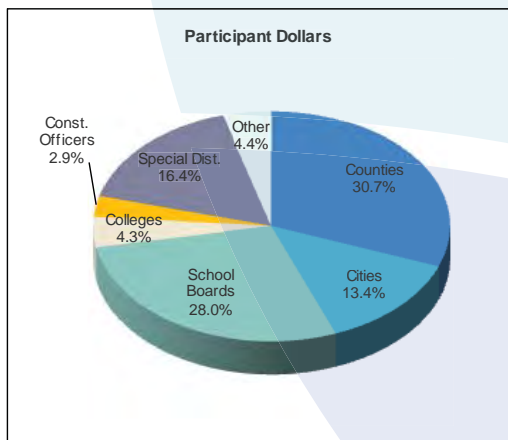
**PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS / (850) 488-7311  
BETWEEN 7:30 a.m. and 4:30 p.m. ET, Monday through Friday.**

**Learn more about Florida PRIME at: <https://www.sbafla.com/PRIME>**

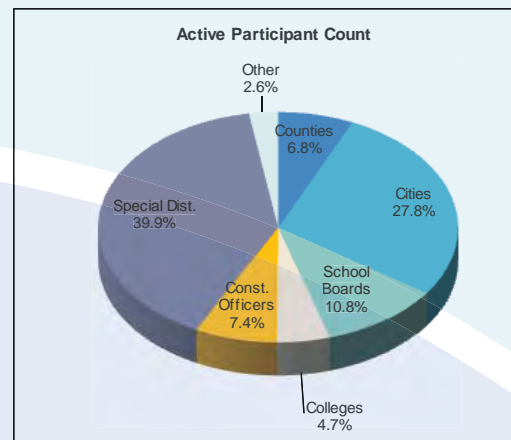
## PARTICIPANT CONCENTRATION DATA - AS OF JANUARY 2016

### Florida Prime Participant Concentration Data As of January 31, 2016

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.3%</b>	<b>4.7%</b>
Top 10	40.1%	1.3%	Top 10	3.9%	1.3%
\$100 million or more	52.2%	2.3%	\$100 million or more	2.1%	0.1%
\$10 million up to \$100 million	40.9%	13.8%	\$10 million up to \$100 million	1.8%	1.0%
\$1 million up to \$10 million	6.1%	19.3%	\$1 million up to \$10 million	0.4%	1.3%
Under \$1 million	0.7%	64.5%	Under \$1 million	0.02%	2.2%
<b>Counties</b>	<b>30.7%</b>	<b>6.8%</b>	<b>Constitutional Officers</b>	<b>2.9%</b>	<b>7.4%</b>
Top 10	24.5%	1.3%	Top 10	1.0%	1.3%
\$100 million or more	21.4%	0.9%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.8%	2.0%	\$10 million up to \$100 million	2.0%	0.7%
\$1 million up to \$10 million	0.4%	0.8%	\$1 million up to \$10 million	0.8%	2.2%
Under \$1 million	0.0%	3.1%	Under \$1 million	0.0%	4.6%
<b>Municipalities</b>	<b>13.4%</b>	<b>27.8%</b>	<b>Special Districts</b>	<b>16.4%</b>	<b>39.9%</b>
Top 10	7.7%	1.3%	Top 10	10.8%	1.3%
\$100 million or more	3.0%	0.3%	\$100 million or more	6.9%	0.4%
\$10 million up to \$100 million	8.1%	3.3%	\$10 million up to \$100 million	8.0%	3.1%
\$1 million up to \$10 million	2.0%	6.5%	\$1 million up to \$10 million	1.3%	5.3%
Under \$1 million	0.3%	17.7%	Under \$1 million	0.3%	31.0%
<b>School Boards</b>	<b>28.0%</b>	<b>10.8%</b>	<b>Other</b>	<b>4.4%</b>	<b>2.6%</b>
Top 10	22.6%	1.3%	Top 10	3.9%	1.3%
\$100 million or more	17.5%	0.5%	\$100 million or more	1.4%	0.1%
\$10 million up to \$100 million	9.6%	2.9%	\$10 million up to \$100 million	2.7%	0.9%
\$1 million up to \$10 million	0.8%	2.1%	\$1 million up to \$10 million	0.3%	1.0%
Under \$1 million	0.1%	5.3%	Under \$1 million	0.0%	0.5%



Total Fund Value: \$8,836,981,197



Total Active Participant Count: 767

Note: Active accounts include only those participant accounts valued above zero.



## COMPLIANCE WITH INVESTMENT POLICY FOR JANUARY 2016

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Florida PRIME investment portfolio must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Florida PRIME investment portfolio's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent).	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.



## TRADING ACTIVITY FOR JANUARY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<b>Buys</b>								
ANGLESEA FUNDING LLC PABS4	02/01/16	01/29/16	01/29/16	50,000,000	49,998,500	0	49,998,500	0
ANGLESEA FUNDING LLC PABS4	02/01/16	01/29/16	01/29/16	50,000,000	49,998,500	0	49,998,500	0
ANGLESEA FUNDING LLC PABS4	04/26/16	01/25/16	01/25/16	50,000,000	49,916,944	0	49,916,944	0
ANGLESEA FUNDING LLC PABS4	04/26/16	01/25/16	01/25/16	15,000,000	14,975,083	0	14,975,083	0
ANTALIS S.A, CPABS4CPABS4	01/21/16	01/14/16	01/14/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S.A, CPABS4CPABS4	01/21/16	01/14/16	01/14/16	26,970,000	26,967,902	0	26,967,902	0
ANTALIS S.A, CPABS4CPABS4	01/28/16	01/21/16	01/21/16	30,000,000	29,997,667	0	29,997,667	0
ANTALIS S.A, CPABS4CPABS4	02/04/16	01/28/16	01/28/16	25,000,000	24,998,056	0	24,998,056	0
ATLANTIC ASSET SECUCPABS4	01/08/16	01/07/16	01/07/16	50,000,000	49,999,556	0	49,999,556	0
ATLANTIC ASSET SECUCPABS4	01/08/16	01/07/16	01/07/16	36,106,000	36,105,679	0	36,105,679	0
ATLANTIC ASSET SECUCPABS4	01/08/16	01/07/16	01/07/16	50,000,000	49,999,556	0	49,999,556	0
ATLANTIC ASSET SECUCPABS4	01/21/16	01/20/16	01/20/16	26,050,000	26,049,754	0	26,049,754	0
ATLANTIC ASSET SECUCPABS4	02/18/16	01/27/16	01/27/16	27,631,000	27,623,233	0	27,623,233	0
BP CAPITAL MARKETS CP4-2	02/12/16	01/12/16	01/12/16	50,000,000	49,982,347	0	49,982,347	0
BP CAPITAL MARKETS CP4-2	02/12/16	01/12/16	01/12/16	50,000,000	49,982,347	0	49,982,347	0
BANK OF NOVA SCOTIA CDYAN	07/08/16	01/05/16	01/05/16	25,000,000	25,000,000	0	25,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/22/16	01/15/16	01/15/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/22/16	01/15/16	01/15/16	45,000,000	45,000,000	0	45,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/01/16	01/25/16	01/25/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/01/16	01/25/16	01/25/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/02/16	01/26/16	01/26/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/02/16	01/26/16	01/26/16	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACP4-2	01/13/16	01/06/16	01/06/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/13/16	01/06/16	01/06/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/19/16	01/11/16	01/11/16	50,000,000	49,996,000	0	49,996,000	0
BNP PARIBAS SACP4-2	01/19/16	01/11/16	01/11/16	50,000,000	49,996,000	0	49,996,000	0
BNP PARIBAS SACP4-2	01/19/16	01/11/16	01/11/16	50,000,000	49,996,000	0	49,996,000	0
BNP PARIBAS SACP4-2	01/19/16	01/11/16	01/11/16	50,000,000	49,996,000	0	49,996,000	0
BNP PARIBAS SACP4-2	01/26/16	01/19/16	01/19/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/26/16	01/19/16	01/19/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/26/16	01/19/16	01/19/16	31,800,000	31,797,774	0	31,797,774	0
BNP PARIBAS SACP4-2	01/27/16	01/20/16	01/20/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/27/16	01/20/16	01/20/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	01/27/16	01/20/16	01/20/16	50,000,000	49,996,500	0	49,996,500	0
BNP PARIBAS SACP4-2	02/02/16	01/26/16	01/26/16	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	02/02/16	01/26/16	01/26/16	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	02/02/16	01/26/16	01/26/16	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	02/03/16	01/27/16	01/27/16	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	02/03/16	01/27/16	01/27/16	50,000,000	49,996,208	0	49,996,208	0
BNP PARIBAS SACP4-2	02/03/16	01/27/16	01/27/16	50,000,000	49,996,208	0	49,996,208	0

## TRADING ACTIVITY FOR JANUARY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	02/03/16	01/27/16	01/27/16	30,000,000	29,997,725	0	29,997,725	0
CANADIAN IMPERIAL BCDYAN	07/07/16	01/04/16	01/04/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT AGRICOLE CORCDYAN	02/17/16	01/12/16	01/12/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT AGRICOLE CORCDYAN	01/27/16	01/20/16	01/20/16	20,000,000	20,000,000	0	20,000,000	0
CREDIT AGRICOLE CORCDYAN	03/24/16	01/27/16	01/27/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT AGRICOLE CORCDYAN	03/24/16	01/27/16	01/27/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT AGRICOLE CORCDYAN	03/24/16	01/27/16	01/27/16	20,000,000	20,000,000	0	20,000,000	0
DNB NOR BANK ASACDYAN	01/11/16	01/04/16	01/04/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/11/16	01/04/16	01/04/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/11/16	01/04/16	01/04/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/19/16	01/11/16	01/11/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/19/16	01/11/16	01/11/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/19/16	01/11/16	01/11/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/26/16	01/19/16	01/19/16	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/26/16	01/19/16	01/19/16	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCABS4	02/04/16	01/05/16	01/05/16	50,000,000	49,981,250	0	49,981,250	0
GOTHAM FUNDING CORPCABS4	02/04/16	01/05/16	01/05/16	15,000,000	14,994,375	0	14,994,375	0
GOTHAM FUNDING CORPCABS4	02/04/16	01/05/16	01/05/16	50,000,000	49,981,250	0	49,981,250	0
GOTHAM FUNDING CORPCABS4	03/07/16	01/11/16	01/11/16	25,000,000	24,979,778	0	24,979,778	0
GOTHAM FUNDING CORPCABS4	03/14/16	01/14/16	01/14/16	50,000,000	49,955,833	0	49,955,833	0
GOTHAM FUNDING CORPCABS4	03/14/16	01/14/16	01/14/16	50,000,000	49,955,833	0	49,955,833	0
ING (U.S.) FUNDING CP	04/11/16	01/06/16	01/06/16	4,000,000	3,993,493	0	3,993,493	0
ING (U.S.) FUNDING CP	04/11/16	01/06/16	01/06/16	50,000,000	49,918,667	0	49,918,667	0
ING (U.S.) FUNDING CP	04/12/16	01/12/16	01/12/16	50,000,000	49,922,903	0	49,922,903	0
ING (U.S.) FUNDING CP	04/12/16	01/12/16	01/12/16	50,000,000	49,922,903	0	49,922,903	0
MALAYAN BANKING BERCPLOC	02/04/16	01/05/16	01/05/16	25,000,000	24,991,042	0	24,991,042	0
MANHATTAN ASSET FUNCPABS4	02/10/16	01/08/16	01/08/16	50,000,000	49,978,917	0	49,978,917	0
MANHATTAN ASSET FUNCPABS4	02/10/16	01/08/16	01/08/16	49,000,000	48,979,338	0	48,979,338	0
MANHATTAN ASSET FUNCPABS4	02/25/16	01/27/16	01/27/16	8,000,000	7,997,036	0	7,997,036	0
MANHATTAN ASSET FUNCPABS4	02/26/16	01/27/16	01/27/16	15,137,000	15,131,197	0	15,131,197	0
MIZUHO BANK LTD/NY	03/16/16	01/22/16	01/22/16	50,000,000	50,004,147	2,606	50,006,753	0
MIZUHO BANK LTD/NY	03/16/16	01/22/16	01/22/16	50,000,000	50,004,147	2,606	50,006,753	0
MIZUHO BANK LTD/NY	03/16/16	01/22/16	01/22/16	50,000,000	50,004,147	2,606	50,006,753	0
MIZUHO BANK LTD/NY	03/16/16	01/22/16	01/22/16	50,000,000	50,004,147	2,606	50,006,753	0
NRW,BANKCP	01/19/16	01/12/16	01/12/16	50,000,000	49,996,354	0	49,996,354	0
NRW,BANKCP	01/19/16	01/12/16	01/12/16	50,000,000	49,996,354	0	49,996,354	0
NRW,BANKCP	01/19/16	01/12/16	01/12/16	50,000,000	49,996,354	0	49,996,354	0
NRW,BANKCP	01/19/16	01/12/16	01/12/16	50,000,000	49,996,354	0	49,996,354	0
NRW,BANKCP	01/19/16	01/12/16	01/12/16	39,000,000	38,997,156	0	38,997,156	0
NRW,BANKCP	01/26/16	01/19/16	01/19/16	50,000,000	49,996,451	0	49,996,451	0
NRW,BANKCP	01/26/16	01/19/16	01/19/16	50,000,000	49,996,451	0	49,996,451	0

## TRADING ACTIVITY FOR JANUARY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NRW,BANKCP	01/26/16	01/19/16	01/19/16	50,000,000	49,996,451	0	49,996,451	0
NRW,BANKCP	01/26/16	01/19/16	01/19/16	50,000,000	49,996,451	0	49,996,451	0
NRW BANK	02/05/16	01/28/16	01/28/16	50,000,000	49,996,056	0	49,996,056	0
NRW BANK	02/05/16	01/28/16	01/28/16	50,000,000	49,996,056	0	49,996,056	0
NRW BANK	02/05/16	01/28/16	01/28/16	50,000,000	49,996,056	0	49,996,056	0
NRW BANK	02/05/16	01/28/16	01/28/16	50,000,000	49,996,056	0	49,996,056	0
NRW,BANKCP	02/10/16	01/20/16	01/20/16	50,000,000	49,987,750	0	49,987,750	0
NRW,BANKCP	02/11/16	01/13/16	01/13/16	50,000,000	49,982,278	0	49,982,278	0
NRW,BANKCP	02/11/16	01/13/16	01/13/16	50,000,000	49,982,278	0	49,982,278	0
NRW,BANKCP	02/11/16	01/20/16	01/20/16	38,000,000	37,990,247	0	37,990,247	0
NRW,BANKCP	02/18/16	01/14/16	01/14/16	50,000,000	49,978,125	0	49,978,125	0
SOCIETE GENERALE, PCP4-2	01/28/16	01/21/16	01/21/16	50,000,000	49,996,403	0	49,996,403	0
SOCIETE GENERALE, PCP4-2	01/28/16	01/21/16	01/21/16	50,000,000	49,996,403	0	49,996,403	0
STANDARD CHARTERED CDYAN	05/04/16	01/25/16	01/25/16	23,000,000	22,999,681	0	22,999,681	0
SUMITOMO MITSUI BANCYAN	02/05/16	01/29/16	01/29/16	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCYAN	02/05/16	01/29/16	01/29/16	25,000,000	25,000,000	0	25,000,000	0
TORONTO DOMINION BACDYAN	08/15/16	01/15/16	01/15/16	10,000,000	10,000,000	0	10,000,000	0
WELLS FARGO & CO	06/15/16	01/04/16	01/07/16	33,480,000	33,907,004	382,892	34,289,896	0
WELLS FARGO BANK, NCD	07/11/16	01/08/16	01/08/16	50,000,000	50,000,000	0	50,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/06/16	01/06/16	4,749,196	4,749,196	0	4,749,196	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/07/16	01/07/16	192,886	192,886	0	192,886	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/08/16	01/08/16	664,908	664,908	0	664,908	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/12/16	01/12/16	2,407,666	2,407,666	0	2,407,666	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/15/16	01/15/16	3,357,379	3,357,379	0	3,357,379	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/19/16	01/19/16	1,990,717	1,990,717	0	1,990,717	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/25/16	01/25/16	7,765,187	7,765,187	0	7,765,187	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/28/16	01/28/16	2,864,241	2,864,241	0	2,864,241	0
BANK OF AMERICA TRIPARTY	01/05/16	01/04/16	01/04/16	305,000,000	305,000,000	0	305,000,000	0
BANK OF AMERICA TRIPARTY	01/06/16	01/05/16	01/05/16	300,000,000	300,000,000	0	300,000,000	0
BANK OF AMERICA TRIPARTY	01/07/16	01/06/16	01/06/16	220,000,000	220,000,000	0	220,000,000	0
BANK OF AMERICA TRIPARTY	01/08/16	01/07/16	01/07/16	595,000,000	595,000,000	0	595,000,000	0
BANK OF AMERICA TRIPARTY	01/11/16	01/08/16	01/08/16	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	01/12/16	01/11/16	01/11/16	600,000,000	600,000,000	0	600,000,000	0
BANK OF AMERICA TRIPARTY	01/13/16	01/12/16	01/12/16	170,000,000	170,000,000	0	170,000,000	0
BANK OF AMERICA TRIPARTY	01/14/16	01/13/16	01/13/16	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	01/15/16	01/14/16	01/14/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	01/19/16	01/15/16	01/15/16	365,000,000	365,000,000	0	365,000,000	0
BANK OF AMERICA TRIPARTY	01/20/16	01/19/16	01/19/16	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	01/21/16	01/20/16	01/20/16	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	01/22/16	01/21/16	01/21/16	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	01/25/16	01/22/16	01/22/16	355,000,000	355,000,000	0	355,000,000	0
BANK OF AMERICA TRIPARTY	01/26/16	01/25/16	01/25/16	195,000,000	195,000,000	0	195,000,000	0



## TRADING ACTIVITY FOR JANUARY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	01/27/16	01/26/16	01/26/16	420,000,000	420,000,000	0	420,000,000	0
BANK OF AMERICA TRIPARTY	01/28/16	01/27/16	01/27/16	345,000,000	345,000,000	0	345,000,000	0
BANK OF AMERICA TRIPARTY	01/29/16	01/28/16	01/28/16	245,000,000	245,000,000	0	245,000,000	0
BANK OF AMERICA TRIPARTY	02/01/16	01/29/16	01/29/16	485,000,000	485,000,000	0	485,000,000	0
<b>Total Buys</b>				<b>11,377,166,180</b>	<b>11,376,788,833</b>	<b>393,317</b>	<b>11,377,182,150</b>	<b>0</b>
<b>Deposits</b>								
SVENSKA HANDELSBANKTDCAY 0.34 20160105	01/05/16	01/04/16	01/04/16	420,000,000	420,000,000	0	420,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160106	01/06/16	01/05/16	01/05/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160107	01/07/16	01/06/16	01/06/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160111	01/11/16	01/08/16	01/08/16	425,000,000	425,000,000	0	425,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160112	01/12/16	01/11/16	01/11/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160113	01/13/16	01/12/16	01/12/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160114	01/14/16	01/13/16	01/13/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160115	01/15/16	01/14/16	01/14/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160119	01/19/16	01/15/16	01/15/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160120	01/20/16	01/19/16	01/19/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160121	01/21/16	01/20/16	01/20/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160122	01/22/16	01/21/16	01/21/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160125	01/25/16	01/22/16	01/22/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160126	01/26/16	01/25/16	01/25/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160127	01/27/16	01/26/16	01/26/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160128	01/28/16	01/27/16	01/27/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160129	01/29/16	01/28/16	01/28/16	400,000,000	400,000,000	0	400,000,000	0
<b>Total Deposits</b>				<b>6,345,000,000</b>	<b>6,345,000,000</b>	<b>0</b>	<b>6,345,000,000</b>	<b>0</b>
<b>Maturities</b>								
ANTALIS S,A, CPABS4CPABS4	01/21/16	01/21/16	01/21/16	76,970,000	76,970,000	0	76,970,000	0
ANTALIS S,A, CPABS4CPABS4	01/28/16	01/28/16	01/28/16	30,000,000	30,000,000	0	30,000,000	0
ATLANTIC ASSET SECUCPABS4	01/08/16	01/08/16	01/08/16	136,106,000	136,106,000	0	136,106,000	0
ATLANTIC ASSET SECUCPABS4	01/15/16	01/15/16	01/15/16	20,000,000	20,000,000	0	20,000,000	0
ATLANTIC ASSET SECUCPABS4	01/21/16	01/21/16	01/21/16	26,050,000	26,050,000	0	26,050,000	0
BANK OF NOVA SCOTIA/HOUSTON	01/15/16	01/15/16	01/15/16	40,000,000	40,000,000	0	40,000,000	0

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Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF TOKYO-MITSUCDYAN	01/04/16	01/04/16	01/04/16	25,000,000	25,000,000	0	25,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/04/16	01/04/16	01/04/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/22/16	01/22/16	01/22/16	95,000,000	95,000,000	0	95,000,000	0
BARTON CAPITAL LLCPCABS4-	01/06/16	01/06/16	01/06/16	55,000,000	55,000,000	0	55,000,000	0
BNP PARIBAS SACP4-2	01/13/16	01/13/16	01/13/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP4-2	01/19/16	01/19/16	01/19/16	200,000,000	200,000,000	0	200,000,000	0
BNP PARIBAS SACP4-2	01/26/16	01/26/16	01/26/16	131,800,000	131,800,000	0	131,800,000	0
BNP PARIBAS SACP4-2	01/27/16	01/27/16	01/27/16	150,000,000	150,000,000	0	150,000,000	0
ABN AMRO BANK NVCDUR	01/05/16	01/05/16	01/05/16	100,000,000	100,000,000	0	100,000,000	0
CREDIT AGRICOLE CORCP	01/04/16	01/04/16	01/04/16	10,000,000	10,000,000	0	10,000,000	0
CREDIT AGRICOLE CORCDYAN	01/27/16	01/27/16	01/27/16	20,000,000	20,000,000	0	20,000,000	0
DNB NOR BANK ASACDYAN	01/11/16	01/11/16	01/11/16	150,000,000	150,000,000	0	150,000,000	0
DNB NOR BANK ASACDYAN	01/19/16	01/19/16	01/19/16	150,000,000	150,000,000	0	150,000,000	0
DNB NOR BANK ASACDYAN	01/26/16	01/26/16	01/26/16	100,000,000	100,000,000	0	100,000,000	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/08/16	01/08/16	10,000,000	10,000,000	0	10,000,000	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/08/16	01/08/16	45,697,000	45,697,000	0	45,697,000	0
GENERAL ELECTRIC CAPITAL CORP	01/14/16	01/14/16	01/14/16	24,225,000	24,225,000	0	24,225,000	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/08/16	01/08/16	634,000	634,000	0	634,000	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/08/16	01/08/16	23,625,000	23,625,000	0	23,625,000	0
GOTHAM FUNDING CORPCABS4	01/04/16	01/04/16	01/04/16	35,300,000	35,300,000	0	35,300,000	0
GOTHAM FUNDING CORPCABS4	01/08/16	01/08/16	01/08/16	15,000,000	15,000,000	0	15,000,000	0
GOTHAM FUNDING CORPCABS4	01/12/16	01/12/16	01/12/16	15,000,000	15,000,000	0	15,000,000	0
GOTHAM FUNDING CORPCABS4	01/14/16	01/14/16	01/14/16	116,907,000	116,907,000	0	116,907,000	0
GOTHAM FUNDING CORPCABS4	01/15/16	01/15/16	01/15/16	60,000,000	60,000,000	0	60,000,000	0
GOTHAM FUNDING CORPCABS4	01/21/16	01/21/16	01/21/16	40,000,000	40,000,000	0	40,000,000	0
GOTHAM FUNDING CORPCABS4	01/25/16	01/25/16	01/25/16	60,000,000	60,000,000	0	60,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/05/16	01/05/16	01/05/16	15,000,000	15,000,000	0	15,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/19/16	01/19/16	01/19/16	16,000,000	16,000,000	0	16,000,000	0
MANHATTAN ASSET FUNCPABS4	01/22/16	01/22/16	01/22/16	28,000,000	28,000,000	0	28,000,000	0
MIZUHO BANK LTD,CDYAN	01/11/16	01/11/16	01/11/16	121,900,000	121,900,000	0	121,900,000	0
MIZUHO BANK LTD,CDYAN	01/12/16	01/12/16	01/12/16	10,000,000	10,000,000	0	10,000,000	0
MIZUHO BANK LTD,CDYAN	01/15/16	01/15/16	01/15/16	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD,CDYAN	01/19/16	01/19/16	01/19/16	70,000,000	70,000,000	0	70,000,000	0
NRW,BANKCP	01/08/16	01/08/16	01/08/16	150,000,000	150,000,000	0	150,000,000	0
NRW BANK	01/11/16	01/11/16	01/11/16	75,000,000	75,000,000	0	75,000,000	0
NRW,BANKCP	01/19/16	01/19/16	01/19/16	239,000,000	239,000,000	0	239,000,000	0
NRW,BANKCP	01/26/16	01/26/16	01/26/16	200,000,000	200,000,000	0	200,000,000	0
NATIONAL AUSTRALIA BANK LTD	01/29/16	01/29/16	01/29/16	40,000,000	40,000,000	0	40,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	01/13/16	01/13/16	01/13/16	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCP4-2	01/28/16	01/28/16	01/28/16	100,000,000	100,000,000	0	100,000,000	0
SUMITOMO MITSUI BANCDYAN	01/22/16	01/22/16	01/22/16	100,000,000	100,000,000	0	100,000,000	0
SUMITOMO MITSUI BANCDYAN	01/29/16	01/29/16	01/29/16	25,000,000	25,000,000	0	25,000,000	0

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Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SUMITOMO MITSUI BANC DYAN	01/07/16	01/07/16	01/07/16	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	01/04/16	01/04/16	01/04/16	600,000,000	600,000,000	0	600,000,000	0
BANK OF AMERICA TRIPARTY	01/05/16	01/05/16	01/05/16	305,000,000	305,000,000	0	305,000,000	0
BANK OF AMERICA TRIPARTY	01/06/16	01/06/16	01/06/16	300,000,000	300,000,000	0	300,000,000	0
BANK OF AMERICA TRIPARTY	01/07/16	01/07/16	01/07/16	220,000,000	220,000,000	0	220,000,000	0
BANK OF AMERICA TRIPARTY	01/08/16	01/08/16	01/08/16	595,000,000	595,000,000	0	595,000,000	0
BANK OF AMERICA TRIPARTY	01/11/16	01/11/16	01/11/16	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	01/12/16	01/12/16	01/12/16	600,000,000	600,000,000	0	600,000,000	0
BANK OF AMERICA TRIPARTY	01/13/16	01/13/16	01/13/16	170,000,000	170,000,000	0	170,000,000	0
BANK OF AMERICA TRIPARTY	01/14/16	01/14/16	01/14/16	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	01/15/16	01/15/16	01/15/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	01/19/16	01/19/16	01/19/16	365,000,000	365,000,000	0	365,000,000	0
BANK OF AMERICA TRIPARTY	01/20/16	01/20/16	01/20/16	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	01/21/16	01/21/16	01/21/16	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	01/22/16	01/22/16	01/22/16	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	01/25/16	01/25/16	01/25/16	355,000,000	355,000,000	0	355,000,000	0
BANK OF AMERICA TRIPARTY	01/26/16	01/26/16	01/26/16	195,000,000	195,000,000	0	195,000,000	0
BANK OF AMERICA TRIPARTY	01/27/16	01/27/16	01/27/16	420,000,000	420,000,000	0	420,000,000	0
BANK OF AMERICA TRIPARTY	01/28/16	01/28/16	01/28/16	345,000,000	345,000,000	0	345,000,000	0
BANK OF AMERICA TRIPARTY	01/29/16	01/29/16	01/29/16	245,000,000	245,000,000	0	245,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160105	01/05/16	01/05/16	01/05/16	420,000,000	420,000,000	0	420,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160106	01/06/16	01/06/16	01/06/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160107	01/07/16	01/07/16	01/07/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160111	01/11/16	01/11/16	01/11/16	425,000,000	425,000,000	0	425,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160112	01/12/16	01/12/16	01/12/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160113	01/13/16	01/13/16	01/13/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160114	01/14/16	01/14/16	01/14/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.34 20160115	01/15/16	01/15/16	01/15/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160119	01/19/16	01/19/16	01/19/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160120	01/20/16	01/20/16	01/20/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160121	01/21/16	01/21/16	01/21/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.35 20160122	01/22/16	01/22/16	01/22/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160125	01/25/16	01/25/16	01/25/16	400,000,000	400,000,000	0	400,000,000	0



## TRADING ACTIVITY FOR JANUARY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.36 20160126	01/26/16	01/26/16	01/26/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160127	01/27/16	01/27/16	01/27/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160128	01/28/16	01/28/16	01/28/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160129	01/29/16	01/29/16	01/29/16	400,000,000	400,000,000	0	400,000,000	0
<b>Total Maturities</b>				<b>16,997,214,000</b>	<b>16,997,214,000</b>	<b>0</b>	<b>16,997,214,000</b>	<b>0</b>
<b>Sells</b>								
CREDIT AGRICOLE CORCDYAN	02/03/16	01/27/16	01/27/16	50,000,000	49,999,996	49,083	50,049,080	(4)
CREDIT AGRICOLE CORCDYAN	02/03/16	01/27/16	01/27/16	50,000,000	49,999,996	49,083	50,049,080	(4)
CREDIT AGRICOLE CORCDYAN	02/03/16	01/27/16	01/27/16	20,000,000	19,999,999	19,633	20,019,632	(1)
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	100,457	100,457	0	100,457	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	166,058	166,058	0	166,058	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	21,507	21,507	0	21,507	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	910,093	910,093	0	910,093	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	1,175,200	1,175,200	0	1,175,200	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	1,886,038	1,886,038	0	1,886,038	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	3,090,792	3,090,792	0	3,090,792	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/04/16	01/04/16	198,402,312	198,402,312	0	198,402,312	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/05/16	01/05/16	15,479	15,479	0	15,479	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/05/16	01/05/16	94,653	94,653	0	94,653	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/05/16	01/05/16	2,904,652	2,904,652	0	2,904,652	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/11/16	01/11/16	2,546,210	2,546,210	0	2,546,210	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/13/16	01/13/16	4,030,273	4,030,273	0	4,030,273	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/14/16	01/14/16	879,070	879,070	0	879,070	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/20/16	01/20/16	82,556	82,556	0	82,556	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/20/16	01/20/16	718,923	718,923	0	718,923	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/20/16	01/20/16	192,886	192,886	0	192,886	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/20/16	01/20/16	2,351,886	2,351,886	0	2,351,886	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/21/16	01/21/16	373,221	373,221	0	373,221	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/16	01/22/16	291,687	291,687	0	291,687	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/16	01/22/16	55,780	55,780	0	55,780	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/16	01/22/16	3,357,379	3,357,379	0	3,357,379	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/16	01/22/16	1,990,717	1,990,717	0	1,990,717	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/26/16	01/26/16	986,405	986,405	0	986,405	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/27/16	01/27/16	1,922,076	1,922,076	0	1,922,076	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/29/16	01/29/16	315,168	315,168	0	315,168	0
<b>Total Sells</b>				<b>348,861,477</b>	<b>348,861,469</b>	<b>117,800</b>	<b>348,979,269</b>	<b>(9)</b>



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## **Our Mission**

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

# **Federated**





## **MONTHLY SUMMARY REPORT**

**February 2016**

**State Board of Administration of Florida**

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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from February 1, 2016, through February 29, 2016, 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 29, 2016)

Total Participants  
**773**

Florida PRIME™ Assets  
**\$8,865,632,105**

Total Number of Accounts  
**1,469**

## FACTS-AT-A-GLANCE

Florida PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

Divining the future monetary policy maneuvers of the Federal Reserve can be frustration personified, but that does not stop the market from trying. Few of us would work in this field if we did not like thinking about expectations. But as futures go, the market's predictions for the fed funds rate are not particularly reliable. We think they are off now and that the market is underestimating the Fed's willingness to hike.

The prevailing view is that there is only around a 50% chance of one rate hike this year. One! That is almost disregarding what the Fed is telling us. More than a few Fed officials have said not to assume the hike in December was a one-and-done move (the minutes of the January policy-setting meeting were balanced—not dovish or hawkish). The Fed has gone to considerable length for several years now to let the market know it is data dependent and if anything, the U.S. economy has been steady to slightly positive. Housing, employment, retail sales and even CPI have been ticking up. This is not to say the U.S. is running on all cylinders, but we are certainly not in any way, shape or form close to a situation that would indicate negative rates.

Let us not forget that the Fed is the global leader. While the world's central banks do not have to follow it, the Fed certainly does not have to follow them. This divergence applies to that issue of negative rates, which also have been getting much too much attention. With the Bank of Japan's recent move to negative rates, the question was bound to be raised when Fed Chair Janet Yellen had her semiannual Humphrey-Hawkins testimony last month. While the Chair acknowledged that as a matter of prudent planning a negative rate policy could not be ruled out entirely, she did not give any indication that the Fed was contemplating such a drastic move. Yellen does not shy away from addressing issues that are concerning to the markets, so it is telling that she did not have any mention of negative rates in her prepared remarks. The media has given this much more attention than it ever deserved.

Another reason for our confidence is more technical.

As firms have been preparing for the upcoming SEC money fund rules by converting some products to government funds, there has been concern about that the additional demand will drive rates negative. But a substantial portion of the shift has already occurred, and we have not seen much impact on rates. Even though the government money fund assets have passed prime money fund assets for the first time, there is plenty of supply. And just as significant, the Reverse Repo Program's floor of 25 basis points has hardly been used and market repo rates have not been below 30 basis points more than a handful of times this whole year. While it is good that investors and media are more engaged on monetary policy, it is unfortunate that negative rates have unnecessarily colored the discourse.

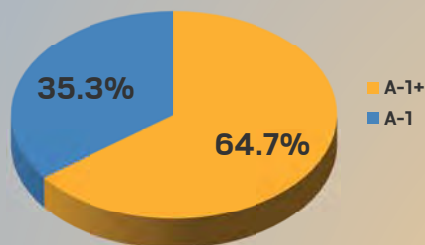
### INVESTMENT STRATEGY

The tax collecting season for Pool participants was in full gear in February, leading to assets under management growing \$28.7 million to \$8.87 billion. The yield of the Pool increased slightly, a function of our tactical response to the London interbank offered rate (LIBOR) creeping up over the month (1-month Libor was up 1 basis point to 44, 3-month rose 2 basis points to 63 and 6-month increased 2 basis points to 88). We were able to take advantage of the increase to reinvest at higher rates any paper we held that matured during the month.

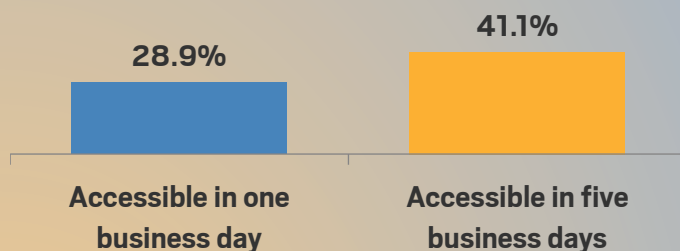
But the overall percentage of our holdings of various instruments did not change substantially: variable-rate paper remained at 19% of total, repo instruments increased from 5% to 6%, fixed-rate bank paper grew from 19% to 20%, money market funds decreased from 18% to 17% and commercial paper decreased from 39% to 38%. As investing inflows appropriately is more important than simply investing them when they come in, we did not immediately invest a large inflow that arrived late in the month, which temporarily pulled our Weighted Average Maturity to 28 days, below our target range of 35-45 days

## PORTFOLIO COMPOSITION FOR FEBRUARY 2016

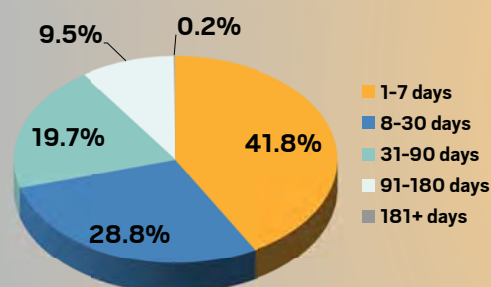
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Federated Prime Obligations Fund	8.9%
2. Federated Prime Cash Obligations Fund	8.4%
3. Nationwide Building Society	4.8%
4. Royal Bank of Canada, Montreal	4.8%
5. Credit Suisse Group AG	4.6%
6. Svenska Handelsbanken, Stockholm	4.3%
7. Standard Chartered PLC	4.3%
8. Toronto Dominion Bank	3.8%
9. Mitsubishi UFJ Financial Group, Inc.	3.8%
10. North Rhine-Westphalia, State of	3.8%

#### Average Effective Maturity (WAM)

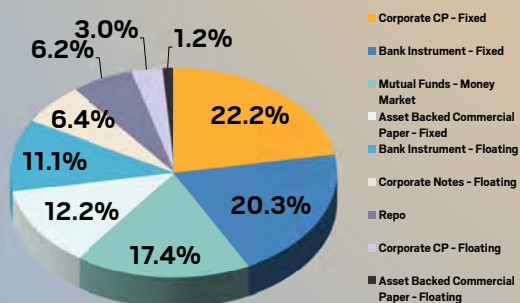
27.5 Days

#### Weighted Average Life (Spread WAM)

46.0 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH FEBRUARY 29, 2016

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.53%	0.29%	0.24%
Three Months	0.45%	0.22%	0.23%
One Year	0.29%	0.11%	0.17%
Three Years	0.21%	0.07%	0.14%
Five Years	0.24%	0.08%	0.16%
Ten Years	1.40%	1.27%	0.13%
Since 1/96	2.75%	2.54%	0.21%

Note: Net asset value at month end: \$8,865.7 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

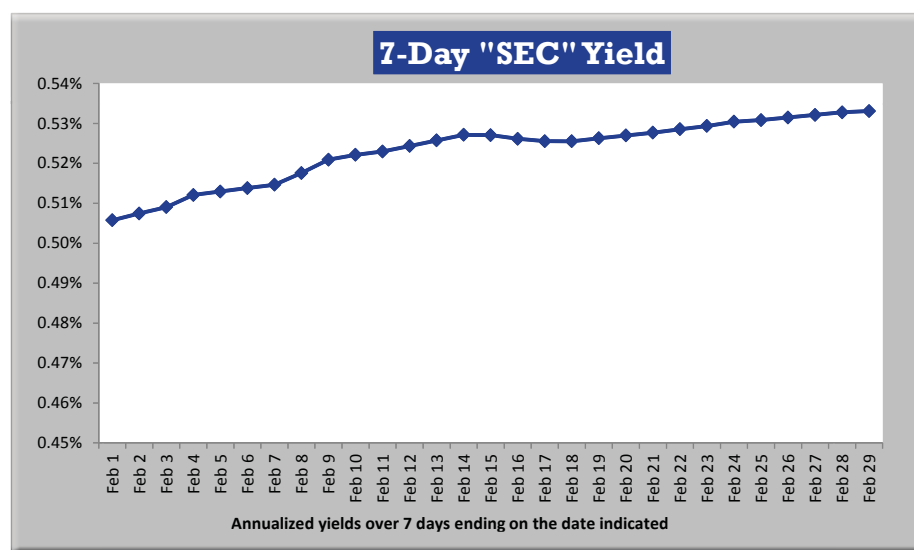
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 FEBRUARY 2016

Summary of Cash Flows		
Opening Balance (02/01/16)	\$	8,836,981,197
Participant Deposits		1,088,635,589
Gross Earnings		3,757,079
Participant Withdrawals		(1,063,741,760)
Fees		(122,128)
Fee Holiday*		122,128
Closing Balance (02/28/16)	\$	8,865,632,105
<b>Net Change over Month</b>	<b>\$</b>	<b>28,650,908</b>

\*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset since January 2016 is \$256,545. The redemption reserve account balance at month end is \$2,000,697.28. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***		
February 2016	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 70,097.66	0.95
Federated Investment Management Fee	27,660.92	0.38
BNY Mellon Custodial Fee**	10,953.98	0.15
Bank of America Transfer Agent Fee	4,893.66	0.07
S&P Rating Maintenance Fee	3,565.57	0.05
Audit/External Review Fees	4,956.22	0.07
<b>Total Fees</b>	<b>\$ 122,128.01</b>	<b>1.66</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 \$8,851,306,651.

\*\*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.

\*\*\* Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.



## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/1/2016		177,700,000	0.36	\$177,698,272	\$177,698,287	\$15
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		65,000,000	0.66	\$64,933,104	\$64,949,468	\$16,364
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/4/2016		80,000,000	0.61	\$79,953,333	\$79,963,211	\$9,878
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/22/2016		25,750,000	0.69	\$25,694,552	\$25,705,641	\$11,090
BMO Harris Bank, N.A., Mar 14, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.64	3/14/2016	3/14/2016	10,000,000	0.65	\$10,000,000	\$9,999,210	-\$790
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.73	7/6/2016	4/6/2016	51,000,000	0.74	\$51,000,000	\$50,900,142	-\$99,858
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		3/2/2016		200,000,000	0.39	\$199,995,778	\$199,996,178	\$400
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		3/15/2016		100,000,000	0.59	\$99,975,833	\$99,984,375	\$8,542
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.32	3/1/2016		575,000,000	0.32	\$575,000,000	\$575,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.76	6/6/2016		50,000,000	0.77	\$50,000,000	\$50,036,038	\$36,038
Bank of Montreal, Jun 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	6/1/2016	3/1/2016	25,000,000	0.57	\$25,000,000	\$24,986,550	-\$13,450
Bank of Montreal, May 23, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	5/23/2016	3/23/2016	50,000,000	0.60	\$50,000,000	\$49,994,950	-\$5,050
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	\$14,456,302	\$14,458,139	\$1,837
Bank of Montreal, Sr. Unsec. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	15,000,000	0.74	\$15,023,622	\$15,016,215	-\$7,407
Bank of Montreal, Sr. Unsec. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	10,000,000	0.78	\$10,014,177	\$10,010,810	-\$3,367
Bank of Montreal, Sr. Unsec. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	54,250,000	0.82	\$54,319,569	\$54,308,644	-\$10,924
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	7/8/2016		25,000,000	0.88	\$25,000,000	\$25,021,813	\$21,813
Bank of Nova Scotia, Toronto, Aug 05, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	8/5/2016	5/5/2016	105,000,000	0.80	\$105,000,000	\$104,988,450	-\$11,550
Bank of Nova Scotia, Toronto, May 09, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	5/9/2016	5/9/2016	50,000,000	0.73	\$50,000,000	\$49,969,300	-\$30,700
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.77	\$49,893,389	\$49,915,413	\$22,024
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/13/2016		30,000,000	0.81	\$29,930,000	\$29,946,188	\$16,188
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/14/2016		20,000,000	0.83	\$19,951,711	\$19,963,607	\$11,895
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		20,000,000	0.83	\$19,950,800	\$19,962,560	\$11,760
Bedford Row Funding Corp., Apr 14, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.57	4/14/2016	3/14/2016	25,000,000	0.58	\$25,000,000	\$24,995,675	-\$4,325

See notes at end of table.



## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bedford Row Funding Corp., Jun 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.66	6/7/2016	3/7/2016	25,000,000	0.66	\$25,000,000	\$24,997,750	-\$2,250
Bedford Row Funding Corp., May 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.58	5/10/2016	3/10/2016	50,000,000	0.59	\$50,000,000	\$49,993,350	-\$6,650
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/21/2016		25,000,000	0.81	\$25,000,000	\$25,018,571	\$18,571
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	\$50,000,000	\$50,033,811	\$33,811
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.85	8/24/2016		15,000,000	0.86	\$15,000,000	\$15,000,433	\$433
Canadian Imperial Bank of Commerce, Jun 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.73	6/13/2016	3/11/2016	25,000,000	0.74	\$25,000,000	\$24,998,075	-\$1,925
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.65	6/8/2016		50,000,000	0.66	\$50,000,000	\$50,032,604	\$32,604
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		6/23/2016		50,000,000	0.86	\$49,865,833	\$49,905,125	\$39,292
Commonwealth Bank of Australia, Apr 04, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.62	4/4/2016	3/4/2016	50,000,000	0.62	\$50,000,000	\$49,999,150	-\$850
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.52	3/24/2016		120,000,000	0.53	\$120,000,000	\$120,010,223	\$10,223
Credit Industriel et Commercial CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.38	3/2/2016		200,000,000	0.39	\$200,000,000	\$200,000,700	\$700
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	3/3/2016		200,000,000	0.46	\$200,000,000	\$200,001,410	\$1,410
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.63	5/3/2016		98,000,000	0.64	\$98,000,000	\$98,012,487	\$12,487
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	6/3/2016		25,000,000	0.66	\$25,000,000	\$24,999,799	-\$201
Credit Suisse, Zurich CP	COMMERCIAL PAPER		5/5/2016		100,000,000	0.64	\$99,884,500	\$99,896,600	\$12,100
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.48	3/23/2016		165,000,000	0.49	\$165,000,000	\$165,015,764	\$15,764
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.16	3/1/2016		9,282,797	0.16	\$9,282,797	\$9,282,797	\$0
Exxon Mobil Corp. CP	COMMERCIAL PAPER		3/3/2016		220,000,000	0.40	\$219,992,850	\$219,994,592	\$1,742
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		30,000,000	0.71	\$29,956,833	\$29,965,960	\$9,127
Fairway Finance Co. LLC, Jun 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.73	6/10/2016	3/10/2016	15,000,000	0.74	\$15,000,000	\$14,999,115	-\$885
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.49	3/1/2016	3/1/2016	773,104,827	0.47	\$773,104,827	\$773,104,827	\$0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.53	3/1/2016	3/1/2016	823,016,811	0.50	\$823,016,811	\$823,016,811	\$0
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,510,000	0.54	\$6,539,905	\$6,536,763	-\$3,142
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		7,500,000	0.54	\$7,534,454	\$7,530,833	-\$3,621

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		10,000,000	0.54	\$10,045,943	\$10,041,110	-\$4,833
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,100,000	0.54	\$6,128,020	\$6,125,077	-\$2,943
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		11,911,000	0.60	\$11,964,635	\$11,959,966	-\$4,669
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,004,364	\$1,004,111	-\$253
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,004,363	\$1,004,111	-\$252
General Electric Capital Corp., Sr. Unsecured, Jun 20, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.77	6/20/2016	3/21/2016	85,000,000	0.63	\$85,041,099	\$85,001,785	-\$39,314
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	\$4,638,470	\$4,641,724	\$3,254
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/7/2016		25,000,000	0.53	\$24,997,472	\$24,997,958	\$486
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/10/2016		115,000,000	0.46	\$114,985,625	\$114,986,455	\$830
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/14/2016		100,000,000	0.54	\$99,979,389	\$99,983,317	\$3,928
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/22/2016		75,000,000	0.46	\$74,979,375	\$74,980,246	\$871
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/22/2016		35,000,000	0.46	\$34,990,375	\$34,990,781	\$406
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/11/2016		54,000,000	0.62	\$53,961,570	\$53,966,421	\$4,851
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/12/2016		100,000,000	0.62	\$99,927,139	\$99,936,097	\$8,958
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/2/2016		50,000,000	0.65	\$49,916,444	\$49,916,575	\$131
J.P. Morgan Securities LLC, Apr 22, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.69	4/22/2016	3/22/2016	10,000,000	0.70	\$10,000,000	\$9,997,940	-\$2,060
J.P. Morgan Securities LLC, Aug 09, 2016	VARIABLE RATE COMMERCIAL PAPER	0.80	8/9/2016	5/9/2016	150,000,000	0.81	\$150,000,000	\$149,982,900	-\$17,100
J.P. Morgan Securities LLC, May 25, 2016	VARIABLE RATE COMMERCIAL PAPER	0.77	5/25/2016	5/25/2016	40,000,000	0.78	\$40,000,000	\$39,977,320	-\$22,680
J.P. Morgan Securities LLC, May 31, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.75	5/31/2016	2/29/2016	25,000,000	0.76	\$25,000,000	\$24,997,975	-\$2,025
JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.78	11/4/2016	5/9/2016	15,000,000	0.75	\$15,000,000	\$14,993,850	-\$6,150
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		8/11/2016		30,000,000	0.77	29,897,500	29,875,223	-\$22,277
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/9/2016		45,000,000	0.45	\$44,995,050	\$44,995,241	\$191
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/9/2016		24,000,000	0.45	\$23,997,360	\$23,997,462	\$102
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/5/2016		50,000,000	0.54	\$49,973,500	\$49,977,200	\$3,700
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		25,000,000	0.52	\$24,979,813	\$24,980,050	\$238
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/22/2016		39,602,000	0.53	\$39,571,682	\$39,573,082	\$1,399

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		100,000,000	0.54	\$99,916,083	\$99,920,200	\$4,117
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.52	3/3/2016		32,600,000	0.44	\$32,600,243	\$32,600,384	\$141
Mizuho Bank Ltd., Mar 16, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.63	3/16/2016	3/16/2016	200,000,000	0.59	\$200,004,914	\$199,981,400	-\$23,514
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		3/30/2016		350,000,000	0.45	\$349,874,535	\$349,884,063	\$9,528
National Australia Bank Ltd., Melbourne CP4-2	COMMERCIAL PAPER - 4-2		3/18/2016		50,000,000	0.66	\$49,983,750	\$49,993,625	\$9,875
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/4/2016		30,250,000	0.54	\$30,248,219	\$30,248,894	\$675
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/8/2016		90,000,000	0.56	\$89,989,000	\$89,993,120	\$4,120
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/9/2016		25,000,000	0.56	\$24,996,563	\$24,997,825	\$1,263
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/14/2016		100,000,000	0.64	\$99,975,500	\$99,985,767	\$10,267
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/21/2016		150,000,000	0.66	\$149,943,125	\$149,965,875	\$22,750
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		3/30/2016		20,000,000	0.54	19,991,167	19,993,333	\$2,167
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		4/1/2016		25,000,000	0.54	24,988,222	24,991,089	\$2,867
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	0.45	3/1/2039	3/3/2016	4,460,000	0.45	4,460,000	4,460,000	\$0
Rabobank Nederland NV, Utrecht, Mar 18, 2016	VARIABLE RATE EUR CERTIFICATE OF DEPOSIT	0.63	3/18/2016	3/18/2016	40,000,000	0.64	\$40,000,000	\$39,998,040	-\$1,960
Royal Bank of Canada, Montreal, Feb 02, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.96	2/2/2017	5/2/2016	45,000,000	0.98	\$45,000,000	\$44,990,685	-\$9,315
Royal Bank of Canada, Montreal, May 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.57	5/12/2016	3/14/2016	50,000,000	0.57	\$50,000,000	\$49,995,800	-\$4,200
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.77	10/3/2016	4/4/2016	125,000,000	0.78	\$125,000,000	\$124,953,750	-\$46,250
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.39	3/9/2016		25,000,000	0.40	\$25,000,000	\$24,999,991	-\$10
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.51	3/4/2016		100,000,000	0.52	\$100,000,000	\$100,001,450	\$1,450
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	3/24/2016		25,000,000	0.66	\$25,000,000	\$25,003,723	\$3,723
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	4/1/2016		45,000,000	0.66	\$45,000,000	\$45,008,177	\$8,177
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.64	5/4/2016		23,000,000	0.66	\$22,999,793	\$23,004,675	\$4,882
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		3/2/2016		75,000,000	0.44	\$74,998,208	\$74,998,442	\$233
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		6/1/2016		100,000,000	0.64	\$99,837,250	\$99,839,833	\$2,583

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/10/2016		49,500,000	0.66	\$49,491,063	\$49,494,170	\$3,107
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2016		47,000,000	0.46	\$46,990,013	\$46,990,456	\$444
Svenska Handelsbanken, Stockholm CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.41	3/11/2016		200,000,000	0.41	\$200,000,305	\$200,002,990	\$2,685
Svenska Handelsbanken, Stockholm TDCAY	TIME DEPOSIT - CAYMAN	0.27	3/1/2016		200,000,000	0.27	\$200,000,000	\$200,000,000	\$0
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	\$10,000,000	\$10,007,402	\$7,402
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	\$15,000,000	\$15,009,841	\$9,841
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	6/3/2016		65,000,000	0.76	\$65,000,000	\$65,032,366	\$32,366
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	\$10,000,000	\$10,001,065	\$1,065
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/14/2016		25,000,000	0.81	\$25,000,000	\$25,015,578	\$15,578
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.83	6/22/2016		25,000,000	0.84	\$25,000,000	\$25,017,540	\$17,540
Toronto Dominion Bank, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.65	4/15/2016	4/15/2016	40,000,000	0.66	\$40,000,000	\$39,982,520	-\$17,480
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.60	7/1/2016	3/1/2016	75,000,000	0.59	\$75,000,000	\$74,988,075	-\$11,925
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	11/4/2016	3/4/2016	10,000,000	0.79	\$10,000,000	\$9,998,600	-\$1,400
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.87	10/17/2016	4/18/2016	30,000,000	0.88	\$30,000,000	\$29,985,000	-\$15,000
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	0.94	9/9/2016	3/9/2016	24,000,000	0.64	\$24,039,732	\$24,035,328	-\$4,404
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		3/23/2016		15,000,000	0.46	\$14,995,688	\$14,996,330	\$642
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		5/13/2016		10,000,000	0.58	\$9,988,283	\$9,989,537	\$1,254
Toyota Motor Credit Corp., Apr 15, 2016	VARIABLE MEDIUM TERM NOTE	0.63	4/15/2016	4/15/2016	100,000,000	0.64	\$100,000,000	\$99,957,200	-\$42,800
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.82	10/7/2016	4/7/2016	50,000,000	0.83	\$50,000,000	\$49,979,650	-\$20,350
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.91	5/17/2016	5/17/2016	21,100,000	0.38	\$21,112,805	\$21,109,643	-\$3,163
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.91	5/17/2016	5/17/2016	1,420,000	0.39	\$1,420,829	\$1,420,649	-\$180
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.91	5/17/2016	5/17/2016	300,000	0.39	\$300,176	\$300,137	-\$39
Toyota Motor Credit Corp., Sr. Unsecured, May 17, 2016	VARIABLE MEDIUM TERM NOTE	0.91	5/17/2016	5/17/2016	2,000,000	0.40	\$2,001,183	\$2,000,914	-\$269
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,045,000	0.72	\$10,129,781	\$10,127,962	-\$1,819

See notes at end of table.

## INVENTORY OF HOLDINGS FOR FEBRUARY 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Wells Fargo & Co., Sr. Unsec. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		33,480,000	0.76	\$33,765,559	\$33,756,511	-\$9,048
Wells Fargo & Co., Sr. Unsec. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,000,000	0.99	\$10,078,251	\$10,082,590	\$4,339
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	\$50,000,000	\$50,016,038	\$16,038
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.74	11/18/2016	3/21/2016	100,000,000	0.75	\$100,000,000	\$99,942,600	-\$57,400
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.77	11/21/2016	3/22/2016	50,000,000	0.78	\$50,000,000	\$50,005,800	\$5,800
Westpac Banking Corp. Ltd., Sydney, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	4/15/2016	4/15/2016	25,000,000	0.74	\$25,002,815	\$25,001,850	-\$965
<b>Total Value of Investments</b>					9,221,938,435		\$9,221,071,492	\$9,221,060,872	-\$10,620

**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.

### Notice of Updating Software

On February 12, 2016, Microsoft officially ended support for all versions of its Internet Explorer ("IE") browser below version 11. The Florida PRIME™ website will still function with earlier versions of IE, however Microsoft will no longer be providing security patches or any other technical support for these older versions.

In order to provide enhanced security, the SBA will soon require TLS 1.2 browser encryption for accessing our websites. Current compliant browsers include:

- Chrome - v30 and later supports TLS 1.2.
- Firefox - v27 and later enables 1.2 by default
- Internet Explorer - v11 supports TLS 1.2 from Feb 2013
- Opera - v17 has added support for TLS 1.2.
- Safari - v5 on iOS and v7 on OS X have added support for up to TLS 1.2

If you cannot upgrade or use one of the above browsers for a time, contact us to explain how to configure IE10 and earlier versions to work with TLS1.2.

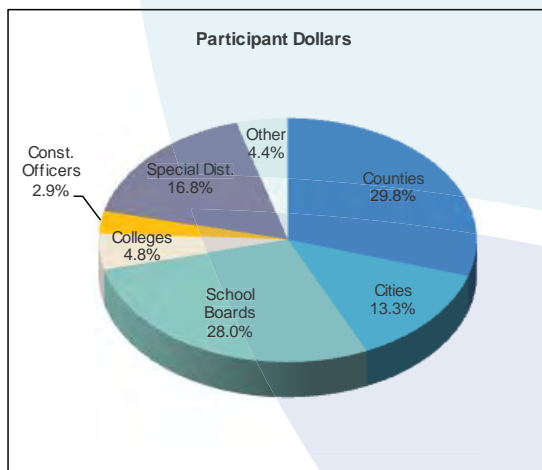
**PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS / (850) 488-7311**

**BETWEEN 7:30 a.m. and 4:30 p.m. ET, Monday through Friday.**

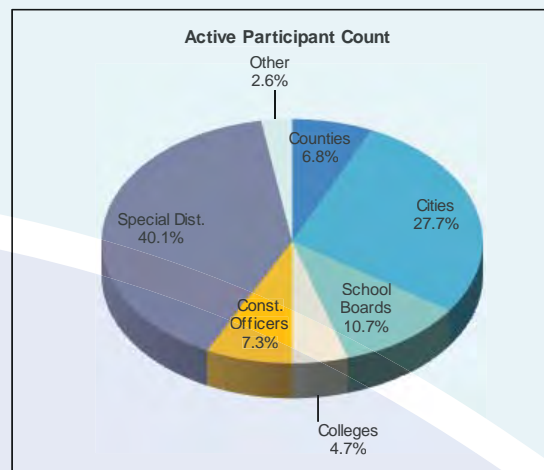
**Learn more about Florida PRIME at: <https://www.sbafla.com/PRIME>**

## PARTICIPANT CONCENTRATION DATA - AS OF FEBRUARY 2016

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.8%</b>	<b>4.7%</b>
Top 10	39.1%	1.3%	Top 10	4.4%	1.3%
\$100 million or more	51.4%	2.4%	\$100 million or more	2.4%	0.1%
\$10 million up to \$100 million	41.8%	14.4%	\$10 million up to \$100 million	1.7%	0.8%
\$1 million up to \$10 million	6.1%	19.1%	\$1 million up to \$10 million	0.6%	1.6%
Under \$1 million	0.7%	64.1%	Under \$1 million	0.02%	2.2%
<b>Counties</b>	<b>29.8%</b>	<b>6.8%</b>	<b>Constitutional Officers</b>	<b>2.9%</b>	<b>7.3%</b>
Top 10	24.0%	1.3%	Top 10	1.1%	1.3%
\$100 million or more	22.1%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	7.3%	1.8%	\$10 million up to \$100 million	2.3%	0.9%
\$1 million up to \$10 million	0.4%	0.8%	\$1 million up to \$10 million	0.6%	1.8%
Under \$1 million	0.0%	3.1%	Under \$1 million	0.1%	4.6%
<b>Municipalities</b>	<b>13.3%</b>	<b>27.7%</b>	<b>Special Districts</b>	<b>16.8%</b>	<b>40.1%</b>
Top 10	7.5%	1.3%	Top 10	11.2%	1.3%
\$100 million or more	1.7%	0.1%	\$100 million or more	6.7%	0.4%
\$10 million up to \$100 million	9.3%	3.7%	\$10 million up to \$100 million	8.5%	3.1%
\$1 million up to \$10 million	2.0%	6.7%	\$1 million up to \$10 million	1.3%	5.4%
Under \$1 million	0.2%	17.3%	Under \$1 million	0.3%	31.2%
<b>School Boards</b>	<b>28.0%</b>	<b>10.7%</b>	<b>Other</b>	<b>4.4%</b>	<b>2.6%</b>
Top 10	21.8%	1.3%	Top 10	3.9%	1.3%
\$100 million or more	17.1%	0.5%	\$100 million or more	1.3%	0.1%
\$10 million up to \$100 million	10.0%	3.1%	\$10 million up to \$100 million	2.7%	0.9%
\$1 million up to \$10 million	0.8%	2.0%	\$1 million up to \$10 million	0.3%	0.9%
Under \$1 million	0.1%	5.1%	Under \$1 million	0.0%	0.7%



Total Fund Value: \$8,865,632,105



Total Active Participant Count: 764

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR FEBRUARY 2016

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Florida PRIME investment portfolio must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Florida PRIME investment portfolio's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent).	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.



## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<b>Buys</b>								
ABBOTT LABORATORIESCP4-2	02/26/16	02/18/16	02/18/16	25,000,000	24,997,778	0	24,997,778	0
ABBOTT LABORATORIESCP4-2	02/26/16	02/18/16	02/18/16	50,000,000	49,995,556	0	49,995,556	0
ABBOTT LABORATORIESCP4-2	02/26/16	02/18/16	02/18/16	10,000,000	9,999,111	0	9,999,111	0
ABBOTT LABORATORIESCP4-2	02/26/16	02/18/16	02/18/16	50,000,000	49,995,556	0	49,995,556	0
ANGLESEA FUNDING LLC PABS4	03/01/16	02/29/16	02/29/16	50,000,000	49,999,514	0	49,999,514	0
ANGLESEA FUNDING LLC PABS4	03/01/16	02/29/16	02/29/16	30,800,000	30,799,701	0	30,799,701	0
ANGLESEA FUNDING LLC PABS4	03/01/16	02/29/16	02/29/16	50,000,000	49,999,514	0	49,999,514	0
ANGLESEA FUNDING LLC PABS4	03/01/16	02/29/16	02/29/16	46,900,000	46,899,544	0	46,899,544	0
ANTALIS S,A, CPABS4CPABS4	02/11/16	02/04/16	02/04/16	25,000,000	24,998,056	0	24,998,056	0
ANTALIS S,A, CPABS4CPABS4	02/18/16	02/11/16	02/11/16	38,750,000	38,746,986	0	38,746,986	0
ANTALIS S,A, CPABS4CPABS4	02/25/16	02/18/16	02/18/16	20,000,000	19,998,444	0	19,998,444	0
BASF SECP4-2	06/22/16	02/03/16	02/03/16	25,750,000	25,681,906	0	25,681,906	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/16/16	02/16/16	50,000,000	49,999,500	0	49,999,500	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/16/16	02/16/16	50,000,000	49,999,500	0	49,999,500	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/16/16	02/16/16	50,000,000	49,999,500	0	49,999,500	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/16/16	02/16/16	50,000,000	49,999,500	0	49,999,500	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/16/16	02/16/16	48,000,000	47,999,520	0	47,999,520	0
BANK OF NOVA SCOTIA/HOUSTON	08/05/16	02/03/16	02/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIA/HOUSTON	08/05/16	02/03/16	02/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIA/HOUSTON	08/05/16	02/03/16	02/03/16	5,000,000	5,000,000	0	5,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/08/16	02/01/16	02/01/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/08/16	02/01/16	02/01/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/09/16	02/02/16	02/02/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/09/16	02/02/16	02/02/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/16/16	02/08/16	02/08/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/16/16	02/08/16	02/08/16	45,000,000	45,000,000	0	45,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/23/16	02/16/16	02/16/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/23/16	02/16/16	02/16/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/23/16	02/16/16	02/16/16	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACP4-2	02/09/16	02/02/16	02/02/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/09/16	02/02/16	02/02/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/09/16	02/02/16	02/02/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/10/16	02/03/16	02/03/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/10/16	02/03/16	02/03/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/10/16	02/03/16	02/03/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/16/16	02/09/16	02/09/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/16/16	02/09/16	02/09/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/16/16	02/09/16	02/09/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/17/16	02/10/16	02/10/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/17/16	02/10/16	02/10/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/17/16	02/10/16	02/10/16	25,000,000	24,998,153	0	24,998,153	0
BNP PARIBAS SACP4-2	02/17/16	02/10/16	02/10/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/24/16	02/17/16	02/17/16	30,000,000	29,997,783	0	29,997,783	0
BNP PARIBAS SACP4-2	02/24/16	02/17/16	02/17/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	02/24/16	02/17/16	02/17/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	03/02/16	02/24/16	02/24/16	50,000,000	49,996,306	0	49,996,306	0



## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	03/02/16	02/24/16	02/24/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	03/02/16	02/24/16	02/24/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	03/02/16	02/24/16	02/24/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP	02/29/16	02/26/16	02/26/16	50,000,000	49,998,458	0	49,998,458	0
BNP PARIBAS SACP	02/29/16	02/26/16	02/26/16	50,000,000	49,998,458	0	49,998,458	0
CANADIAN IMPERIAL BCDYAN	08/24/16	02/24/16	02/24/16	15,000,000	15,000,000	0	15,000,000	0
RABOBANK NEDERLAND CP	02/22/16	02/19/16	02/19/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	02/22/16	02/19/16	02/19/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	02/22/16	02/19/16	02/19/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	02/24/16	02/23/16	02/23/16	15,569,000	15,568,844	0	15,568,844	0
RABOBANK NEDERLAND CP	02/26/16	02/25/16	02/25/16	24,870,000	24,869,751	0	24,869,751	0
RABOBANK NEDERLAND CP	02/26/16	02/25/16	02/25/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	20,000,000	19,999,400	0	19,999,400	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/26/16	02/26/16	50,000,000	49,998,500	0	49,998,500	0
CREDIT INDUSTRIEL ECDYAN	02/17/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/17/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/17/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/17/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/24/16	02/17/16	02/17/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/24/16	02/17/16	02/17/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/24/16	02/17/16	02/17/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/24/16	02/17/16	02/17/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/02/16	02/24/16	02/24/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/02/16	02/24/16	02/24/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/02/16	02/24/16	02/24/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/02/16	02/24/16	02/24/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICDYAN	05/03/16	02/03/16	02/03/16	48,000,000	48,000,000	0	48,000,000	0
CREDIT SUISSE, ZURICDYAN	05/03/16	02/03/16	02/03/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICDYAN	06/03/16	02/25/16	02/25/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT SUISSE, ZURICP	05/05/16	02/05/16	02/05/16	50,000,000	49,921,250	0	49,921,250	0
CREDIT SUISSE, ZURICP	05/05/16	02/05/16	02/05/16	50,000,000	49,921,250	0	49,921,250	0
EXXON MOBIL CORP,CP	03/03/16	02/23/16	02/24/16	50,000,000	49,995,667	0	49,995,667	0
EXXON MOBIL CORP,CP	03/03/16	02/23/16	02/24/16	50,000,000	49,995,667	0	49,995,667	0
EXXON MOBIL CORP,CP	03/03/16	02/23/16	02/24/16	20,000,000	19,998,267	0	19,998,267	0
EXXON MOBIL CORP,CP	03/03/16	02/24/16	02/24/16	50,000,000	49,995,667	0	49,995,667	0
EXXON MOBIL CORP,CP	03/03/16	02/24/16	02/24/16	50,000,000	49,995,667	0	49,995,667	0
GOTHAM FUNDING CORPCPABS4	02/29/16	02/26/16	02/26/16	43,000,000	42,998,746	0	42,998,746	0
GOTHAM FUNDING CORPCPABS4	02/29/16	02/26/16	02/26/16	50,000,000	49,998,542	0	49,998,542	0
GOTHAM FUNDING CORPCPABS4	03/10/16	02/04/16	02/04/16	50,000,000	49,978,125	0	49,978,125	0
GOTHAM FUNDING CORPCPABS4	03/10/16	02/04/16	02/04/16	15,000,000	14,993,438	0	14,993,438	0
GOTHAM FUNDING CORPCPABS4	03/10/16	02/04/16	02/04/16	50,000,000	49,978,125	0	49,978,125	0
GOTHAM FUNDING CORPCPABS4	03/22/16	02/10/16	02/10/16	35,000,000	34,982,063	0	34,982,063	0
GOTHAM FUNDING CORPCPABS4	03/22/16	02/23/16	02/23/16	50,000,000	49,982,500	0	49,982,500	0

## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
GOTHAM FUNDING CORPCPAB54	03/22/16	02/23/16	02/23/16	25,000,000	24,991,250	0	24,991,250	0
ING (U.S.) FUNDING CP	06/02/16	02/23/16	02/23/16	50,000,000	49,911,111	0	49,911,111	0
JP MORGAN SECURITIES LLC	08/09/16	02/09/16	02/09/16	50,000,000	50,000,000	0	50,000,000	0
JP MORGAN SECURITIES LLC	08/09/16	02/09/16	02/09/16	50,000,000	50,000,000	0	50,000,000	0
JP MORGAN SECURITIES LLC	08/09/16	02/09/16	02/09/16	50,000,000	50,000,000	0	50,000,000	0
KAISER FOUNDATION HCP	08/11/16	02/29/16	02/29/16	30,000,000	29,897,500	0	29,897,500	0
LMA-AMERICAS LLCPCAB54-2	02/10/16	02/09/16	02/09/16	46,000,000	45,999,527	0	45,999,527	0
LMA-AMERICAS LLCPCAB54-2	02/24/16	02/18/16	02/18/16	10,540,000	10,539,315	0	10,539,315	0
LMA-AMERICAS LLCPCAB54-2	03/09/16	02/02/16	02/02/16	24,000,000	23,989,440	0	23,989,440	0
LMA-AMERICAS LLCPCAB54-2	03/09/16	02/10/16	02/10/16	45,000,000	44,984,600	0	44,984,600	0
LMA-AMERICAS LLCPCAB54-2	04/05/16	02/05/16	02/05/16	50,000,000	49,955,833	0	49,955,833	0
LMA-AMERICAS LLCPCAB54-2	04/26/16	02/26/16	02/26/16	25,000,000	24,978,750	0	24,978,750	0
MANHATTAN ASSET FUNCPAB54	04/22/16	02/26/16	02/26/16	39,602,000	39,569,966	0	39,569,966	0
MANHATTAN ASSET FUNCPAB54	04/26/16	02/26/16	02/26/16	50,000,000	49,955,833	0	49,955,833	0
MANHATTAN ASSET FUNCPAB54	04/26/16	02/26/16	02/26/16	50,000,000	49,955,833	0	49,955,833	0
MIZUHO BANK LTD,CDYAN	02/26/16	02/05/16	02/05/16	50,000,000	49,999,698	44,417	50,044,114	0
MIZUHO BANK LTD,CDYAN	02/26/16	02/05/16	02/05/16	50,000,000	49,999,698	44,417	50,044,114	0
MIZUHO BANK LTD,CDYAN	02/26/16	02/05/16	02/05/16	50,000,000	49,999,698	44,417	50,044,114	0
MIZUHO BANK LTD,CDYAN	02/26/16	02/05/16	02/05/16	50,000,000	49,999,698	44,417	50,044,114	0
MIZUHO BANK LTD,CDYAN	03/03/16	02/18/16	02/18/16	32,600,000	32,601,135	36,258	32,637,393	0
NRW,BANKCP	02/23/16	02/12/16	02/12/16	50,000,000	49,993,965	0	49,993,965	0
NRW,BANKCP	02/23/16	02/12/16	02/12/16	50,000,000	49,993,965	0	49,993,965	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NRW,BANKCP	03/30/16	02/29/16	03/01/16	50,000,000	49,982,076	0	49,982,076	0
NATIONWIDE BUILDINGCP4-2	03/30/16	02/09/16	02/09/16	20,000,000	19,985,278	0	19,985,278	0
NATIONWIDE BUILDINGCP4-2	04/01/16	02/03/16	02/03/16	25,000,000	24,978,653	0	24,978,653	0
ORTHOPAEDIC HOSPITAL OF WISCONSIN LLC	03/01/39	02/29/16	02/29/16	4,460,000	4,460,000	1,353	4,461,353	0
ROYAL BANK OF CANADA/NEWYORK NY	02/02/17	02/02/16	02/02/16	45,000,000	45,000,000	0	45,000,000	0
STANDARD CHARTERED CP4-2	06/01/16	02/22/16	02/22/16	50,000,000	49,912,500	0	49,912,500	0
STANDARD CHARTERED CP4-2	06/01/16	02/22/16	02/22/16	50,000,000	49,912,500	0	49,912,500	0
STARBIRD FUNDING COCPAB54	03/17/16	02/08/16	02/08/16	47,000,000	46,977,675	0	46,977,675	0
SVENSKA HANDELSBANKCDYAN	03/11/16	02/09/16	02/09/16	50,000,000	50,000,215	0	50,000,215	0
SVENSKA HANDELSBANKCDYAN	03/11/16	02/09/16	02/09/16	50,000,000	50,000,215	0	50,000,215	0
SVENSKA HANDELSBANKCDYAN	03/11/16	02/09/16	02/09/16	50,000,000	50,000,215	0	50,000,215	0
SVENSKA HANDELSBANKCDYAN	03/11/16	02/09/16	02/09/16	50,000,000	50,000,215	0	50,000,215	0
UBS FINANCE (DELAWACP	02/16/16	02/08/16	02/08/16	50,000,000	49,995,889	0	49,995,889	0
UBS FINANCE (DELAWACP	02/16/16	02/08/16	02/08/16	50,000,000	49,995,889	0	49,995,889	0
UBS FINANCE (DELAWACP	02/18/16	02/11/16	02/11/16	50,000,000	49,996,403	0	49,996,403	0
UBS FINANCE (DELAWACP	02/18/16	02/11/16	02/11/16	50,000,000	49,996,403	0	49,996,403	0
UBS FINANCE (DELAWACP	02/18/16	02/11/16	02/11/16	50,000,000	49,996,403	0	49,996,403	0
UBS FINANCE (DELAWACP	02/23/16	02/16/16	02/16/16	50,000,000	49,996,403	0	49,996,403	0
UBS FINANCE (DELAWACP	02/23/16	02/16/16	02/16/16	50,000,000	49,996,403	0	49,996,403	0

## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
UBS FINANCE (DELAWACP	02/25/16	02/18/16	02/18/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWACP	02/25/16	02/18/16	02/18/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWACP	02/25/16	02/18/16	02/18/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWACP	02/25/16	02/18/16	02/18/16	15,900,000	15,898,825	0	15,898,825	0
WELLS FARGO & CO	06/15/16	02/26/16	03/02/16	10,045,000	10,129,781	171,293	10,301,074	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/01/16	02/01/16	732,097	732,097	0	732,097	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/04/16	02/04/16	4,832,210	4,832,210	0	4,832,210	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/08/16	02/08/16	389,520	389,520	0	389,520	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/10/16	02/10/16	4,133,652	4,133,652	0	4,133,652	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/16/16	02/16/16	4,787,751	4,787,751	0	4,787,751	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/18/16	02/18/16	3,414,073	3,414,073	0	3,414,073	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/22/16	02/22/16	1,226,751	1,226,751	0	1,226,751	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/24/16	02/24/16	2,646,565	2,646,565	0	2,646,565	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/29/16	02/29/16	1,914,741	1,914,741	0	1,914,741	0
BANK OF AMERICA TRIPARTY	02/02/16	02/01/16	02/01/16	155,000,000	155,000,000	0	155,000,000	0
BANK OF AMERICA TRIPARTY	02/03/16	02/02/16	02/02/16	230,000,000	230,000,000	0	230,000,000	0
BANK OF AMERICA TRIPARTY	02/04/16	02/03/16	02/03/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/05/16	02/04/16	02/04/16	240,000,000	240,000,000	0	240,000,000	0
BANK OF AMERICA TRIPARTY	02/08/16	02/05/16	02/05/16	195,000,000	195,000,000	0	195,000,000	0
BANK OF AMERICA TRIPARTY	02/09/16	02/08/16	02/08/16	290,000,000	290,000,000	0	290,000,000	0
BANK OF AMERICA TRIPARTY	02/10/16	02/09/16	02/09/16	330,000,000	330,000,000	0	330,000,000	0
BANK OF AMERICA TRIPARTY	02/11/16	02/10/16	02/10/16	235,000,000	235,000,000	0	235,000,000	0
BANK OF AMERICA TRIPARTY	02/12/16	02/11/16	02/11/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/16/16	02/12/16	02/12/16	307,000,000	307,000,000	0	307,000,000	0
BANK OF AMERICA TRIPARTY	02/17/16	02/16/16	02/16/16	145,000,000	145,000,000	0	145,000,000	0
BANK OF AMERICA TRIPARTY	02/18/16	02/17/16	02/17/16	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	02/19/16	02/18/16	02/18/16	330,000,000	330,000,000	0	330,000,000	0
BANK OF AMERICA TRIPARTY	02/22/16	02/19/16	02/19/16	205,000,000	205,000,000	0	205,000,000	0
BANK OF AMERICA TRIPARTY	02/23/16	02/22/16	02/22/16	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	02/24/16	02/23/16	02/23/16	495,000,000	495,000,000	0	495,000,000	0
BANK OF AMERICA TRIPARTY	02/25/16	02/24/16	02/24/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/26/16	02/25/16	02/25/16	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	02/29/16	02/26/16	02/26/16	350,000,000	350,000,000	0	350,000,000	0
BANK OF AMERICA TRIPARTY	03/01/16	02/29/16	02/29/16	575,000,000	575,000,000	0	575,000,000	0
<b>Total Buys</b>				12,307,863,359	12,306,683,493	386,571	12,307,070,064	0
<b>Deposits</b>								
SVENSKA HANDELSBANKTDCAY 0.36 20160202	02/02/16	02/01/16	02/01/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160203	02/03/16	02/02/16	02/02/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160204	02/04/16	02/03/16	02/03/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160205	02/05/16	02/04/16	02/04/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160208	02/08/16	02/05/16	02/05/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160209	02/09/16	02/08/16	02/08/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160211	02/11/16	02/10/16	02/10/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160212	02/12/16	02/11/16	02/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160216	02/16/16	02/12/16	02/12/16	240,000,000	240,000,000	0	240,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160217	02/17/16	02/16/16	02/16/16	200,000,000	200,000,000	0	200,000,000	0



## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.36 20160218	02/18/16	02/17/16	02/17/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160219	02/19/16	02/18/16	02/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160222	02/22/16	02/19/16	02/19/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160223	02/23/16	02/22/16	02/22/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160224	02/24/16	02/23/16	02/23/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160225	02/25/16	02/24/16	02/24/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160226	02/26/16	02/25/16	02/25/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160229	02/29/16	02/26/16	02/26/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.27 20160301	03/01/16	02/29/16	02/29/16	200,000,000	200,000,000	0	200,000,000	0
<b>Total Deposits</b>				<b>4,140,000,000</b>	<b>4,140,000,000</b>	<b>0</b>	<b>4,140,000,000</b>	<b>0</b>
<b>Maturities</b>								
ABBOTT LABORATORIESCP4-2	02/26/16	02/26/16	02/26/16	135,000,000	135,000,000	0	135,000,000	0
ANGLESEA FUNDING LLC PABS4	02/01/16	02/01/16	02/01/16	100,000,000	100,000,000	0	100,000,000	0
ANTALIS S.A, CPABS4CPABS4	02/02/16	02/02/16	02/02/16	25,000,000	25,000,000	0	25,000,000	0
ANTALIS S.A, CPABS4CPABS4	02/04/16	02/04/16	02/04/16	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S.A, CPABS4CPABS4	02/11/16	02/11/16	02/11/16	25,000,000	25,000,000	0	25,000,000	0
ANTALIS S.A, CPABS4CPABS4	02/18/16	02/18/16	02/18/16	38,750,000	38,750,000	0	38,750,000	0
ANTALIS S.A, CPABS4CPABS4	02/25/16	02/25/16	02/25/16	20,000,000	20,000,000	0	20,000,000	0
ATLANTIC ASSET SECUCPABS4	02/18/16	02/18/16	02/18/16	27,631,000	27,631,000	0	27,631,000	0
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD	02/12/16	02/12/16	02/12/16	4,400,000	4,400,000	0	4,400,000	0
BP CAPITAL MARKETS CP4-2	02/12/16	02/12/16	02/12/16	100,000,000	100,000,000	0	100,000,000	0
BP CAPITAL MARKETS CP4-2	02/17/16	02/17/16	02/17/16	248,000,000	248,000,000	0	248,000,000	0
BANK OF NOVA SCOTIACDYAN	02/10/16	02/10/16	02/10/16	75,000,000	75,000,000	0	75,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/01/16	02/01/16	02/01/16	100,000,000	100,000,000	0	100,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/02/16	02/02/16	02/02/16	100,000,000	100,000,000	0	100,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/08/16	02/08/16	02/08/16	100,000,000	100,000,000	0	100,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/09/16	02/09/16	02/09/16	100,000,000	100,000,000	0	100,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/16/16	02/16/16	02/16/16	95,000,000	95,000,000	0	95,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/23/16	02/23/16	02/23/16	150,000,000	150,000,000	0	150,000,000	0
BNP PARIBAS SACP4-2	02/02/16	02/02/16	02/02/16	150,000,000	150,000,000	0	150,000,000	0
BNP PARIBAS SACP4-2	02/03/16	02/03/16	02/03/16	180,000,000	180,000,000	0	180,000,000	0
BNP PARIBAS SACP4-2	02/09/16	02/09/16	02/09/16	150,000,000	150,000,000	0	150,000,000	0
BNP PARIBAS SACP4-2	02/10/16	02/10/16	02/10/16	150,000,000	150,000,000	0	150,000,000	0
BNP PARIBAS SACP4-2	02/16/16	02/16/16	02/16/16	150,000,000	150,000,000	0	150,000,000	0
BNP PARIBAS SACP4-2	02/17/16	02/17/16	02/17/16	175,000,000	175,000,000	0	175,000,000	0
BNP PARIBAS SACP4-2	02/24/16	02/24/16	02/24/16	130,000,000	130,000,000	0	130,000,000	0
BNP PARIBAS SACP	02/29/16	02/29/16	02/29/16	100,000,000	100,000,000	0	100,000,000	0
COOPERATIEVE CENTRALE RAIFFEISEN-BOERENLEEN-BANK BA/NY	02/22/16	02/22/16	02/22/16	5,000,000	5,000,000	0	5,000,000	0
RABOBANK NEDERLAND CP	02/22/16	02/22/16	02/22/16	150,000,000	150,000,000	0	150,000,000	0
COOPERATIEVE RABOBANK UA/NY	02/24/16	02/24/16	02/24/16	15,569,000	15,569,000	0	15,569,000	0
RABOBANK NEDERLAND CP	02/26/16	02/26/16	02/26/16	74,870,000	74,870,000	0	74,870,000	0
COOPERATIEVE RABOBANK UA/NY	02/29/16	02/29/16	02/29/16	270,000,000	270,000,000	0	270,000,000	0
CREDIT AGRICOLE CORCDYAN	02/04/16	02/04/16	02/04/16	20,000,000	20,000,000	0	20,000,000	0
CREDIT AGRICOLE CORCDYAN	02/17/16	02/17/16	02/17/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/17/16	02/17/16	02/17/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT INDUSTRIEL ECDYAN	02/24/16	02/24/16	02/24/16	200,000,000	200,000,000	0	200,000,000	0

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Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DZ BANK AG DEUTSCHECDYAN	02/08/16	02/08/16	02/08/16	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	02/10/16	02/10/16	02/10/16	10,000,000	10,000,000	0	10,000,000	0
DZ BANK AG DEUTSCHECDYAN	02/25/16	02/25/16	02/25/16	100,000,000	100,000,000	0	100,000,000	0
GOTHAM FUNDING CORPCPABS4	02/04/16	02/04/16	02/04/16	115,000,000	115,000,000	0	115,000,000	0
GOTHAM FUNDING CORPCPABS4	02/29/16	02/29/16	02/29/16	93,000,000	93,000,000	0	93,000,000	0
WORLD BANK DISCOUNT NOTES	02/10/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
JP MORGAN SECURITIES LLC	02/09/16	02/09/16	02/09/16	100,000,000	100,000,000	0	100,000,000	0
JP MORGAN SECURITIES LLC	02/16/16	02/16/16	02/16/16	25,000,000	25,000,000	0	25,000,000	0
LMA-AMERICAS LLCPCABS4-2	02/04/16	02/04/16	02/04/16	25,000,000	25,000,000	0	25,000,000	0
LMA-AMERICAS LLCPCABS4-2	02/05/16	02/05/16	02/05/16	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCPCABS4-2	02/10/16	02/10/16	02/10/16	46,000,000	46,000,000	0	46,000,000	0
LMA-AMERICAS LLCPCABS4-2	02/24/16	02/24/16	02/24/16	10,540,000	10,540,000	0	10,540,000	0
MALAYAN BANKING BERCPLOC	02/04/16	02/04/16	02/04/16	25,000,000	25,000,000	0	25,000,000	0
MALAYAN BANKING BERCPLOC	02/08/16	02/08/16	02/08/16	10,000,000	10,000,000	0	10,000,000	0
MANHATTAN ASSET FUNCPABS4	02/09/16	02/09/16	02/09/16	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPABS4	02/10/16	02/10/16	02/10/16	99,000,000	99,000,000	0	99,000,000	0
MANHATTAN ASSET FUNCPABS4	02/11/16	02/11/16	02/11/16	125,000,000	125,000,000	0	125,000,000	0
MANHATTAN ASSET FUNCPABS4	02/25/16	02/25/16	02/25/16	8,000,000	8,000,000	0	8,000,000	0
MANHATTAN ASSET FUNCPABS4	02/26/16	02/26/16	02/26/16	15,137,000	15,137,000	0	15,137,000	0
MIZUHO BANK LTD,CDYAN	02/26/16	02/26/16	02/26/16	200,000,000	200,000,000	0	200,000,000	0
NRW BANK	02/05/16	02/05/16	02/05/16	200,000,000	200,000,000	0	200,000,000	0
NRW,BANKCP	02/10/16	02/10/16	02/10/16	50,000,000	50,000,000	0	50,000,000	0
NRW,BANKCP	02/11/16	02/11/16	02/11/16	138,000,000	138,000,000	0	138,000,000	0
NRW,BANKCP	02/18/16	02/18/16	02/18/16	50,000,000	50,000,000	0	50,000,000	0
NRW,BANKCP	02/23/16	02/23/16	02/23/16	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERSCCP4-2	02/08/16	02/08/16	02/08/16	100,000,000	100,000,000	0	100,000,000	0
STANDARD CHARTERED CP4-2	02/05/16	02/05/16	02/05/16	78,000,000	78,000,000	0	78,000,000	0
STANDARD CHARTERED CP4-2	02/22/16	02/22/16	02/22/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	02/26/16	02/26/16	02/26/16	23,000,000	23,000,000	0	23,000,000	0
SUMITOMO MITSUI BANCYAN	02/05/16	02/05/16	02/05/16	75,000,000	75,000,000	0	75,000,000	0
TORONTO-DOMINION BANK/NY	02/12/16	02/12/16	02/12/16	10,000,000	10,000,000	0	10,000,000	0
TORONTO-DOMINION BANK/NY	02/24/16	02/24/16	02/24/16	50,000,000	50,000,000	0	50,000,000	0
UBS FINANCE (DELAWACP	02/16/16	02/16/16	02/16/16	100,000,000	100,000,000	0	100,000,000	0
UBS FINANCE (DELAWACP	02/18/16	02/18/16	02/18/16	150,000,000	150,000,000	0	150,000,000	0
UBS FINANCE (DELAWACP	02/23/16	02/23/16	02/23/16	100,000,000	100,000,000	0	100,000,000	0
UBS FINANCE (DELAWACP	02/25/16	02/25/16	02/25/16	165,900,000	165,900,000	0	165,900,000	0
BANK OF AMERICA TRIPARTY	02/01/16	02/01/16	02/01/16	485,000,000	485,000,000	0	485,000,000	0
BANK OF AMERICA TRIPARTY	02/02/16	02/02/16	02/02/16	155,000,000	155,000,000	0	155,000,000	0
BANK OF AMERICA TRIPARTY	02/03/16	02/03/16	02/03/16	230,000,000	230,000,000	0	230,000,000	0
BANK OF AMERICA TRIPARTY	02/04/16	02/04/16	02/04/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	02/05/16	02/05/16	02/05/16	240,000,000	240,000,000	0	240,000,000	0
BANK OF AMERICA TRIPARTY	02/08/16	02/08/16	02/08/16	195,000,000	195,000,000	0	195,000,000	0
BANK OF AMERICA TRIPARTY	02/09/16	02/09/16	02/09/16	290,000,000	290,000,000	0	290,000,000	0
BANK OF AMERICA TRIPARTY	02/10/16	02/10/16	02/10/16	330,000,000	330,000,000	0	330,000,000	0
BANK OF AMERICA TRIPARTY	02/11/16	02/11/16	02/11/16	235,000,000	235,000,000	0	235,000,000	0
BANK OF AMERICA TRIPARTY	02/12/16	02/12/16	02/12/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/16/16	02/16/16	02/16/16	307,000,000	307,000,000	0	307,000,000	0

## TRADING ACTIVITY FOR FEBRUARY 2016

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	02/17/16	02/17/16	02/17/16	145,000,000	145,000,000	0	145,000,000	0
BANK OF AMERICA TRIPARTY	02/18/16	02/18/16	02/18/16	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	02/19/16	02/19/16	02/19/16	330,000,000	330,000,000	0	330,000,000	0
BANK OF AMERICA TRIPARTY	02/22/16	02/22/16	02/22/16	205,000,000	205,000,000	0	205,000,000	0
BANK OF AMERICA TRIPARTY	02/23/16	02/23/16	02/23/16	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	02/24/16	02/24/16	02/24/16	495,000,000	495,000,000	0	495,000,000	0
BANK OF AMERICA TRIPARTY	02/25/16	02/25/16	02/25/16	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/26/16	02/26/16	02/26/16	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	02/29/16	02/29/16	02/29/16	350,000,000	350,000,000	0	350,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160202	02/02/16	02/02/16	02/02/16	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160203	02/03/16	02/03/16	02/03/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160204	02/04/16	02/04/16	02/04/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160205	02/05/16	02/05/16	02/05/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160208	02/08/16	02/08/16	02/08/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160209	02/09/16	02/09/16	02/09/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160211	02/11/16	02/11/16	02/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160212	02/12/16	02/12/16	02/12/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160216	02/16/16	02/16/16	02/16/16	240,000,000	240,000,000	0	240,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160217	02/17/16	02/17/16	02/17/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160218	02/18/16	02/18/16	02/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160219	02/19/16	02/19/16	02/19/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160222	02/22/16	02/22/16	02/22/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160223	02/23/16	02/23/16	02/23/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160224	02/24/16	02/24/16	02/24/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160225	02/25/16	02/25/16	02/25/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160226	02/26/16	02/26/16	02/26/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160229	02/29/16	02/29/16	02/29/16	200,000,000	200,000,000	0	200,000,000	0
<b>Total Maturities</b>				<b>16,037,797,000</b>	<b>16,037,797,000</b>	<b>0</b>	<b>16,037,797,000</b>	<b>0</b>
<b>Sells</b>								
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/02/16	02/02/16	69,863	69,863	0	69,863	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/03/16	02/03/16	3,570,227	3,570,227	0	3,570,227	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/05/16	02/05/16	2,165,769	2,165,769	0	2,165,769	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/09/16	02/09/16	901,448	901,448	0	901,448	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/09/16	02/09/16	698,472	698,472	0	698,472	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/09/16	02/09/16	732,097	732,097	0	732,097	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/09/16	02/09/16	224,748	224,748	0	224,748	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/11/16	02/11/16	2,975,195	2,975,195	0	2,975,195	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/12/16	02/12/16	25,413	25,413	0	25,413	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/17/16	02/17/16	1,606,854	1,606,854	0	1,606,854	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/17/16	02/17/16	389,520	389,520	0	389,520	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/17/16	02/17/16	2,786,208	2,786,208	0	2,786,208	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/19/16	02/19/16	2,424,435	2,424,435	0	2,424,435	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/23/16	02/23/16	1,247,369	1,247,369	0	1,247,369	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/25/16	02/25/16	1,346,226	1,346,226	0	1,346,226	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/16	02/26/16	100,075	100,075	0	100,075	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/16	02/26/16	936,422	936,422	0	936,422	0
<b>Total Sells</b>				<b>22,200,341</b>	<b>22,200,341</b>	<b>0</b>	<b>22,200,341</b>	<b>0</b>



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## **Our Mission**

Our mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

# **Federated**



## **MONTHLY SUMMARY REPORT**

**March 2016**

**State Board of Administration of Florida**



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## **Past performance is no guarantee of future results.**

Views are as of the issue date and are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security.

An investment in Florida PRIME is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in this fund.

## INTRODUCTION

This report is prepared for stakeholders in Florida PRIME in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

- (1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;
- (2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and
- (3) Preparation of the management summary “in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies.”

This report, which covers the period from March 1, 2016, through March 31, 2016, 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, 2016)

Total Participants  
**773**

Florida PRIME™ Assets  
**\$8,482,609,066**

Total Number of Accounts  
**1,466**

## FACTS-AT-A-GLANCE

Florida PRIME is an exclusive service for Florida governmental organizations, providing a cost-effective investment vehicle for their surplus funds. Florida PRIME, the Local Government Surplus Funds Trust Fund, is utilized by hundreds of governmental investors including state agencies, state universities and colleges, counties, cities, special districts, school boards, and other direct support organizations of the State of Florida.

Florida PRIME is a government investment pool that offers management by an industry leader in professional money management, conservative investment policies, an extensive governance framework, a Standard & Poor’s “AAAm” rating, full transparency, and best-in-class financial reporting.

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

The first quarter of this year saw plenty of ups and downs. Certainly the markets were volatile, but so was economic data, amid overall softening. March in particular saw individual reports and surveys volleying positive and negative news, causing investors and cash managers the sort of neck pain you get watching a tennis match from midcourt. Employment and auto sales remained robust, manufacturing was still poor; consumer inflation picked up, but personal consumption expenditure data came in low. And so on. We keep track of what we think are the most important statistics released every month and have seen the same number of surprises to the upside as to the downside. It was no surprise that the Federal Open Market Committee (FOMC) did not raise rates at its mid-month meeting, in the process dialing back the projections for hikes this year to two from the four it had envisioned in December.

Why then did several Fed officials start emitting hawkish screeches not long after the meeting concluded? A string of speeches suggesting the economy is looking good enough for policy action was enough to build in at least the probability of a move at the April meeting from a federal funds futures perspective, and definitely put June in play. That turned out to be fleeting as Chair Janet Yellen dismissed the hawkish tone in her own dovish speech at the end of the month at the Economic Club of New York. Her words quickly pushed market expectations out at least until September, which is unfortunate because I think we are on track and the target of June for the next hike is realistic. So far, Yellen has been a consensus builder behind the scenes, but here seemed to be a public rebuke to some members, including St. Louis Fed's James Bullard.

Perhaps the bigger question is why Yellen would be against a hike when she herself has referred to them at this point as normalization, not tightening? In a sense, the offsetting domestic data makes the case for continued normalizing—especially because many headwinds are from external issues such as low oil prices, the strong dollar and slowing in China. Yellen has tried to be a shepherd of the economy so far in her tenure, but this month she turned more to herding.

While the clock is paused on rate hikes, it is ticking

loudly toward the implementation of the SEC money market reforms in fall. We have seen action by some fund families to convert prime money market funds into government funds. But direct investors seem to be taking their time to make a decision, choosing to stay where they are and not move to different products despite the impending regulations. Spreads have widened between prime and government instruments, and that may yet prove to convince institutional investors to stay in the prime space in spite of floating NAVs and gates and fees. We will obviously not know until closer to October.

The Fed drama and the plateauing of the London interbank offered rate (LIBOR) has led us to keep our weighted average maturities short, with WAM for prime portfolios in a 30-40 day range and government portfolios in a range five days further out. We have been buying more in the 3-6 month area for institutional products, not wanting to take the risk with longer-dated securities.

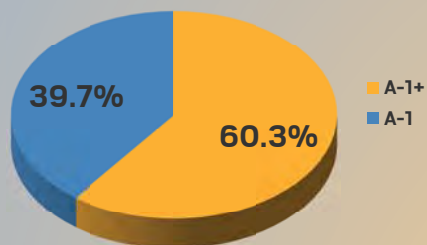
### INVESTMENT STRATEGY

The tax collecting season for Pool participants came to an end for most participants during March. That was reflected in the decrease in assets under management from \$8.9 billion to \$8.5 billion, a difference of \$400 million, as participants began withdrawing funds to cover their expenses.

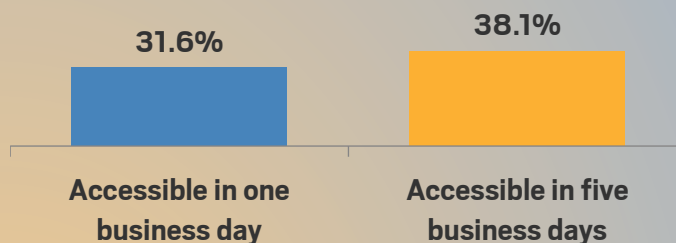
Since we still believe that the Fed is in a rising-rate environment, we continued to purchase variable-rate instruments, which contributed to the increase in yield. As a result, this strategy pushed the Pool's weighted average life (WAL) and weighted average maturity (WAM) out seven and 14 days, respectively. The percentage of our holdings of various instruments in March also reflect the strategy: variable-rate paper increased by 5% to be 24% of the total portfolio; fixed-rate bank paper instruments decreased by 8% to make up 12% of total; repo instruments increased from 6% to 8% of total, money market funds grew from 17% to 22% and fixed-rate commercial paper decreased from 38% to 34%.

## PORTFOLIO COMPOSITION FOR MARCH 2016

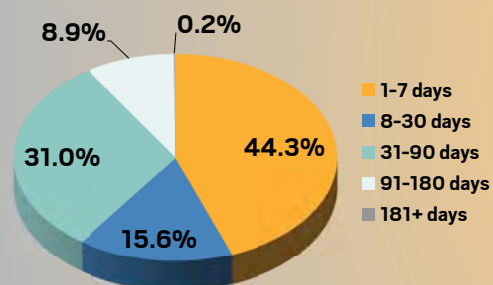
### CREDIT QUALITY COMPOSITION



### HIGHLY LIQUID HOLDINGS



### EFFECTIVE MATURITY SCHEDULE



### TOP HOLDINGS & AVG. MATURITY

1. Federated Prime Cash Obligations Fund	9.9%
2. Federated Institutional Prime Obligations Fund	9.7%
3. Royal Bank of Canada	5.2%
4. Bank of Montreal	5.1%
5. Mitsubishi UFJ Financial Group, Inc.	5.1%
6. Wells Fargo & Co.	5.0%
7. Sumitomo Mitsui Financial Group, Inc.	4.9%
8. JPMorgan Chase & Co.	4.9%
9. Toronto Dominion Bank	4.6%
10. Credit Suisse Group AG	3.8%

#### Average Effective Maturity (WAM)

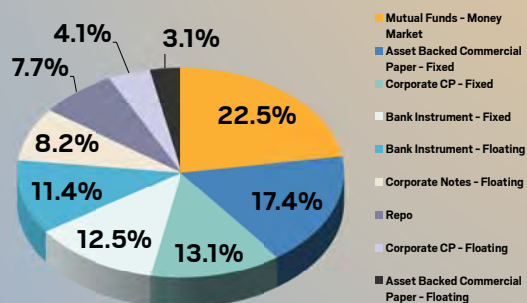
35.5 Days

#### Weighted Average Life (Spread WAM)

60.3 Days

Percentages based on total value of investments

### PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH MARCH 31, 2016

Florida PRIME Performance Data			
	Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.57%	0.34%	0.23%
Three Months	0.53%	0.28%	0.24%
One Year	0.32%	0.13%	0.18%
Three Years	0.22%	0.08%	0.14%
Five Years	0.24%	0.08%	0.16%
Ten Years	1.37%	1.24%	0.13%
Since 1/96	2.74%	2.53%	0.21%

Note: Net asset value at month end: \$8,483.4 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

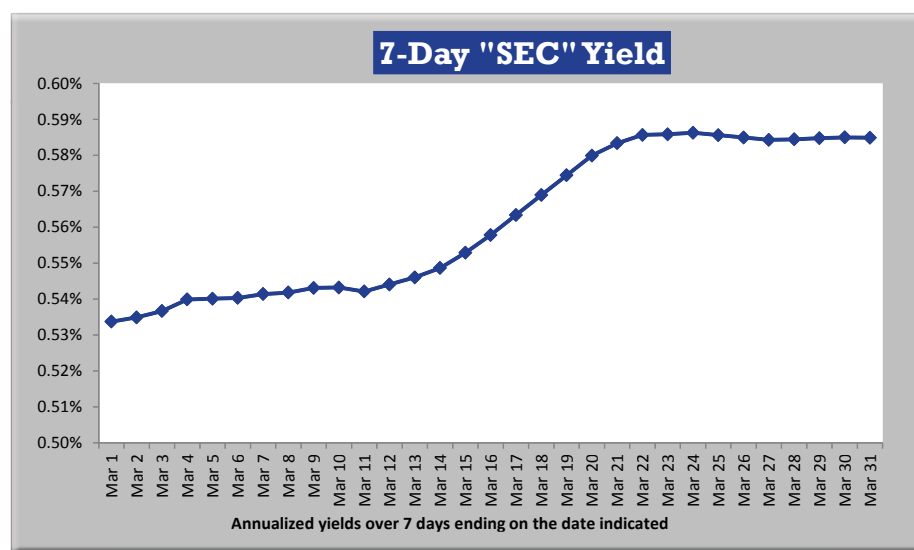
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 2016

Summary of Cash Flows		
Opening Balance (03/01/16)	\$	8,865,632,105
Participant Deposits		879,916,934
Gross Earnings		4,213,762
Participant Withdrawals		(1,267,153,735)
Fees		(127,351)
Fee Holiday*		127,351
Closing Balance (03/31/16)	\$	8,482,609,066
<b>Net Change over Month</b>	<b>\$</b>	<b>(383,023,039)</b>

\*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset since January 2016 is \$383,897. The redemption reserve account balance at month end is \$1,873,346. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***		
March 2016	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 73,335.11	1.01
Federated Investment Management Fee	29,546.29	0.41
BNY Mellon Custodial Fee**	10,259.43	0.14
Bank of America Transfer Agent Fee	5,100.84	0.07
S&P Rating Maintenance Fee	3,811.48	0.05
Audit/External Review Fees	5,298.03	0.07
<b>Total Fees</b>	<b>\$ 127,351.18</b>	<b>1.76</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 \$8,674,120,585.

\*\*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.

\*\*\* Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

## INVENTORY OF HOLDINGS FOR MARCH 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		65,000,000	0.66	\$64,969,486	\$64,979,955	\$10,469
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/11/2016		30,000,000	0.52	\$29,982,575	\$29,983,839	\$1,264
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/18/2016		125,000,000	0.52	\$124,915,000	\$124,917,666	\$2,666
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		100,000,000	0.64	\$99,865,250	\$99,874,447	\$9,197
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2016		31,200,000	0.36	\$31,199,697	\$31,199,642	-\$55
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/5/2016		29,750,000	0.41	\$29,748,347	\$29,748,273	-\$75
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/20/2016		60,000,000	0.46	\$59,985,000	\$59,985,667	\$667
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2016		50,000,000	0.46	\$49,977,500	\$49,977,200	-\$300
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/11/2016		30,000,000	0.48	\$29,983,942	\$29,983,976	\$34
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		4/4/2016		80,000,000	0.61	\$79,994,667	\$79,996,462	\$1,796
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/22/2016		25,750,000	0.69	\$25,709,630	\$25,722,216	\$12,586
BMW US Capital LLC CP4-2	COMMERCIAL PAPER - 4-2		4/7/2016		10,000,000	0.36	\$9,999,319	\$9,999,319	-\$0
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.73	7/6/2016	4/6/2016	51,000,000	0.74	\$51,000,000	\$50,936,301	-\$63,699
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0.31	4/1/2016		650,000,000	0.31	\$650,000,000	\$650,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.76	6/6/2016		50,000,000	0.77	\$50,000,000	\$50,028,535	\$28,535
Bank of Montreal CP	COMMERCIAL PAPER		9/19/2016		150,000,000	0.87	\$149,390,833	\$149,472,534	\$81,701
Bank of Montreal, Jun 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	6/1/2016	6/1/2016	25,000,000	0.80	\$25,000,000	\$25,012,650	\$12,650
Bank of Montreal, Mar 27, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.97	3/27/2017	4/27/2016	50,000,000	0.98	\$50,000,000	\$49,980,600	-\$19,400
Bank of Montreal, May 23, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	5/23/2016	4/25/2016	50,000,000	0.60	\$50,000,000	\$50,009,050	\$9,050
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	\$14,450,350	\$14,454,935	\$4,585
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	15,000,000	0.74	\$15,018,277	\$15,016,170	-\$2,107
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	10,000,000	0.78	\$10,010,969	\$10,010,780	-\$189
Bank of Montreal, Sr. Unsec'd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.14	7/15/2016	4/15/2016	54,250,000	0.82	\$54,303,827	\$54,308,482	\$4,655
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.87	7/8/2016		25,000,000	0.88	\$25,000,000	\$25,020,030	\$20,030
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT -YANKEE	0.87	9/21/2016		100,000,000	0.88	\$100,000,000	\$100,037,000	\$37,000

See notes at end of table.



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Bank of Nova Scotia, Toronto, Aug 05, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	8/5/2016	5/5/2016	105,000,000	0.80	\$105,000,000	\$105,059,010	\$59,010
Bank of Nova Scotia, Toronto, May 09, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	5/9/2016	5/9/2016	50,000,000	0.73	\$50,000,000	\$49,988,400	-\$11,600
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.39	4/6/2016		80,000,000	0.40	\$80,000,000	\$80,000,133	\$133
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/15/2016		72,532,000	0.46	\$72,518,400	\$72,521,724	\$3,324
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.77	\$49,926,111	\$49,950,125	\$24,014
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/13/2016		30,000,000	0.81	\$29,950,667	\$29,967,502	\$16,835
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/14/2016		20,000,000	0.83	\$19,965,833	\$19,977,917	\$12,083
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		20,000,000	0.83	\$19,964,922	\$19,977,028	\$12,106
Bedford Row Funding Corp., Jun 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.66	6/7/2016	4/7/2016	25,000,000	0.67	\$25,000,000	\$25,007,200	\$7,200
Bedford Row Funding Corp., May 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.59	5/10/2016	4/11/2016	50,000,000	0.60	\$50,000,000	\$50,007,950	\$7,950
Bedford Row Funding Corp., Sep 01, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.77	9/1/2016	4/1/2016	25,000,000	0.78	\$24,998,936	\$24,998,750	-\$186
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/21/2016		25,000,000	0.81	\$25,000,000	\$25,014,944	\$14,944
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	\$50,000,000	\$50,034,356	\$34,356
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.85	8/24/2016		15,000,000	0.86	\$15,000,000	\$15,006,573	\$6,573
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	9/20/2016		150,000,000	0.91	\$150,000,000	\$150,051,471	\$51,471
Canadian Imperial Bank of Commerce, Jun 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.74	6/13/2016	4/11/2016	25,000,000	0.75	\$25,000,000	\$24,998,950	-\$1,050
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.65	6/8/2016		50,000,000	0.66	\$50,000,000	\$50,026,914	\$26,914
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		6/23/2016		50,000,000	0.86	\$49,902,000	\$49,938,867	\$36,867
Commonwealth Bank of Australia, Apr 04, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.62	4/4/2016	4/4/2016	50,000,000	0.63	\$50,000,000	\$50,001,450	\$1,450
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.63	5/3/2016		98,000,000	0.64	\$98,000,000	\$98,016,932	\$16,932
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	6/3/2016		25,000,000	0.66	\$25,000,000	\$25,004,469	\$4,469
Credit Suisse, Zurich CP	COMMERCIAL PAPER		5/5/2016		100,000,000	0.64	\$99,938,750	\$99,956,542	\$17,792
Credit Suisse, Zurich CP	COMMERCIAL PAPER		6/14/2016		100,000,000	0.66	\$99,864,583	\$99,877,708	\$13,125
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.20	4/1/2016		248,994,090	0.20	\$248,994,090	\$248,994,090	\$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		30,000,000	0.71	\$29,974,917	\$29,982,979	\$8,063

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Fairway Finance Co. LLC, Jun 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	6/10/2016	4/11/2016	15,000,000	0.75	\$15,000,000	\$15,006,675	\$6,675
Federated Institutional Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.49	4/1/2016	4/1/2016	823,016,811	0.51	\$823,016,811	\$823,016,811	\$0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.49	4/1/2016	4/1/2016	838,104,827	0.50	\$838,104,827	\$838,104,827	\$0
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.43	8/1/2045	4/7/2016	37,980,000	0.43	\$37,980,000	\$37,980,000	\$0
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,510,000	0.54	\$6,526,661	\$6,526,906	\$245
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		7,500,000	0.54	\$7,519,196	\$7,519,478	\$282
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		10,000,000	0.54	\$10,025,597	\$10,025,970	\$373
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,100,000	0.54	\$6,115,611	\$6,115,842	\$231
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		11,911,000	0.60	\$11,940,882	\$11,941,933	\$1,051
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,002,432	\$1,002,597	\$165
General Electric Capital Corp., Sr. Unsec'd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	\$1,002,431	\$1,002,597	\$166
General Electric Capital Corp., Sr. Unsecured, Jun 20, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.82	6/20/2016	6/20/2016	85,000,000	0.68	\$85,029,724	\$85,004,250	-\$25,474
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	\$4,635,585	\$4,638,486	\$2,901
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/13/2016		50,825,000	0.46	\$50,816,741	\$50,817,144	\$404
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/25/2016		61,600,000	0.46	\$61,580,750	\$61,581,434	\$684
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		190,000,000	0.53	\$189,881,989	\$189,892,202	\$10,213
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/27/2016		47,000,000	0.51	\$46,962,792	\$46,962,494	-\$298
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/11/2016		54,000,000	0.62	\$53,989,935	\$53,993,268	\$3,333
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		4/12/2016		100,000,000	0.62	\$99,979,667	\$99,986,300	\$6,633
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/2/2016		50,000,000	0.65	\$49,944,000	\$49,952,050	\$8,050
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/23/2016		50,000,000	0.61	\$49,930,000	\$49,929,417	-\$584
J.P. Morgan Securities LLC, Apr 22, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.69	4/22/2016	4/22/2016	10,000,000	0.70	\$10,000,000	\$10,001,760	\$1,760
J.P. Morgan Securities LLC, Aug 09, 2016	VARIABLE RATE COMMERCIAL PAPER	0.80	8/9/2016	5/9/2016	150,000,000	0.81	\$150,000,000	\$150,087,000	\$87,000
J.P. Morgan Securities LLC, Dec 02, 2016	VARIABLE RATE COMMERCIAL PAPER	0.90	12/2/2016	4/4/2016	75,000,000	0.91	\$75,000,000	\$75,006,825	\$6,825
J.P. Morgan Securities LLC, May 25, 2016	VARIABLE RATE COMMERCIAL PAPER	0.77	5/25/2016	5/25/2016	40,000,000	0.78	\$40,000,000	\$40,017,880	\$17,880
J.P. Morgan Securities LLC, May 31, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.74	5/31/2016	5/2/2016	25,000,000	0.75	\$25,000,000	\$25,010,850	\$10,850

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JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.78	11/4/2016	5/9/2016	15,000,000	0.75	\$15,000,000	\$14,994,840	-\$5,160
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		8/11/2016		30,000,000	0.77	\$29,916,875	\$29,906,900	-\$9,975
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/5/2016		50,000,000	0.54	\$49,996,319	\$49,997,097	\$778
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/6/2016		14,000,000	0.39	\$13,999,113	\$13,999,022	-\$91
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		25,000,000	0.52	\$24,990,792	\$24,992,128	\$1,336
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		6/1/2016		1,465,000	0.71	\$1,463,234	\$1,463,771	\$537
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/4/2016		16,000,000	0.49	\$15,999,147	\$15,999,260	\$114
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/22/2016		39,602,000	0.53	\$39,589,415	\$39,591,569	\$2,154
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/26/2016		100,000,000	0.54	\$99,961,722	\$99,968,511	\$6,789
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2016		50,000,000	0.53	\$49,976,889	\$49,980,222	\$3,333
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2016		49,000,000	0.51	\$48,975,500	\$48,977,656	\$2,156
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/23/2016		38,800,000	0.51	\$38,771,439	\$38,771,667	\$229
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.31	4/1/2016		15,000,000	0.31	\$15,000,000	\$15,000,000	\$0
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		4/26/2016		25,000,000	0.45	\$24,991,965	\$24,992,435	\$469
National Australia Bank Ltd., Melbourne, Jul 25, 2016	VARIABLE MEDIUM TERM NOTE	1.17	7/25/2016	4/26/2016	3,000,000	0.71	\$3,004,979	\$3,004,788	-\$191
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		4/1/2016		25,000,000	0.54	\$24,999,632	\$24,999,767	\$135
New York State Local Government Assistance Corp., (Subordinate Series 2008B-3V), 04/01/2024	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.55	4/1/2024	4/6/2016	24,120,000	0.55	\$24,120,000	\$24,120,000	\$0
Oglethorpe Power Corp. Scherer Project, (Oglethorpe Power Corp.), (Series 2009B), 01/01/2036	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.55	1/1/2036	4/6/2016	26,600,000	0.55	\$26,600,000	\$26,600,000	\$0
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	0.45	3/1/2039	4/7/2016	9,920,000	0.45	\$9,920,000	\$9,920,000	\$0
Royal Bank of Canada, Montreal, Feb 02, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.96	2/2/2017	5/2/2016	45,000,000	0.98	\$45,000,000	\$45,003,150	\$3,150
Royal Bank of Canada, Montreal, May 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.58	5/12/2016	4/12/2016	50,000,000	0.59	\$50,000,000	\$50,003,850	\$3,850
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.77	10/3/2016	4/4/2016	125,000,000	0.78	\$125,000,000	\$124,971,500	-\$28,500
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	4/1/2016		45,000,000	0.66	\$45,000,000	\$45,000,419	\$419
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.64	5/4/2016		23,000,000	0.66	\$22,999,892	\$23,004,440	\$4,549

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Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		6/1/2016		100,000,000	0.64	\$99,891,500	\$99,907,517	\$16,017
Starbird Funding Corp., Sep 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/7/2016	4/7/2016	100,000,000	0.75	\$100,000,000	\$100,003,200	\$3,200
Starbird Funding Corp., Sep 08, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/8/2016	4/8/2016	45,000,000	0.75	\$45,000,000	\$45,000,000	\$0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.67	4/4/2016		125,000,000	0.39	\$125,004,019	\$125,004,375	\$356
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		9/14/2016		50,000,000	0.88	\$49,800,528	\$49,815,141	\$14,613
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	\$10,000,000	\$10,008,378	\$8,378
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	\$15,000,000	\$15,012,309	\$12,309
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	6/3/2016		65,000,000	0.76	\$65,000,000	\$65,031,962	\$31,962
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	\$10,000,000	\$10,003,197	\$3,197
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/14/2016		25,000,000	0.81	\$25,000,000	\$25,015,390	\$15,390
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.83	6/22/2016		25,000,000	0.84	\$25,000,000	\$25,017,486	\$17,486
Toronto Dominion Bank, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.65	4/15/2016	4/15/2016	40,000,000	0.66	\$40,000,000	\$40,004,400	\$4,400
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.59	7/1/2016	4/1/2016	75,000,000	0.61	\$75,000,000	\$75,007,650	\$7,650
Toronto Dominion Bank, Mar 14, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.98	3/14/2017	6/14/2016	50,000,000	1.00	\$50,000,000	\$49,993,900	-\$6,100
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	11/4/2016	4/4/2016	10,000,000	0.80	\$10,000,000	\$9,996,090	-\$3,910
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.87	10/17/2016	4/18/2016	30,000,000	0.88	\$30,000,000	\$30,007,590	\$7,590
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	1.10	9/9/2016	6/9/2016	24,000,000	0.80	\$24,033,350	\$24,035,736	\$2,386
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		5/13/2016		10,000,000	0.58	\$9,993,192	\$9,994,900	\$1,708
Toyota Motor Credit Corp., Apr 15, 2016	VARIABLE MEDIUM TERM NOTE	0.63	4/15/2016	4/15/2016	100,000,000	0.64	\$100,000,000	\$99,989,600	-\$10,400
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.82	10/7/2016	4/7/2016	50,000,000	0.83	\$50,000,000	\$49,984,900	-\$15,100
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		15,000,000	0.59	\$15,091,058	\$15,093,840	\$2,782
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,045,000	0.72	\$10,106,365	\$10,107,842	\$1,477
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		20,000,000	0.74	\$20,121,273	\$20,125,120	\$3,847
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		33,480,000	0.76	\$33,682,827	\$33,689,451	\$6,624
Wells Fargo & Co., Sr. Unsec'd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,000,000	0.99	\$10,055,580	\$10,062,560	\$6,980

See notes at end of table.

## INVENTORY OF HOLDINGS FOR MARCH 2016

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	\$50,000,000	\$50,021,298	\$21,298
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.79	11/18/2016	6/20/2016	100,000,000	0.80	\$100,000,000	\$99,951,200	-\$48,800
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.80	11/21/2016	6/22/2016	50,000,000	0.82	\$50,000,000	\$50,005,650	\$5,650
Wells Fargo Bank, N.A., Sep 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	9/15/2016	4/15/2016	100,000,000	0.80	\$100,000,000	\$100,011,700	\$11,700
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		9/16/2016		100,000,000	0.89	\$99,589,236	\$99,627,731	\$38,495
Westpac Banking Corp. Ltd., Sydney, Apr 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	4/15/2016	4/15/2016	25,000,000	0.74	\$25,000,918	\$25,004,300	\$3,382
Total Value of Investments					8,495,111,728		\$8,493,136,266	\$8,493,940,111	\$803,845

**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.

## BE ON THE LOOK OUT...

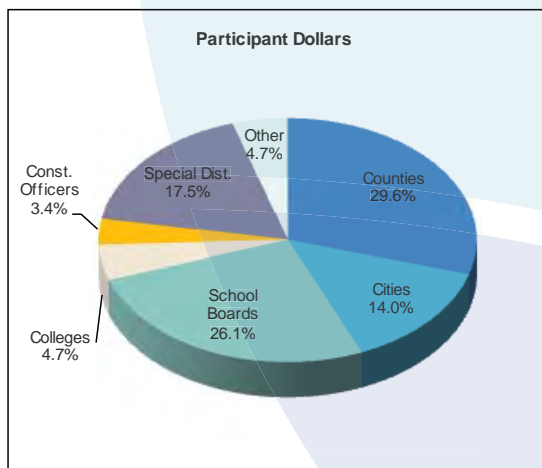
**The 2016 Florida PRIME Participant Satisfaction Survey is coming soon.**

**PLEASE CONTACT US IF YOU HAVE ANY QUESTIONS / (850) 488-7311  
BETWEEN 7:30 a.m. and 4:30 p.m. ET, Monday through Friday.**

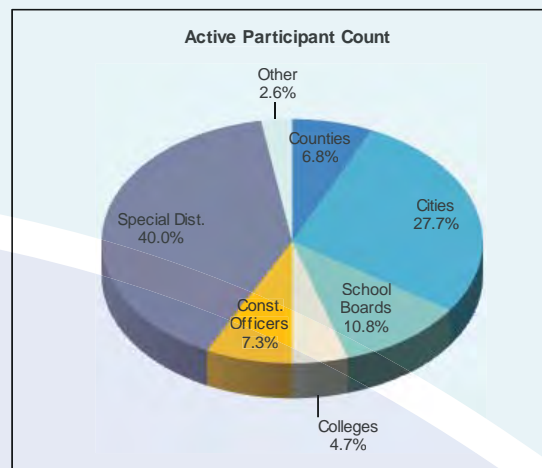
**Learn more about Florida PRIME at: <https://www.sbafla.com/PRIME>**

## PARTICIPANT CONCENTRATION DATA - AS OF MARCH 2016

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>4.7%</b>	<b>4.7%</b>
Top 10	38.4%	1.3%	Top 10	4.3%	1.3%
\$100 million or more	49.5%	2.2%	\$100 million or more	2.3%	0.1%
\$10 million up to \$100 million	43.4%	14.4%	\$10 million up to \$100 million	1.8%	0.8%
\$1 million up to \$10 million	6.4%	19.2%	\$1 million up to \$10 million	0.6%	1.6%
Under \$1 million	0.8%	64.2%	Under \$1 million	0.03%	2.2%
<b>Counties</b>	<b>29.6%</b>	<b>6.8%</b>	<b>Constitutional Officers</b>	<b>3.4%</b>	<b>7.3%</b>
Top 10	24.1%	1.3%	Top 10	1.0%	1.3%
\$100 million or more	22.1%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	6.9%	1.7%	\$10 million up to \$100 million	2.7%	0.8%
\$1 million up to \$10 million	0.5%	0.9%	\$1 million up to \$10 million	0.7%	1.8%
Under \$1 million	0.0%	3.1%	Under \$1 million	0.1%	4.7%
<b>Municipalities</b>	<b>14.0%</b>	<b>27.7%</b>	<b>Special Districts</b>	<b>17.5%</b>	<b>40.0%</b>
Top 10	7.8%	1.3%	Top 10	11.7%	1.3%
\$100 million or more	1.8%	0.1%	\$100 million or more	6.0%	0.3%
\$10 million up to \$100 million	9.8%	3.7%	\$10 million up to \$100 million	9.9%	3.4%
\$1 million up to \$10 million	2.1%	6.7%	\$1 million up to \$10 million	1.2%	5.1%
Under \$1 million	0.3%	17.2%	Under \$1 million	0.3%	31.2%
<b>School Boards</b>	<b>26.1%</b>	<b>10.8%</b>	<b>Other</b>	<b>4.7%</b>	<b>2.6%</b>
Top 10	20.4%	1.3%	Top 10	4.1%	1.3%
\$100 million or more	15.9%	0.5%	\$100 million or more	1.4%	0.1%
\$10 million up to \$100 million	9.3%	3.1%	\$10 million up to \$100 million	2.9%	0.9%
\$1 million up to \$10 million	0.9%	2.1%	\$1 million up to \$10 million	0.4%	0.9%
Under \$1 million	0.1%	5.0%	Under \$1 million	0.0%	0.7%



Total Fund Value: \$8,482,609,066



Total Active Participant Count: 762

Note: Active accounts include only those participant accounts valued above zero.

## COMPLIANCE WITH INVESTMENT POLICY FOR MARCH 2016

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG meets monthly and on an ad hoc basis to review compliance exceptions, to document responses to exceptions, and to formally escalate recommendations for approval by the Executive Director & CIO. The IOG also reviews the Federated compliance report each month, as well as the results of independent compliance testing conducted by SBA Risk Management and Compliance. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, the SBA conducts independent testing on Florida PRIME using a risk-based approach. Under this approach, each IPS parameter is ranked as "High" or "Low" with respect to the level of risk associated with a potential guideline breach. IPS parameters with risk rankings of "High" are subject to independent verification by SBA Risk Management and Compliance. These rankings, along with the frequency for testing, are reviewed and approved by the IOG on an annual basis or more often if market conditions dictate. Additionally, any parameter reported in "Fail" status on the Federated compliance report, regardless of risk ranking, is also independently verified and escalated accordingly. The results of independent testing are currently reported monthly to the IOG.

Test by Source	Pass/Fail
<b><u>Florida PRIME's Investment Policy</u></b>	
Securities must be USD denominated.	Pass
<b><u>Ratings requirements</u></b>	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days <sup>1</sup>	Pass
<b><u>Maturity</u></b>	
Securities, excluding Government floating rate notes/variable rate notes, purchased did not have a maturity in excess of 397 days.	Pass
Government floating rate notes/variable rate notes purchased did not have a maturity in excess of 762 days.	Pass
The Florida PRIME investment portfolio must maintain a Spread WAM of 120 days or less.	Pass
<b><u>Issuer Diversification</u></b>	
First-tier issuers (limit does not apply to cash, cash items, U.S. Government securities refunded securities and repo collateralized by these securities) are limited, at the time of purchase, to 5% of the Florida PRIME investment portfolio's total assets. <sup>2</sup>	Pass
<b><u>Demand Feature and Guarantor Diversification</u></b>	
First-tier securities issued by or subject to demand features and guarantees of a non-controlled person, at time of purchase, are limited to 10% with respect to 75% of the Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Money Market Mutual Funds</u></b>	
The account, at time of purchase, will not have exposure to any one Money Market Mutual Fund in excess of 10% of the Florida PRIME investment portfolio's total assets.	Pass
<b><u>Concentration Tests</u></b>	
The account, at time of purchase, will not have exposure to an industry sector, excluding the financial services industry, in excess of 25% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. <sup>3</sup>	Pass
<b><u>S&amp;P Requirements</u></b>	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent).	Pass

<sup>1</sup> The fund may use floating rate government securities to extend the limit up to 120 days

<sup>2</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to liquidate positions if the exposure in excess of the specified percentage is caused by account movements.

<sup>3</sup> This limitation applies at time of trade. Under Rule 2a-7, a fund is not required to take immediate corrective measures if asset movements cause the exposure to be below the specified percentage.



## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<b>Buys</b>								
ANGLESEA FUNDING LLC PABS4	05/11/16	03/07/16	03/07/16	30,000,000	29,972,375	0	29,972,375	0
ANGLESEA FUNDING LLC PABS4	05/18/16	03/16/16	03/16/16	50,000,000	49,955,375	0	49,955,375	0
ANGLESEA FUNDING LLC PABS4	05/18/16	03/16/16	03/16/16	25,000,000	24,977,688	0	24,977,688	0
ANGLESEA FUNDING LLC PABS4	05/18/16	03/16/16	03/16/16	50,000,000	49,955,375	0	49,955,375	0
ANGLESEA FUNDING LLC PABS4	06/16/16	03/15/16	03/15/16	50,000,000	49,918,625	0	49,918,625	0
ANGLESEA FUNDING LLC PABS4	06/16/16	03/15/16	03/15/16	50,000,000	49,918,625	0	49,918,625	0
ANTALIS S.A. CPABS4 CPABS4	03/16/16	03/09/16	03/09/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S.A. CPABS4 CPABS4	03/16/16	03/09/16	03/09/16	23,950,000	23,948,137	0	23,948,137	0
ANTALIS S.A. CPABS4 CPABS4	03/16/16	03/09/16	03/09/16	20,000,000	19,998,444	0	19,998,444	0
ANTALIS S.A. CPABS4 CPABS4	03/16/16	03/09/16	03/09/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S.A. CPABS4 CPABS4	03/16/16	03/09/16	03/09/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S.A. CPABS4 CPABS4	03/23/16	03/16/16	03/16/16	40,000,000	39,996,889	0	39,996,889	0
ANTALIS S.A. CPABS4 CPABS4	04/01/16	03/31/16	03/31/16	31,200,000	31,199,697	0	31,199,697	0
ANTALIS S.A. CPABS4 CPABS4	04/05/16	03/29/16	03/29/16	29,750,000	29,747,686	0	29,747,686	0
ATLANTIC ASSET SECUCPABS4	03/04/16	03/03/16	03/03/16	50,000,000	49,999,514	0	49,999,514	0
ATLANTIC ASSET SECUCPABS4	03/04/16	03/03/16	03/03/16	50,000,000	49,999,514	0	49,999,514	0
ATLANTIC ASSET SECUCPABS4	03/04/16	03/03/16	03/03/16	50,000,000	49,999,514	0	49,999,514	0
ATLANTIC ASSET SECUCPABS4	03/04/16	03/03/16	03/03/16	12,189,000	12,188,882	0	12,188,882	0
ATLANTIC ASSET SECUCPABS4	03/04/16	03/03/16	03/03/16	50,000,000	49,999,514	0	49,999,514	0
ATLANTIC ASSET SECUCPABS4	04/20/16	03/18/16	03/18/16	10,000,000	9,995,875	0	9,995,875	0
ATLANTIC ASSET SECUCPABS4	04/20/16	03/18/16	03/18/16	50,000,000	49,979,375	0	49,979,375	0
ATLANTIC ASSET SECUCPABS4	05/06/16	03/29/16	03/29/16	50,000,000	49,976,250	0	49,976,250	0
ATLANTIC ASSET SECUCPABS4	05/11/16	03/15/16	03/15/16	30,000,000	29,977,675	0	29,977,675	0
BMW US CAPITAL LLC	04/07/16	03/31/16	03/31/16	10,000,000	9,999,319	0	9,999,319	0
BANK OF MONTREAL (CCP)	09/19/16	03/18/16	03/18/16	50,000,000	49,781,597	0	49,781,597	0
BANK OF MONTREAL (CCP)	09/19/16	03/18/16	03/18/16	50,000,000	49,781,597	0	49,781,597	0
BANK OF MONTREAL (CCP)	09/19/16	03/18/16	03/18/16	50,000,000	49,781,597	0	49,781,597	0
BANK OF NOVA SCOTIA CDYAN	09/21/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIA CDYAN	09/21/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN)	03/10/16	03/03/16	03/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN)	03/10/16	03/03/16	03/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN)	03/10/16	03/03/16	03/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN)	03/10/16	03/03/16	03/03/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL/CHICAGO IL	03/27/17	03/29/16	03/30/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	04/06/16	03/15/16	03/15/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	04/06/16	03/15/16	03/15/16	30,000,000	30,000,000	0	30,000,000	0
BARTON CAPITAL LLC CPABS4-	04/15/16	03/15/16	03/15/16	50,000,000	49,980,625	0	49,980,625	0
BARTON CAPITAL LLC CPABS4-	04/15/16	03/15/16	03/15/16	22,532,000	22,523,269	0	22,523,269	0
BEDFORD ROW FUNDING CORP	09/01/16	03/03/16	03/04/16	25,000,000	24,998,750	0	24,998,750	0
BNP PARIBAS SAC P4-2	03/16/16	03/09/16	03/09/16	50,000,000	49,996,111	0	49,996,111	0
BNP PARIBAS SAC P4-2	03/16/16	03/09/16	03/09/16	50,000,000	49,996,111	0	49,996,111	0
BNP PARIBAS SA/NEW YORK NY	03/28/16	03/24/16	03/24/16	50,000,000	49,997,944	0	49,997,944	0
BNP PARIBAS SA/NEW YORK NY	03/28/16	03/24/16	03/24/16	25,000,000	24,998,972	0	24,998,972	0
CANADIAN IMPERIAL BCDYAN	09/20/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
CANADIAN IMPERIAL BCDYAN	09/20/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0

## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
CANADIAN IMPERIAL BCDYAN	09/20/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/02/16	03/01/16	03/01/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/02/16	03/01/16	03/01/16	25,000,000	24,999,750	0	24,999,750	0
COOPERATIEVE RABOBANK UA/NY	03/04/16	03/03/16	03/03/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/04/16	03/03/16	03/03/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/04/16	03/03/16	03/03/16	3,508,000	3,507,965	0	3,507,965	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/07/16	03/07/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/07/16	03/07/16	15,700,000	15,699,843	0	15,699,843	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/07/16	03/07/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/07/16	03/07/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/07/16	03/07/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/10/16	03/09/16	03/09/16	15,000,000	14,999,850	0	14,999,850	0
RABOBANK NEDERLAND CP	03/10/16	03/09/16	03/09/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/22/16	03/21/16	03/21/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/22/16	03/21/16	03/21/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/22/16	03/21/16	03/21/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/22/16	03/21/16	03/21/16	10,000,000	9,999,900	0	9,999,900	0
RABOBANK NEDERLAND CP	03/23/16	03/22/16	03/22/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/23/16	03/22/16	03/22/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/23/16	03/22/16	03/22/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/23/16	03/22/16	03/22/16	9,870,000	9,869,901	0	9,869,901	0
COOPERATIEVE RABOBANK UA/NY	03/24/16	03/23/16	03/23/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/24/16	03/23/16	03/23/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	50,000,000	49,998,000	0	49,998,000	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	40,000,000	39,998,400	0	39,998,400	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	50,000,000	49,998,000	0	49,998,000	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	50,000,000	49,998,000	0	49,998,000	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	50,000,000	49,998,000	0	49,998,000	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/24/16	03/24/16	50,000,000	49,998,000	0	49,998,000	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	7,000,000	6,999,930	0	6,999,930	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/29/16	03/28/16	03/28/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/30/16	03/29/16	03/29/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/30/16	03/29/16	03/29/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	03/30/16	03/29/16	03/29/16	35,900,000	35,899,641	0	35,899,641	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/30/16	03/30/16	50,000,000	49,999,500	0	49,999,500	0
CREDIT AGRICOLE CORCP	03/16/16	03/15/16	03/15/16	26,000,000	25,999,733	0	25,999,733	0
CREDIT AGRICOLE CORCP	03/17/16	03/16/16	03/16/16	14,000,000	13,999,856	0	13,999,856	0



## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
CREDIT AGRICOLE CORCP	03/17/16	03/16/16	03/16/16	50,000,000	49,999,486	0	49,999,486	0
CREDIT AGRICOLE CORCP	03/21/16	03/18/16	03/18/16	32,000,000	31,999,013	0	31,999,013	0
CREDIT AGRICOLE CORCP	03/22/16	03/21/16	03/21/16	37,950,000	37,949,610	0	37,949,610	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/02/16	03/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/02/16	03/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/02/16	03/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/02/16	03/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/02/16	03/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/23/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/23/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/23/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/23/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/30/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/30/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/30/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/30/16	03/23/16	03/23/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICP	06/14/16	03/09/16	03/09/16	50,000,000	49,912,431	0	49,912,431	0
CREDIT SUISSE, ZURICP	06/14/16	03/09/16	03/09/16	50,000,000	49,912,431	0	49,912,431	0
FIORE CAPITAL LLC	08/01/45	03/15/16	03/22/16	37,980,000	37,980,000	8,831	37,988,831	0
GOTHAM FUNDING CORPCPABS4	04/13/16	03/11/16	03/11/16	50,000,000	49,979,375	0	49,979,375	0
GOTHAM FUNDING CORPCPABS4	04/13/16	03/11/16	03/11/16	825,000	824,660	0	824,660	0
GOTHAM FUNDING CORPCPABS4	04/25/16	03/22/16	03/22/16	11,600,000	11,595,070	0	11,595,070	0
GOTHAM FUNDING CORPCPABS4	04/25/16	03/22/16	03/22/16	50,000,000	49,978,750	0	49,978,750	0
GOTHAM FUNDING CORPCPABS4	05/13/16	03/14/16	03/14/16	50,000,000	49,956,667	0	49,956,667	0
GOTHAM FUNDING CORPCPABS4	05/13/16	03/14/16	03/14/16	50,000,000	49,956,667	0	49,956,667	0
GOTHAM FUNDING CORPCPABS4	05/13/16	03/14/16	03/14/16	40,000,000	39,965,333	0	39,965,333	0
GOTHAM FUNDING CORPCPABS4	05/13/16	03/14/16	03/14/16	50,000,000	49,956,667	0	49,956,667	0
GOTHAM FUNDING CORPCPABS4	05/27/16	03/28/16	03/28/16	47,000,000	46,960,833	0	46,960,833	0
ING (U.S.) FUNDING CP	06/23/16	03/23/16	03/23/16	50,000,000	49,923,333	0	49,923,333	0
JP MORGAN SECURITIES LLC	12/02/16	03/09/16	03/09/16	25,000,000	25,000,000	0	25,000,000	0
JP MORGAN SECURITIES LLC	12/02/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCPCPABS4-2	03/14/16	03/09/16	03/09/16	12,700,000	12,699,330	0	12,699,330	0
LMA-AMERICAS LLCPCPABS4-2	04/06/16	03/30/16	03/30/16	14,000,000	13,998,966	0	13,998,966	0
MALAYAN BANKING BERCPLOC	06/01/16	03/08/16	03/08/16	1,465,000	1,462,579	0	1,462,579	0
MANHATTAN ASSET FUNCPABS4	04/04/16	03/01/16	03/01/16	16,000,000	15,992,747	0	15,992,747	0
MANHATTAN ASSET FUNCPABS4	05/02/16	03/04/16	03/04/16	50,000,000	49,957,389	0	49,957,389	0
MANHATTAN ASSET FUNCPABS4	05/06/16	03/09/16	03/09/16	49,000,000	48,960,528	0	48,960,528	0
MANHATTAN ASSET FUNCPABS4	05/23/16	03/28/16	03/28/16	38,800,000	38,769,822	0	38,769,822	0
MONROE COUNTY DEVELOPMENT AUTHORITY	01/01/36	03/30/16	03/30/16	26,600,000	26,600,000	3,067	26,603,067	0
NRW/BANKCP	04/26/16	03/23/16	03/23/16	25,000,000	24,989,493	0	24,989,493	0
NATIONAL AUSTRALIA BANK LTD/NEW YORK	07/25/16	03/11/16	03/14/16	3,000,000	3,005,709	4,772	3,010,481	0

## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NEW YORK LOCAL GOVERNMENT ASSISTANCE CORP	04/01/24	03/30/16	03/30/16	24,120,000	24,120,000	2,636	24,122,636	0
ORTHOPAEDIC HOSPITAL OF WISCONSIN LLC	03/01/39	03/01/16	03/07/16	5,460,000	5,460,000	403	5,460,403	0
SOCIETE GENERALE, PCP4-2	03/21/16	03/18/16	03/18/16	37,000,000	36,999,013	0	36,999,013	0
SOCIETE GENERALE, PCP4-2	03/21/16	03/18/16	03/18/16	50,000,000	49,998,667	0	49,998,667	0
STARBIRD FUNDING CORP	09/07/16	03/11/16	03/11/16	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING CORP	09/07/16	03/11/16	03/11/16	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING CORP	09/08/16	03/14/16	03/14/16	45,000,000	45,000,000	0	45,000,000	0
SUMITOMO MITSUI BANC DYAN	04/04/16	03/28/16	03/28/16	50,000,000	50,002,813	81,889	50,084,702	0
SUMITOMO MITSUI BANC DYAN	04/04/16	03/28/16	03/28/16	50,000,000	50,002,813	81,889	50,084,702	0
SUMITOMO MITSUI BANC DYAN	04/04/16	03/28/16	03/28/16	25,000,000	25,001,407	40,944	25,042,351	0
SVENSKA HANDELSBANK CP4-2	09/14/16	03/14/16	03/14/16	50,000,000	49,780,222	0	49,780,222	0
TORONTO-DOMINION BANK/NY	03/14/17	03/10/16	03/14/16	50,000,000	50,000,000	0	50,000,000	0
UBS FINANCE (DELAWARE)	03/10/16	03/03/16	03/03/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/10/16	03/03/16	03/03/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/10/16	03/03/16	03/03/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/10/16	03/03/16	03/03/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/10/16	03/03/16	03/03/16	10,000,000	9,999,261	0	9,999,261	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	10,000,000	9,999,261	0	9,999,261	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/17/16	03/10/16	03/10/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/24/16	03/17/16	03/17/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/24/16	03/17/16	03/17/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/24/16	03/17/16	03/17/16	30,000,000	29,997,783	0	29,997,783	0
UBS FINANCE (DELAWARE)	03/31/16	03/24/16	03/24/16	30,000,000	29,997,783	0	29,997,783	0
UBS FINANCE (DELAWARE)	03/31/16	03/24/16	03/24/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWARE)	03/31/16	03/24/16	03/24/16	50,000,000	49,996,306	0	49,996,306	0
WELLS FARGO & CO	06/15/16	03/09/16	03/14/16	20,000,000	20,148,400	0	20,513,958	0
WELLS FARGO & CO	06/15/16	03/30/16	04/04/16	15,000,000	15,091,058	29,102	15,120,159	0
WELLS FARGO BANK NA	09/15/16	03/15/16	03/15/16	50,000,000	50,000,000	0	50,000,000	0
WELLS FARGO BANK NA	09/15/16	03/15/16	03/15/16	50,000,000	50,000,000	0	50,000,000	0
WESTPAC BANKING CORP4-2	09/16/16	03/16/16	03/16/16	50,000,000	49,776,389	0	49,776,389	0
WESTPAC BANKING CORP4-2	09/16/16	03/16/16	03/16/16	50,000,000	49,776,389	0	49,776,389	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/04/16	03/04/16	1,319,473	1,319,473	0	1,319,473	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/07/16	03/07/16	815,730	815,730	0	815,730	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/09/16	03/09/16	1,751,131	1,751,131	0	1,751,131	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/10/16	03/10/16	319,981	319,981	0	319,981	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/14/16	03/14/16	1,286,477	1,286,477	0	1,286,477	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/15/16	03/15/16	1,624,389	1,624,389	0	1,624,389	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/17/16	03/17/16	330,326	330,326	0	330,326	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/21/16	03/21/16	4,283,974	4,283,974	0	4,283,974	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/23/16	03/23/16	2,368,639	2,368,639	0	2,368,639	0

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Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/24/16	03/24/16	224,173	224,173	0	224,173	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/29/16	03/29/16	1,285,714	1,285,714	0	1,285,714	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/31/16	03/31/16	243,582,641	243,582,641	0	243,582,641	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	03/31/16	03/31/16	65,000,000	65,000,000	0	65,000,000	0
BANK OF AMERICA TRIPARTY	03/02/16	03/01/16	03/01/16	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	03/03/16	03/02/16	03/02/16	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	03/04/16	03/03/16	03/03/16	205,000,000	205,000,000	0	205,000,000	0
BANK OF AMERICA TRIPARTY	03/07/16	03/04/16	03/04/16	615,000,000	615,000,000	0	615,000,000	0
DEUTSCHE BANK	03/08/16	03/07/16	03/07/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/08/16	03/07/16	03/07/16	330,000,000	330,000,000	0	330,000,000	0
DEUTSCHE BANK	03/09/16	03/08/16	03/08/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/09/16	03/08/16	03/08/16	645,000,000	645,000,000	0	645,000,000	0
DEUTSCHE BANK	03/10/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/10/16	03/09/16	03/09/16	150,000,000	150,000,000	0	150,000,000	0
DEUTSCHE BANK	03/11/16	03/10/16	03/10/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/11/16	03/10/16	03/10/16	610,000,000	610,000,000	0	610,000,000	0
DEUTSCHE BANK	03/14/16	03/11/16	03/11/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/14/16	03/11/16	03/11/16	550,000,000	550,000,000	0	550,000,000	0
DEUTSCHE BANK	03/15/16	03/14/16	03/14/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/15/16	03/14/16	03/14/16	375,000,000	375,000,000	0	375,000,000	0
RBC TRIPARTY	03/16/16	03/15/16	03/15/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/16/16	03/15/16	03/15/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/16/16	03/15/16	03/15/16	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	03/17/16	03/16/16	03/16/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/17/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/17/16	03/16/16	03/16/16	75,000,000	75,000,000	0	75,000,000	0
MIZUHO TRIPARTY	03/18/16	03/17/16	03/17/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/18/16	03/17/16	03/17/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/18/16	03/17/16	03/17/16	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	03/21/16	03/18/16	03/18/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/21/16	03/18/16	03/18/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	03/22/16	03/21/16	03/21/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/22/16	03/21/16	03/21/16	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	03/23/16	03/22/16	03/22/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/23/16	03/22/16	03/22/16	235,000,000	235,000,000	0	235,000,000	0
BANK OF AMERICA TRIPARTY	03/24/16	03/23/16	03/23/16	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	03/24/16	03/23/16	03/23/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	03/28/16	03/24/16	03/24/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/28/16	03/24/16	03/24/16	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	03/29/16	03/28/16	03/28/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/29/16	03/28/16	03/28/16	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	03/30/16	03/29/16	03/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/30/16	03/29/16	03/29/16	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	03/31/16	03/30/16	03/30/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/31/16	03/30/16	03/30/16	420,000,000	420,000,000	0	420,000,000	0
MIZUHO TRIPARTY	04/01/16	03/31/16	03/31/16	15,000,000	15,000,000	0	15,000,000	0



## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	04/01/16	03/31/16	03/31/16	650,000,000	650,000,000	0	650,000,000	0
<b>Total Buys</b>				<b>15,886,291,648</b>	<b>15,884,058,597</b>	<b>253,532</b>	<b>15,884,677,687</b>	<b>0</b>
<b>Deposits</b>								
SVENSKA HANDELSBANKTD CAY 0.36 20160302	03/02/16	03/01/16	03/01/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160303	03/03/16	03/02/16	03/02/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160304	03/04/16	03/03/16	03/03/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160307	03/07/16	03/04/16	03/04/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160308	03/08/16	03/07/16	03/07/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160309	03/09/16	03/08/16	03/08/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160310	03/10/16	03/09/16	03/09/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160311	03/11/16	03/10/16	03/10/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160314	03/14/16	03/11/16	03/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160315	03/15/16	03/14/16	03/14/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160317	03/17/16	03/16/16	03/16/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160318	03/18/16	03/17/16	03/17/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160321	03/21/16	03/18/16	03/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160322	03/22/16	03/21/16	03/21/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160323	03/23/16	03/22/16	03/22/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160324	03/24/16	03/23/16	03/23/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160328	03/28/16	03/24/16	03/24/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160329	03/29/16	03/28/16	03/28/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160330	03/30/16	03/29/16	03/29/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160331	03/31/16	03/30/16	03/30/16	200,000,000	200,000,000	0	200,000,000	0
<b>Total Deposits</b>				<b>4,000,000,000</b>	<b>4,000,000,000</b>	<b>0</b>	<b>4,000,000,000</b>	<b>0</b>
<b>Maturities</b>								
ANGLESEA FUNDING LLC PAB54	03/01/16	03/01/16	03/01/16	177,700,000	177,700,000	0	177,700,000	0
ANTALIS S.A, CPAB54CPAB54	03/16/16	03/16/16	03/16/16	193,950,000	193,950,000	0	193,950,000	0
ANTALIS S.A, CPAB54CPAB54	03/23/16	03/23/16	03/23/16	40,000,000	40,000,000	0	40,000,000	0
ATLANTIC ASSET SECUCPAB54	03/04/16	03/04/16	03/04/16	212,189,000	212,189,000	0	212,189,000	0
BMO HARRIS BANK NA	03/14/16	03/14/16	03/14/16	10,000,000	10,000,000	0	10,000,000	0
BANK OF MONTREAL (CCDYAN	03/10/16	03/10/16	03/10/16	200,000,000	200,000,000	0	200,000,000	0
BNP PARIBAS SACP4-2	03/02/16	03/02/16	03/02/16	200,000,000	200,000,000	0	200,000,000	0
BNP PARIBAS SACP4-2	03/15/16	03/15/16	03/15/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP4-2	03/16/16	03/16/16	03/16/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SA/NEW YORK NY	03/28/16	03/28/16	03/28/16	75,000,000	75,000,000	0	75,000,000	0
RABOBANK NEDERLAND NV UTRECHT 20160318 +20BP	03/18/16	03/18/16	03/18/16	40,000,000	40,000,000	0	40,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/02/16	03/02/16	03/02/16	75,000,000	75,000,000	0	75,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/04/16	03/04/16	03/04/16	103,508,000	103,508,000	0	103,508,000	0
COOPERATIEVE RABOBANK UA/NY	03/08/16	03/08/16	03/08/16	215,700,000	215,700,000	0	215,700,000	0
RABOBANK NEDERLAND CP	03/10/16	03/10/16	03/10/16	65,000,000	65,000,000	0	65,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/22/16	03/22/16	03/22/16	160,000,000	160,000,000	0	160,000,000	0
RABOBANK NEDERLAND CP	03/23/16	03/23/16	03/23/16	159,870,000	159,870,000	0	159,870,000	0
COOPERATIEVE RABOBANK UA/NY	03/24/16	03/24/16	03/24/16	100,000,000	100,000,000	0	100,000,000	0
COOPERATIEVE RABOBANK UA/NY	03/28/16	03/28/16	03/28/16	290,000,000	290,000,000	0	290,000,000	0

## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND CP	03/29/16	03/29/16	03/29/16	207,000,000	207,000,000	0	207,000,000	0
RABOBANK NEDERLAND CP	03/30/16	03/30/16	03/30/16	135,900,000	135,900,000	0	135,900,000	0
COOPERATIEVE RABOBANK UA/NY	03/31/16	03/31/16	03/31/16	350,000,000	350,000,000	0	350,000,000	0
CREDIT AGRICOLE CORCP	03/16/16	03/16/16	03/16/16	26,000,000	26,000,000	0	26,000,000	0
CREDIT AGRICOLE CORCP	03/17/16	03/17/16	03/17/16	64,000,000	64,000,000	0	64,000,000	0
CREDIT AGRICOLE CORCP	03/21/16	03/21/16	03/21/16	32,000,000	32,000,000	0	32,000,000	0
CREDIT AGRICOLE CORCP	03/22/16	03/22/16	03/22/16	37,950,000	37,950,000	0	37,950,000	0
CREDIT AGRICOLE CORCDYAN	03/24/16	03/24/16	03/24/16	120,000,000	120,000,000	0	120,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/02/16	03/02/16	03/02/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/09/16	03/09/16	03/09/16	250,000,000	250,000,000	0	250,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/16/16	03/16/16	03/16/16	250,000,000	250,000,000	0	250,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/23/16	03/23/16	03/23/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT INDUSTRIEL ECDYAN	03/30/16	03/30/16	03/30/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT SUISSE, ZURICDYAN	03/03/16	03/03/16	03/03/16	200,000,000	200,000,000	0	200,000,000	0
DZ BANK AG DEUTSCHECDYAN	03/23/16	03/23/16	03/23/16	165,000,000	165,000,000	0	165,000,000	0
EXXON MOBIL CORP,CP	03/03/16	03/03/16	03/03/16	220,000,000	220,000,000	0	220,000,000	0
GOTHAM FUNDING CORPCPABS4	03/07/16	03/07/16	03/07/16	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	03/10/16	03/10/16	03/10/16	115,000,000	115,000,000	0	115,000,000	0
GOTHAM FUNDING CORPCPABS4	03/14/16	03/14/16	03/14/16	100,000,000	100,000,000	0	100,000,000	0
GOTHAM FUNDING CORPCPABS4	03/22/16	03/22/16	03/22/16	110,000,000	110,000,000	0	110,000,000	0
LMA-AMERICAS LLCPCPABS4-2	03/09/16	03/09/16	03/09/16	69,000,000	69,000,000	0	69,000,000	0
LMA-AMERICAS LLCPCPABS4-2	03/14/16	03/14/16	03/14/16	12,700,000	12,700,000	0	12,700,000	0
MIZUHO BANK LTD/NY	03/16/16	03/16/16	03/16/16	200,000,000	200,000,000	0	200,000,000	0
MIZUHO BANK LTD,CDYAN	03/03/16	03/03/16	03/03/16	32,600,000	32,600,000	0	32,600,000	0
NRW,BANKCP	03/30/16	03/30/16	03/30/16	350,000,000	350,000,000	0	350,000,000	0
NATIONAL AUSTRALIA CP4-2	03/18/16	03/18/16	03/18/16	50,000,000	50,000,000	0	50,000,000	0
NATIONWIDE BUILDINGCP4-2	03/04/16	03/04/16	03/04/16	30,250,000	30,250,000	0	30,250,000	0
NATIONWIDE BUILDINGCP4-2	03/08/16	03/08/16	03/08/16	90,000,000	90,000,000	0	90,000,000	0
NATIONWIDE BUILDINGCP4-2	03/09/16	03/09/16	03/09/16	25,000,000	25,000,000	0	25,000,000	0
NATIONWIDE BUILDINGCP4-2	03/14/16	03/14/16	03/14/16	100,000,000	100,000,000	0	100,000,000	0
NATIONWIDE BUILDINGCP4-2	03/21/16	03/21/16	03/21/16	150,000,000	150,000,000	0	150,000,000	0
NATIONWIDE BUILDINGCP4-2	03/30/16	03/30/16	03/30/16	20,000,000	20,000,000	0	20,000,000	0
SOCIETE GENERALE, PCP4-2	03/21/16	03/21/16	03/21/16	87,000,000	87,000,000	0	87,000,000	0
STANDARD CHARTERED CP4-2	03/02/16	03/02/16	03/02/16	75,000,000	75,000,000	0	75,000,000	0
STANDARD CHARTERED CDYAN	03/09/16	03/09/16	03/09/16	25,000,000	25,000,000	0	25,000,000	0
STANDARD CHARTERED CDYAN	03/04/16	03/04/16	03/04/16	100,000,000	100,000,000	0	100,000,000	0
STANDARD CHARTERED CDYAN	03/24/16	03/24/16	03/24/16	25,000,000	25,000,000	0	25,000,000	0
STARBIRD FUNDING COCPABS4	03/10/16	03/10/16	03/10/16	49,500,000	49,500,000	0	49,500,000	0
STARBIRD FUNDING COCPABS4	03/17/16	03/17/16	03/17/16	47,000,000	47,000,000	0	47,000,000	0
SVENSKA HANDELSBANKCDYAN	03/11/16	03/11/16	03/11/16	200,000,000	200,000,000	0	200,000,000	0
TORONTO DOMINION HOC4-2	03/23/16	03/23/16	03/23/16	15,000,000	15,000,000	0	15,000,000	0
UBS FINANCE (DELAWACP	03/10/16	03/10/16	03/10/16	260,000,000	260,000,000	0	260,000,000	0
UBS FINANCE (DELAWACP	03/17/16	03/17/16	03/17/16	260,000,000	260,000,000	0	260,000,000	0
UBS FINANCE (DELAWACP	03/24/16	03/24/16	03/24/16	130,000,000	130,000,000	0	130,000,000	0
UBS FINANCE (DELAWACP	03/31/16	03/31/16	03/31/16	130,000,000	130,000,000	0	130,000,000	0
BANK OF AMERICA TRIPARTY	03/01/16	03/01/16	03/01/16	575,000,000	575,000,000	0	575,000,000	0

## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	03/02/16	03/02/16	03/02/16	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	03/03/16	03/03/16	03/03/16	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	03/04/16	03/04/16	03/04/16	205,000,000	205,000,000	0	205,000,000	0
BANK OF AMERICA TRIPARTY	03/07/16	03/07/16	03/07/16	615,000,000	615,000,000	0	615,000,000	0
DEUTSCHE BANK	03/08/16	03/08/16	03/08/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/08/16	03/08/16	03/08/16	330,000,000	330,000,000	0	330,000,000	0
DEUTSCHE BANK	03/09/16	03/09/16	03/09/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/09/16	03/09/16	03/09/16	645,000,000	645,000,000	0	645,000,000	0
DEUTSCHE BANK	03/10/16	03/10/16	03/10/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/10/16	03/10/16	03/10/16	150,000,000	150,000,000	0	150,000,000	0
DEUTSCHE BANK	03/11/16	03/11/16	03/11/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/11/16	03/11/16	03/11/16	610,000,000	610,000,000	0	610,000,000	0
DEUTSCHE BANK	03/14/16	03/14/16	03/14/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/14/16	03/14/16	03/14/16	550,000,000	550,000,000	0	550,000,000	0
DEUTSCHE BANK	03/15/16	03/15/16	03/15/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/15/16	03/15/16	03/15/16	375,000,000	375,000,000	0	375,000,000	0
RBC TRIPARTY	03/16/16	03/16/16	03/16/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/16/16	03/16/16	03/16/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/16/16	03/16/16	03/16/16	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	03/17/16	03/17/16	03/17/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/17/16	03/17/16	03/17/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/17/16	03/17/16	03/17/16	75,000,000	75,000,000	0	75,000,000	0
MIZUHO TRIPARTY	03/18/16	03/18/16	03/18/16	15,000,000	15,000,000	0	15,000,000	0
DEUTSCHE BANK	03/18/16	03/18/16	03/18/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	03/18/16	03/18/16	03/18/16	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	03/21/16	03/21/16	03/21/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/21/16	03/21/16	03/21/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	03/22/16	03/22/16	03/22/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/22/16	03/22/16	03/22/16	180,000,000	180,000,000	0	180,000,000	0
MIZUHO TRIPARTY	03/23/16	03/23/16	03/23/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/23/16	03/23/16	03/23/16	235,000,000	235,000,000	0	235,000,000	0
BANK OF AMERICA TRIPARTY	03/24/16	03/24/16	03/24/16	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	03/24/16	03/24/16	03/24/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	03/28/16	03/28/16	03/28/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/28/16	03/28/16	03/28/16	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	03/29/16	03/29/16	03/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/29/16	03/29/16	03/29/16	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	03/30/16	03/30/16	03/30/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/30/16	03/30/16	03/30/16	230,000,000	230,000,000	0	230,000,000	0
MIZUHO TRIPARTY	03/31/16	03/31/16	03/31/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	03/31/16	03/31/16	03/31/16	420,000,000	420,000,000	0	420,000,000	0
SVENSKA HANDELSBANKTD CAY 0.27 20160301	03/01/16	03/01/16	03/01/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160302	03/02/16	03/02/16	03/02/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160303	03/03/16	03/03/16	03/03/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160304	03/04/16	03/04/16	03/04/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160307	03/07/16	03/07/16	03/07/16	200,000,000	200,000,000	0	200,000,000	0



## TRADING ACTIVITY FOR MARCH 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTD CAY 0.36 20160308	03/08/16	03/08/16	03/08/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160309	03/09/16	03/09/16	03/09/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160310	03/10/16	03/10/16	03/10/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160311	03/11/16	03/11/16	03/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160314	03/14/16	03/14/16	03/14/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160315	03/15/16	03/15/16	03/15/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160317	03/17/16	03/17/16	03/17/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160318	03/18/16	03/18/16	03/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160321	03/21/16	03/21/16	03/21/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160322	03/22/16	03/22/16	03/22/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160323	03/23/16	03/23/16	03/23/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160324	03/24/16	03/24/16	03/24/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160328	03/28/16	03/28/16	03/28/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160329	03/29/16	03/29/16	03/29/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160330	03/30/16	03/30/16	03/30/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTD CAY 0.36 20160331	03/31/16	03/31/16	03/31/16	200,000,000	200,000,000	0	200,000,000	0
<b>Total Maturities</b>				<b>20,543,817,000</b>	<b>20,543,817,000</b>	<b>0</b>	<b>20,543,817,000</b>	<b>0</b>
<b>Sells</b>								
BEDFORD ROW FUNDING CORP	04/14/16	03/03/16	03/04/16	25,000,000	25,003,850	6,770	25,010,620	3,850
TOYOTA MOTOR CREDIT CORP	05/17/16	03/01/16	03/02/16	21,100,000	21,119,047	7,452	21,126,499	6,570
TOYOTA MOTOR CREDIT CORP	05/17/16	03/01/16	03/02/16	300,000	300,271	106	300,377	100
TOYOTA MOTOR CREDIT CORP	05/17/16	03/01/16	03/02/16	2,000,000	2,001,805	706	2,002,512	653
TOYOTA MOTOR CREDIT CORP	05/17/16	03/01/16	03/02/16	1,420,000	1,421,282	502	1,421,783	474
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/01/16	03/01/16	1,529,716	1,529,716	0	1,529,716	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/02/16	03/02/16	80,668	80,668	0	80,668	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/02/16	03/02/16	542,575	542,575	0	542,575	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/03/16	03/03/16	818,609	818,609	0	818,609	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/08/16	03/08/16	523,174	523,174	0	523,174	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/08/16	03/08/16	1,226,751	1,226,751	0	1,226,751	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/08/16	03/08/16	1,143,671	1,143,671	0	1,143,671	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/11/16	03/11/16	1,064,257	1,064,257	0	1,064,257	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/16	03/16/16	438,637	438,637	0	438,637	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/16	03/16/16	1,037,737	1,037,737	0	1,037,737	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/18/16	03/18/16	877,004	877,004	0	877,004	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/18/16	03/18/16	1,319,473	1,319,473	0	1,319,473	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/18/16	03/18/16	815,730	815,730	0	815,730	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/18/16	03/18/16	23,310	23,310	0	23,310	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/22/16	03/22/16	2,474,421	2,474,421	0	2,474,421	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/28/16	03/28/16	1,727,822	1,727,822	0	1,727,822	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/28/16	03/28/16	319,981	319,981	0	319,981	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/28/16	03/28/16	1,286,477	1,286,477	0	1,286,477	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/28/16	03/28/16	1,257,783	1,257,783	0	1,257,783	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/30/16	03/30/16	973,561	973,561	0	973,561	0
<b>Total Sells</b>				<b>69,301,355</b>	<b>69,327,610</b>	<b>15,537</b>	<b>69,343,147</b>	<b>11,647</b>



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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**





# State Board of Administration FY 2016-17 Proposed Budget

SBA Operations  
FRS Investment Plan  
Florida Hurricane Catastrophe Fund

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Division of Bond Finance  
Florida Prepaid College Board

**May 10, 2016**



# State Board of Administration FY 2016-17 Proposed Budget

SBA Operating Budget  
May 10, 2016

# SBA Proposed Budget FY 2016-17

## Asset Management

- Assets Under Management (AUM)
  - \$179 billion AUM as of 4/20/16 (est. market value)
- 35 Mandates

Mandate	% of Total \$
FRS Pension Plan	80%
FRS Investment Plan	5%
Florida PRIME	5%
32 Other Mandates	10%

# SBA Proposed Budget FY 2016-17

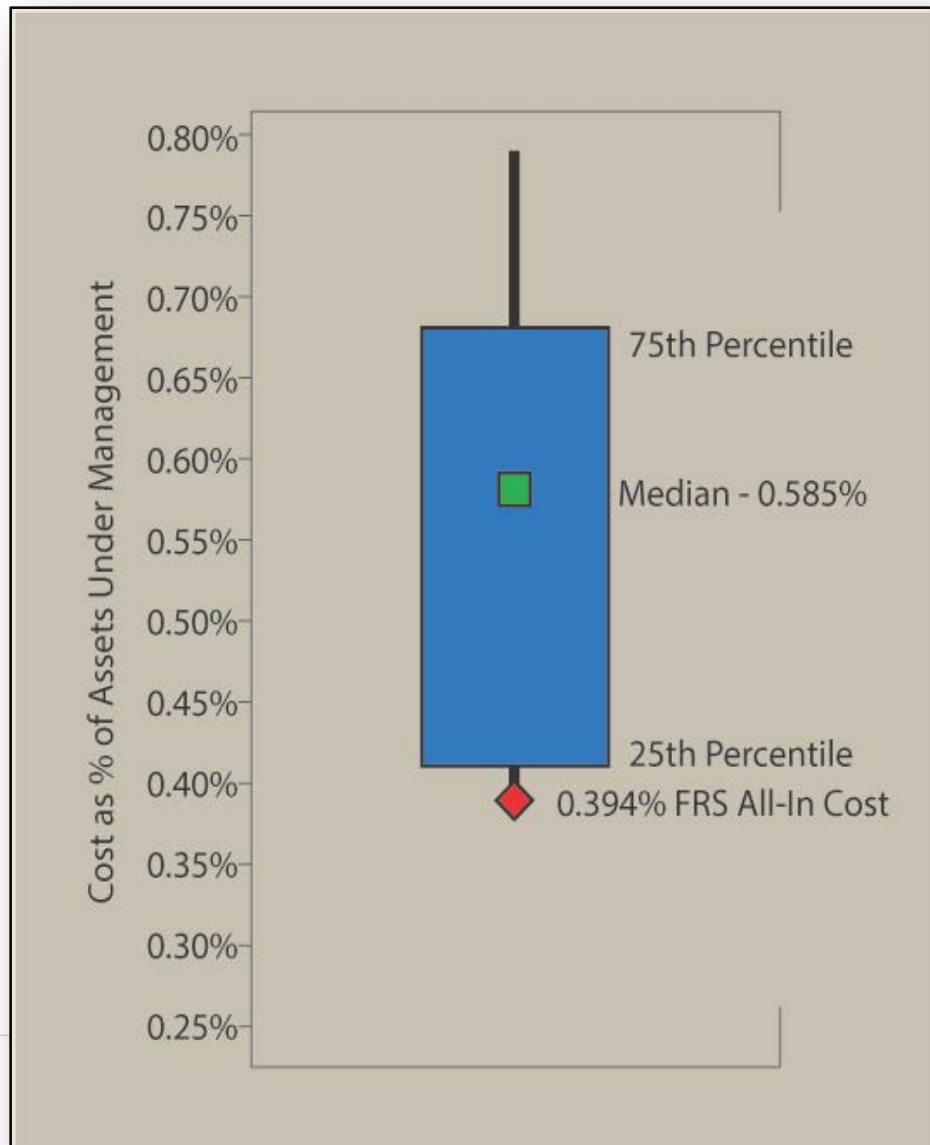
## SBA Performance

- Three legs of Pension Plan's long-term financial health
  - Solid long-term investment performance
  - Receipt of actuarially required annual contributions
  - Responsible benefit package
- SBA's record of long-term investment performance is solid
  - \$2 of every \$3 paid to a retiree has come from investment gains, not from taxpayers or participants through contributions
  - Every dollar earned through investment performance is a dollar saved by Florida's taxpayers
- Pension Fund net asset value (as of 3/31/16) has risen \$57.75 billion since 3/9/09 bottom despite \$39.7 billion in payouts (net of contributions), so fund investments have returned \$97.4 billion over last 7 years.
  - Value added by the SBA vs. its benchmark during that period was \$7.3 billion

# CEM Benchmarking Study Background

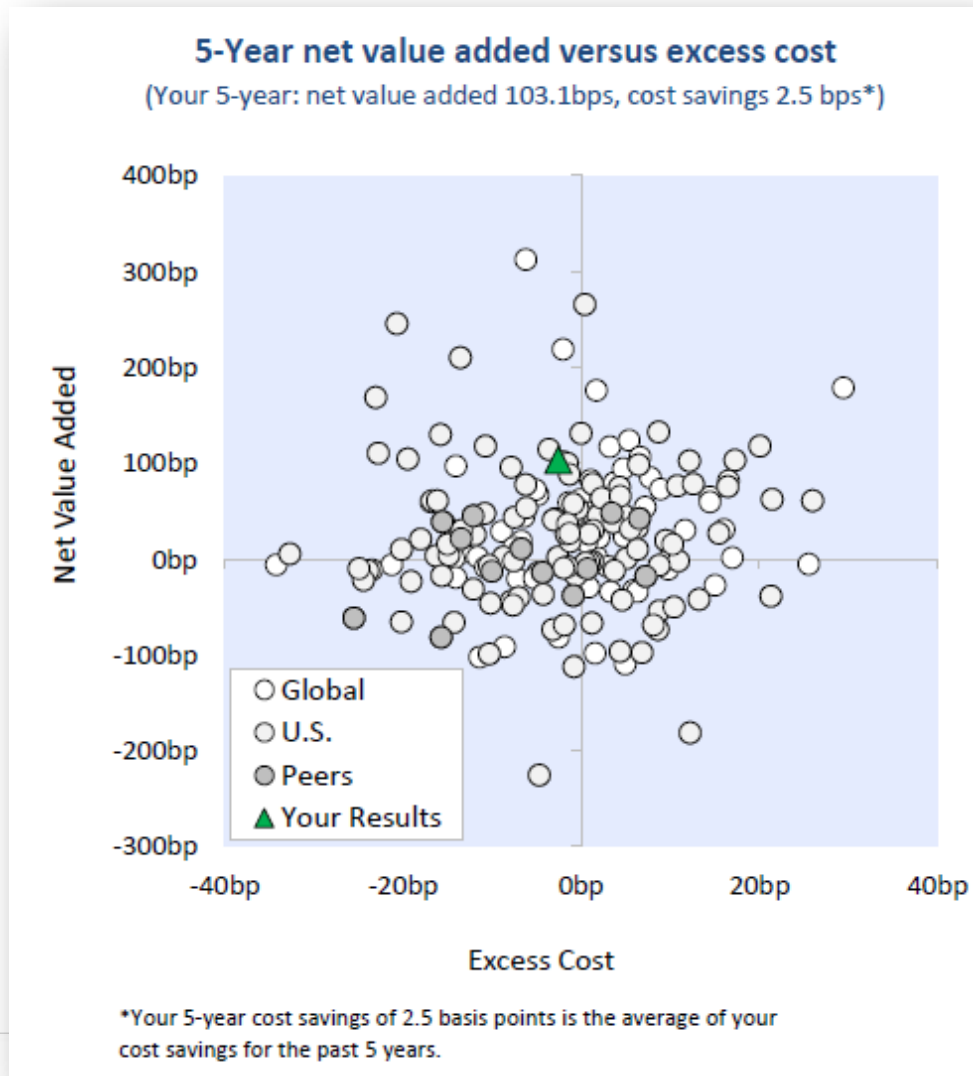
- SBA's total investment management costs and return are benchmarked against peers annually through CEM study.
- Cost is major determinant of net investment performance
- Study includes both SBA budgeted costs and other investment management costs, all charged against portfolio performance

# CEM Benchmarking Study Background



For the third year in a row, at 39.4 basis points (0.394%), the SBA's all-in cost for managing the FRS Pension Plan was the lowest among its peer group in the calendar year 2014 study.

# CEM Benchmarking Study Background



CEM evaluates:

- Value Added  
(Performance vs. Benchmark)
- Risk
- Costs

SBA's 5-yr performance placed in most favorable quadrant

- Positive value added at low cost

Source: CEM Benchmarking, Inc.

# SBA Proposed Budget FY 2016-17

## Cost Effectiveness

- SBA's ability to manage a significant portion of assets in-house is major driver of cost effectiveness
  - 42.7% of FRS assets are managed in-house by SBA staff (as of Feb 2016)
- Thus, strategic emphasis on staff recruitment, development and retention, and technology support
- Demographics of organization reveal importance and urgency of succession planning, mentoring and providing career development opportunities
  - 44 FTEs (20% of workforce) are in DROP now or eligible to retire within the next 3 years
    - 27 of these hold management positions (25% of all managers)



# SBA Proposed Budget FY 2016-17

## Strategic Priorities

Progress achieved as a direct result of prior budget support:

- Holistically designed policy and managed assets with respect to evolving market environment, benefit and regulatory reform, funding policy, and liquidity needs
- Implemented and enhanced programs for recruiting, developing and retaining qualified staff
- Improved information management and sharing, collaboration and process efficiency
- Enhanced resilience of the SBA to timely respond to a variety of incidents/risks, appropriately and effectively
- Aligned the long-term resource plan to future business requirements
- Continued to refine Governance, Risk, and Compliance programs

# SBA Proposed Budget FY 2016-17

## Total Budget \$44.1 Million

- 5% increase requested over FY 2015-16 budget of \$42 million
- 4.5% increase in AUM (estimated) this fiscal year so SBA service fees will cover increased costs
- Budgeted cost per dollar under management
  - 2.4 bps on \$180 billion projected average AUM FY17
- Composition

Budget Category	Dollars (M)	% of Total
Salaries and Benefits	\$27.6	63%
Other Personal/Contractual Services	10.0	24%
Expense	5.8	13%
Capital Outlay	<u>0.7</u>	<u>2%</u>
Total	\$44.1	100%

# SBA Proposed Budget FY 2016-17

## Cost Drivers

- Growing number and complexity of investments
  - Reflects current policy to increase diversification, mitigate downside risk and more effectively compound capital over time
  - Growth in number of private market accounts/partnerships
  - Requires skilled staff and significant technology support
- Rigorous control environment and technological and physical infrastructure expected of a high-performing, trusted institutional investment service provider
- Increased in-house investment management, though cost-effective, continues to require additional information technology resources and infrastructure improvements
- New regulatory burdens – e.g., Dodd-Frank compliance

# SBA Proposed Budget FY 2016-17

## In-House Investment Management

	Internal		External	
Date	%	\$ in Bill.	%	\$ in Bill.
12/31/2015	42.7%	\$60.59	57.3%	\$81.43
12/31/2014	42.6%	\$62.39	57.4%	\$84.18
12/31/2013	42.3%	\$60.77	57.7%	\$83.02
12/31/2012	41.5%	\$53.33	58.5%	\$75.29
12/31/2011	43.4%	\$51.30	56.6%	\$66.94
12/31/2010	36.3%	\$45.10	63.7%	\$79.11

# SBA Proposed Budget FY 2016-17

## Cost Drivers

- More competitive labor market for talented staff
  - Impacts new positions and existing staff
  - Requires proactive management of human capital risk
    - Compensation
    - Training/development
    - Succession planning/Talent management
- Increased benefit rates/premiums (determined by Legislature)
  - Legislative increases in retirement contribution rates and health insurance premiums for new and existing staff
  - SBA estimated 5% dental insurance premium increase since last increase in FY2012-13

# SBA Proposed Budget FY 2016-17

## Two Proposed New Positions

### Investments (1 FTE):

- ***Quantitative Analyst II*** within Strategic Investments to enable a realignment of workload due to growth resulting from increased policy target allocation from 6% (2010) to 12% (2014), ensuring appropriate due diligence, investment oversight, and relationship management. New Analyst will focus more on data analytics and quantitative risk management.

### Oversight & Controls (1 FTE):

- ***Accountant*** within Private Markets section of Accounting to realign workload overflow of existing accounts, and absorb projected new account growth of 40+ partnerships/funds due to increased policy target allocations in the private market asset classes.

# SBA Proposed Budget FY 2016-17

## Increase By Category

- Salaries \$2,103,200
  - \$103,200 Salary rate for 2 new positions
  - \$750,000 Recruitment and retention salary rate to reduce human capital risk
    - Equivalent of 4.3% of FY2015-16 salaries
  - \$1 million Balance of Incentive Reserve for 50% of FY15/16 Awards under Incentive Program recommended by the Investment Advisory Council (IAC)
    - Funding for awards will be triggered by pension fund's outperformance v. its benchmark
    - Initial performance measurement period 7/1/15-6/30/16
    - Awards for FY15/16 period, if earned, payable over 2 years
      - 50% in Fall 2016 and 50% deferred until Fall 2017
  - \$250,000 Leave Liability resources to meet retirement/termination payouts



# SBA Proposed Budget FY 2016-17

## Increase By Category

- Compensation program recommended by the Investment Advisory Council (IAC)
  - Ensures alignment with interests of stakeholders
  - Linked to business strategy and key performance indicators
  - Establishes competitive objective (median of appropriate public fund peers)
  - Differentiated awards that reflect employees' relative contributions
  - Includes incentive component for key positions



# SBA Proposed Budget FY 2016-17

## Increase/(Decrease) By Category

- Benefits \$408,025

Increase of \$408,025 (6.1%) driven by two new position requests combined with health insurance premium and employer retirement rate contribution changes adopted during the 2016 Legislative Session. An estimated 5% dental insurance premium increase is included. Premiums have been flat since FY2012-13.

- Other Personal/Contractual Services (-\$290,339)

Overall decrease of \$290,339 (-2.8%) achieved by service provider consolidations, contract re-negotiations, and realignment of priorities, despite incremental fee increases driven by asset growth (pricing services, ratings, CUSIPs, etc.)

# SBA Proposed Budget FY 2016-17

## Increase/(Decrease) By Category

- Expense (-\$50,866)

Overall decrease of \$50,866 (-0.9%) achieved by minor reductions in repairs and maintenance, travel, training, office materials, supplies and equipment, netted against a 3% annual rent increase.

- \$88,041 (-8.4%) decrease in computer equipment maintenance costs through benchmarking initiatives
- \$59,800 (3%) annual rent escalation increase
- \$12,619 (-1.5%) decrease in due diligence travel as a result of savings recognized through self-service booking at better discounts
- \$2,688 (-1.7%) decrease in Training budget due to more web-based options
- \$7,354 (-5.1%) decrease in computer equipment and related electronic devices < \$1,000, and reference book resources (replaced by digital).

- Other Capital Outlay (-\$52,600)

Overall decrease of \$52,600 (-6.3%) in allocation for technology hardware additions/replacements, while maintaining a high functioning network system with redundant security layers for primary and back up data centers

# SBA Proposed Budget FY 2016-17

## Proposed Funding Plan

- F.S. 215.515 provides that SBA may make reasonable charges for investment services
- No change in current fee structure
  - Florida PRIME - 1.0 bps
  - Bond Trusteeship – 1.0 bps
  - Other Assets – 2.25 bps
- Revenue for FY2016-17 is estimated to be \$40.1M
- To the extent actual operating costs exceed service fees, difference will be drawn from the SBA Administrative Trust Fund.

Revenue Source	Fee Structure	Fee Base (\$B)	Revenue (\$M)	% of Total Revenue
FRS Pension Plan & Others	2.25 bps	\$162	\$36.5	91%
Florida PRIME	1.0 bps	\$9	\$0.9	2%
Bond Trusteeship	1.0 bps	\$17	\$1.7	4%
Others	Fixed Fees	n/a	<u>\$1.1</u>	<u>3%</u>
			\$40.1	100%

# SBA Proposed Budget FY 2016-2017

## SBA Budget Detail By Line Item

Description	Fiscal Year 2015-2016	Fiscal Year 2016-2017	% Change
<b>FTE</b>	<b>198.75</b>	<b>200.75</b>	
<b>Salary &amp; Benefits</b>	<b>25,074,568</b>	<b>27,585,793</b>	<b>10.0%</b>
<b>Salary Subtotal</b>	<b>18,399,698</b>	<b>20,502,898</b>	<b>11.4%</b>
Salaries	16,924,698	17,427,898	
Recruitment & Retention Rate	400,000	750,000	
Leave Liability Payments & Incentive Reserve	1,000,000	2,250,000	
Moving Expense Stipend	75,000	75,000	
<b>Benefit Subtotal</b>	<b>6,674,870</b>	<b>7,082,895</b>	<b>6.1%</b>
Social Security	1,290,054	1,409,659	
Retirement	1,796,497	1,946,250	
Health Insurance	3,333,127	3,461,333	
Life insurance	11,005	8,721	
Disability Insurance	6,930	7,261	
Dental Insurance	237,257	249,670	
<b>Other Personal/Contractual Svcs</b>	<b>10,276,742</b>	<b>9,986,403</b>	<b>-2.8%</b>
Temporary Employment	183,550	180,050	
Other Contractual Services	10,093,192	9,806,353	
<b>Expense</b>	<b>5,845,929</b>	<b>5,795,063</b>	<b>-0.9%</b>
Repairs & Maintenance	1,252,227	1,164,186	
Rental of Building/Equipment	2,081,600	2,141,436	
Travel	1,132,942	1,120,323	
Training	162,688	160,000	
Communications	286,900	286,900	
Freight & Postage	78,000	78,000	
Insurance & Surety Bonds	57,355	57,355	
Ofc Materials/Supplies/Equipment	441,605	434,251	
Other Charges & Obligations	300,112	300,112	
Printing	40,500	40,500	
Unemployment Compensation	12,000	12,000	
<b>Other Capital Outlay</b>	<b>833,650</b>	<b>781,050</b>	<b>-6.3%</b>
Network Security/IT Equipment	833,650	781,050	
<b>TOTALS</b>	<b>42,030,888</b>	<b>44,148,309</b>	<b>5.0%</b>

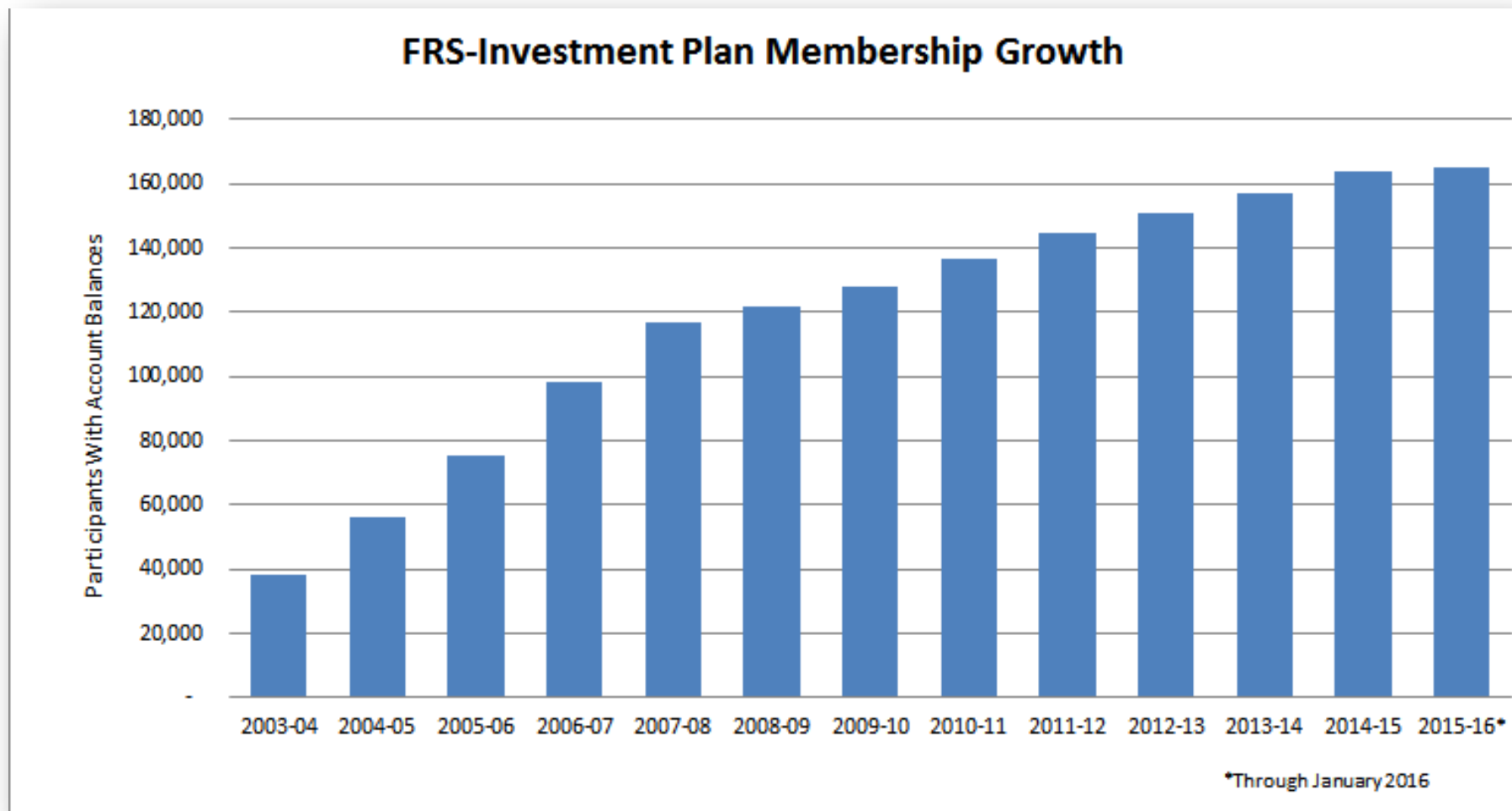
FRS Investment Plan  
Proposed FY 2016-17 Budget  
May 10, 2016

# FRS Investment Plan

## Budget Overview

- Projected Investment Plan (IP) budget totals \$30.2 million for FY 2016-17, essentially unchanged from the FY 2015-16 budget of \$30.2 million
- Plan expenses are funded from 2 sources:
  1. Proposed operating budget - \$24.4 million
    - Funded by 6bps (beginning 7/1/16) of employer payroll (est. \$16.9 million) and drawdown of IP Administrative Trust Fund (est. \$7.5 million)
  2. Forfeiture Account - \$5.9 million (est.)
    - Funded by forfeitures from employer contributions and benefits transferred from the Pension Plan to IP member accounts that do not vest
    - Only plan expenses that meet IRS criteria can be paid from this account
- Forfeiture Account 6/30/17 (projected) balance < \$10,000
- The IP Administrative Trust Fund reserve is estimated to be less than one-quarter (\$5.7 million at 6/30/17) of the preferred \$24 million one-year reserve balance.
- The SBA plans to return to the Legislature for a tiered multi-year basis point fee increase to prevent a negative \$2.3 million trust fund balance by the end of FY2018.

# FRS-Investment Plan Membership Growth





# FRS Investment Plan

## Total Budget

Description	Fiscal Year 2015-2016	Fiscal Year 2016-2017	% Change
<b>FTE</b>	<b>6</b>	<b>7</b>	
<b>Salaries &amp; Benefits</b>	<b>\$994,723</b>	<b>\$1,182,776</b>	<b>18.9%</b>
<b>Salary Subtotal</b>	<b>\$748,765</b>	<b>\$898,609</b>	<b>20.0%</b>
Salaries	661,815	719,465	
Recruitment & Retention	15,950	29,144	
Leave Liability Payments & Incentive Reserve	71,000	150,000	
<b>Benefits Subtotal</b>	<b>\$245,957</b>	<b>\$284,166</b>	<b>15.5%</b>
Social Security	56,625	66,429	
Retirement	70,279	79,044	
Health Insurance	110,609	128,486	
Life insurance	327	327	
Disability Insurance	280	280	
Dental Insurance	7,836	9,600	
<b>Other Personal/Contractual Srvcs.</b>	<b>\$22,832,986</b>	<b>\$22,873,694</b>	<b>0.2%</b>
Temporary Employment	15,000	20,000	
Other Contractual Services	22,817,986	22,853,694	
<b>Expense</b>	<b>\$283,203</b>	<b>\$250,830</b>	<b>-11.4%</b>
Repairs & Maintenance	83,000	83,000	
Rental of Building/Equipment	48,633	54,455	
Travel	101,650	67,900	
Insurance & Surety Bonds	1,000	1,000	
Ofc Materials/Supplies/Equipment	6,700	6,700	
Other Charges & Obligations	20,220	15,775	
Printing	22,000	22,000	
<b>Other Capital Outlay</b>	<b>\$13,000</b>	<b>\$13,000</b>	<b>0.0%</b>
IT Equipment	13,000	13,000	
<b>Total Proposed Operating Budget</b>	<b>\$24,123,911</b>	<b>\$24,320,300</b>	<b>0.8%</b>
<b>Projected Spending from Forfeiture Account</b>	<b>6,100,000</b>	<b>5,900,000</b>	<b>-3.3%</b>
<b>TOTAL INVESTMENT PLAN BUDGET</b>	<b>\$30,223,911</b>	<b>\$30,220,300</b>	<b>-0.01%</b>

### NOTES:

- Total Investment Plan Expenses estimated at \$30.2M for FY2017, \$4,288 (-0.01%) less than FY2016
- Expenditures from Administrative Trust Fund (operating budget) estimated at \$24.3M (0.8% increase over FY2016), plus projected expenditures of \$5.9M (3.3% decrease from FY2016) from Forfeiture Account.
- Salary budget includes funding for 1 additional FTE (DC Specialist) @ \$41,700; \$29,144 (4.3%) Recruitment & Retention salary rate to mitigate human capital risk; and increased Leave Liability & Incentive Reserve resources to fully fund potential incentive reserve, and leave expenses for retiring/terminating staff.
- Increased health insurance premiums and employer retirement contribution rates adopted during the 2016 Legislative session. Dental premium increase anticipated, plus the addition of an FTE.



Florida Hurricane Catastrophe Fund  
Proposed FY 2016-17 Budget  
May 10, 2016

# Florida Hurricane Catastrophe Fund

## Budget Detail By Line Item

Description	Fiscal Year 2015-2016	Fiscal Year 2016-2017	% Change
<b>Salaries &amp; Benefits (13 FTE)</b>	<b>\$1,643,631</b>	<b>\$1,823,157</b>	<b>10.9%</b>
<b>Salary Subtotal</b>	<b>\$1,200,017</b>	<b>\$1,338,788</b>	<b>11.6%</b>
Salaries	1,080,282	1,160,017	
Recruitment & Retention Rate	26,035	47,572	
Leave Liability Payments	93,700	93,700	
Moving Expense	0	37,500	
<b>Benefit Subtotal</b>	<b>\$443,615</b>	<b>\$484,369</b>	<b>9.2%</b>
Social Security	87,915	93,389	
Retirement	108,923	133,326	
Health Insurance	229,440	238,618	
Life insurance	720	748	
Disability Insurance	443	461	
Dental Insurance	16,175	17,828	
<b>Other Personal/Contractual Svcs</b>	<b>\$5,328,302</b>	<b>\$5,442,326</b>	<b>2.1%</b>
Temporary Employment	15,560	31,120	
Other Contractual Services	5,312,742	5,411,206	
<b>Expense</b>	<b>\$464,200</b>	<b>\$477,147</b>	<b>2.8%</b>
Repairs & Maintenance	1,000	500	
Rental of Building/Equipment	91,700	98,283	
Travel/Training (excluding Methodology)	96,500	96,700	
Methodology Commission Travel	240,200	248,214	
Insurance & Surety Bonds	2,000	2,000	
Ofc Materials/Supplies/Equipment	17,000	16,500	
Other Charges & Obligations	8,800	8,950	
Printing	7,000	6,000	
<b>Other Capital Outlay</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>0.0%</b>
IT Equipment	5,000	5,000	
<b>TOTAL BUDGET</b>	<b>\$7,441,133</b>	<b>\$7,747,630</b>	<b>4.1%</b>

### NOTES:

- Total Proposed Operating Budget of \$7.7M is \$300,000 higher (4.1%) than FY2015-16. It assumes no major storms triggering new losses in FY 2017.
- Total Budget is less than 1% of projected annual insurer contract premiums, which fund these expenses.
- Salary budget increase of \$137,665 (11.5%) to mitigate human capital risk. Includes three components: additional rate to recruit retired COO replacement \$53,700; \$37,500 moving expense stipend (15% of salary); and new Recruitment & Retention rate pool of \$47,572 (4.3% of salaries) to manage staffing changes during FY2017.
- Increased employer paid retirement contribution rates and health insurance premium increases adopted by the 2016 Legislature. Anticipated increase (5%) in SBA Dental insurance premiums for FY2017.
- \$114,000 (2.1%) increase in Other Personal/ Contractual Services for professional recruitment assistance, temporary employment to support workload during transition, and new flood standards modeling related expenses.
- \$12,947 (2.8%) increase in Expenses due to annual rent escalations, and increased travel for Methodology Commission members to adopt new flood standards.

Division of Bond Finance  
Proposed FY 2016-17 Budget  
May 10, 2016

# Division of Bond Finance

## Budget Detail By Line Item

Description	Fiscal Year 2015-2016	Fiscal Year 2016-2017	% Change
<b>Salaries &amp; Benefits (17 FTE)</b>	<b>\$2,257,390</b>	<b>\$2,606,785</b>	<b>15.5%</b>
Salary Subtotal	\$1,642,892	\$1,967,321	19.7%
Salaries	1,595,930	1,634,392	
Recruitment & Retention Rate	38,462	70,279	
Leave Liability Payments & Incentive Reserve	8,500	262,650	
Benefits Subtotal	\$614,498	\$639,464	4.1%
Social Security	125,573	143,370	
Retirement	176,781	181,439	
Health Insurance	290,753	291,756	
Life insurance	926	730	
Disability Insurance	675	545	
Dental Insurance	19,790	21,624	
<b>Other Personal/Contractual Svcs</b>	<b>\$1,943,358</b>	<b>\$2,334,685</b>	<b>20.1%</b>
Temporary Employment	45,600	45,600	
Other Contractual Services	1,897,758	2,289,085	
<b>Expense</b>	<b>\$447,968</b>	<b>\$463,539</b>	<b>3.5%</b>
Repairs & Maintenance	9,200	9,200	
Rental of Building/Equipment	201,965	210,085	
Travel	67,000	67,000	
Communication	51,560	52,520	
Freight/Postage	21,000	21,000	
Insurance & Surety Bonds	3,231	3,231	
Ofc Materials/Supplies/Equipment	31,043	31,115	
Other Charges & Obligations	9,169	9,289	
Printing	53,800	60,100	
<b>Other Capital Outlay</b>	<b>\$28,000</b>	<b>\$28,000</b>	<b>0.0%</b>
Furniture/Equipment/Books	28,000	28,000	
<b>TOTALS</b>	<b>\$4,676,716</b>	<b>\$5,433,010</b>	<b>16.2%</b>

### NOTES:

- Proposed Budget of \$5.4M represents an increase of \$756,300 (16.2%) over the FY2015-16 Budget.
- Budget is based on 23 potential bond issues, 15% more than the 20 bond issues planned for the current fiscal year.
- No new positions requested. Salary budget includes Recruitment & Retention salary rate of \$70,279 (4.3%) to mitigate human capital risk, and \$254,150 to fund the approved incentive compensation program.
- Increased employer paid retirement contribution rates and health insurance premium increases adopted by the 2016 Legislature. Anticipated increase (5%) in SBA Dental insurance premiums for FY2017.
- \$391,327 (20%) increase to Other Personal/Contractual Services primarily due to increased transaction costs associated with rating agency and bond counsel fees for a greater number of budgeted transactions.

Florida Prepaid College Board  
Proposed FY 2016-17 Budget  
May 10, 2016



# Florida Prepaid College Board

## Budget Detail By Line Item

Description	Fiscal Year 2015-2016	Fiscal Year 2016-2017	% Change
<b>Salaries &amp; Benefits (20 FTE)</b>	<b>\$2,542,264</b>	<b>\$2,666,490</b>	<b>4.9%</b>
<b>Salary Subtotal</b>	<b>\$1,865,857</b>	<b>\$1,946,089</b>	<b>4.3%</b>
Salaries	1,765,284	1,819,298	
Recruitment & Retention Rate	54,014	80,232	
Leave Liability Payments & Incentive Reserve	46,559	46,559	
<b>Benefit Subtotal</b>	<b>\$676,407</b>	<b>\$720,401</b>	<b>6.5%</b>
Social Security	135,679	135,679	
Retirement	171,752	190,106	
Health Insurance	341,840	365,177	
Life insurance	902	902	
Disability Insurance	582	582	
Dental Insurance	25,650	27,954	
<b>Other Personal Services</b>	<b>\$17,754,007</b>	<b>\$17,893,757</b>	<b>0.8%</b>
Temporary Employment	36,000	36,000	
Other Contractual Services	17,718,007	17,857,757	
<b>Expense</b>	<b>\$274,861</b>	<b>\$321,961</b>	<b>17.1%</b>
Repairs & Maintenance	5,000	5,000	
Rental of Building/Equipment	84,750	121,850	
Travel	30,740	40,740	
Communications	73,500	73,500	
Freight & Postage	4,705	4,705	
Insurance & Surety Bonds	15,000	15,000	
Ofc Materials/Supplies/Equipment	10,666	10,666	
Other Charges & Obligations	10,000	10,000	
Printing	40,500	40,500	
<b>Other Capital Outlay</b>	<b>\$41,100</b>	<b>\$41,100</b>	<b>0.0%</b>
Furniture/Equipment/Books	41,100	41,100	
<b>TOTALS</b>	<b>\$20,612,232</b>	<b>\$20,923,308</b>	<b>1.5%</b>

### NOTES:

- Proposed Budget of \$20.9M represents a 1.5% increase over the FY2015-16 budget.
- The Florida Prepaid College Board approved the budget on March 24, 2016, except as noted, including any subsequent benefit changes adopted by the 2016 Legislature in the General Appropriations Act.
- \$80,232 (4.3%) Salary Recruitment and Retention resources, subject to approval of the Florida Prepaid College Board, to mitigate human capital risk.
- The 2016 Legislature adopted increases for employer paid retirement contributions and health insurance premiums for FY2016-17. The SBA also anticipates a 5% Dental Insurance premium increase.
- \$139,750 (0.08%) increase in Other Contractual Services
  - Actuarial increase of \$1,750 as previously agreed to in the contract terms
  - Records Administrator fee increase of \$138,000 for plans anticipated to be purchased during the 2016-17 Open Enrollment period
- \$47,100 (17%) Expense increase due to contractual rent increase and additional leased space for recent growth in staff. New travel resources are also requested for the five new positions
- No changes in OCO budget.

## Authority & Governance

- State Board of Administration
- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance
- Florida Prepaid College Board

## **State Board of Administration**

### **Authority & Governance**

The original State Board of Administration (SBA) was created by statute in 1929 as the fiscal agent for counties and special road and bridge districts for the purpose of paying debt service on their bonds. The SBA was later established as a constitutional body corporate in 1942 by Section 16 of Article IX of the 1885 Constitution of the State of Florida, for the purpose of administering the Second Gas Tax for the benefit of Florida counties and county road bonds. As a result of a constitutional amendment, effective January 2003, the Governor as chairman, the Chief Financial Officer as treasurer, and the Attorney General as secretary serve as the three-member body corporate, collectively known as the Board of Trustees.

The Trustees have statutory authority to invest assets and discharge their duties in accordance with the limitations on investments as outlined in section 215.47, Florida Statutes, and in compliance with certain federal fiduciary standards of loyalty, care and prudence that are incorporated into sections 121.4501(15), 215.44(2)(a) and 215.27(10), Florida Statutes. The Trustees appoint the Executive Director & Chief Investment Officer (CIO), review his/her performance and compensation on an annual basis, establish broad policy guidelines (e.g., Investment Policy Statements) and delegate the daily administrative and investment authority to the SBA Executive Director & Chief Investment Officer, who is held to the same fiduciary standards as the Trustees. On February 9, 2012 the role of the SBA Chief Risk & Compliance Officer was codified through Investment Policy Statements approved by the Trustees. The SBA Executive Director & CIO appoints the Chief Risk & Compliance Officer, whose selection, compensation, and termination requires affirmation by the Board. An Investment Advisory Council (IAC) appointed by the Trustees provides advice on investment policy and strategy, and a Participant Local Government Advisory Council (PLGAC) provides advice on the administration of Florida PRIME (formerly known as the Local Government Investment Pool).

Section 215.44(2), Florida Statutes provides for an Audit Committee appointed by the Trustees to assist them in fulfilling oversight responsibilities, serving as an independent and objective party to monitor processes for financial reporting, internal controls, risk assessment, audit processes, and compliance with laws, rules, and regulations, plus directing the efforts of the Board's independent external auditors and the Board's internal audit staff. The Chief Audit Executive reports functionally to the Audit Committee and administratively to the SBA Executive Director & CIO. The SBA Executive Director & CIO authorizes salary changes for the Chief Audit Executive in consultation with the Audit Committee. In addition to the oversight of the Trustees and various advisory groups, the SBA is subject to review by the Auditor General of Florida, Office of Program Policy Analysis & Government Accountability, Office of Internal Audit, Office of Inspector General, Chief Risk & Compliance Office, and the Florida Legislature. The Florida Legislature provides for the operational flexibility required to meet the SBA's specialized responsibilities and fiduciary duties, relative to other public entities. The SBA is not funded by general revenue, has a measurable bottom line and benchmarks against which success and accountability can be assessed.

### **Primary Purpose**

The SBA fulfills a critical role for the State of Florida as a multi-asset class investment management organization investing and safeguarding assets on behalf of trust funds and a variety of state and local government entities. The SBA manages 25 different investment funds housing the assets of 35 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.
- The Lawton Chiles Endowment Fund (LCEF), which originated from tobacco litigation settlement monies as a perpetual source of enhanced funding for Florida health maintenance and research programs related to tobacco use.

**Additional responsibilities that do not directly involve asset management include:**

- Providing retirement planning support to approximately 630,000 active members of the Florida Retirement System through the MyFRS Financial Guidance Program originating under the 2000 PEORP legislation.
- Administering the Florida Hurricane Catastrophe Fund (FHCF) and its associated programs, including the SBA Finance Corporation (formerly FHCF Finance Corporation) and the Insurance Capital Build-up Program.
- Serving as an investment consultant to retirement programs administered by other state agencies including the State of Florida Deferred Compensation Program and State University Optional Retirement Program.
- Administering all debt service funds for bonds issued pursuant to the State Bond Act, as well as serving as trustee and escrow agent for bonds issued by the Division of Bond Finance.
- Providing administrative support for the Division of Bond Finance and the Florida Prepaid College Board Programs.
- Providing administrative support to the Audit Committee, Investment Advisory Council, and Participant Local Government Advisory Council.

**Operational Structure**

The Executive Director & Chief Investment Officer and staff (198.75 total FTE) manage the day to day operations of the SBA. The SBA Executive Director & CIO approves compensation for all employees (unless otherwise stipulated herein) pursuant to authority granted in Florida Administrative Code Rule 19-3.016. The SBA staff consists primarily of executive, investment, financial/accounting, operational, and administrative professionals focused on safeguarding and prudently growing the assets of the FRS Pension Plan and the other assets entrusted to it over the long-term. The SBA is committed to providing superior investment and trust services while adhering to the highest ethical, fiduciary and professional standards of care.

**Budget Entities**

The SBA Operating Budget includes resources to perform functional responsibilities for all but the following programs, which have their own legally required budgets and underlying funding sources:

- FRS Investment Plan
- Florida Hurricane Catastrophe Fund
- Division of Bond Finance (Reports to other Boards)
- Florida Prepaid College Board (Reports to other Boards)

## **Florida Retirement System (FRS) Investment Plan**

### **Authority & Governance**

The 2000 Florida Legislature created the FRS Investment Plan within the Florida Retirement System (FRS). The Investment Plan (operationally referred to as the Office of Defined Contribution Programs) is administered by the State Board of Administration (SBA) and is governed by the Trustees pursuant to Section 121.4501(8), F.S. The Legislature established the Investment Plan Trust Fund in Section 121.4502, F.S.

### **Primary Purpose**

The Office of Defined Contribution Programs serves two primary purposes for the state:

- 1) The FRS Investment Plan. This is the 401(a) defined contribution plan that employees may choose in lieu of the FRS Pension Plan (the traditional defined benefit plan). Investment Plan benefits accrue in individual member accounts that are participant-directed, portable, and funded by employee and employer contributions and earnings. The Office of Defined Contribution Programs is also responsible for the FRS retirement plan choice enrollments.
- 2) The MyFRS Financial Guidance Program. These are the educational resources that support employees' choice between retirement plans and provide approximately 630,000 employees with the information necessary to make informed decisions about choices within their Plan and in preparation for retirement.

### **Operational Structure**

The Office of Defined Contribution Programs, which includes FRS Investment Plan administrative costs and the Financial Guidance Program costs, are budgeted and accounted for separately from the SBA operating budget. Beginning its 14<sup>th</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 6 FTE, including the Chief of Defined Contribution Programs.

## **Florida Hurricane Catastrophe Fund**

### **Authority and Governance**

The Florida Hurricane Catastrophe Fund (FHCF) is a tax-exempt trust fund created in November 1993 during a Special Session of the Legislature in the aftermath of Hurricane Andrew. The FHCF was created in Section 215.555, Florida Statutes with the purpose of improving the availability and affordability of property insurance in Florida by providing reimbursements to insurers for a portion of their catastrophic hurricane losses. Also included in provisions of Section 215.555 is the creation of a not for profit public benefit corporation, known as the State Board of Administration Finance Corporation governed by the Board of Directors. The FHCF is under the direction and control of the State Board of Administration (SBA), guided by the same trustee leadership of the Governor, Chief Financial Officer, and Attorney General. A nine-member Advisory Council (consisting of an actuary, a meteorologist, an engineer, a representative of insurers, a representative of insurance agents, a representative of reinsurers, and three consumers who are representative of other affected professions and industries) was established to provide the SBA with information and advice.

Funding for the administration of the FHCF is provided for in Section 215.555, Florida Statutes. Financing for the FHCF is obtained from a combination of three sources: 1) reimbursement premiums charged to participating insurers, 2) investment earnings, and 3) emergency assessments levied against all property and casualty lines of business in the state, including surplus lines, but excluding workers' compensation, federal flood, accident and health insurance, and (for losses prior to May 31, 2019) medical malpractice premiums. Monies in the FHCF may not be expended, loaned, or appropriated except to pay obligations of the FHCF from reimbursement contracts entered into under subsection (4), payment of debt service on revenue bonds issued under subsection (6), costs of the mitigation program under subsection (7), costs of procuring reinsurance, and costs of administration of the FHCF. The SBA invests the monies of the FHCF pursuant to Sections 215.44-215.52, Florida Statutes. Earnings from all investments are retained in the FHCF except for monies appropriated for mitigation which is limited to 35% of investment earnings and a minimum of \$10 million annually.

### **Primary Purpose**

The purpose of the FHCF is to protect and advance the State's interest in maintaining insurance capacity in Florida. The FHCF program fulfills a unique and critical role for the state of Florida by serving as a state-administered reinsurance type of program and is mandatory for 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 on structures and contents in Florida are required to enter into a reimbursement contract with the SBA, to report their exposures, to pay premiums, and to report losses by calendar year-end or at other times as required by the SBA. The FHCF provides very economical coverage for insurers writing residential insurance in the state. The cost of FHCF coverage is less than the cost of private reinsurance due to the FHCF's tax-exempt status, low administrative costs, and lack of a profit or risk-load. In the event of insufficient funds to meet obligations under the reimbursement agreements, the State Board of Administration Finance Corporation has the ability to issue tax-exempt revenue bonds. The FHCF is obligated to pay losses to participating insurers only to the extent of the FHCF's actual claims-paying capacity up to a statutory limit for any single contract year.

### **Operational Structure**

The Chief Operating Officer of the Florida Hurricane Catastrophe Fund manages the day-to-day operations of the FHCF, assisted by staff (13 total FTE). The FHCF staff manages substantial program responsibilities with additional support from external service providers. Responsibilities include, but are not limited to, proposing legislation; responding to legislative requests; implementing legislation; rulemaking; providing information to participating insurers; conducting insurer training workshops; managing and executing the Exposure and Loss Reimbursement Examination Programs; processing and approving loss reimbursement payment requests; finalizing all claims and losses through a commutation process; determining bonding capacity; issuing tax-exempt revenue bonds; collecting emergency assessments pledged to debt service; raising capital in the financial markets to increase claims paying ability; evaluating risk transfer options; executing risk transfer agreements; staffing the activities of the State Board of Administration Finance Corporation including complying with the covenants of all outstanding Bonds and Notes; preparing financial statements and revenue projections; coordinating the activities of a number of external service providers; meeting and discussing policy issues with the FHCF Advisory Council; staffing the Florida Commission on Hurricane Loss Projection Methodology, which determines and develops the standards and the review process that is the basis for evaluating hurricane models used in residential ratemaking in Florida; and administering the SBA Insurance Capital Build-up Incentive Program.

## **Division of Bond Finance**

### **Authority and Governance**

Statutory authority for the Division of Bond Finance is provided for in the state Constitution (primarily Articles VII and XII, the State Bond Act (s.215.57-215.83, Florida Statutes), the Bond Validation Act (chapter 75, Florida Statutes) and various implementing sections of the Florida Statutes. The Division of Bond Finance (the “Division”) was transferred to the State Board of Administration from the Department of General Services on July 1, 1992. The Division is organized into three sections that report to a Division Director, who in turn reports to a governing board consisting of the Governor and Cabinet. The three sections are Legal, Bond Programs, and Arbitrage Compliance.

### **Primary Purpose**

The mission of the Division is to provide capital financing on behalf of state agencies and at the option of certain local agencies, typically by issuing tax-exempt bonds. The proceeds of these bonds are used to finance schools, state office buildings, roads, bridges, pollution control facilities, water treatment facilities, prisons and to acquire environmentally sensitive land. Additional Division responsibilities include structuring and conducting bond sales; collecting, maintaining and disseminating information on tax-exempt bonds issued by units of local government; administering the Private Activity Bond Allocation Program as required by federal law; coordinating the continuing annual disclosure of information relating to bonds that it issues; and monitoring tax-exempt securities it issues for compliance with federal arbitrage laws.

### **Operational Structure**

The Division manages the Bond and Arbitrage Compliance programs with 17 FTE, including the Division Director. Fifteen of the positions are allocated to the Legal and Bond Program functions within the Division, operationally supported by the Bond Fee Trust Fund. The legal staff performs a wide range of legal services for the Division, and bond program staff performs the financial and analytical services for new and refunding bond issues. Two positions are allocated to the Arbitrage section, operationally supported by the Arbitrage Compliance Trust Fund. The Arbitrage staff is responsible for monitoring bonds issued by the Division for compliance with federal arbitrage regulations in accordance with the 1986 Tax Reform Act.

Revenue for Division programs is derived from fees charged to each state or local agency requesting services related to the sale of bond issues and fees collected in relation to the Arbitrage Compliance Program. Fees are charged in accordance with a schedule of fees adopted by the Division as required by Florida Statutes. Fees are deposited into the Bond Fee Trust Fund to support Legal and Bond Program operations and the Arbitrage Compliance Trust Fund to support the Arbitrage Program operations.

## **Florida Prepaid College Board**

### **Authority and Governance**

Sections 1009.97-1009.984, 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 Saving 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 families to defer income taxes on investment earnings, and if the earnings are used for qualified education expenses, the earnings are tax-free. Families may choose to invest in any of eleven customized investment options and decide how much and how often they want to save for college. The funds accumulated in each family’s account can be used for any qualified 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.