

# MEETING OF THE STATE BOARD OF ADMINISTRATION

GOVERNOR DESANTIS AS CHAIR  
CHIEF FINANCIAL OFFICER PATRONIS  
ATTORNEY GENERAL MOODY

December 15, 2020

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**ITEM 1. APPROVAL OF THE SEPTEMBER 22, 2020 MEETING MINUTES**

(See Attachment 1)

**ACTION REQUIRED**

**ITEM 2. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$450,000,000 FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, 2021 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED)**

(See Attachment 2)

**ACTION REQUIRED**

**ITEM 3. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$12,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2020 (SERIES TO BE DESIGNATED) (JACKSON FOREST)**

(See Attachment 3)

**ACTION REQUIRED**

**ITEM 4. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$152,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY REIMBURSEMENT REVENUE BONDS, SERIES 2021A**

(See Attachment 4)

**ACTION REQUIRED**

- ITEM 5. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$54,100,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 5)**

**ACTION REQUIRED**

- ITEM 6. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$17,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 6)**

**ACTION REQUIRED**

- ITEM 7. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$20,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY MANDATORY STUDENT FEE REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 7)**

**ACTION REQUIRED**

- ITEM 8. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$12,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)**

**(See Attachment 8)**

**ACTION REQUIRED**

- ITEM 9. REQUEST APPROVAL OF DRAFT LETTERS TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING “THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE MONTHLY FLORIDA PRIME SUMMARY REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS” FOR THE THIRD QUARTER OF 2020, (SECTION 218.409(6)(a)1, F.S.)**

**(See Attachment 9)**

**ACTION REQUIRED**

- ITEM 10. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING “THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE AUDITOR GENERAL’S ANNUAL FINANCIAL AUDIT OF LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME) Report No. 2021-054 AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS.” (SECTION 218.409(6)(a)1, F.S.)**

**(See Attachment 10)**

**ACTION REQUIRED**

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

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

**(See Attachment 11)**

**ACTION REQUIRED**

- ITEM 12. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULE 19-8.029, F.A.C., INSURER REPORTING REQUIREMENTS AND RESPONSIBILITIES, AND TO FILE THIS RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.**

**(See Attachment 12)**

**ACTION REQUIRED**

**ITEM 13. REQUEST APPOINTMENT OF THE CHAIR FOR THE FLORIDA COMMISSION ON HURRICANE LOSS PROJECTION METHODOLOGY.**

Each year, the SBA is required by Section 627.0628(2)(d), F.S., to appoint a Commission member to serve as Chair. It is recommended that Floyd Yager be reappointed to serve as Chair. A copy of Mr. Yager's biography and a list of all Commission members are provided.

**(See Attachment 13)**

**ACTION REQUIRED**

**ITEM 14. REQUEST APPROVAL OF THE APPOINTMENT OF ROBB TURNER TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).**

**(See Attachment 14)**

**ACTION REQUIRED**

**ITEM 15. REQUEST APPROVAL OF THE REAPPOINTMENT OF PETER JONES TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).**

**(See Attachment 15)**

**ACTION REQUIRED**

**ITEM 16. REQUEST APPROVAL OF THE REAPPOINTMENT OF PETER COLLINS TO THE INVESTMENT ADVISORY COUNCIL (S. 215.444, F.S.).**

**(See attachment 16)**

**ACTION REQUIRED**



**ITEM 17. QUARTERLY REPORTS (Q2) PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES**

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

**(See Attachment 17)**

**INFORMATION/DISCUSSION ITEMS**

**ITEM 18. QUARTERLY REPORTS (Q3) PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES**

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

**(See Attachment 18)**

**INFORMATION/DISCUSSION ITEMS**

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

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

**(See Attachment 19)**

**ACTION REQUIRED**

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND CABINET

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

DATE: SEPTEMBER 22, 2020

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

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

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1                   **STATE BOARD OF ADMINISTRATION**

2

3                   GOVERNOR DESANTIS: Okay. Ash Williams.

4                   EXECUTIVE DIRECTOR WILLIAMS: Good morning,

5 Governor --

6                   GOVERNOR DESANTIS: Governor.

7                   EXECUTIVE DIRECTOR WILLIAMS: -- Trustees,

8 Cabinet members.

9                   I'm with Director Watkins, by the way. Good

10 to be back. And I had to take my mask off because

11 I haven't figured out how to wear a mask and not

12 have my glasses fog up. I thought it would

13 probably be good if I could actually read my stuff.

14                  CFO PATRONIS: Nice garnet tie.

15                  EXECUTIVE DIRECTOR WILLIAMS: Let's open with

16 some performance, as usual, if we could, please.

17 Given that the longer data series of calendar year

18 to date versus fiscal year to date is the calendar

19 year, let's start there.

20                  As of last night's close, the Fund is up

21 1.55 percent. That's a hundred basis points ahead

22 of target. The balance of the Florida Retirement

23 System Trust Fund stands at \$167.2 billion dollars.

24 That's down 2.5 billion from where we started the

25 year, net of distributions of approximately five

1 billion for benefit payments.

2                  Now to contrast the volatility we saw during

3 the second half of March and the first half of

4 April -- because we just sent out a monthly

5 Trustees' report that was numbers as of March 30,

6 and you would have probably looked at those numbers

7 and seen something like this and thought: What

8 have those people been doing out on Hermitage

9 Boulevard and blown this big hole in our fund? And

10 what you're not seeing is the next phase, which was

11 the other side of the V.

12                  So consider this: If you look at the fiscal

13 year numbers from July 1 through last night's

14 close, we're up 4.85 percent, 59 basis points ahead

15 of target. It's the same Fund balance, 167.2, of

16 course, but there's a \$6.5 billion gain. That's

17 the level of volatility we've seen.

18                  You've seen an entire business cycle

19 compressed into about a 60-day period and all of

20 the bells and whistles surrounding that. Director

21 Watkins talked about the interest rates. CFO, you

22 mentioned employment and various employers and the

23 dislocation this has caused in various industries.

24                  I spoke to the CEO of a major hotel company

25 a couple of weeks ago. This was one in which

1 we had -- we, the State Board -- had had an  
2 investment in Miami Beach that we sold in January  
3 of 2019. When we sold that hotel, it brought the  
4 highest price per key for any hotel ever sold in  
5 north America. It's occupancy last month was 13  
6 percent. That's how severe this thing has been.  
7 It's a real dislocation.

8 So absent any questions on performance, I'll  
9 jump into our modest 21-item agenda.

10 GOVERNOR DESANTIS: Well, the -- I mean it  
11 seems like, you know, there was a panic in March,  
12 but then it just roared back; and I wonder -- it  
13 seems to me that as you look to see what's  
14 happened, particularly in areas that have done real  
15 Draconian restrictions on people being able to do  
16 businesses, that the pandemic has been a boon for  
17 like Amazon and some of these big companies. It's  
18 been really difficult on a lot of mom and pops.  
19 And you look at some of these places around the  
20 country, I mean some of those will never come back,  
21 I mean period.

22 And so I -- while I think it's good that, you  
23 know, this is happening, it just seems to me, you  
24 know, that the market has kind of shrugged us off  
25 to a certain extent, I think. And I just wondered,

1 do you think that's just a reflection of the fact  
2 that some of the biggest companies are probably  
3 doing better than ever and it's not a reflection of  
4 some of the challenges that we're seeing on main  
5 street?

6 EXECUTIVE DIRECTOR WILLIAMS: I couldn't share  
7 your view more thoroughly. I think there's been a  
8 very real disconnect between financial markets and  
9 the real economy. There are a lot of families that  
10 are seriously hurt by this whole situation, and  
11 what we're seeing -- and you touched on it out in  
12 Anaheim, CFO -- is some of the furloughs are  
13 turning into permanent cuts.

14 CFO PATRONIS: Uh-huh.

15 EXECUTIVE DIRECTOR WILLIAMS: And there are  
16 industries and companies that are impaired, won't  
17 come back, and it's going to be years.

18 I mean what I'm hearing in financial market  
19 circles is the timeframe on completely being out of  
20 the fog on this is not measurable in months, it's  
21 measurable in years in terms of recovery,  
22 employment, productivity, et cetera, and the  
23 impacts that we'll see on existing industries, like  
24 office real estate; residential real estate;  
25 urbanization. Where do young people want to be?

1 Do they want to be in New York, Los Angeles, San  
2 Francisco, or do they want to be in Lake -- in  
3 Apopka? You know, where do they feel they'll have  
4 a better quality of life? Because now they're  
5 realizing they can work remotely. And if they can  
6 be, you know, over on Highway 30A and working  
7 remotely and in a comfortable place and be  
8 20 minutes away from a nice new airport, not a bad  
9 way of life. So all of that has got to sort itself  
10 out.

11 And I think you're seeing just in the past few  
12 days in financial markets some correction in the  
13 way the industries that were perceived to be  
14 recipients of a tailwind from the pandemic and  
15 social isolation, Amazon, networking companies,  
16 Zoom --

17 CFO PATRONIS: Uh-huh.

18 EXECUTIVE DIRECTOR WILLIAMS: -- those sorts  
19 of entities that have enabled people to function  
20 remotely without going to the store the way they  
21 normally would, without going to work the way they  
22 normally would, those -- a lot of those names that  
23 have run up like mad over the past few months  
24 corrected pretty heavily in the past day or two,  
25 and they're now back to where they were in May.

1 Likewise, you started seeing a rotation into  
2 what I would call more of the fundamentals. One of  
3 the other things you're seeing with this going on  
4 is production and distribution have been disrupted  
5 around the world.

6 CFO PATRONIS: Uh-huh.

7 EXECUTIVE DIRECTOR WILLIAMS: So you saw  
8 lumber futures hit an all-time high two weeks ago.  
9 You have now queues and delays on getting  
10 construction materials, and costs are way up. At  
11 the same time, people are realizing: We don't know  
12 how long this thing is going to go on. If you  
13 heard the lead news stories this morning coming out  
14 of the UK and Western Europe --

15 CFO PATRONIS: They're spiking.

16 EXECUTIVE DIRECTOR WILLIAMS: -- they've had  
17 spikes come up. Boris Johnson had a news  
18 conference about an hour ago and announced new  
19 controls in Great Britain to try and restrict  
20 social gatherings and therefore dampen contagion a  
21 bit.

22 So everybody is looking around thinking: We  
23 really don't know what we're dealing with here. I  
24 think you've stayed on top of this, obviously daily  
25 in great detail and adjusted your game plan of

1 leadership for Florida based on the results and the  
2 experience and the behaviors to the extent  
3 institutions and individuals didn't do what they  
4 were supposed to do, I think back to the closing of  
5 the bars. You've said, okay, we're not going to  
6 have that.

7 Witness what President Thrasher has just done  
8 at FSU where you've had problems with people --  
9 students ignoring prudent gathering guidelines.  
10 He's basically said, okay, cross this line, you're  
11 subject to expulsion for at least a semester; we're  
12 taking this seriously; everybody has to do their  
13 part. People are realizing that's going to go on  
14 for a while and we've got to find our way out of  
15 this, and it's causing people to change behaviors.

16 And a lot of people who are in jobs, whether  
17 they're service jobs, so they can continue to work  
18 remotely are figuring out, hey, I need a  
19 build/work/play -- or a live/work/play home. And  
20 if that means I spend a few bucks fixing up my den  
21 to make a more functional office, I'm going to do  
22 it. And you're seeing that and a lot of new  
23 construction, and it's driving these shortages  
24 coupled with shortages in production and  
25 distribution.

1 CFO PATRONIS: Question, sir.

2 GOVERNOR DESANTIS: Yep.

3 CFO PATRONIS: Thank you, Governor.

4 Ash, when Greece collapses financially, it  
5 doesn't affect the United States, it's not that big  
6 of an issue. Yesterday I'm hearing tremors of  
7 trillions of dollars of assets and financial  
8 institutions being questioned of investigation.  
9 Where does this affect us?

10 EXECUTIVE DIRECTOR WILLIAMS: Can you put a  
11 little more specificity on it?

12 CFO PATRONIS: I guess there was a story -- I  
13 was just reading clips -- I guess where there was  
14 concerns about dollars being -- between our  
15 financial -- I guess it was -- there was thrown a  
16 \$2 trillion figure out. And I don't know if this  
17 was part of a whistleblower-type environment or  
18 something. Again, I'm -- and literally I was  
19 reading it as I was being -- coming -- getting  
20 ready for work yesterday.

21 EXECUTIVE DIRECTOR WILLIAMS: Well, honestly,  
22 I don't know the detail of what you're referring  
23 to.

24 CFO PATRONIS: And I'll forward the story to  
25 you that I found.

1 EXECUTIVE DIRECTOR WILLIAMS: I would say  
2 this. This past Friday I did a panel with the  
3 president of one of the Federal Reserve banks, and  
4 we were talking reserve requirements for U.S.  
5 banks. The United States banking institutions are  
6 the best reserve in the world, and while one could  
7 always say they should have more reserves, the fact  
8 of the matter is they have pretty darn good balance  
9 sheets.

10 And depending on where this issue was, what  
11 country it was, what regulatory system and what  
12 institution, it may or may not be particularly  
13 significant. And as strange as it might sound,  
14 \$2 trillion is certainly a lot of the money; but if  
15 you look at the balance sheets of some of the real  
16 titans in the industry, like a J. P. Morgan,  
17 questions are one thing about legitimacy of assets;  
18 the assets themselves having a value that goes from  
19 X to zero is a different thing. And we saw a  
20 situation not too long ago over in Malaysia where  
21 the Indonesian Development Bank, the one NDB  
22 scandal, or a couple of billion dollars worth of  
23 scandal there, maybe a little more; and, you know,  
24 that was outright fraud. That's a different  
25 situation.

1 So, again, without knowing the detail, I'm not  
2 sure where this one sorts out.

3 CFO PATRONIS: I'll find -- pull the story up  
4 and send it to you. Thank you.

5 EXECUTIVE DIRECTOR WILLIAMS: Thanks.

6 GOVERNOR DESANTIS: I think -- I mean I think  
7 it's -- as we look through this, I mean people  
8 should take -- I mean, for example, Jimmy mentioned  
9 Disneyland. We owe -- and I was fine opening  
10 Disney earlier, but they wanted -- they set this  
11 date for early July.

12 So they opened at the peak of our infection in  
13 Florida, at the peak. And what's happened since  
14 they've been open? It's gone down steadily.

15 And all the different places in Central  
16 Florida that they impact, small businesses that  
17 work with them, the jobs, all this other stuff, I  
18 mean this idea that somehow, yeah, you can't do  
19 things, I think the Sunbelt and how they did it,  
20 people were saying right as Disney was opened:  
21 You've got to shut down.

22 We didn't do it. We're down 80 percent in  
23 hospitalization. Obviously it's a tough pathogen;  
24 you've got to deal with it. But closing I think is  
25 self immolation. I don't see how -- you know, you

1 look at areas that had harsh lock-downs, they have  
2 much higher per capita mortality and much higher  
3 unemployment, which is also going to lead to a  
4 variety of issues.

5 And so, you know, I think the experience here  
6 with Disney and some of these other things, I mean  
7 the Panhandle, they had a huge summer there and the  
8 prevalence has gone down since the summer.

9 Schools and universities, everyone says, you  
10 know, that that was going to lead and, you know, we  
11 knew I think looking at the data that the K-12  
12 schools weren't going to spark community spread,  
13 but that obviously hasn't happened. You have some  
14 cases at these universities but, you know, I don't  
15 think -- I think of 50 some thousand cases around  
16 the country, I think there have been a handful of  
17 people that have even admitted to the hospital.

18 So you've got to have society function; you've  
19 got to have people working; you've got to have  
20 people be productive. If you don't do that, doing  
21 everything else I think makes it much more  
22 difficult. And I think it's important to say that  
23 because, you know, you mentioned about how business  
24 is going to change; and I think you're right.  
25 People are going to look and say, gee, do I need

1 this expensive downtown office space when -- I mean  
2 there some businesses that went 90 percent remote  
3 and didn't miss a beat.

4 So why would you do that? That's going to  
5 have impact on commercial real estate. It's going  
6 to have impact on other things. But that's also a  
7 subset of workers that's not representative of the  
8 whole economy. Not everyone can work from home. I  
9 mean we have folks who are waiters who work at  
10 hotels, who work in different aspects of our  
11 economy. You can't do that on Zoom; you've got to  
12 be there. And these are folks who most of them are  
13 blue collar; most of them need to work to put food  
14 on the table. They don't have the luxury of just  
15 staying at home and doing that.

16 And so, you know, I think this has  
17 exacerbated, you know, some of the underlying  
18 issues that we've seen in the economy. But when  
19 you go more towards remote, we just have to  
20 understand that does not work for everybody. We  
21 need people that are going to be able -- we need to  
22 support those businesses and those workers who are  
23 actually out there doing things.

24 And I think we've done it. I mean our  
25 unemployment is down. I mean people thought we'd be



1 a 15 percent right now. You know, we're at 7.4.  
2 Obviously we've got a lot more work to do. Some of  
3 the tourism is going to come back I think naturally  
4 as people get a little bit more comfortable with  
5 things.

6 But those are folks who often get overlooked  
7 in all this. And Amazon, you know, and all of  
8 these companies -- you know, I don't begrudge  
9 anyone for doing it, but that's not the type of, I  
10 think, economy that is going to be providing a lot  
11 of opportunities for people. I mean I think we  
12 need economies where, you know, you have these  
13 local communities and people are able to have good  
14 jobs, people can have small businesses. And this  
15 has been harmful.

16 So as we come back, you know, as much as I  
17 want Disney, as much as I want all this other stuff  
18 because they're good drivers, some of these places  
19 that have been harmed, it's a really, really -- and  
20 I think there was really not a lot of regard from  
21 that, from the public health community about the  
22 type of harm that was being done there.

23 So this is all going to need to be reevaluated  
24 as we go forward. Hopefully we don't face  
25 something like this, you know, in the near future,

1 but I think the damage has been apparent.

2 And I think the economy, while the market and  
3 some of this other stuff has done well -- and I'd  
4 rather have a high market than a low market, I mean  
5 don't get me wrong on that. I still think that a  
6 lot of this stuff is still being overlooked, but I  
7 appreciate what you said.

8 EXECUTIVE DIRECTOR WILLIAMS: No, I think  
9 you're exactly right, Governor. And at the end of  
10 the day, it's the devil you know versus the devil  
11 you don't.

12 We know this: If you close every business and  
13 you eliminate the top line of revenue, there is no  
14 employment; there is no bottom line; and there is  
15 no thriving economy. If you figure out a way to  
16 the very best of our human ability, and we are  
17 subject to human frailty, to be as prudent as we  
18 can in proceeding, then we at least keep the core  
19 of what makes a capital society work.

20 And I think at the end of the day, the one  
21 other thing -- the secret ingredient in here that I  
22 think is worth mentioning is that the American  
23 economy and the American public are among the most  
24 adaptive in the world; and you'll see the spirit of  
25 free markets, the spirit of entrepreneurship come

1 out, people figure out ways to do things.

2 I know I spent a good part of the social  
3 isolation period over in the Panhandle myself, and  
4 I saw restaurants that had physically small places  
5 that had to close their dining rooms set up  
6 open-air dining places --

7 CFO PATRONIS: Tents in the parking lot.

8 EXECUTIVE DIRECTOR WILLIAMS: -- that were  
9 properly spaced, all the right provisions, and now  
10 that's a thriving scene all by itself, especially  
11 with the weather cooling off. And the social media  
12 props these things up and multiplies them, and it's  
13 working better than you would think, and it was a  
14 record summer over there. I've never seen anything  
15 like that.

16 GOVERNOR DESANTIS: Yeah, I think if you look,  
17 I mean overall statewide Orlando, Central Florida  
18 got hit the most just because, you know, they have  
19 so much hospitality focus. Although I think, you  
20 know, we have the parks open. We need to start  
21 doing conventions again. You can do conven -- I  
22 mean I spoke at conventions in the last couple of  
23 months. You just take some precautions.

24 The idea that you can't do these things is  
25 nonsense. Vegas is not really allowing

1 conventions. You know, we want people to be able  
2 to come here and do it because I think you could  
3 get it done. People are smart, they're able to do  
4 this; and so that's going to be important.

5 And then South Florida I think is lagging, and  
6 I think part of that is because they've had more  
7 local restrictions, but I think that's going to  
8 start changing soon as well. So that's important  
9 pieces to the puzzle. Some areas I think really  
10 were able to weather it. I mean obviously  
11 northwest Florida -- we have some other pockets, I  
12 think, that really have recovered; but those are  
13 going to be two areas that we -- but I think you're  
14 going to be able to see it done.

15 But that's the thing: Get to yes, figure out  
16 what you need to do to adapt. Don't just say, you  
17 know, we just can't do it. Because when you say  
18 you can't do it, you're buying yourself way more  
19 problems in the long term.

20 Okay. Item 1.

21 EXECUTIVE DIRECTOR WILLIAMS: All right.  
22 Item 1, request approval of the May 28, 2020  
23 meeting minutes.

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

1 CFO PATRONIS: Second.

2 GOVERNOR DESANTIS: No objection, the motion  
3 carries.

4 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

5 We have a series of fiscal determinations here  
6 for the Florida Housing Finance Corporation.

7 Starting with Item 2, a resolution of the SBA  
8 in connection with the issuance of an amount not  
9 exceeding \$14 million Florida Housing Finance  
10 Corporation multi-family mortgage revenue bonds,  
11 2020 series.

12 This is for the acquisition and rehabilitation  
13 of a 101-unit affordable housing community in  
14 Homestead, Florida.

15 GOVERNOR DESANTIS: All right. Move to  
16 approve.

17 Is there a second?

18 CFO PATRONIS: Second.

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

21 Item 3.

22 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

23 Item 3 is a resolution of the SBA making a  
24 fiscal determination in connection with the Housing  
25 Finance Corporation issue not exceeding

1 \$11 million, multi-family mortgage revenue bonds.

2 This is for new construction of 79 units of  
3 affordable town homes in Palm Beach County,  
4 Florida.

5 Request approval.

6 GOVERNOR DESANTIS: All right. Move to  
7 approve.

8 Is there a second?

9 CFO PATRONIS: Second.

10 GOVERNOR DESANTIS: No objection, the motion  
11 carries.

12 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

13 Item 4. Resolution of the SBA making a fiscal  
14 determination in connection with the issuance of an  
15 amount not exceeding 14 and a half million dollars,  
16 Housing Finance Corporation multi-family mortgage  
17 revenue bonds.

18 This is for acquisition and construction of a  
19 126-unit affordable housing community in Sarasota  
20 County.

21 GOVERNOR DESANTIS: Okay. Move to approve.

22 Is there a second?

23 CFO PATRONIS: Second.

24 ATTORNEY GENERAL MOODY: Second.

25 GOVERNOR DESANTIS: No objection, the motion

1 carries.

2 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

3 Item 5, a resolution of the State Board of  
4 Administration making a fiscal determination in  
5 connection with the issuance of an amount not  
6 exceeding 22 and a half million dollars Florida  
7 Housing Finance Corporation multi-family mortgage  
8 revenue bonds.

9 This is for new construction of 184 units of  
10 affordable housing in Miami-Dade County.

11 Request approval.

12 GOVERNOR DESANTIS: Okay. Move to approve.

13 Is there a second?

14 CFO PATRONIS: Second.

15 GOVERNOR DESANTIS: No objection, the motion  
16 carries.

17 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

18 Item 6, resolution of the State Board of  
19 Administration making a fiscal determination in  
20 connection with the issuance of an amount not  
21 exceeding \$11,750,000 Florida Housing Finance  
22 Corporation multi-family mortgage revenue bonds.

23 This is for new construction of a 96-unit  
24 affordable housing community, Dade County, Florida.

25 GOVERNOR DESANTIS: Okay. Move to approve.

1 Is there a second?

2 CFO PATRONIS: Second.

3 GOVERNOR DESANTIS: All right. No objection,  
4 the motion carries.

5 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

6 Item 7, a resolution of the SBA making a  
7 fiscal determination in connection with the  
8 issuance of an amount not exceeding \$12 million  
9 Housing Finance Corporation multi-family mortgage  
10 revenue bonds.

11 Fairlong Village, new construction of a  
12 116-unit affordable housing community, Orange  
13 County, Florida.

14 Request approval.

15 GOVERNOR DESANTIS: Move to approve.

16 Is there a second?

17 CFO PATRONIS: Second.

18 GOVERNOR DESANTIS: No objection, the motion  
19 carries.

20 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

21 Item 8, a resolution of the SBA making a  
22 fiscal determination in connection with the  
23 issuance of an amount not exceeding \$24 million  
24 Florida Housing Finance Corporation multi-family  
25 housing revenue bonds. This is for acquisition and

1 rehab of 126 units of affordable housing, also  
2 Orange County.

3 Request approval.

4 GOVERNOR DESANTIS: Move to approve.

5 Is there a second?

6 CFO PATRONIS: Second.

7 GOVERNOR DESANTIS: No objection, the motion  
8 carries.

9 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

10 Item 9, a resolution of the SBA approving  
11 fiscal sufficiency of an amount not exceeding \$950  
12 million State of Florida full faith and credit  
13 State Board of Education public education capital  
14 outlay refunding bonds.

15 Request approval.

16 GOVERNOR DESANTIS: Move to approve.

17 Is there a second?

18 CFO PATRONIS: Second.

19 GOVERNOR DESANTIS: No objection, the motion  
20 carries.

21 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

22 Item 10, a resolution of the SBA approving  
23 fiscal sufficiency of an amount not exceeding  
24 \$205 million State of Florida full faith and credit  
25 DOT right-of-way acquisition and bridge

1 construction bonds.

2 Request approval.

3 GOVERNOR DESANTIS: Move to approve.

4 Is there a second?

5 CFO PATRONIS: Second.

6 GOVERNOR DESANTIS: No objection, the motion  
7 carries.

8 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

9 Item 11, a resolution of the SBA approving  
10 fiscal sufficiency of an amount not exceeding  
11 \$425 million, State of Florida full faith and  
12 credit DOT right-of-way acquisition and bridge  
13 construction refunding bonds.

14 Request approval.

15 GOVERNOR DESANTIS: Move to approve.

16 Is there a second?

17 ATTORNEY GENERAL MOODY: Second.

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

20 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

21 Item 12, a resolution of the SBA approving the  
22 fiscal sufficiency in an amount not exceeding \$90  
23 million, State of Florida DOT Turnpike revenue  
24 refunding bonds.

25 Request approval.

1 GOVERNOR DESANTIS: Move to approve.

2 Is there a second?

3 CFO PATRONIS: Second.

4 GOVERNOR DESANTIS: No objection, the motion  
5 carries.

6 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

7 Item 13, request annual approval of the  
8 charter of the Audit Committee of the State Board  
9 of Administration.

10 Our Audit Committee is unique in state  
11 government, very much like a publicly traded  
12 corporation where a subset of the board of  
13 directors serves as an outside audit committee;  
14 selects auditors; approves scope of audits;  
15 receives audit results; and does follow-up on audit  
16 exceptions.

17 The State Board has such a committee. The  
18 members are, of course, appointed by you, the  
19 Trustees, so they provide a good independent check  
20 on us. And also, they work very closely with our  
21 internal audit department, our Inspector General,  
22 our Chief Risk and Compliance Officer, and all of  
23 the external auditors we deal with. And on any  
24 given day, we'll always have a team of somebody's  
25 auditors in the State Board.

1 We are literally subject to somewhere between  
2 50 and 150 external audits on any given year. So  
3 they perform a key role.

4 We redo their charter every year. They vote  
5 it out and work with our internal audit team on  
6 writing it, and you approve it which sets the  
7 standard by which everything is done, so that's  
8 what this is.

9 Request approval.

10 GOVERNOR DESANTIS: Move to approve.

11 Is there a second?

12 CFO PATRONIS: Second.

13 GOVERNOR DESANTIS: No objection, the motion  
14 carries.

15 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

16 Item 14, request approval of the SBA quarterly  
17 report required by the Protecting Florida's  
18 Investments Act. This is the act that covers Iran,  
19 Sudan, Cuba, antiboycott divest sanction, Israel,  
20 Venezuela, et cetera. No material changes in this  
21 report.

22 Request approval.

23 GOVERNOR DESANTIS: Move to approve.

24 Is there a second?

25 ATTORNEY GENERAL MOODY: Second.

1 CFO PATRONIS: Second.

2 GOVERNOR DESANTIS: Any objections?

3 (NO RESPONSE).

4 GOVERNOR DESANTIS: Hearing none, the motion  
5 carries.

6 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

7 Items -- Item 15, request approval of draft  
8 letters to the Joint Legislative Auditing Committee  
9 affirming that the SBA trustees have reviewed and  
10 approved the monthly Florida Prime summary reports  
11 and actions taken, if any, to address any impacts.  
12 There were no impacts.

13 Request approval.

14 GOVERNOR DESANTIS: Move to approve.

15 Is there a second?

16 ATTORNEY GENERAL MOODY: Second.

17 CFO PATRONIS: Second.

18 GOVERNOR DESANTIS: No objection, the motion  
19 carries.

20 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

21 Items 16, 17, and 18 are related. They are  
22 all statutorily required annual certifications  
23 relating to Florida Prime, the large cash pool we  
24 manage, currently a balance of around \$15 billion,  
25 that serves governmental entities across Florida

1 and provides them a very liquid, safe, and  
2 transparent vehicle in which to invest cash.

3 The first of these is a requirement that we  
4 approve the Investment Policy Statement -- you, the  
5 Trustees, approve the Investment Policy Statement  
6 annually. That's Item 16.

7 Request approval of that.

8 GOVERNOR DESANTIS: Move to approve.

9 Is there a second?

10 CFO PATRONIS: Second.

11 GOVERNOR DESANTIS: No objection, the motion  
12 carries.

13 EXECUTIVE DIRECTOR WILLIAMS: And there were  
14 no changes in it, by the way.

15 Item 17 and Item 18 are important in terms of  
16 public assurance. We require -- the law requires  
17 each year we have an external independent  
18 evaluation to ensure two things: Number 1, that  
19 Florida Prime is following all applicable state and  
20 federal laws and regulations, that we're doing  
21 everything we're supposed to do by the rules. The  
22 other thing is to ensure that we are following best  
23 practices in the industry.

24 So we have an outside law firm do the  
25 compliance certification, and we have an outside

1 consulting firm, Aon, the general consultant to the  
2 State Board, affirm that we're following best  
3 practices in the cash management or money market  
4 industry.

5 So Item 17 is the best practices review.  
6 Request approval.

7 GOVERNOR DESANTIS: Move to approve.

8 Is there a second?

9 CFO PATRONIS: Second.

10 GOVERNOR DESANTIS: No objections, the motion  
11 carries.

12 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

13 And Item 18 is the statutory compliance  
14 review.

15 Request approval.

16 GOVERNOR DESANTIS: Move to approve.

17 Is there a second?

18 CFO PATRONIS: Second.

19 GOVERNOR DESANTIS: No objection, the motion  
20 carries.

21 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

22 And it probably goes without saying, but just  
23 to be clear, we're in compliance both with the law  
24 and best practices.

25 Item 19, request approval of and changes to

1 the Investment Policy Statement for the Florida  
2 Retirement System Pension Plan investment policy.

3 What this is is a very simple thing. We made  
4 a very small change to the benchmark we use for  
5 cash. We're moving it from a benchmark that's a  
6 Bank of America/Merrill Lynch three-month treasury  
7 index to the Bloomberg/Barclays' 1- to 3-month  
8 treasury index.

9 It doesn't change risk profile at all. It  
10 gives you a tiny bit more flexibility, and it's a  
11 little bit more inclusive benchmark. And it was  
12 recommended by Aon and approved by our Investment  
13 Advisory Council in a public meeting.

14 GOVERNOR DESANTIS: Move to approve.

15 ATTORNEY GENERAL MOODY: Second.

16 GOVERNOR DESANTIS: Hearing no objections, the  
17 motion carries.

18 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

19 Item 20, request approval of an authority to  
20 file notice of a proposed rule for the Florida  
21 Hurricane Catastrophe Fund, 19-8.010 Florida  
22 Administrative Code Reimbursement Contract.

23 This is for the subsequent year, and makes a  
24 couple of changes that respond to some things that  
25 need to be clarified in a statutory change in the



1 rule. We noticed this rule on the 13th of August,  
2 held a workshop on the 27th.

3 There's no controversy here. It's ready to  
4 go, and I recommend approval.

5 GOVERNOR DESANTIS: Okay. Move to approve.

6 Is there a second?

7 CFO PATRONIS: Second.

8 ATTORNEY GENERAL MOODY: Second.

9 GOVERNOR DESANTIS: Hearing no objection, the  
10 motion carries.

11 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

12 The last item is the quarterly reports  
13 pursuant to Section 215.44 for the State Board.

14 And we've already talked about performance, so  
15 I would just summarize that as you can see from the  
16 reports in here from our Audit Committee, our Chief  
17 Risk and Compliance Officer, and our Inspector  
18 General the control environment is completely  
19 intact. No issues there to report whatsoever.  
20 Likewise, performance is ahead of benchmark for  
21 significant periods, and all is good. We're  
22 pressing on.

23 Thank you.

24 GOVERNOR DESANTIS: Okay. Move to approve.

25 Is there a second?

1 CFO PATRONIS: Second.

2 GOVERNOR DESANTIS: Any objections?

3 (NO RESPONSE).

4 GOVERNOR DESANTIS: Okay. The motion carries.


5 Thanks a lot.

6 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Determination  
**DATE:** October 2, 2020

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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 \$450,000,000 FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, 2021 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED):**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2021 Phase One (multiple series to be determined) (the "Bonds") to be used to fund mortgage loans for low, moderate or middle income first-time homebuyers and may provide funds to refund outstanding series of Homeowner Mortgage Revenue Bonds that originally funded mortgage loans for low, moderate or middle income first-time homebuyers.

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

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$450,000,000 FLORIDA HOUSING FINANCE  
CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS,  
2021 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2021 Phase One (multiple series to be determined) (the "Bonds") to be used to fund mortgage loans for low, moderate or middle income first-time homebuyers and may provide funds to refund outstanding series of Homeowner Mortgage Revenue Bonds that originally funded mortgage loans for low, moderate or middle income first-time homebuyers; and,

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

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

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

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

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

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

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

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that in connection with the issuance of the Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2021 Phase One (multiple series to be determined), in an amount not exceeding \$450,000,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

**ADOPTED** December 15, 2020

**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 December 15, 2020, making the fiscal determination in connection with the issuance of an amount not exceeding \$450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2021 Phase One (multiple 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 15th day of December 2020.

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

**(SEAL)**

September 24, 2020

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

Subject: \$450,000,000 Florida Housing Finance Corporation,  
Homeowner Mortgage Revenue Bonds 2021 Phase One Bonds  
(multiple series to be determined)

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation (Florida Housing), I am submitting a Preliminary Cash Flow Analyses for the approval of the fiscal determination on the 2021 Phase One Bonds as required by statute. These Cash Flow Analyses have been prepared at Florida Housing's direction. Florida Housing may issue the 2021 Phase One Bonds in multiple series; under one or more master indentures; and at various times. In each case, the decision will be based on what is most economically and programmatically advantageous based upon the prevailing market conditions.

It is currently expected that approximately \$62.4 million of the \$450 million of bonds may provide funds to optionally refund multiple series of previously issued Homeowner Mortgage Revenue Bonds that originally funded mortgage loans to low and moderate income first-time homebuyers. These refunding bonds will only be issued if an acceptable level of debt service savings can be achieved. It is also expected that the remaining \$387.6 million of bonds will be new money issuance used to generate new mortgages that will be pooled into new mortgage backed securities ("MBS"). If the aforementioned refundings are not implemented, the full \$450 million may be used to generate new mortgages that will be pooled into MBS.

Florida Housing may issue these bonds under its 1995 master indenture, the New Issue Bond Program (NIBP) master indenture or a newly created master indenture. As stated above, Florida Housing may issue the 2021 Phase One Bonds at one time or in multiple issuances if doing so is deemed advantageous based upon the prevailing market conditions. The cash flow analyses show there are sufficient annual revenues to meet the required debt service on the entire principal amount of the 2021 Phase One Bonds. For purposes of the cash flow analyses submitted here with, the following separate issuance scenarios have been assumed: 1) a combined refunding and new money issuance comprised of (a) the refunding bond issue of \$62.4 million and (b) new money bonds of \$387.6 million; 2) a refunding bond issue of \$62.4 million; and 3) \$450 million of new money bonds. Per the State Board of Administration's ("SBA") request, we will submit the cash flows separately.

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Ron DeSantis, Governor

Board of Directors: Ron Lieberman, Chairman • Ray Dubuque, Vice Chairman  
Ryan Benson • Dane Eagle • Sandra Einhorn • LaTasha Green-Cobb • Bill Gulliford

Harold "Trey" Price, Executive Director

Florida Housing, as a matter of long standing policy, considers bidding its bonds competitively. Given the complex structure of this bond issue and current market conditions, Caine Mitter & Associates Incorporated ("Caine Mitter"), Florida Housing's independent registered municipal advisor, recommends that Florida Housing offer the 2021 Phase One Bonds through a negotiated sale. A copy of the Caine Mitter method of sale recommendation is appended. Certain parties to the transaction will be or have been selected competitively through the RFP/RFQ process, including the master mortgage servicer, trustee, rebate analyst, independent registered municipal advisor, bond counsel, special counsel, and underwriter.

Please accept this letter as a request to the State Board of Administration for approval of fiscal determination of the anticipated 2021 Phase One Bonds. The following items are enclosed with this letter:

- Independent Registered Municipal Advisor Method of Sale letter
- Authorizing Board Resolution
- Draft Terms Memorandum and Program summary
- Preliminary Cash Flow Analyses

**Please place this request on the October 20, 2020 agenda.**

If there is any additional information or explanation needed, please feel free to call on us. The primary point of contact for the Florida Housing Finance Corporation is Melanie Weathers at (850) 528-5644. However, please feel free to contact me for any information needed.

Sincerely,



Angeliki G. Sellers  
Chief Financial Officer

Enclosures

cc: Sharon Vice  
Harold L. "Trey" Price

## **SECTION 6**

# **FISCAL DETERMINATION COVERAGE: Stand-Alone**



**FLORIDA HOUSING FINANCE CORPORATION**  
**HOMEOWNER MORTGAGE REVENUE BONDS**  
**2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS**  
**\$450,000,000 - NEW MONEY**  
**SEMI-ANNUAL BREAKOUT**  
**0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2021	5,829,438.24	-	5,430,666.25	1.07
01/01/2022	10,673,940.33		7,773,859.49	1.37
07/01/2022	11,017,926.77		10,965,913.16	1.00
01/01/2023	11,030,616.06		10,975,878.40	1.00
07/01/2023	11,043,524.33		10,992,151.52	1.00
01/01/2024	11,056,593.55		11,003,322.59	1.00
07/01/2024	11,069,879.61		11,016,585.38	1.00
01/01/2025	11,083,366.80		11,029,731.16	1.00
07/01/2025	11,097,061.41		11,038,991.19	1.01
01/01/2026	11,111,007.74		11,053,059.19	1.01
07/01/2026	11,125,163.39		11,067,226.37	1.01
01/01/2027	11,139,532.72		11,081,175.16	1.01
07/01/2027	11,154,123.50		11,095,050.48	1.01
01/01/2028	11,168,942.02		11,108,594.73	1.01
07/01/2028	11,183,997.52		11,126,931.53	1.01
01/01/2029	11,199,247.73		11,139,826.99	1.01
07/01/2029	11,214,752.80		11,153,345.93	1.01
01/01/2030	11,230,512.59		11,171,386.92	1.01
07/01/2030	11,246,488.16		11,184,835.99	1.01
01/01/2031	11,262,731.36		11,202,726.65	1.01
07/01/2031	11,279,204.20		11,216,719.89	1.01
01/01/2032	11,295,951.96		11,234,936.68	1.01
07/01/2032	11,312,938.90		11,251,322.96	1.01
01/01/2033	11,330,189.93		11,266,877.14	1.01
07/01/2033	11,347,719.88		11,280,597.62	1.01
01/01/2034	11,365,554.11		11,298,482.76	1.01
07/01/2034	11,383,658.17		11,319,455.91	1.01
01/01/2035	11,402,008.19		11,334,462.87	1.01
07/01/2035	11,420,670.53		11,352,554.44	1.01
01/01/2036	11,439,622.02		11,369,676.38	1.01
07/01/2036	11,458,879.53		11,390,066.92	1.01
01/01/2037	11,478,418.06		11,409,304.27	1.01
07/01/2037	11,498,256.56		11,426,369.10	1.01
01/01/2038	11,518,424.44		11,447,277.07	1.01
07/01/2038	11,538,891.19		11,465,951.29	1.01
01/01/2039	11,559,687.10		11,488,389.85	1.01
07/01/2039	11,580,782.65		11,508,515.82	1.01
01/01/2040	11,602,209.06		11,527,344.71	1.01

**FLORIDA HOUSING FINANCE CORPORATION  
HOMEOWNER MORTGAGE REVENUE BONDS  
2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS  
\$450,000,000 - NEW MONEY  
SEMI-ANNUAL BREAKOUT  
0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2040	11,623,987.51		11,548,857.04	1.01
01/01/2041	11,646,099.87		11,568,993.27	1.01
07/01/2041	11,668,568.54		11,592,611.33	1.01
01/01/2042	11,691,367.44		11,614,666.62	1.01
07/01/2042	11,714,521.06		11,634,157.02	1.01
01/01/2043	11,738,063.84		11,657,066.61	1.01
07/01/2043	11,761,971.24		11,682,331.94	1.01
01/01/2044	11,786,228.84		11,705,889.53	1.01
07/01/2044	11,810,863.00		11,731,737.11	1.01
01/01/2045	11,835,860.46		11,755,797.38	1.01
07/01/2045	11,861,248.63		11,777,081.74	1.01
01/01/2046	11,887,065.08		11,801,574.07	1.01
07/01/2046	11,913,288.23		11,829,983.21	1.01
01/01/2047	11,939,889.06		11,856,345.44	1.01
07/01/2047	11,966,898.20		11,879,658.29	1.01
01/01/2048	11,994,356.64		11,905,919.22	1.01
07/01/2048	12,022,245.85		11,933,481.91	1.01
01/01/2049	12,050,563.76		11,958,071.87	1.01
07/01/2049	12,079,350.98		11,984,440.21	1.01
01/01/2050	12,108,601.31		12,013,519.84	1.01
07/01/2050	12,138,299.14		12,039,243.67	1.01
01/01/2051	12,168,489.51	-	4,488,755.17	2.71
07/01/2051	8,938,837.91		4,491,817.13	1.99
08/01/2051	10,349,459.45		-	
<b>TOTAL</b>	<b>703,448,038.70</b>	<b>-</b>	<b>673,651,564.40</b>	

**FLORIDA HOUSING FINANCE CORPORATION**  
**HOMEOWNER MORTGAGE REVENUE BONDS**  
**2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS**  
**\$62,400,000 - Refunding**  
**SEMI-ANNUAL BREAKOUT**  
**0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2021	1,901,552.44		649,665.00	2.93
01/01/2022	1,903,741.32		1,858,546.40	1.02
07/01/2022	1,905,972.49		1,860,037.29	1.02
01/01/2023	1,908,246.69		1,855,999.21	1.03
07/01/2023	1,910,564.81		1,856,532.46	1.03
01/01/2024	1,912,927.66		1,856,532.33	1.03
07/01/2024	1,915,336.13		1,856,385.98	1.03
01/01/2025	1,917,791.10		1,850,703.05	1.04
07/01/2025	1,920,293.45		1,849,578.82	1.04
01/01/2026	1,922,844.11		1,852,913.54	1.04
07/01/2026	1,925,444.00		1,850,439.97	1.04
01/01/2027	1,928,094.09		1,847,419.62	1.04
07/01/2027	1,930,795.32		1,848,597.09	1.04
01/01/2028	1,933,548.71		1,844,190.12	1.05
07/01/2028	1,936,355.22		1,843,960.18	1.05
01/01/2029	1,939,215.93		1,843,134.99	1.05
07/01/2029	1,942,131.85		1,841,746.65	1.05
01/01/2030	1,945,104.06		1,839,754.71	1.06
07/01/2030	1,948,133.65		1,837,176.26	1.06
01/01/2031	1,951,221.72		1,838,985.85	1.06
07/01/2031	1,954,369.40		1,838,802.42	1.06
01/01/2032	1,957,577.84		1,832,935.49	1.07
07/01/2032	1,960,848.22		1,832,437.74	1.07
01/01/2033	1,964,181.71		1,831,255.56	1.07
07/01/2033	1,967,579.57		1,830,388.48	1.07
01/01/2034	1,971,043.01		1,828,835.99	1.08
07/01/2034	1,974,573.31		1,827,597.60	1.08
01/01/2035	1,978,171.76		1,825,672.79	1.08
07/01/2035	1,981,839.65		1,824,061.04	1.09
01/01/2036	1,985,578.38		1,821,761.81	1.09
07/01/2036	1,989,389.25		1,818,294.58	1.09
01/01/2037	1,993,273.69		1,819,123.78	1.10
07/01/2037	1,997,233.12		1,815,190.72	1.10
01/01/2038	2,001,268.99		1,815,552.96	1.10
07/01/2038	2,005,382.74		1,811,151.79	1.11
01/01/2039	2,009,575.92		1,811,205.35	1.11

**FLORIDA HOUSING FINANCE CORPORATION  
HOMEOWNER MORTGAGE REVENUE BONDS  
2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS  
\$62,400,000 - Refunding  
SEMI-ANNUAL BREAKOUT  
0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2039	2,013,850.03		1,811,531.80	1.11
01/01/2040	2,018,206.66		1,806,095.50	1.12
07/01/2040	2,022,647.38		1,805,953.33	1.12
01/01/2041	2,027,173.82		1,805,047.15	1.12
07/01/2041	2,031,787.64		1,803,131.30	1.13
01/01/2042	2,036,490.53		1,800,435.10	1.13
07/01/2042	2,041,284.18		1,797,957.88	1.14
01/01/2043	2,046,170.37		1,794,698.94	1.14
07/01/2043	2,051,150.88		1,796,657.57	1.14
10/01/2043	1,027,472.89		-	
<b>TOTAL</b>	<b>89,507,435.69</b>		<b>81,188,076.18</b>	

**FLORIDA HOUSING FINANCE CORPORATION  
HOMEOWNER MORTGAGE REVENUE BONDS  
2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS  
\$450,000,000 -New Money and Refunding  
SEMI-ANNUAL BREAKOUT  
0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2021	6,915,150.64	-	5,516,306.25	1.25
01/01/2022	11,139,260.52	-	8,597,901.67	1.30
07/01/2022	11,440,735.77	-	11,318,282.62	1.01
01/01/2023	11,454,822.69	-	11,328,587.29	1.01
07/01/2023	11,469,158.24	-	11,345,019.84	1.01
01/01/2024	11,483,686.99	-	11,356,267.65	1.01
07/01/2024	11,498,466.39	-	11,369,501.82	1.01
01/01/2025	11,513,482.40	-	11,382,535.92	1.01
07/01/2025	11,528,743.34	-	11,396,567.26	1.01
01/01/2026	11,544,245.17	-	11,410,355.62	1.01
07/01/2026	11,559,996.66	-	11,424,055.77	1.01
01/01/2027	11,576,004.95	-	11,437,404.92	1.01
07/01/2027	11,592,280.08	-	11,455,551.54	1.01
01/01/2028	11,608,780.64	-	11,468,251.56	1.01
07/01/2028	11,625,567.40	-	11,485,609.63	1.01
01/01/2029	11,642,600.68	-	11,497,441.63	1.01
07/01/2029	11,659,942.57	-	11,514,774.66	1.01
01/01/2030	11,677,545.18	-	11,531,469.56	1.01
07/01/2030	11,695,421.89	-	11,548,449.60	1.01
01/01/2031	11,713,576.97	-	11,564,710.56	1.01
07/01/2031	11,732,024.79	-	11,581,900.68	1.01
01/01/2032	11,750,763.54	-	11,598,175.67	1.01
07/01/2032	11,769,810.05	-	11,612,533.71	1.01
01/01/2033	11,789,191.05	-	11,630,950.44	1.01
07/01/2033	11,808,874.01	-	11,647,371.49	1.01
01/01/2034	11,828,886.93	-	11,667,794.94	1.01
07/01/2034	11,849,197.83	-	11,686,166.35	1.01
01/01/2035	11,869,835.39	-	11,703,483.73	1.01
07/01/2035	11,890,818.28	-	11,723,722.59	1.01
01/01/2036	11,912,126.03	-	11,742,850.87	1.01
07/01/2036	11,933,778.26	-	11,765,024.00	1.01
01/01/2037	11,955,753.30	-	11,780,879.86	1.01
07/01/2037	11,978,122.88	-	11,804,456.32	1.01
01/01/2038	12,000,819.47	-	11,826,653.67	1.01
07/01/2038	12,023,865.54	-	11,846,452.21	1.01
01/01/2039	12,047,294.29	-	11,864,849.68	1.02
07/01/2039	12,071,129.47	-	11,885,843.78	1.02
01/01/2040	12,095,355.00	-	11,910,374.68	1.02



**FLORIDA HOUSING FINANCE CORPORATION  
HOMEOWNER MORTGAGE REVENUE BONDS  
2021 PHASE ONE (Multiple Series to be Determined)**

**FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS  
\$450,000,000 -New Money and Refunding  
SEMI-ANNUAL BREAKOUT  
0% FHA**

<b>PERIOD</b>	<b>GROSS REVENUES (Scheduled)</b>	<b>CAPITALIZED INTEREST DISTRIBUTION</b>	<b>CASH EXPENSES (Debt Service &amp; Expenses)</b>	<b>RECEIPTS/EXPENSES RATIO</b>
07/01/2040	12,119,945.51	-	11,932,365.00	1.02
01/01/2041	12,144,936.05	-	11,957,812.34	1.02
07/01/2041	12,170,302.24	-	11,976,464.24	1.02
01/01/2042	12,196,122.15	-	12,003,446.97	1.02
07/01/2042	12,222,323.38	-	12,027,621.73	1.02
01/01/2043	12,248,944.38	-	12,049,999.70	1.02
07/01/2043	12,276,013.85	-	12,074,564.50	1.02
01/01/2044	11,273,052.40	-	11,032,238.49	1.02
07/01/2044	10,261,854.76	-	9,987,293.05	1.03
01/01/2045	10,285,643.15	-	10,010,952.76	1.03
07/01/2045	10,309,764.27	-	10,032,115.04	1.03
01/01/2046	10,334,251.75	-	10,051,764.07	1.03
07/01/2046	10,359,129.42	-	10,071,289.00	1.03
01/01/2047	10,384,408.18	-	10,094,192.69	1.03
07/01/2047	10,410,063.53	-	10,119,398.00	1.03
01/01/2048	10,436,081.79	-	10,137,265.83	1.03
07/01/2048	10,462,545.56	-	10,161,860.83	1.03
01/01/2049	10,489,397.87	-	10,184,591.99	1.03
07/01/2049	10,516,667.04	-	10,204,468.24	1.03
01/01/2050	10,544,391.64	-	10,222,475.99	1.03
07/01/2050	10,572,600.89	-	10,252,612.86	1.03
01/01/2051	10,601,184.66	-	4,176,905.82	2.54
07/01/2051	7,791,097.92	-	4,176,001.79	1.87
08/01/2051	2,793,472.08	-	-	
<b>TOTAL</b>	<b>693,851,309.78</b>	<b>-</b>	<b>666,166,230.95</b>	

## **SECTION 7**

# **FISCAL DETERMINATION**

## **COVERAGE: NIBP Indenture**

**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**NIBP Single Family Indenture and \$450,000,000 NEW MONEY**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGATION OF 2021 PHASE ONE</b>								
01/01/2020	14,295,350.11			-	-	-	-	
07/01/2020	111,364,604.46	-		9,448.00		8,189,002.16	8,189,002.16	1360.04%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGATION OF 2021 PHASE ONE</b>								
01/01/2021	8,669,502.03					6,173,473.15	6,173,473.15	140.43%
07/01/2021	14,508,618.44	-			5,430,666.25	6,048,787.53	11,479,453.78	126.39%
01/01/2022	19,363,024.40	-			7,773,859.49	5,749,624.67	13,523,484.16	143.18%
07/01/2022	19,716,076.61				10,965,913.16	5,574,959.59	16,540,872.75	119.20%
01/01/2023	19,737,441.61	-			10,975,878.40	5,359,874.81	16,335,753.21	120.82%
07/01/2023	19,769,086.04				10,992,151.52	5,102,987.79	16,095,139.31	122.83%
01/01/2024	19,790,112.90				11,003,322.59	4,854,421.12	15,857,743.71	124.80%
07/01/2024	19,812,903.43				11,016,585.38	4,772,192.32	15,788,777.70	125.49%
01/01/2025	19,762,309.33				11,029,731.16	4,681,373.00	15,711,104.17	125.79%
07/01/2025	19,594,146.36				11,038,991.19	4,591,804.01	15,630,795.21	125.36%
01/01/2026	19,583,692.99				11,053,059.19	4,485,214.86	15,538,274.05	126.04%
07/01/2026	19,617,183.24				11,067,226.37	4,343,333.32	15,410,559.69	127.30%
01/01/2027	19,599,348.35				11,081,175.16	4,058,090.49	15,139,265.65	129.46%
07/01/2027	19,615,348.02				11,095,050.48	3,796,133.97	14,891,184.45	131.72%
01/01/2028	19,642,733.74				11,108,594.73	2,740,274.97	13,848,869.70	141.84%
07/01/2028	19,672,804.29				11,126,931.53	2,660,108.27	13,787,039.81	142.69%
01/01/2029	19,700,573.94				11,139,826.99	2,528,996.58	13,668,823.57	144.13%
07/01/2029	19,728,933.66			68,428.50	11,153,345.93	2,388,605.78	13,541,951.71	146.19%
01/01/2030	19,753,570.37			68,744.21	11,171,386.92	2,580,628.38	13,752,015.30	144.14%
07/01/2030	19,790,832.91			63,080.33	11,184,835.99	3,179,778.03	14,364,614.02	138.21%
01/01/2031	19,816,022.94			62,836.58	11,202,726.65	3,116,335.42	14,319,062.07	138.83%
07/01/2031	19,846,696.42			66,757.08	11,216,719.89	3,075,322.21	14,292,042.10	139.33%
01/01/2032	19,876,912.84			64,749.92	11,234,936.68	3,018,120.01	14,253,056.69	139.91%
07/01/2032	19,907,831.39			67,896.90	11,251,322.96	2,988,188.12	14,239,511.08	140.28%
01/01/2033	19,900,994.43			60,108.62	11,266,877.14	2,940,061.98	14,206,939.12	140.50%
07/01/2033	19,701,112.06			64,474.90	11,280,597.62	2,897,836.00	14,178,433.62	139.41%
01/01/2034	19,630,383.68			66,377.55	11,298,482.76	2,852,973.68	14,151,456.44	139.19%
07/01/2034	19,485,919.46			62,954.57	11,319,455.91	2,789,492.22	14,108,948.13	138.56%
01/01/2035	19,388,427.03			63,675.71	11,334,462.87	2,547,390.95	13,881,853.82	140.13%
07/01/2035	19,355,647.72			64,451.23	11,352,554.44	2,505,655.57	13,858,210.02	140.13%
01/01/2036	19,373,301.16			-	11,369,676.38	2,202,478.59	13,572,154.98	142.74%
07/01/2036	19,409,695.74			-	11,390,066.92	2,166,092.10	13,556,159.03	143.18%
01/01/2037	19,445,639.40			-	11,409,304.27	2,110,572.30	13,519,876.57	143.83%
07/01/2037	19,481,969.68			-	11,426,369.10	2,044,514.11	13,470,883.21	144.62%
01/01/2038	19,519,101.49			-	11,447,277.07	1,976,848.66	13,424,125.73	145.40%
07/01/2038	19,556,876.30			-	11,465,951.29	1,879,341.00	13,345,292.29	146.55%
01/01/2039	19,594,913.82			-	11,488,389.85	1,770,365.30	13,258,755.15	147.79%
07/01/2039	19,633,057.43			-	11,508,515.82	1,636,746.18	13,145,262.00	149.35%
01/01/2040	19,673,529.91			-	11,527,344.71	1,466,648.40	12,993,993.11	151.40%
07/01/2040	19,713,993.89			-	11,548,857.04	1,246,957.43	12,795,814.47	154.07%
01/01/2041	18,942,447.29			-	11,568,993.27	940,814.46	12,509,807.73	151.42%
07/01/2041	18,019,272.64			-	11,592,611.33	576,655.36	12,169,266.69	148.07%
01/01/2042	16,988,267.29			-	11,614,666.62	433,118.88	12,047,785.50	141.01%
07/01/2042	16,242,502.56			-	11,634,157.02	335,450.54	11,969,607.56	135.70%
01/01/2043	15,254,098.09			-	11,657,066.61	207,802.79	11,864,869.40	128.57%
07/01/2043	14,588,059.75			-	11,682,331.94	45,868.77	11,728,200.72	124.38%
01/01/2044	14,108,245.57			-	11,705,889.53	3,193.30	11,709,082.83	120.49%
07/01/2044	13,583,857.88			-	11,731,737.11	2,029.09	11,733,766.21	115.77%
01/01/2045	13,151,016.95			-	11,755,797.38	868.25	11,756,665.63	111.86%
07/01/2045	12,783,878.07			-	11,777,081.74	-	11,777,081.74	108.55%
01/01/2046	11,871,115.37			-	11,801,574.07	-	11,801,574.07	100.59%
07/01/2046	11,891,756.47			-	11,829,983.21	-	11,829,983.21	100.52%
01/01/2047	11,918,141.24			-	11,856,345.44	-	11,856,345.44	100.52%
07/01/2047	11,944,932.16			-	11,879,658.29	-	11,879,658.29	100.55%



FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
NIBP Single Family Indenture and \$450,000,000 NEW MONEY  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
01/01/2048	11,972,170.19			-	11,905,919.22	-	11,905,919.22	100.56%
07/01/2048	11,999,836.78			-	11,933,481.91	-	11,933,481.91	100.56%
01/01/2049	12,027,929.84			-	11,958,071.87	-	11,958,071.87	100.58%
07/01/2049	12,056,489.97			-	11,984,440.21	-	11,984,440.21	100.60%
01/01/2050	12,085,510.95			-	12,013,519.84	-	12,013,519.84	100.60%
07/01/2050	12,114,902.12			-	12,039,243.67	-	12,039,243.67	100.63%
01/01/2051	12,144,858.52			-	4,488,755.17	-	4,488,755.17	270.56%
07/01/2051	8,914,970.61			-	4,491,817.13	-	4,491,817.13	198.47%
08/01/2051	10,349,459.45			-	-	-	-	NA
<b>TOTAL</b>	<b>\$ 1,200,353,943.78</b>	<b>\$ -</b>		<b>\$ 853,984.11</b>	<b>\$ 673,651,564.40</b>	<b>\$ 143,637,406.51</b>	<b>\$ 817,288,970.92</b>	

**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**NIBP Single Family Indenture and 62,400,000 REFUNDING**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2020	14,295,350.11			-	-	-	-	
07/01/2020	111,364,604.46			9,448.00		8,189,002.16	8,189,002.16	1360.04%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2021	8,669,502.03					6,173,473.15	6,173,473.15	140.43%
07/01/2021	10,580,732.63	-			649,665.00	6,048,787.53	6,698,452.53	157.96%
01/01/2022	10,592,825.38	-			1,858,546.40	5,749,624.67	7,608,171.08	139.23%
07/01/2022	10,605,191.27				1,860,037.29	5,574,959.59	7,434,996.88	142.64%
01/01/2023	10,617,836.92	-			1,855,999.21	5,359,874.81	7,215,874.02	147.15%
07/01/2023	10,640,390.78				1,856,532.46	5,102,987.79	6,959,520.25	152.89%
01/01/2024	10,652,194.21				1,856,532.33	4,854,421.12	6,710,953.46	158.73%
07/01/2024	10,665,572.40				1,856,385.98	4,772,192.32	6,628,578.30	160.90%
01/01/2025	10,605,392.17				1,850,703.05	4,681,373.00	6,532,076.05	162.36%
07/01/2025	10,427,239.58				1,849,578.82	4,591,804.01	6,441,382.83	161.88%
01/01/2026	10,406,590.28				1,852,913.54	4,485,214.86	6,338,128.40	164.19%
07/01/2026	10,429,697.28				1,850,439.97	4,343,333.32	6,193,773.29	168.39%
01/01/2027	10,401,261.39				1,847,419.62	4,058,090.49	5,905,510.11	176.13%
07/01/2027	10,406,433.39				1,848,597.09	3,796,133.97	5,644,731.06	184.36%
01/01/2028	10,422,058.56				1,844,190.12	2,740,274.97	4,584,465.08	227.33%
07/01/2028	10,440,102.57				1,843,960.18	2,660,108.27	4,504,068.45	231.79%
01/01/2029	10,455,734.25				1,843,134.99	2,528,996.58	4,372,131.57	239.15%
07/01/2029	10,471,717.74			68,428.50	1,841,746.65	2,388,605.78	4,230,352.42	249.16%
01/01/2030	10,483,720.93			68,744.21	1,839,754.71	2,580,628.38	4,420,383.09	238.72%
07/01/2030	10,508,193.08			63,080.33	1,837,176.26	3,179,778.03	5,016,954.29	210.71%
01/01/2031	10,520,385.12			62,836.58	1,838,985.85	3,116,335.42	4,955,321.28	213.57%
07/01/2031	10,537,892.16			66,757.08	1,838,802.42	3,075,322.21	4,914,124.63	215.80%
01/01/2032	10,554,729.57			64,749.92	1,832,935.49	3,018,120.01	4,851,055.50	218.91%
07/01/2032	10,572,093.47			67,896.90	1,832,437.74	2,988,188.12	4,820,625.86	220.72%
01/01/2033	10,551,502.50			60,108.62	1,831,255.56	2,940,061.98	4,771,317.55	222.40%
07/01/2033	10,337,653.20			64,474.90	1,830,388.48	2,897,836.00	4,728,224.48	220.00%
01/01/2034	10,252,720.84			66,377.55	1,828,835.99	2,852,973.68	4,681,809.67	220.41%
07/01/2034	10,093,851.34			62,954.57	1,827,597.60	2,789,492.22	4,617,089.82	219.98%
01/01/2035	9,981,777.52			63,675.71	1,825,672.79	2,547,390.95	4,373,063.73	229.71%
07/01/2035	9,934,175.62			64,451.23	1,824,061.04	2,505,655.57	4,329,716.61	230.93%
01/01/2036	9,936,789.89			-	1,821,761.81	2,202,478.59	4,024,240.41	246.92%
07/01/2036	9,957,913.15			-	1,818,294.58	2,166,092.10	3,984,386.68	249.92%
01/01/2037	9,978,379.80			-	1,819,123.78	2,110,572.30	3,929,696.07	253.92%
07/01/2037	9,999,009.85			-	1,815,190.72	2,044,514.11	3,859,704.83	259.06%
01/01/2038	10,020,190.29			-	1,815,552.96	1,976,848.66	3,792,401.62	264.22%
07/01/2038	10,041,794.54			-	1,811,151.79	1,879,341.00	3,690,492.79	272.10%
01/01/2039	10,063,413.60	-		-	1,811,205.35	1,770,365.30	3,581,570.65	280.98%
07/01/2039	10,084,921.89	-		-	1,811,531.80	1,636,746.18	3,448,277.98	292.46%
01/01/2040	10,108,512.56			-	1,806,095.50	1,466,648.40	3,272,743.90	308.87%
07/01/2040	10,131,828.65			-	1,805,953.33	1,246,957.43	3,052,910.76	331.87%
01/01/2041	9,342,887.88			-	1,805,047.15	940,814.46	2,745,861.62	340.25%
07/01/2041	8,402,052.05			-	1,803,131.30	576,655.36	2,379,786.65	353.06%
01/01/2042	7,353,146.29			-	1,800,435.10	433,118.88	2,233,553.97	329.21%
07/01/2042	6,589,219.15			-	1,797,957.88	335,450.54	2,133,408.41	308.86%
01/01/2043	5,582,357.63			-	1,794,698.94	207,802.79	2,002,501.73	278.77%
07/01/2043	4,897,593.93			-	1,796,657.57	45,868.77	1,842,526.34	265.81%
01/01/2044	3,370,047.70			-	-	3,193.30	3,193.30	105534.97%
07/01/2044	1,793,758.55			-	-	2,029.09	2,029.09	88401.96%
01/01/2045	1,336,127.79			-	-	868.25	868.25	153886.58%
07/01/2045	943,810.46			-	-	-	-	N/A
01/01/2046	5,443.12			-	-	-	-	N/A
07/01/2046	75.00			-	-	-	-	N/A
01/01/2047	75.00			-	-	-	-	N/A
07/01/2047	75.00			-	-	-	-	N/A

FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
NIBP Single Family Indenture and 62,400,000 REFUNDING  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
01/01/2048	75.00			-		-	-	N/A
07/01/2048	75.00			-		-	-	N/A
01/01/2049	75.00			-		-	-	N/A
07/01/2049	75.00			-		-	-	N/A
01/01/2050	75.00			-		-	-	N/A
<b>TOTAL</b>	<b>\$ 587,418,921.51</b>	<b>\$ -</b>		<b>\$ 853,984.11</b>	<b>\$ 81,188,076.18</b>	<b>\$ 143,637,406.51</b>	<b>\$ 224,825,482.69</b>	

**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**NIBP Single Family Indenture and \$62,400,000 REFUNDING AND \$387,600,000 NEW MONEY**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2020	14,295,350.11			-		-	-	
07/01/2020	111,364,604.46	-		9,448.00		8,189,002.16	8,189,002.16	1360.04%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2021	8,669,502.03					6,173,473.15	6,173,473.15	140.43%
07/01/2021	15,594,330.83				5,516,306.25	6,048,787.53	11,565,093.78	134.84%
01/01/2022	19,828,344.58				8,597,901.67	5,749,624.67	14,347,526.34	138.20%
07/01/2022	20,138,885.61				11,318,282.62	5,574,959.59	16,893,242.20	119.21%
01/01/2023	20,161,648.24				11,328,587.29	5,359,874.81	16,688,462.10	120.81%
07/01/2023	20,194,719.95				11,345,019.84	5,102,987.79	16,448,007.63	122.78%
01/01/2024	20,217,206.34				11,356,267.65	4,854,421.12	16,210,688.78	124.72%
07/01/2024	20,241,490.21				11,369,501.82	4,772,192.32	16,141,694.14	125.40%
01/01/2025	20,192,424.93				11,382,535.92	4,681,373.00	16,063,908.92	125.70%
07/01/2025	20,025,828.29				11,396,567.26	4,591,804.01	15,988,371.27	125.25%
01/01/2026	20,016,930.42				11,410,355.62	4,485,214.86	15,895,570.48	125.93%
07/01/2026	20,052,016.51				11,424,055.77	4,343,333.32	15,767,389.08	127.17%
01/01/2027	20,035,820.58				11,437,404.92	4,058,090.49	15,495,495.41	129.30%
07/01/2027	20,053,504.59				11,455,551.54	3,796,133.97	15,251,685.51	131.48%
01/01/2028	20,082,572.35				11,468,251.56	2,740,274.97	14,208,526.52	141.34%
07/01/2028	20,114,374.17				11,485,609.63	2,660,108.27	14,145,717.90	142.19%
01/01/2029	20,143,926.89				11,497,441.63	2,528,996.58	14,026,438.21	143.61%
07/01/2029	20,174,123.43			68,428.50	11,514,774.66	2,388,605.78	13,903,380.44	145.59%
01/01/2030	20,200,602.96			68,744.21	11,531,469.56	2,580,628.38	14,112,097.94	143.63%
07/01/2030	20,239,766.65			63,080.33	11,548,449.60	3,179,778.03	14,728,227.63	137.85%
01/01/2031	20,266,868.55			62,836.58	11,564,710.56	3,116,335.42	14,681,045.99	138.48%
07/01/2031	20,299,517.01			66,757.08	11,581,900.68	3,075,322.21	14,657,222.90	138.95%
01/01/2032	20,331,724.42			64,749.92	11,598,175.67	3,018,120.01	14,616,295.69	139.55%
07/01/2032	20,364,702.54			67,896.90	11,612,533.71	2,988,188.12	14,600,721.83	139.94%
01/01/2033	20,359,995.55			60,108.62	11,630,950.44	2,940,061.98	14,571,012.42	140.14%
07/01/2033	20,162,266.19			64,474.90	11,647,371.49	2,897,836.00	14,545,207.49	139.06%
01/01/2034	20,093,716.50			66,377.55	11,667,794.94	2,852,973.68	14,520,768.62	138.84%
07/01/2034	19,951,459.11			62,954.57	11,686,166.35	2,789,492.22	14,475,658.57	138.26%
01/01/2035	19,856,254.23			63,675.71	11,703,483.73	2,547,390.95	14,250,874.68	139.78%
07/01/2035	19,825,795.46			64,451.23	11,723,722.59	2,505,655.57	14,229,378.16	139.78%
01/01/2036	19,845,805.16			-	11,742,850.87	2,202,478.59	13,945,329.46	142.31%
07/01/2036	19,884,594.46			-	11,765,024.00	2,166,092.10	13,931,116.10	142.74%
01/01/2037	19,922,974.64			-	11,780,879.86	2,110,572.30	13,891,452.16	143.42%
07/01/2037	19,961,836.00			-	11,804,456.32	2,044,514.11	13,848,970.42	144.14%
01/01/2038	20,001,496.52			-	11,826,653.67	1,976,848.66	13,803,502.33	144.90%
07/01/2038	20,041,850.65			-	11,846,452.21	1,879,341.00	13,725,793.21	146.02%
01/01/2039	20,082,521.01			-	11,864,849.68	1,770,365.30	13,635,214.98	147.28%
07/01/2039	20,123,404.26			-	11,885,843.78	1,636,746.18	13,522,589.96	148.81%
01/01/2040	20,166,675.85			-	11,910,374.68	1,466,648.40	13,377,023.08	150.76%
07/01/2040	20,209,951.89			-	11,932,365.00	1,246,957.43	13,179,322.43	153.35%
01/01/2041	19,441,283.47			-	11,957,812.34	940,814.46	12,898,626.80	150.72%
07/01/2041	18,521,006.34			-	11,976,464.24	576,655.36	12,553,119.60	147.54%
01/01/2042	17,493,021.99			-	12,003,446.97	433,118.88	12,436,565.84	140.66%
07/01/2042	16,750,304.88			-	12,027,621.73	335,450.54	12,363,072.26	135.49%
01/01/2043	15,764,978.63			-	12,049,999.70	207,802.79	12,257,802.49	128.61%
07/01/2043	15,102,102.36			-	12,074,564.50	45,868.77	12,120,433.28	124.60%
01/01/2044	13,595,069.13			-	11,032,238.49	3,193.30	11,035,431.79	123.19%
07/01/2044	12,034,849.65			-	9,987,293.05	2,029.09	9,989,322.14	120.48%
01/01/2045	11,600,799.64			-	10,010,952.76	868.25	10,011,821.01	115.87%
07/01/2045	11,232,393.72			-	10,032,115.04	-	10,032,115.04	111.96%
01/01/2046	10,318,302.04			-	10,051,764.07	-	10,051,764.07	102.65%
07/01/2046	10,337,597.67			-	10,071,289.00	-	10,071,289.00	102.64%
01/01/2047	10,362,660.36			-	10,094,192.69	-	10,094,192.69	102.66%
07/01/2047	10,388,097.49			-	10,119,398.00	-	10,119,398.00	102.66%
01/01/2048	10,413,895.33			-	10,137,265.83	-	10,137,265.83	102.73%

FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
NIBP Single Family Indenture and \$62,400,000 REFUNDING AND \$387,600,000 NEW MONEY  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>NIBP Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
07/01/2048	10,440,136.49			-	10,161,860.83	-	10,161,860.83	102.74%
01/01/2049	10,466,763.96			-	10,184,591.99	-	10,184,591.99	102.77%
07/01/2049	10,493,806.04			-	10,204,468.24	-	10,204,468.24	102.84%
01/01/2050	10,521,301.27			-	10,222,475.99	-	10,222,475.99	102.92%
07/01/2050	10,549,203.88			-	10,252,612.86	-	10,252,612.86	102.89%
01/01/2051	10,577,553.67			-	4,176,905.82	-	4,176,905.82	253.24%
07/01/2051	7,767,230.63			-	4,176,001.79	-	4,176,001.79	186.00%
08/01/2051	2,793,472.08			-	-	-	-	NA
<b>TOTAL</b>	<b>\$ 1,190,757,214.85</b>	<b>\$ -</b>		<b>\$ 853,984.11</b>	<b>\$ 666,166,230.95</b>	<b>\$ 143,637,406.51</b>	<b>\$ 809,803,637.46</b>	

## **SECTION 8**

# **FISCAL DETERMINATION**

## **COVERAGE: 1995 Indenture**



**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**1995 Single Family Indenture and \$450,000,000 NEW MONEY**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2020	-	-	-	-	-	-	-	-
07/01/2020	26,780,684.85	-	-	-	-	19,497,513.06	19,497,513.06	137.35%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2021	29,851,284.90	-	-	-	-	22,412,607.32	22,412,607.32	133.19%
07/01/2021	34,316,218.02	-	-	831,298.74	5,430,666.25	23,264,639.16	28,695,305.41	122.49%
01/01/2022	40,798,647.48	-	-	382,897.56	7,773,859.49	24,613,983.86	32,387,843.35	127.15%
07/01/2022	41,934,017.41	-	-	68,830.90	10,965,913.16	25,148,162.97	36,114,076.13	116.31%
01/01/2023	42,042,415.85	-	-	68,204.10	10,975,878.40	25,219,261.21	36,195,139.61	116.34%
07/01/2023	41,874,098.56	-	-	94,123.11	10,992,151.52	25,265,006.16	36,257,157.68	115.75%
01/01/2024	41,835,597.89	-	-	90,526.99	11,003,322.59	25,313,045.65	36,316,368.24	115.45%
07/01/2024	41,891,533.88	-	-	88,560.70	11,016,585.38	25,383,222.59	36,399,807.97	115.33%
01/01/2025	41,946,449.36	-	-	85,689.31	11,029,731.16	25,519,932.49	36,549,663.65	115.00%
07/01/2025	42,002,332.81	-	-	77,705.23	11,038,991.19	25,576,107.89	36,615,099.09	114.93%
01/01/2026	42,059,282.54	-	-	78,852.59	11,053,059.19	25,653,976.44	36,707,035.63	114.80%
07/01/2026	42,221,076.39	-	-	79,809.93	11,067,226.37	25,696,298.33	36,763,524.69	115.06%
01/01/2027	42,371,305.70	-	-	77,809.63	11,081,175.16	25,779,756.95	36,860,932.11	115.16%
07/01/2027	42,446,755.23	-	-	77,541.10	11,095,050.48	25,814,195.82	36,909,246.30	115.21%
01/01/2028	42,520,962.89	-	-	117,724.43	11,108,594.73	25,889,274.72	36,997,869.45	115.25%
07/01/2028	42,596,821.06	-	-	123,821.76	11,126,931.53	25,967,755.91	37,094,687.44	115.17%
01/01/2029	42,673,715.02	-	-	117,467.36	11,139,826.99	26,020,879.86	37,160,706.85	115.15%
07/01/2029	42,828,845.04	-	-	116,513.26	11,153,345.93	26,066,029.47	37,219,375.40	115.38%
01/01/2030	42,608,784.89	-	-	115,971.12	11,171,386.92	26,077,247.69	37,248,634.61	114.70%
07/01/2030	40,824,044.30	-	-	118,590.26	11,184,835.99	26,124,107.99	37,308,943.98	109.74%
01/01/2031	40,893,203.97	-	-	114,449.04	11,202,726.65	26,166,283.78	37,369,010.43	109.74%
07/01/2031	40,963,738.60	-	-	114,678.05	11,216,719.89	26,231,559.69	37,448,279.58	109.69%
01/01/2032	41,035,559.74	-	-	113,114.20	11,234,936.68	26,263,117.08	37,498,053.76	109.74%
07/01/2032	41,107,897.22	-	-	110,214.70	11,251,322.96	26,301,637.22	37,552,960.17	109.76%
01/01/2033	41,181,509.95	-	-	115,481.70	11,266,877.14	26,321,168.10	37,588,045.23	109.87%
07/01/2033	41,258,192.37	-	-	110,734.70	11,280,597.62	26,380,698.13	37,661,295.75	109.84%
01/01/2034	41,332,264.23	-	-	99,143.23	11,298,482.76	26,421,484.99	37,719,967.75	109.84%
07/01/2034	41,404,276.87	-	-	107,795.90	11,319,455.91	26,483,075.50	37,802,531.41	109.81%
01/01/2035	41,477,655.86	-	-	99,323.12	11,334,462.87	26,529,959.31	37,864,422.19	109.80%
07/01/2035	41,484,721.10	-	-	105,988.10	11,352,554.44	26,706,001.59	38,058,556.03	109.28%
01/01/2036	41,090,816.42	-	-	55,529.20	11,369,676.38	26,508,151.02	37,877,827.41	108.63%
07/01/2036	40,375,703.11	-	-	40,350.48	11,390,066.92	26,543,241.77	37,933,308.69	106.55%
01/01/2037	40,050,760.24	-	-	57.08	11,409,304.27	26,188,751.26	37,598,055.53	106.52%
07/01/2037	40,130,843.18	-	-	-	11,426,369.10	25,729,483.50	37,155,852.60	108.01%
01/01/2038	40,216,871.60	-	-	-	11,447,277.07	25,739,984.23	37,187,261.30	108.15%
07/01/2038	39,066,237.55	-	-	-	11,465,951.29	25,784,122.67	37,250,073.96	104.88%
01/01/2039	39,152,397.36	-	-	-	11,488,389.85	25,895,409.86	37,383,799.71	104.73%
07/01/2039	39,240,443.30	-	-	-	11,508,515.82	25,993,331.73	37,501,847.55	104.64%
01/01/2040	39,329,804.19	-	-	-	11,527,344.71	25,350,515.00	36,877,859.71	106.65%
07/01/2040	39,421,991.69	-	-	-	11,548,857.04	25,375,118.62	36,923,975.67	106.77%
01/01/2041	39,514,969.46	-	-	-	11,568,993.27	25,041,590.12	36,610,583.39	107.93%
07/01/2041	39,612,778.96	-	-	-	11,592,611.33	25,042,472.40	36,635,083.73	108.13%
01/01/2042	39,712,248.72	-	-	-	11,614,666.62	24,901,726.23	36,516,392.85	108.75%
07/01/2042	39,739,742.19	-	-	-	11,634,157.02	24,896,205.92	36,530,362.94	108.79%
01/01/2043	92,813,428.75	-	-	-	11,657,066.61	24,358,648.63	36,015,715.24	257.70%
07/01/2043	39,532,953.82	-	-	-	11,682,331.94	24,344,584.42	36,026,916.36	109.73%
01/01/2044	39,642,505.81	-	-	-	11,705,889.53	24,228,215.56	35,934,105.09	110.32%
07/01/2044	39,754,610.59	-	-	-	11,731,737.11	24,185,441.56	35,917,178.67	110.68%
01/01/2045	39,865,014.93	-	-	-	11,755,797.38	23,934,707.23	35,690,504.61	111.70%
07/01/2045	39,977,274.14	-	-	-	11,777,081.74	22,881,366.18	34,658,447.92	115.35%
01/01/2046	39,135,595.70	-	-	-	11,801,574.07	22,624,029.08	34,425,603.15	113.68%
07/01/2046	39,121,173.12	-	-	-	11,829,983.21	22,774,096.51	34,604,079.71	113.05%
01/01/2047	39,093,047.59	-	-	-	11,856,345.44	21,142,591.73	32,998,937.18	118.47%
07/01/2047	39,020,563.31	-	-	-	11,879,658.29	19,344,297.57	31,223,955.86	124.97%
01/01/2048	37,092,129.25	-	-	-	11,905,919.22	15,527,560.54	27,433,479.76	135.21%
07/01/2048	34,227,733.36	-	-	-	11,933,481.91	14,421,374.15	26,354,856.06	129.87%

FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
1995 Single Family Indenture and \$450,000,000 NEW MONEY  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
01/01/2049	30,817,356.16			235,161.82	11,958,071.87	10,381,314.17	22,339,386.04	139.00%
07/01/2049	27,511,676.61			397,563.64	11,984,440.21	8,066,637.80	20,051,078.01	139.19%
01/01/2050	26,727,913.57			406,104.10	12,013,519.84	6,116,079.49	18,129,599.33	149.67%
07/01/2050	22,438,487.65			458,874.66	12,039,243.67	6,178,301.26	18,217,544.93	125.69%
01/01/2051	18,708,695.46			5,718.95	4,488,755.17	5,532,774.09	10,021,529.25	186.74%
07/01/2051	14,172,247.69			-	4,491,817.13	3,667,572.75	8,159,389.88	173.69%
01/01/2052	15,624,865.81			-	-	-	-	NA
<b>TOTAL</b>	<b>\$ 2,492,496,773.24</b>	<b>\$ -</b>		<b>\$ 5,502,220.75</b>	<b>\$ 673,651,564.40</b>	<b>\$ 1,448,807,687.94</b>	<b>\$ 2,122,459,252.35</b>	



**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**1995 Single Family Indenture and \$62,400,000 REFUNDING**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2020	-	-	-	-	-	-	-	-
07/01/2020	26,780,684.85	-	-	-	-	19,497,513.06	19,497,513.06	137.35%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2021	29,851,284.90	-	-	-	-	22,412,607.32	22,412,607.32	133.19%
07/01/2021	30,388,332.21	-	-	831,298.74	649,665.00	23,264,639.16	23,914,304.16	130.55%
01/01/2022	32,028,448.47	-	-	382,897.56	1,858,546.40	24,613,983.86	26,472,530.26	122.43%
07/01/2022	32,822,063.13	-	-	68,830.90	1,860,037.29	25,148,162.97	27,008,200.26	121.78%
01/01/2023	32,920,046.48	-	-	68,204.10	1,855,999.21	25,219,261.21	27,075,260.43	121.84%
07/01/2023	32,741,139.03	-	-	94,123.11	1,856,532.46	25,265,006.16	27,121,538.63	121.07%
01/01/2024	32,691,932.00	-	-	90,526.99	1,856,532.33	25,313,045.65	27,169,577.99	120.66%
07/01/2024	32,736,990.39	-	-	88,560.70	1,856,385.98	25,383,222.59	27,239,608.57	120.51%
01/01/2025	32,780,873.65	-	-	85,689.31	1,850,703.05	25,519,932.49	27,370,635.54	120.08%
07/01/2025	32,825,564.85	-	-	77,705.23	1,849,578.82	25,576,107.89	27,425,686.71	119.97%
01/01/2026	32,871,118.91	-	-	78,852.59	1,852,913.54	25,653,976.44	27,506,889.98	119.79%
07/01/2026	33,021,356.99	-	-	79,809.93	1,850,439.97	25,696,298.33	27,546,738.30	120.16%
01/01/2027	33,159,867.07	-	-	77,809.63	1,847,419.62	25,779,756.95	27,627,176.57	120.31%
07/01/2027	33,223,427.05	-	-	77,541.10	1,848,597.09	25,814,195.82	27,662,792.91	120.38%
01/01/2028	33,285,569.59	-	-	117,724.43	1,844,190.12	25,889,274.72	27,733,464.83	120.44%
07/01/2028	33,349,176.76	-	-	123,821.76	1,843,960.18	25,967,755.91	27,811,716.08	120.36%
01/01/2029	33,413,683.21	-	-	117,467.36	1,843,134.99	26,020,879.86	27,864,014.85	120.34%
07/01/2029	33,556,224.08	-	-	116,513.26	1,841,746.65	26,066,029.47	27,907,776.11	120.66%
01/01/2030	33,323,376.36	-	-	115,971.12	1,839,754.71	26,077,247.69	27,917,002.40	119.78%
07/01/2030	31,525,689.79	-	-	118,590.26	1,837,176.26	26,124,107.99	27,961,284.25	113.17%
01/01/2031	31,581,694.32	-	-	114,449.04	1,838,985.85	26,166,283.78	28,005,269.63	113.18%
07/01/2031	31,638,903.80	-	-	114,678.05	1,838,802.42	26,231,559.69	28,070,362.10	113.12%
01/01/2032	31,697,185.62	-	-	113,114.20	1,832,935.49	26,263,117.08	28,096,052.57	113.22%
07/01/2032	31,755,806.54	-	-	110,214.70	1,832,437.74	26,301,637.22	28,134,074.96	113.26%
01/01/2033	31,815,501.73	-	-	115,481.70	1,831,255.56	26,321,168.10	28,152,423.66	113.42%
07/01/2033	31,878,052.06	-	-	110,734.70	1,830,388.48	26,380,698.13	28,211,086.61	113.39%
01/01/2034	31,937,753.13	-	-	99,143.23	1,828,835.99	26,421,484.99	28,250,320.98	113.40%
07/01/2034	31,995,192.00	-	-	107,795.90	1,827,597.60	26,483,075.50	28,310,673.10	113.40%
01/01/2035	32,053,819.43	-	-	99,323.12	1,825,672.79	26,529,959.31	28,355,632.10	113.39%
07/01/2035	32,045,890.21	-	-	105,988.10	1,824,061.04	26,706,001.59	28,530,062.62	112.69%
01/01/2036	31,636,772.78	-	-	55,529.20	1,821,761.81	26,508,151.02	28,329,912.84	111.87%
07/01/2036	30,906,212.83	-	-	40,350.48	1,818,294.58	26,543,241.77	28,361,536.35	109.11%
01/01/2037	30,565,615.87	-	-	57.08	1,819,123.78	26,188,751.26	28,007,875.04	109.13%
07/01/2037	30,629,819.74	-	-	-	1,815,190.72	25,729,483.50	27,544,674.22	111.20%
01/01/2038	30,699,716.15	-	-	-	1,815,552.96	25,739,984.23	27,555,537.19	111.41%
07/01/2038	29,532,729.10	-	-	-	1,811,151.79	25,784,122.67	27,595,274.46	107.02%
01/01/2039	29,602,286.18	-	-	-	1,811,205.35	25,895,409.86	27,706,615.21	106.84%
07/01/2039	29,673,510.68	-	-	-	1,811,531.80	25,993,331.73	27,804,863.53	106.72%
01/01/2040	29,745,801.78	-	-	-	1,806,095.50	25,350,515.00	27,156,610.50	109.53%
07/01/2040	29,820,651.56	-	-	-	1,805,953.33	25,375,118.62	27,181,071.96	109.71%
01/01/2041	29,896,043.41	-	-	-	1,805,047.15	25,041,590.12	26,846,637.27	111.36%
07/01/2041	29,975,998.06	-	-	-	1,803,131.30	25,042,472.40	26,845,603.69	111.66%
01/01/2042	30,057,371.80	-	-	-	1,800,435.10	24,901,726.23	26,702,161.33	112.57%
07/01/2042	30,066,505.31	-	-	-	1,797,957.88	24,896,205.92	26,694,163.79	112.63%
01/01/2043	83,121,535.28	-	-	-	1,794,698.94	24,358,648.63	26,153,347.57	317.82%
07/01/2043	29,822,133.46	-	-	-	1,796,657.57	24,344,584.42	26,141,241.98	114.08%
01/01/2044	28,883,749.86	-	-	-	-	24,228,215.56	24,228,215.56	119.22%
07/01/2044	27,943,747.59	-	-	-	-	24,185,441.56	24,185,441.56	115.54%
01/01/2045	28,029,154.47	-	-	-	-	23,934,707.23	23,934,707.23	117.11%
07/01/2045	28,116,025.52	-	-	-	-	22,881,366.18	22,881,366.18	122.88%
01/01/2046	27,248,530.62	-	-	-	-	22,624,029.08	22,624,029.08	120.44%
07/01/2046	27,207,884.90	-	-	-	-	22,774,096.51	22,774,096.51	119.47%
01/01/2047	27,153,158.53	-	-	-	-	21,142,591.73	21,142,591.73	128.43%
07/01/2047	27,053,665.11	-	-	-	-	19,344,297.57	19,344,297.57	139.85%
01/01/2048	25,097,772.61	-	-	-	-	15,527,560.54	15,527,560.54	161.63%
07/01/2048	22,205,487.50	-	-	-	-	14,421,374.15	14,421,374.15	153.98%

FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
1995 Single Family Indenture and \$62,400,000 REFUNDING  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
01/01/2049	18,766,792.40			235,161.82		10,381,314.17	10,381,314.17	183.04%
07/01/2049	15,432,325.64			397,563.64		8,066,637.80	8,066,637.80	196.24%
01/01/2050	14,619,312.26			406,104.10		6,116,079.49	6,116,079.49	245.67%
07/01/2050	10,300,188.51			458,874.66		6,178,301.26	6,178,301.26	174.14%
01/01/2051	6,540,205.96			5,718.95		5,532,774.09	5,532,774.09	118.31%
07/01/2051	5,233,409.78			-		3,667,572.75	3,667,572.75	142.69%
01/01/2052	5,275,406.36			-				NA
<b>TOTAL</b>	<b>\$ 1,878,556,170.23</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,502,220.75</b>	<b>\$ 81,188,076.18</b>	<b>\$ 1,448,807,687.94</b>	<b>\$ 1,529,995,764.12</b>	

**FLORIDA HOUSING FINANCE CORPORATION**  
**Homeowner Mortgage Revenue Bonds**  
**2021 Phase One (Multiple Series to be Determined)**

**Fiscal Determination Coverage - OPEN INDENTURE Cashflows**  
**1995 Single Family Indenture and \$62,400,000 REFUNDING AND \$387,600,000 NEW MONEY**  
**Semi-Annual Breakout**  
**0% FHA**

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
<b>HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2020	-	-	-	-	-	-	-	-
07/01/2020	26,780,684.85	-	-	-	-	19,497,513.06	19,497,513.06	137.35%
<b>PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2021 PHASE ONE</b>								
01/01/2021	29,851,284.90	-	-	-	-	22,412,607.32	22,412,607.32	133.19%
07/01/2021	35,401,930.41	-	-	831,298.74	5,516,306.25	23,264,639.16	28,780,945.41	125.89%
01/01/2022	41,263,967.67	-	-	382,897.56	8,597,901.67	24,613,983.86	33,211,885.53	125.40%
07/01/2022	42,356,826.41	-	-	68,830.90	11,318,282.62	25,148,162.97	36,466,445.59	116.34%
01/01/2023	42,466,622.48	-	-	68,204.10	11,328,587.29	25,219,261.21	36,547,848.50	116.38%
07/01/2023	42,299,732.46	-	-	94,123.11	11,345,019.84	25,265,006.16	36,610,026.01	115.80%
01/01/2024	42,262,691.34	-	-	90,526.99	11,356,267.65	25,313,045.65	36,669,313.30	115.50%
07/01/2024	42,320,120.65	-	-	88,560.70	11,369,501.82	25,383,222.59	36,752,724.40	115.39%
01/01/2025	42,376,564.95	-	-	85,689.31	11,382,535.92	25,519,932.49	36,902,468.41	115.07%
07/01/2025	42,434,014.74	-	-	77,705.23	11,396,567.26	25,576,107.89	36,972,675.15	114.98%
01/01/2026	42,492,519.97	-	-	78,852.59	11,410,355.62	25,653,976.44	37,064,332.06	114.86%
07/01/2026	42,655,909.65	-	-	79,809.93	11,424,055.77	25,696,298.33	37,120,354.09	115.13%
01/01/2027	42,807,777.93	-	-	77,809.63	11,437,404.92	25,779,756.95	37,217,161.87	115.23%
07/01/2027	42,884,911.81	-	-	77,541.10	11,455,551.54	25,814,195.82	37,269,747.36	115.27%
01/01/2028	42,960,801.51	-	-	117,724.43	11,468,251.56	25,889,274.72	37,357,526.27	115.31%
07/01/2028	43,038,388.94	-	-	123,821.76	11,485,609.63	25,967,755.91	37,453,365.53	115.24%
01/01/2029	43,117,067.97	-	-	117,467.36	11,497,441.63	26,020,879.86	37,518,321.49	115.24%
07/01/2029	43,274,346.80	-	-	116,513.26	11,514,774.66	26,066,029.47	37,580,804.13	115.46%
01/01/2030	43,055,817.48	-	-	115,971.12	11,531,469.56	26,077,247.69	37,608,717.24	114.79%
07/01/2030	41,272,978.03	-	-	118,590.26	11,548,449.60	26,124,107.99	37,672,557.59	109.87%
01/01/2031	41,344,049.57	-	-	114,449.04	11,564,710.56	26,166,283.78	37,730,994.34	109.88%
07/01/2031	41,416,559.19	-	-	114,678.05	11,581,900.68	26,231,559.69	37,813,460.37	109.83%
01/01/2032	41,490,371.32	-	-	113,114.20	11,598,175.67	26,263,117.08	37,861,292.75	109.88%
07/01/2032	41,564,768.37	-	-	110,214.70	11,612,533.71	26,301,637.22	37,914,170.93	109.92%
01/01/2033	41,640,511.06	-	-	115,481.70	11,630,950.44	26,321,168.10	37,952,118.54	110.02%
07/01/2033	41,719,346.50	-	-	110,734.70	11,647,371.49	26,380,698.13	38,028,069.62	110.00%
01/01/2034	41,795,597.05	-	-	99,143.23	11,667,794.94	26,421,484.99	38,089,279.93	109.99%
07/01/2034	41,869,816.52	-	-	107,795.90	11,686,166.35	26,483,075.50	38,169,241.85	109.98%
01/01/2035	41,945,483.06	-	-	99,323.12	11,703,483.73	26,529,959.31	38,233,443.05	109.97%
07/01/2035	41,954,868.84	-	-	105,988.10	11,723,722.59	26,706,001.59	38,429,724.18	109.45%
01/01/2036	41,563,320.43	-	-	55,529.20	11,742,850.87	26,508,151.02	38,251,001.89	108.80%
07/01/2036	40,850,601.84	-	-	40,350.48	11,765,024.00	26,543,241.77	38,308,265.77	106.74%
01/01/2037	40,528,095.48	-	-	57.08	11,780,879.86	26,188,751.26	37,969,631.12	106.74%
07/01/2037	40,610,709.50	-	-	-	11,804,456.32	25,729,483.50	37,533,939.82	108.20%
01/01/2038	40,699,266.63	-	-	-	11,826,653.67	25,739,984.23	37,566,637.90	108.34%
07/01/2038	39,551,211.90	-	-	-	11,846,452.21	25,784,122.67	37,630,574.88	105.10%
01/01/2039	39,640,004.55	-	-	-	11,864,849.68	25,895,409.86	37,760,259.54	104.98%
07/01/2039	39,730,790.13	-	-	-	11,885,843.78	25,993,331.73	37,879,175.51	104.89%
01/01/2040	39,822,950.12	-	-	-	11,910,374.68	25,350,515.00	37,260,889.67	106.88%
07/01/2040	39,917,949.69	-	-	-	11,932,365.00	25,375,118.62	37,307,483.62	107.00%
01/01/2041	40,013,805.64	-	-	-	11,957,812.34	25,041,590.12	36,999,402.46	108.15%
07/01/2041	40,114,512.66	-	-	-	11,976,464.24	25,042,472.40	37,018,936.64	108.36%
01/01/2042	40,217,003.42	-	-	-	12,003,446.97	24,901,726.23	36,905,173.19	108.97%
07/01/2042	40,247,544.52	-	-	-	12,027,621.73	24,896,205.92	36,923,827.64	109.00%
01/01/2043	93,324,309.29	-	-	-	12,049,999.70	24,358,648.63	36,408,648.33	256.32%
07/01/2043	40,046,996.43	-	-	-	12,074,564.50	24,344,584.42	36,419,148.92	109.96%
01/01/2044	39,129,329.37	-	-	-	11,032,238.49	24,228,215.56	35,260,454.04	110.97%
07/01/2044	38,205,602.35	-	-	-	9,987,293.05	24,185,441.56	34,172,734.61	111.80%
01/01/2045	38,314,797.61	-	-	-	10,010,952.76	23,934,707.23	33,945,659.99	112.87%
07/01/2045	38,425,789.79	-	-	-	10,032,115.04	22,881,366.18	32,913,481.22	116.75%
01/01/2046	37,582,782.37	-	-	-	10,051,764.07	22,624,029.08	32,675,793.15	115.02%
07/01/2046	37,567,014.32	-	-	-	10,071,289.00	22,774,096.51	32,845,385.50	114.38%
01/01/2047	37,537,566.71	-	-	-	10,094,192.69	21,142,591.73	31,236,784.43	120.17%
07/01/2047	37,463,728.64	-	-	-	10,119,398.00	19,344,297.57	29,463,695.57	127.15%
01/01/2048	35,533,854.39	-	-	-	10,137,265.83	15,527,560.54	25,664,826.37	138.45%


FLORIDA HOUSING FINANCE CORPORATION  
Homeowner Mortgage Revenue Bonds  
2021 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows  
1995 Single Family Indenture and \$62,400,000 REFUNDING AND \$387,600,000 NEW MONEY  
Semi-Annual Breakout  
0% FHA

	<i>Cash Flow Report - Column B</i>	<i>Draw from CAP I Reserve</i>	<i>Draw from Series Revenue Funds</i>	<i>Draw from the Master Revenue Fund of the Master Indenture</i>			<i>Cashflow Report - Columns C&amp;D</i>	
<b>Period</b>	<b>Gross Revenues (Scheduled Receipts)</b>	<b>Capitalized Interest Distribution</b>		<b>Master Revenue Fund Distribution</b>	<b>2021 PHASE ONE - Debt Service &amp; Expenses</b>	<b>1995 Indenture - Debt Service &amp; Expenses</b>	<b>ALL Cash Expenses (Debt Service/Expenses)</b>	<b>Receipts / Expenses Ratio</b>
07/01/2048	32,668,033.07			-	10,161,860.83	14,421,374.15	24,583,234.99	132.89%
01/01/2049	29,256,190.27			235,161.82	10,184,591.99	10,381,314.17	20,565,906.16	143.40%
07/01/2049	25,948,992.68			397,563.64	10,204,468.24	8,066,637.80	18,271,106.04	144.20%
01/01/2050	25,163,703.90			406,104.10	10,222,475.99	6,116,079.49	16,338,555.47	156.50%
07/01/2050	20,872,789.40			458,874.66	10,252,612.86	6,178,301.26	16,430,914.12	129.83%
01/01/2051	17,141,390.62			5,718.95	4,176,905.82	5,532,774.09	9,709,679.91	176.60%
07/01/2051	13,024,507.70			-	4,176,001.79	3,667,572.75	7,843,574.54	166.05%
01/01/2052	8,068,878.44			-	-	-	-	N/A
<b>TOTAL</b>	<b>\$ 2,482,900,044.31</b>	<b>\$ -</b>		<b>\$ 5,502,220.75</b>	<b>\$ 666,166,230.95</b>	<b>\$ 1,448,807,687.94</b>	<b>\$ 2,114,973,918.89</b>	

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Determination  
**DATE:** November 13, 2020

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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 \$12,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2020 (SERIES TO BE DESIGNATED) (JACKSON FOREST)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2020 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 105-unit affordable housing community located in Leon County, Florida (Jackson Forest). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$12,000,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,  
2020 (SERIES TO BE DESIGNATED) (JACKSON FOREST)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2020 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 105-unit affordable housing community located in Leon County, Florida (Jackson Forest); and,

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

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

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

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

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

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

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



**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2020 (series to be designated) (Jackson Forest), in an amount not exceeding \$12,000,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

**ADOPTED** December 15, 2020

**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 December 15, 2020, making the fiscal determination in connection with the issuance of an amount not exceeding \$12,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2020 (series to be designated) (Jackson Forest).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 15th day of December 2020.

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

**(SEAL)**



November 6, 2020

VIA EMAIL

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

RE: FHFC Multifamily Mortgage Revenue Bonds  
Not to Exceed \$12,000,000 Tax-Exempt Bonds  
Jackson Forest

Dear Mr. Williams:

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

This bond issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's December 8, 2020 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Tim Kennedy  
Assistant Director of Multifamily Programs

TK/rm

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Ron DeSantis, Governor

Board of Directors: Ron Lieberman, Chairman • Ray Dubuque, Vice Chairman  
Ryan Benson • Dane Eagle • Sandra Einhorn • LaTasha Green-Cobb • Bill Gulliford

Harold "Trey" Price, Executive Director

**\$8,015,000**  
**Florida Housing Finance Corporation**  
**Multifamily Mortgage Revenue Bonds**

Jackson Forest

**Combined Debt Coverage Table**

	Revenue	Bond Payments (3) (4)		Subordinate Loan Payments (5)	Bond Fee Payments		Total Debt Service	Debt Service Coverage		Bond Balance
	Net Operating Income (1)	Principal (2)	Interest 3.75%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Trustee Fees		Bond Debt Service Coverage	Total DCR with Fees	
1	\$ 492,214	\$ 88,091	\$ 299,059	\$ 75,491	\$ 3,204	\$ 26,364	\$ 492,209	1.27	1.00	\$ 8,015,000
2	\$ 497,173	\$ 91,452	\$ 295,698	\$ 78,691	\$ 3,300	\$ 26,153	\$ 495,293	1.28	1.00	\$ 7,926,909
3	\$ 502,085	\$ 94,941	\$ 292,209	\$ 77,091	\$ 3,399	\$ 25,933	\$ 493,573	1.30	1.02	\$ 7,835,458
4	\$ 506,945	\$ 98,563	\$ 288,587	\$ 77,091	\$ 3,501	\$ 25,705	\$ 493,447	1.31	1.03	\$ 7,740,517
5	\$ 511,746	\$ 102,323	\$ 284,826	\$ 77,091	\$ 3,606	\$ 25,469	\$ 493,315	1.32	1.04	\$ 7,641,954
6	\$ 516,483	\$ 106,227	\$ 280,923	\$ 77,091	\$ 3,714	\$ 25,223	\$ 493,178	1.33	1.05	\$ 7,539,631
7	\$ 521,149	\$ 110,279	\$ 276,870	\$ 77,091	\$ 3,826	\$ 24,968	\$ 493,034	1.35	1.06	\$ 7,433,404
8	\$ 525,739	\$ 114,487	\$ 272,663	\$ 77,091	\$ 3,941	\$ 24,703	\$ 492,885	1.36	1.07	\$ 7,323,125
9	\$ 530,246	\$ 118,855	\$ 268,295	\$ 77,091	\$ 4,059	\$ 24,429	\$ 492,728	1.37	1.08	\$ 7,208,638
10	\$ 534,663	\$ 123,389	\$ 263,760	\$ 77,091	\$ 4,180	\$ 24,143	\$ 492,564	1.38	1.09	\$ 7,089,784
11	\$ 538,983	\$ 128,096	\$ 259,053	\$ 77,091	\$ 4,306	\$ 23,847	\$ 492,394	1.39	1.09	\$ 6,966,395
12	\$ 543,197	\$ 132,984	\$ 254,166	\$ 77,091	\$ 4,435	\$ 23,540	\$ 492,216	1.40	1.10	\$ 6,838,298
13	\$ 547,299	\$ 138,057	\$ 249,092	\$ 77,091	\$ 4,568	\$ 23,221	\$ 492,029	1.41	1.11	\$ 6,705,315
14	\$ 551,281	\$ 143,324	\$ 243,825	\$ 77,091	\$ 4,705	\$ 22,889	\$ 491,835	1.42	1.12	\$ 6,567,257
15	\$ 555,133	\$ 148,792	\$ 238,357	\$ 77,091	\$ 4,846	\$ 22,545	\$ 491,632	1.43	1.13	\$ 6,423,933
16	\$ 6,679,519	\$ 6,275,141	\$ 232,681	\$ 77,091	\$ 4,992	\$ 22,188	\$ 6,612,093	1.03	1.01	\$ 6,275,141
										\$ -

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

(2) Based on estimated Bond sinking fund schedule.


(3) The Bond Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 3.75%.

(4) The Bonds will have a 16 year permanent term. The term includes 16 years of amortizing debt service based on a 40 year amortization. Upon redemption of the Bonds, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Bondholder will present the Bonds to the Trustee for cancellation and in exchange will receive an assignment of the mortgage and related collateral.

(5) The Subordinate Loan payments include the SAIL Loan, ELI Loan and NHTF Loan. The Subordinate Mortgage debt service repayments are all contingent upon available cash flow after all other fees, expenses and senior mortgage debt service payments.

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Sufficiency  
**DATE:** November 13, 2020

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$152,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION, FEDERAL HIGHWAY REIMBURSEMENT REVENUE BONDS, SERIES 2021A:**

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 \$152,000,000 State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2021A (the "Bonds") for the purpose of financing the construction, reconstruction, and improvement of projects that are eligible to receive federal-aid highway funds, and to pay the costs associated with the issuance of the proposed Bonds. The Bonds will be issued pursuant to an authorizing resolution adopted by the Governor and Cabinet on July 25, 2019, and a supplemental authorizing resolution and sale resolution, both anticipated to be adopted by the Governor and Cabinet on December 15, 2020.

The Division, on behalf of the Department of Transportation, has heretofore issued State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2019A (the "Outstanding Bonds"). The proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds. The Bonds shall be secured by federal highway aid reimbursements from the United States Department of Transportation Federal Highway Administration received by the State of Florida Department of Transportation for eligible highway projects under Title 23 of the United States Code. 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.

The Division has additionally requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for Federal Highway Reimbursement Revenue 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 \$152,000,000 STATE OF FLORIDA, DEPARTMENT OF  
TRANSPORTATION, FEDERAL HIGHWAY REIMBURSEMENT REVENUE BONDS,  
SERIES 2021A**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$152,000,000 State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2021A (the "Bonds"), on behalf of the State of Florida Department of Transportation, for the purpose of financing the construction, reconstruction, and improvement of projects that are eligible to receive federal-aid highway funds, and to pay the costs associated with the issuance of the proposed bonds; and,

**WHEREAS**, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on July 25, 2019, and a supplemental authorizing resolution and sale resolution, both anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, 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**, Section 215.616, Florida Statutes, provides for the issuance of bonds payable from federal highway aid reimbursements for eligible projects; and,

**WHEREAS**, the Bonds shall be payable from, and secured by, federal highway aid reimbursements from the United States Department of Transportation Federal Highway Administration received by the State of Florida Department of Transportation for eligible highway projects under Title 23 of the United States Code. The Bonds to be issued pursuant to the Resolution do not constitute general obligations or indebtedness of the State of Florida or any of its agencies; and,

**WHEREAS**, the Division, on behalf of the Department of Transportation has heretofore issued State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2019A (the "Outstanding Bonds"); and,

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

**WHEREAS**, the Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding 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 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 \$152,000,000 State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2021A for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding Bonds is hereby rescinded.

**ADOPTED** December 15, 2020





**J. BEN WATKINS III**  
DIRECTOR

## STATE OF FLORIDA DIVISION OF BOND FINANCE

**RON DESANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

November 6, 2020

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

RE: Not Exceeding \$152,000,000 State of Florida, Department of Transportation, Federal Highway Reimbursement Revenue Bonds, Series 2021A

Dear Mr. Williams:

In compliance with Section 215.73 Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting of December 8, 2020.

The proposed bonds will be secured by federal highway aid reimbursements from the United States Department of Transportation Federal Highway Administration received by the State of Florida Department of Transportation for eligible highway projects under Title 23 of the United States Code. The proposed bonds will be on a parity with the outstanding Series 2019A Bonds. The proposed bonds are being issued to finance the construction, reconstruction, and improvement of projects that are eligible to receive federal-aid highway funds. The remaining balance, if any, of prior fiscal sufficiency approvals for Federal Highway Reimbursement Revenue Bonds should be rescinded.

The proposed bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the Governor and Cabinet on July 25, 2019, and a supplemental authorizing resolution and sale resolution, both of which are anticipated to be adopted by the Governor and Cabinet on December 8, 2020. A copy of the July 25, 2019, authorizing resolution has previously been provided.

The following documents are enclosed for your consideration:

Enclosure 1: an estimated coverage table for the program based upon federal reimbursement projections provided by the State of Florida Department of Transportation;

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

November 6, 2020  
Page Two

Enclosure 3: a draft of the supplemental authorizing resolution anticipated to be adopted by the Governor and Cabinet on December 8, 2020, authorizing the issuance of the proposed bonds; and

Enclosure 4: a draft of the sale resolution anticipated to be adopted by the Governor and Cabinet on December 8, 2020, authorizing the sale of the proposed bonds.

A draft of the fiscal sufficiency resolution should be sent to Ryan Dugan and Charlie Yadon of this office for review. Should you have any questions please contact either myself, Ryan Dugan or Charlie Yadon at (850) 488-4782. Your consideration of this matter is appreciated.

Sincerely,



J. Ben Watkins III  
Director

JBW/cy

Enclosures

cc: Janie Knight  
Alexander Nottingham  
Sharon Vice  
Robert Copeland



**State of Florida, Department of Transportation**  
**Federal Highway Reimbursement Revenue Bonds, Series 2021A**  
**Fiscal Sufficiency Request for Not-to-Exceed \$152,000,000**  
**Estimated Debt Service Coverage Coverage**

<u>Fiscal Year</u>	<u>Pledged Revenues</u> <sup>1</sup>	<u>Outstanding Debt Service</u>	<u>Estimated Series 2021A Debt Service</u>			<u>Total Debt Service</u>	<u>Estimated Coverage</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u> <sup>2</sup>		
<b>Historical</b>							
2016	\$ 2,356,220,517						n/a
2017	2,155,394,096						n/a
2018	2,391,607,213						n/a
2019	2,195,999,935						n/a
2020	1,993,117,896	\$ 9,234,813				\$ 9,234,813	215.83x
<b>Projected</b>							
2021	\$ 2,166,174,171	\$ 14,204,750	\$ 3,525,000	\$ 2,280,000	\$ 5,805,000	\$ 20,009,750	108.26x
2022	2,723,349,414	14,204,500	10,725,000	6,681,375	17,406,375	31,610,875	86.15x
2023	2,273,371,648	14,208,500	11,210,000	6,198,750	17,408,750	31,617,250	71.90x
2024	2,176,612,611	14,205,500	11,715,000	5,694,300	17,409,300	31,614,800	68.85x
2025	2,085,290,681	14,204,750	12,240,000	5,167,125	17,407,125	31,611,875	65.97x
2026	2,083,178,781	14,205,000	12,790,000	4,616,325	17,406,325	31,611,325	65.90x
2027	2,153,670,762	14,205,000	13,370,000	4,040,775	17,410,775	31,615,775	68.12x
2028	2,177,430,376	14,203,500	13,970,000	3,439,125	17,409,125	31,612,625	68.88x
2029	2,198,007,422	14,204,250	14,600,000	2,810,475	17,410,475	31,614,725	69.52x
2030	2,198,007,422	14,205,750	15,255,000	2,153,475	17,408,475	31,614,225	69.53x
2031	2,198,007,422	14,206,500	15,940,000	1,467,000	17,407,000	31,613,500	69.53x
2032	2,198,007,422	-	16,660,000	749,700	17,409,700	17,409,700	126.25x
		\$ 156,258,000	\$ 152,000,000	\$ 45,298,425	\$ 197,298,425	\$ 353,556,425	

<sup>1</sup> Source: State of Florida Department of Transportation. Pledged revenues include all federal highway aid reimbursements from the United States Department of Transportation Federal Highway Administration received each year by the State of Florida Department of Transportation with respect to federal-aid projects undertaken in accordance with the provisions of Title 23 of the United States Code. Projected pledged revenues are based on the July 1 Adopted Work Program and are subject to change as adjustments in programming are made. Projections for Fiscal Year 2029 have been held constant thereafter. No representation is made that the projected amounts in any fiscal year will be collected.

<sup>2</sup> Pursuant to Section 215.616(3), Florida Statutes, the annual debt service on bonds secured by federal highway reimbursements cannot exceed 10% of annual federal apportionments to the State of Florida Department of Transportation for federal highway projects. Federal apportionments in Federal Fiscal Year 2020 under the Fixing America's Surface Transportation Act (the "FAST Act") totaled \$2,133,198,894, 10% of which is equal to approximately \$213.3 million. The FAST Act originally expired after Federal Fiscal Year 2020 but was extended through Federal Fiscal Year 2021, and estimated apportionments for subsequent Federal Fiscal Years have been held constant based on the Federal Fiscal Year 2020 amount.

**BOND DEBT SERVICE**

**State of Florida  
Department of Transportation  
Federal Highway Reimbursement Revenue Bonds, Series 2021A**


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**Preliminary Calculations**

<b>Period Ending</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Debt Service</b>
07/01/2021	3,525,000	4.500%	2,280,000	5,805,000
07/01/2022	10,725,000	4.500%	6,681,375	17,406,375
07/01/2023	11,210,000	4.500%	6,198,750	17,408,750
07/01/2024	11,715,000	4.500%	5,694,300	17,409,300
07/01/2025	12,240,000	4.500%	5,167,125	17,407,125
07/01/2026	12,790,000	4.500%	4,616,325	17,406,325
07/01/2027	13,370,000	4.500%	4,040,775	17,410,775
07/01/2028	13,970,000	4.500%	3,439,125	17,409,125
07/01/2029	14,600,000	4.500%	2,810,475	17,410,475
07/01/2030	15,255,000	4.500%	2,153,475	17,408,475
07/01/2031	15,940,000	4.500%	1,467,000	17,407,000
07/01/2032	16,660,000	4.500%	749,700	17,409,700
	<b>152,000,000</b>		<b>45,298,425</b>	<b>197,298,425</b>

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Sufficiency  
**DATE:** November 13, 2020

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$54,100,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA INTERNATIONAL  
UNIVERSITY DORMITORY REVENUE REFUNDING 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 \$54,100,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A and Series 2012A Bonds and to pay costs associated with the issuance and sale of the proposed Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on June 9, 1998, as amended and supplemented by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on December 15, 2020, (the "Tenth Supplemental Resolution") (collectively, the "Resolution") authorizing the issuance and sale of the Bonds. The principal of and interest due on the Bonds shall be secured by revenues of the housing system (the "Pledged Revenues"), as described in the Resolution.

The Division has heretofore issued Florida International University Dormitory Revenue and Revenue Refunding Bonds, Series 2011A through 2015A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$71,800,000 Florida International University Dormitory Revenue Bonds, Series 2020A (the "2020A Bonds") at its May 28, 2020 meeting. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds and, when and if issued, the previously approved 2020A 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  
\$54,100,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
FLORIDA INTERNATIONAL UNIVERSITY DORMITORY  
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 \$54,100,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A and Series 2012A Bonds and to pay costs associated with the issuance and sale of the proposed Bonds; and,

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

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on June 9, 1998, as amended and supplemented by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on December 15, 2020, (the "Tenth Supplemental Resolution") (collectively, the "Resolution") authorizing the issuance and sale of the Bonds; and,

**WHEREAS**, the principal of and interest due on the Bonds shall be secured by revenues of the housing system (the "Pledged Revenues"), as described in the Resolution; and,

**WHEREAS**, the Division has heretofore issued Florida International University Dormitory Revenue and Revenue Refunding Bonds, Series 2011A through 2015A (the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$71,800,000 Florida International University Dormitory Revenue Bonds, Series 2020A (the "2020A Bonds") at its May 28, 2020, meeting; and,

**WHEREAS**, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds and, when and if issued, the previously approved 2020A Bonds; and,

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

**WHEREAS**, Florida International University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

**WHEREAS**, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements 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 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 \$54,100,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (to be determined), for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** December 15, 2020





**J. BEN WATKINS III**  
DIRECTOR

**STATE OF FLORIDA**  
**DIVISION OF BOND FINANCE**

**RON DeSANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

November 9, 2020

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

RE: Not Exceeding \$54,100,000 State of Florida, Board of Governors, Florida International University Dormitory Revenue Refunding Bonds, Series (To Be Determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting of December 8, 2020.

The bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are derived primarily from student rental income. The bonds will be on a parity with the previously issued Series 2011A through 2015A Bonds and the not exceeding \$71,800,000 Florida International University Dormitory Revenue Bonds, Series 2020A for which fiscal sufficiency was approved on May 28, 2020, when and if issued.

The proposed bonds are being issued to refund all or a portion of the Series 2011A and Series 2012A bonds and to pay costs associated with the issuance and sale of the proposed bonds. The bonds will only be issued if there is debt service savings.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on June 9, 1998, as amended and supplemented by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on December 8, 2020 (the "Tenth Supplemental Resolution") authorizing the issuance and the sale of the bonds. The Original Resolution and the previously adopted supplemental resolutions have already been provided to you with prior fiscal sufficiency requests. A draft of the Tenth Supplemental Resolution is enclosed.

November 9, 2020  
Page Two

The following documents are enclosed for your consideration:

- Enclosure 1: An estimated coverage table for the program, including the \$71,800,000 proposed bonds for which fiscal sufficiency was approved on May 28, 2020, without consideration of the potential savings from the proposed refunding bonds;
- Enclosure 2: An estimated savings schedule for the proposed refunding bonds; and
- Enclosure 3: A draft copy of the Tenth Supplemental Resolution, which is anticipated to be adopted by the Governor and Cabinet on December 8, 2020.

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

Very truly yours,



J. Ben Watkins III  
Director

JBW:wr

Enclosures

cc: Robert Copeland  
Janie Knight  
Sharon Vice  
Alex Nottingham



**STATE OF FLORIDA, BOARD OF GOVERNORS  
FLORIDA INTERNATIONAL UNIVERSITY  
DORMITORY REVENUE REFUNDING BONDS  
FISCAL SUFFICIENCY REQUEST FOR NOT EXCEEDING \$54,100,000  
ESTIMATED DEBT SERVICE COVERAGE**

Year Ending June 30	Operating Revenues <sup>1</sup>	Current Expenses <sup>2</sup>	Pledged Revenue	Outstanding Debt Service	Estimated 2020A Bonds Debt Service <sup>3</sup>				Total Parity Debt Service	Debt Service Coverage
					Principal	Interest	Capitalized Interest	Total		
<i>Historical<sup>4</sup></i>										
2016	\$ 30,610,672	\$ 13,141,470	\$ 17,469,202	\$ 9,304,576					\$ 9,304,576	1.88x
2017	29,938,580	16,855,795	13,082,785	7,418,263					7,418,263	1.76x
2018	31,278,993	17,720,293	13,558,700	7,418,163					7,418,163	1.83x
2019	31,719,857	17,079,221	14,640,636	7,418,963					7,418,963	1.97x
2020 <sup>5</sup>	21,378,404	10,889,686	10,488,718	7,412,963					7,412,963	1.41x
<i>Projected<sup>6</sup></i>										
2021	\$ 18,148,371	\$ 8,997,630	\$ 9,150,741	\$ 7,418,913		\$ 3,231,000	\$ (3,231,000)	-	\$ 7,418,913	1.23x
2022	27,314,299	13,813,051	13,501,248	7,424,913		3,231,000	(3,231,000)	-	7,424,913	1.82x
2023	34,125,473	15,857,270	18,268,203	7,410,563	\$ 1,330,000	3,231,000		\$ 4,561,000	11,971,563	1.53x
2024	34,467,256	16,174,416	18,292,840	7,415,738	1,390,000	3,171,150		4,561,150	11,976,888	1.53x
2025	34,812,467	16,497,904	18,314,563	7,482,619	1,455,000	3,108,600		4,563,600	12,046,219	1.52x
2026	34,812,467	16,497,904	18,314,563	6,514,344	1,520,000	3,043,125		4,563,125	11,077,469	1.65x
2027	34,812,467	16,497,904	18,314,563	6,510,794	1,585,000	2,974,725		4,559,725	11,070,519	1.65x
2028	34,812,467	16,497,904	18,314,563	6,506,294	1,660,000	2,903,400		4,563,400	11,069,694	1.65x
2029	34,812,467	16,497,904	18,314,563	4,878,650	1,730,000	2,828,700		4,558,700	9,437,350	1.94x
2030	34,812,467	16,497,904	18,314,563	4,882,388	1,810,000	2,750,850		4,560,850	9,443,238	1.94x
2031	34,812,467	16,497,904	18,314,563	4,879,413	1,890,000	2,669,400		4,559,400	9,438,813	1.94x
2032	34,812,467	16,497,904	18,314,563	4,881,781	1,975,000	2,584,350		4,559,350	9,441,131	1.94x
2033	34,812,467	16,497,904	18,314,563	4,881,856	2,065,000	2,495,475		4,560,475	9,442,331	1.94x
2034	34,812,467	16,497,904	18,314,563	4,884,306	2,160,000	2,402,550		4,562,550	9,446,856	1.94x
2035	34,812,467	16,497,904	18,314,563	2,866,019	2,255,000	2,305,350		4,560,350	7,426,369	2.47x
2036	34,812,467	16,497,904	18,314,563	2,862,331	2,355,000	2,203,875		4,558,875	7,421,206	2.47x
2037	34,812,467	16,497,904	18,314,563	2,865,138	2,465,000	2,097,900		4,562,900	7,428,038	2.47x
2038	34,812,467	16,497,904	18,314,563	2,864,025	2,575,000	1,986,975		4,561,975	7,426,000	2.47x
2039	34,812,467	16,497,904	18,314,563	2,860,963	2,690,000	1,871,100		4,561,100	7,422,063	2.47x
2040	34,812,467	16,497,904	18,314,563	2,863,650	2,810,000	1,750,050		4,560,050	7,423,700	2.47x
2041	34,812,467	16,497,904	18,314,563	2,861,663	2,935,000	1,623,600		4,558,600	7,420,263	2.47x
2042	34,812,467	16,497,904	18,314,563		3,070,000	1,491,525		4,561,525	4,561,525	4.02x
2043	34,812,467	16,497,904	18,314,563		3,205,000	1,353,375		4,558,375	4,558,375	4.02x
2044	34,812,467	16,497,904	18,314,563		3,350,000	1,209,150		4,559,150	4,559,150	4.02x
2045	34,812,467	16,497,904	18,314,563		3,500,000	1,058,400		4,558,400	4,558,400	4.02x
2046	34,812,467	16,497,904	18,314,563		3,660,000	900,900		4,560,900	4,560,900	4.02x
2047	34,812,467	16,497,904	18,314,563		3,825,000	736,200		4,561,200	4,561,200	4.02x
2048	34,812,467	16,497,904	18,314,563		3,995,000	564,075		4,559,075	4,559,075	4.02x
2049	34,812,467	16,497,904	18,314,563		4,175,000	384,300		4,559,300	4,559,300	4.02x
2050	34,812,467	16,497,904	18,314,563		4,365,000	196,425		4,561,425	4,561,425	4.02x
<b>\$ 106,016,356</b>					<b>\$ 71,800,000</b>	<b>\$ 62,358,525</b>	<b>\$ (6,462,000)</b>	<b>\$ 127,696,525</b>	<b>\$ 233,712,881</b>	

<sup>1</sup> Operating Revenues includes realized investment income.

<sup>2</sup> Includes operating expenses of the Housing System only and does not include depreciation or administrative overhead paid to the University. FY 2016 excludes one time capital expenditures.

<sup>3</sup> Estimated debt service was calculated based on the par amount of \$71.8M and a 4.5% interest rate. Debt service for 2020-21 and 2021-22 is interest-only during the construction phase, paid from capitalized interest; approximately \$6.5M.

<sup>4</sup> Revenues and expenses for Fiscal Years 2016 through 2020 have been provided by the University.

<sup>5</sup> Beginning with FY 2020, the pass-through revenue and expenses of meal plans are no longer reflected on the financial statements of the housing system. This change resulted in approximately \$5M less revenues and expenses for FY 2020 and projected thereafter.

<sup>6</sup> Projected revenues and expenses for Fiscal Years 2021 through 2025 have been provided by the University and do reflect potential effects on revenues and expenses of the housing system as a result of the public health crisis created by the COVID-19 pandemic. Projections provided by the University for Fiscal Year 2025 have been held constant thereafter.

## SAVINGS

Refunding Analysis  
 FIU Dorm Refunding of 2011A and 2012A  
 State of Florida  
 Board of Governors  
 Florida International University  
 Dormitory Revenue Refunding Bonds, Series 2021A  
 Calculations for Fiscal Sufficiency


Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 04/01/2021 @ 2.9030011%
07/01/2021	1,016,513.85	506,115.64	510,398.21	506,733.84
07/01/2022	5,403,137.50	5,114,462.50	288,675.00	278,521.61
07/01/2023	5,397,037.50	5,109,962.50	287,075.00	269,472.50
07/01/2024	5,396,812.50	5,102,962.50	293,850.00	268,261.93
07/01/2025	5,461,943.75	5,093,212.50	368,731.25	327,145.05
07/01/2026	4,495,418.75	4,145,462.50	349,956.25	301,907.06
07/01/2027	4,492,018.75	4,141,212.50	350,806.25	294,166.15
07/01/2028	4,489,018.75	4,135,212.50	353,806.25	288,378.64
07/01/2029	2,861,218.75	2,637,212.50	224,006.25	177,998.38
07/01/2030	2,863,418.75	2,641,462.50	221,956.25	171,470.97
07/01/2031	2,862,818.75	2,636,212.50	226,606.25	170,166.24
07/01/2032	2,864,418.75	2,639,512.50	224,906.25	164,014.96
07/01/2033	2,863,018.75	2,636,012.50	227,006.25	160,739.35
07/01/2034	2,863,618.75	2,640,862.50	222,756.25	153,176.45
07/01/2035	2,866,018.75	2,638,762.50	227,256.25	151,710.37
07/01/2036	2,862,331.25	2,639,862.50	222,468.75	144,199.48
07/01/2037	2,865,137.50	2,639,012.50	226,125.00	142,271.93
07/01/2038	2,864,025.00	2,641,212.50	222,812.50	136,090.07
07/01/2039	2,860,962.50	2,636,312.50	224,650.00	133,167.43
07/01/2040	2,863,650.00	2,638,475.00	225,175.00	129,562.77
07/01/2041	2,861,662.50	2,638,037.50	223,625.00	124,889.46
	73,374,201.35	67,651,553.14	5,722,648.21	4,494,044.63

Savings Summary

PV of savings from cash flow	4,494,044.63
Plus: Refunding funds on hand	5,665.65
Net PV Savings	4,499,710.28

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Sufficiency  
**DATE:** November 13, 2020

---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$17,500,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY  
DORMITORY REVENUE REFUNDING 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 \$17,500,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992, as amended and restated on July 25, 2000, as amended on October 28, 2003, and September 20, 2011, and the Eighteenth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"). The principal of and interest due on the Bonds shall be secured by revenues of the housing system (the "Pledged Revenues"), as described in the Resolution.

The Division has heretofore issued Florida State University Dormitory Revenue and Revenue Refunding Bonds, Series 2010A through 2015A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$16,000,000 Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Previously Approved Refunding Bonds") at its May 28, 2020, meeting. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds and, when and if issued, the Previously Approved 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 \$17,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
FLORIDA STATE UNIVERSITY DORMITORY  
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 \$17,500,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds; and,

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

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992, as amended and restated on July 25, 2000, as amended on October 28, 2003, and September 20, 2011, and the Eighteenth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"); and,

**WHEREAS**, the principal of and interest due on the Bonds shall be secured by revenues of the housing system (the "Pledged Revenues"), as described in the Resolution; and,

**WHEREAS**, the Division has heretofore issued Florida State University Dormitory Revenue and Revenue Refunding Bonds, Series 2010A through 2015A (the "Outstanding Bonds"); and,

**WHEREAS**, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding \$16,000,000 Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Previously Approved Refunding Bonds") at its May 28, 2020, meeting; and;

**WHEREAS**, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds and, when and if issued, the Previously Approved Refunding Bonds; and,

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

**WHEREAS**, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

**WHEREAS**, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements 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 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 \$17,500,000 State of Florida, Board of Governors, Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** December 15, 2020





**J. BEN WATKINS III**  
DIRECTOR

## STATE OF FLORIDA DIVISION OF BOND FINANCE

**RON DESANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

November 9, 2020

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

RE: Not Exceeding \$17,500,000 State of Florida, Board of Governors, Florida State University  
Dormitory Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of December 8, 2020.

The bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are primarily derived from student rental income. The bonds will be on a parity with the outstanding Series 2010A through 2015A Bonds and the not exceeding \$16,000,000 Florida State University Dormitory Revenue Refunding Bonds, Series (to be determined) for which fiscal sufficiency was approved on May 28, 2020, when and if issued.

The proposed bonds will be issued for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds and to pay costs associated with the issuance and sale of the bonds. The bonds will only be issued if there is a debt service savings.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992, as amended and as restated on July 25, 2000, as amended on October 28, 2003 and September 20, 2011, and the Eighteenth Supplemental Resolution anticipated to be adopted on December 8, 2020. The Original Resolution and the amending resolutions have been previously provided with prior fiscal sufficiency requests.

The following documents are enclosed for your consideration:

Enclosure 1: an estimated coverage table for the program based on existing debt service and without consideration of the potential savings from the proposed refunding bonds;

November 9, 2020

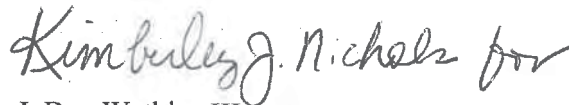
Page Two

Enclosure 2: an estimated savings schedule from a recent sizing of the proposed refunding bonds; and

Enclosure 3: a draft copy of the Eighteenth Supplemental Resolution, which is anticipated to be adopted by the Governor and Cabinet on December 8, 2020.

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

Very truly yours,

A handwritten signature in cursive script that reads "Kimberly J. Nichols for".

J. Ben Watkins III  
Director

JBW:cy

Enclosures

cc: Robert Copeland  
Janie Knight  
Sharon Vice  
Alex Nottingham



**STATE OF FLORIDA, BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
DORMITORY REVENUE BONDS**

**ESTIMATED DEBT SERVICE COVERAGE**

Year Ending <u>June 30</u> <i>Historical</i> <sup>2</sup>	<u>Gross</u> <u>Revenues</u>	<u>Current</u> <u>Expenses</u>	<u>Pledged</u> <u>Revenue</u>	<u>Outstanding</u> <u>Debt Service</u> <sup>1</sup>	<u>Debt Service</u> <u>Coverage</u>
2016	45,279,565	21,229,547	24,050,018	13,905,806	1.73x
2017	43,690,132	22,735,543	20,954,589	13,968,675	1.50x
2018	49,797,591	24,694,726	25,102,865	15,296,475	1.64x
2019	49,179,320	23,237,465	25,941,855	15,285,425	1.70x
2020	45,690,922	22,824,450	22,866,472	15,299,906	1.49x
<i>Projected</i> <sup>3</sup>					
2021	\$ 36,148,211	\$ 20,479,131	\$ 15,669,080	\$ 15,294,831	1.02x
2022	47,589,257	24,148,808	23,440,449	15,299,013	1.53x
2023	52,298,794	24,739,107	27,559,687	15,306,113	1.80x
2024	53,345,963	25,344,559	28,001,404	14,853,963	1.89x
2025	54,414,112	25,598,199	28,815,913	14,851,713	1.94x
2026	54,414,112	25,598,199	28,815,913	14,855,263	1.94x
2027	54,414,112	25,598,199	28,815,913	14,102,788	2.04x
2028	54,414,112	25,598,199	28,815,913	14,104,788	2.04x
2029	54,414,112	25,598,199	28,815,913	14,101,038	2.04x
2030	54,414,112	25,598,199	28,815,913	14,106,463	2.04x
2031	54,414,112	25,598,199	28,815,913	13,549,944	2.13x
2032	54,414,112	25,598,199	28,815,913	11,968,669	2.41x
2033	54,414,112	25,598,199	28,815,913	11,957,238	2.41x
2034	54,414,112	25,598,199	28,815,913	8,446,338	3.41x
2035	54,414,112	25,598,199	28,815,913	7,545,519	3.82x
2036	54,414,112	25,598,199	28,815,913	1,153,925	24.97x
2037	54,414,112	25,598,199	28,815,913	1,155,463	24.94x
2038	54,414,112	25,598,199	28,815,913	1,154,863	24.95x
2039	54,414,112	25,598,199	28,815,913	1,152,125	25.01x
2040	54,414,112	25,598,199	28,815,913	1,152,250	25.01x

<sup>1</sup> Does not include the effects of the proposed refunding. The bonds will only be issued if there is a debt service savings.

<sup>2</sup> Revenues and expenses for Fiscal Years 2016 through 2020 have been provided by the University.

<sup>3</sup> Projected revenues and expenses for Fiscal Years 2021 through 2025 have been provided by the University, as of November 6, 2020. Projections provided by the University for Fiscal Year 2025 have been held constant thereafter. **No representation is made that the amounts shown will be collected.**

**SAVINGS**

**State of Florida, Board of Governors  
Florida State University  
Dormitory Revenue Refunding Bonds (Refunding of Series 2011A)**

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**Preliminary Calculations**


<b>Date</b>	<b>Prior Debt Service</b>	<b>Refunding Debt Service</b>	<b>Savings</b>	<b>Present Value to 02/01/2021 @ 0.9810579%</b>
05/01/2021	319,726.65	271,125.00	48,601.65	48,482.88
05/01/2022	2,084,487.50	1,799,500.00	284,987.50	281,425.56
05/01/2023	2,082,525.00	1,798,500.00	284,025.00	277,764.94
05/01/2024	2,080,375.00	1,794,750.00	285,625.00	276,625.41
05/01/2025	2,076,475.00	1,793,250.00	283,225.00	271,647.05
05/01/2026	2,082,875.00	1,798,750.00	284,125.00	269,858.54
05/01/2027	2,081,475.00	1,795,750.00	285,725.00	268,739.19
05/01/2028	2,087,475.00	1,804,500.00	282,975.00	263,565.47
05/01/2029	2,075,475.00	1,794,250.00	281,225.00	259,391.74
05/01/2030	2,081,075.00	1,795,750.00	285,325.00	260,619.89
05/01/2031	1,541,050.00	1,328,250.00	212,800.00	192,484.37
	<b>20,593,014.15</b>	<b>17,774,375.00</b>	<b>2,818,639.15</b>	<b>2,670,605.04</b>

**Savings Summary**

PV of savings from cash flow	2,670,605.04
Plus: Refunding funds on hand	1,297.80
<b>Net PV Savings</b>	<b>2,671,902.84</b>

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

---

**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Sufficiency  
**DATE:** November 13, 2020

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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$20,000,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY  
MANDATORY STUDENT FEE REVENUE REFUNDING 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 \$20,000,000 State of Florida, Board of Governors, Florida State University Mandatory Student Fee Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2010A Bonds and to pay costs associated with the issuance and sale of the Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on May 11, 2010, as supplemented by the First Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"). The principal of and interest due on the Bonds shall be secured by revenues of the student health fee assessed to the students of the University on a per credit hour basis (the "Pledged Revenues"), as described in the Resolution.

The Division has heretofore issued Florida State University Mandatory Student Fee Revenue Bonds, Series 2010A (the "Outstanding Bonds"). The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds.

The Division has additionally requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for Mandatory Student Fee Revenue 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 \$20,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
FLORIDA STATE UNIVERSITY MANDATORY STUDENT FEE  
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 \$20,000,000 State of Florida, Board of Governors, Florida State University Mandatory Student Fee Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2010A Bonds and to pay costs associated with the issuance and sale of the Bonds; and,

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

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on May 11, 2010, as supplemented by the First Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"); and,

**WHEREAS**, the principal of and interest due on the Bonds shall be secured by student health fee revenues, as described in the Resolution; and,

**WHEREAS**, the Division has heretofore issued Florida State University Mandatory Student Fee Revenue Bonds, Series 2010A (the "Outstanding Bonds"); and,

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

**WHEREAS**, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding Bonds; and

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

**WHEREAS**, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

**WHEREAS**, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements 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 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 \$20,000,000 State of Florida, Board of Governors, Florida State University Mandatory Student Fee Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding Bonds, is hereby rescinded.

**ADOPTED** December 15, 2020





**J. BEN WATKINS III**  
DIRECTOR

## STATE OF FLORIDA DIVISION OF BOND FINANCE

**RON DeSANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

November 9, 2020

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

RE: Not Exceeding \$20,000,000 State of Florida, Board of Governors, Florida State University  
Mandatory Student Fee Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of December 8, 2020.

The bonds will be secured by the gross revenues of the student health fee assessed to students of the University on a per credit hour basis. The bonds will be on a parity with the outstanding Series 2010A Bonds.

The proposed bonds will be issued for the purpose of refunding all or a portion of the outstanding Series 2010A Bonds and to pay costs associated with the issuance and sale of the bonds. The bonds will only be issued if there is a debt service savings. The remaining balance, if any, of prior fiscal sufficiency approvals for Florida State University Mandatory Student Fee Revenue or Revenue Refunding Bonds should be rescinded.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on May 11, 2010, and as supplemented by the First Supplemental Resolution which is anticipated to be adopted on December 8, 2020. The Original Resolution was previously provided with the prior fiscal sufficiency request.

The following documents are enclosed for your consideration:

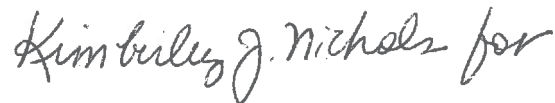
- Enclosure 1: an estimated coverage table for the program based on existing debt service and without consideration of the potential savings from the proposed refunding bonds;
- Enclosure 2: an estimated savings schedule from a recent sizing of the proposed refunding bonds; and

November 9, 2020  
Page Two

Enclosure 3: a draft copy of the First Supplemental Resolution, which is anticipated to be adopted by the Governor and Cabinet on December 8, 2020.

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

Very truly yours,



J. Ben Watkins III  
Director

JBW:cy

Enclosures

cc: Robert Copeland  
Janie Knight  
Sharon Vice  
Alex Nottingham



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

**ESTIMATED DEBT SERVICE COVERAGE**

Year Ending June 30	Student Credit Hours	Health Fee Per Credit Hour	Pledged Revenues	Outstanding Debt Service <sup>1</sup>	Coverage
<i>Historical</i> <sup>2</sup>					
2016	1,058,977	\$ 13.97	\$ 14,793,905	\$ 2,378,750	6.22x
2017	1,069,519	13.97	14,941,184	2,381,500	6.27x
2018	1,075,606	13.97	15,026,217	2,379,100	6.32x
2019	1,066,675	13.97	14,901,456	2,379,700	6.26x
2020	1,106,068	13.97	15,451,770	2,378,100	6.50x
<i>Projected</i> <sup>3</sup>					
2021	1,072,469	\$ 13.97	\$ 14,982,392	\$ 2,379,300	6.30x
2022	1,072,469	13.97	14,982,392	2,382,800	6.29x
2023	1,072,469	13.97	14,982,392	2,382,300	6.29x
2024	1,072,469	13.97	14,982,392	2,377,800	6.30x
2025	1,072,469	13.97	14,982,392	2,379,300	6.30x
2026	1,072,469	13.97	14,982,392	2,379,900	6.30x
2027	1,072,469	13.97	14,982,392	2,382,500	6.29x
2028	1,072,469	13.97	14,982,392	2,381,863	6.29x
2029	1,072,469	13.97	14,982,392	2,377,613	6.30x
2030	1,072,469	13.97	14,982,392	2,379,750	6.30x

<sup>1</sup> Does not include the effects of the proposed refunding. The bonds will only be issued if there is a debt service savings.

<sup>2</sup> Student credit hours, health fee per credit hour, and pledged revenues for Fiscal Years 2016 through 2020 have been provided by the University.

<sup>3</sup> Projected student credit hours, health fee per credit hour, and pledged revenues for Fiscal Years 2021 through 2025 have been provided by the University, as of November 6, 2020. Projections provided by the University for Fiscal Year 2025 have been held constant thereafter. **No representation is made that the amounts shown will be collected.**

**SAVINGS**

**State of Florida, Board of Governors  
Florida State University  
Mandatory Student Fee Revenue Bonds (Refunding of Series 2010A)**

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**Preliminary Calculations**


<b>Date</b>	<b>Prior Debt Service</b>	<b>Refunding Debt Service</b>	<b>Savings</b>	<b>Present Value to 02/01/2021 @ 0.9257278%</b>
07/01/2021	1,954,661.40	1,475,625.00	479,036.40	477,196.47
07/01/2022	2,382,800.00	1,798,250.00	584,550.00	577,258.73
07/01/2023	2,382,300.00	1,795,250.00	587,050.00	574,345.66
07/01/2024	2,377,800.00	1,794,500.00	583,300.00	565,378.70
07/01/2025	2,379,300.00	1,795,750.00	583,550.00	560,365.96
07/01/2026	2,379,900.00	1,793,750.00	586,150.00	557,671.13
07/01/2027	2,382,500.00	1,798,500.00	584,000.00	550,502.36
07/01/2028	2,381,862.50	1,799,500.00	582,362.50	543,887.13
07/01/2029	2,377,612.50	1,791,750.00	585,862.50	542,100.57
07/01/2030	2,379,750.00	1,795,500.00	584,250.00	535,614.00
	<b>23,378,486.40</b>	<b>17,638,375.00</b>	<b>5,740,111.40</b>	<b>5,484,320.70</b>

**Savings Summary**

PV of savings from cash flow	5,484,320.70
Less: Prior funds on hand	(2,382,950.00)
Plus: Refunding funds on hand	3,443.20
	<hr/>
Net PV Savings	3,104,813.90

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

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**TO:** Ash Williams  
**FROM:** Robert Copeland   
**SUBJECT:** Fiscal Sufficiency  
**DATE:** November 13, 2020

---

**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$12,000,000  
STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING  
FACILITY REVENUE REFUNDING 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 \$12,000,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on November 17, 1992, as amended and restated on July 21, 1992, as amended on November 26, 2002, August 9, 2005, May 15, 2007, and November 9, 2010, and as supplemented by the Tenth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"). The principal of and interest due on the Bonds shall be secured by revenues of the parking system (the "Pledged Revenues"), as described in the Resolution.

The Division has heretofore issued Florida State University Parking Facility Revenue and Revenue Refunding Bonds, Series 2011A through 2017A (the "Outstanding Bonds"). The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Pledged Revenues with the Outstanding Bonds.

The Division has additionally requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for Florida State University Parking Facility Revenue and Revenue 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 \$12,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
FLORIDA STATE UNIVERSITY PARKING FACILITY  
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 \$12,000,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds and to pay costs associated with the issuance and sale of the Bonds; and,

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

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended on November 26, 2002, August 9, 2005, May 15, 2007, and November 9, 2010, and as supplemented by the Tenth Supplemental Resolution anticipated to be adopted by the Governor and Cabinet on December 15, 2020 (collectively, the "Resolution"); and,

**WHEREAS**, the principal of and interest due on the Bonds shall be secured by revenues of the parking system after deducting operating expenses (the "Pledged Revenues"), as described in the Resolution; and,

**WHEREAS**, the Division has heretofore issued Florida State University Parking Facility Revenue and Revenue Refunding Bonds, Series 2011A through 2017A (the "Outstanding Bonds"); and,

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

**WHEREAS**, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding Bonds; and

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

**WHEREAS**, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

**WHEREAS**, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements 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 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 \$12,000,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the remaining balance, if any, of prior fiscal sufficiency approvals for the Outstanding Bonds, is hereby rescinded.

**ADOPTED** December 15, 2020





**J. BEN WATKINS III**  
DIRECTOR

## STATE OF FLORIDA DIVISION OF BOND FINANCE

**RON DESANTIS**  
GOVERNOR

**ASHLEY MOODY**  
ATTORNEY GENERAL

**JIMMY PATRONIS**  
CHIEF FINANCIAL OFFICER

**NIKKI FRIED**  
COMMISSIONER OF AGRICULTURE

November 9, 2020

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

RE: Not Exceeding \$12,000,000 State of Florida, Board of Governors, Florida State University  
Parking Facility Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of December 8, 2020.

The bonds will be secured by the revenues of the parking system after deducting operating expenses. Parking system revenues are primarily derived from transportation access fee income. The bonds will be on a parity with the outstanding Series 2011A through 2017A Bonds.

The proposed bonds will be issued for the purpose of refunding all or a portion of the outstanding Series 2011A Bonds and to pay costs associated with the issuance and sale of the bonds. The bonds will only be issued if there is a debt service savings. The remaining balance, if any, of prior fiscal sufficiency approvals for Florida State University Parking Facility Revenue or Revenue Refunding Bonds should be rescinded.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended on November 26, 2002, August 9, 2005, May 15, 2007, and November 9, 2010, and as supplemented by the Tenth Supplemental Resolution which is anticipated to be adopted on December 8, 2020. The Original Resolution and the amending resolutions have been previously provided with prior fiscal sufficiency requests.

The following documents are enclosed for your consideration:

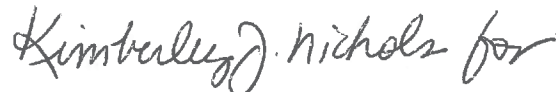
- Enclosure 1: an estimated coverage table for the program based on existing debt service and without consideration of the potential savings from the proposed refunding bonds;
- Enclosure 2: an estimated savings schedule from a recent sizing of the proposed refunding bonds; and

November 9, 2020  
Page Two

Enclosure 3: a draft copy of the Tenth Supplemental Resolution, which is anticipated to be adopted by the Governor and Cabinet on December 8, 2020.

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

Very truly yours,



J. Ben Watkins III  
Director

JBW:cy

Enclosures

cc: Robert Copeland  
Janie Knight  
Sharon Vice  
Alex Nottingham



**STATE OF FLORIDA BOARD OF GOVERNORS  
FLORIDA STATE UNIVERSITY  
PARKING FACILITY REVENUE BONDS**

**ESTIMATED DEBT SERVICE COVERAGE**

Year Ending <u>June 30</u>	<u>Gross Revenues</u>	<u>Current Expenses</u>	<u>Pledged Revenue</u>	<u>Outstanding Debt Service</u> <sup>1</sup>	<u>Debt Service Coverage</u>
<i>Historical</i> <sup>2</sup>					
2016	\$ 11,669,136	\$ 3,297,905	\$ 8,371,231	\$ 4,821,044	1.74x
2017	12,174,665	3,514,614	8,660,051	4,714,307	1.84x
2018	12,240,800	3,247,595	8,993,205	4,739,518	1.90x
2019	12,173,889	3,133,402	9,040,487	4,735,680	1.91x
2020	12,577,100	2,881,253	9,695,847	4,742,030	2.04x
<i>Projected</i> <sup>3</sup>					
2021	\$ 11,955,547	\$ 2,185,353	\$ 9,770,194	\$ 4,737,257	2.06x
2022	13,119,516	3,118,245	10,001,271	4,739,560	2.11x
2023	13,179,516	3,037,669	10,141,847	3,966,437	2.56x
2024	13,239,516	3,078,212	10,161,304	2,915,307	3.49x
2025	13,299,516	2,879,968	10,419,548	2,914,786	3.57x
2026	13,299,516	2,879,968	10,419,548	2,136,538	4.88x
2027	13,299,516	2,879,968	10,419,548	1,166,094	8.94x
2028	13,299,516	2,879,968	10,419,548	1,170,594	8.90x
2029	13,299,516	2,879,968	10,419,548	1,167,594	8.92x
2030	13,299,516	2,879,968	10,419,548	1,167,344	8.93x
2031	13,299,516	2,879,968	10,419,548	1,168,275	8.92x

<sup>1</sup> Does not include the effects of the proposed refunding. The bonds will only be issued if there is a debt service savings.

<sup>2</sup> Revenues and expenses for Fiscal Years 2016 through 2020 have been provided by the University.

<sup>3</sup> Projected revenues and expenses for Fiscal Years 2021 through 2025 have been provided by the University, as of November 6, 2020. Projections provided by the University for Fiscal Year 2025 have been held constant thereafter.

**No representation is made that the amounts shown will be collected.**

**SAVINGS**

**State of Florida, Board of Governors  
Florida State University  
Parking Facility Revenue Refunding Bonds (Refunding of Series 2011A)**

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**Preliminary Calculations**

<b>Date</b>	<b>Prior Debt Service</b>	<b>Refunding Debt Service</b>	<b>Savings</b>	<b>Present Value to 02/01/2021 @ 1.0590098%</b>
07/01/2021	1,680,058.35	1,405,625.01	274,433.34	273,228.24
07/01/2022	1,938,350.00	1,624,000.00	314,350.00	309,823.22
07/01/2023	1,167,506.25	978,250.00	189,256.25	184,626.65
07/01/2024	1,169,993.75	981,750.00	188,243.75	181,707.66
07/01/2025	1,169,993.75	978,500.00	191,493.75	182,895.96
07/01/2026	1,167,418.75	978,750.00	188,668.75	178,299.37
07/01/2027	1,166,093.75	977,250.00	188,843.75	176,577.65
07/01/2028	1,170,593.75	984,000.00	186,593.75	172,624.21
07/01/2029	1,167,593.75	978,500.00	189,093.75	173,079.70
07/01/2030	1,167,343.75	981,250.00	186,093.75	168,526.07
07/01/2031	1,168,275.00	981,750.00	186,525.00	167,119.04
	<b>14,133,220.85</b>	<b>11,849,625.01</b>	<b>2,283,595.84</b>	<b>2,168,507.76</b>

**Savings Summary**

PV of savings from cash flow	2,168,507.76
Plus: Refunding funds on hand	1,619.70
Net PV Savings	<u>2,170,127.46</u>



## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**July 2020**

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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 July 1, 2020, through July 31, 2020, 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 July 31, 2020)

Total Participants  
**743**

Florida PRIME™  
Total Participant Balance  
**\$14,815,371,737**

Total Number of Accounts  
**1,382**

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

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

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

The Federal Reserve continues to impress with how swiftly it addresses market needs in the coronavirus crisis. Emergency rate cut? Check. New facilities? Done. Quantitative easing? Of course. Shortage of coins in circulation? Somehow it got to that, too.

Last week, the Fed even beat itself to the punch when it extended many of the new special purpose vehicles the day before its Federal Open Market Committee meeting concluded. End dates are now Dec. 31 for the Primary Dealer Credit Facility and Money Market Mutual Fund Liquidity Facility, and March 17, 2021, for the Commercial Paper Funding Facility. None of these programs have seen much use recently, but they give confidence to the markets simply by being there. I think all should stay in place until the pandemic is over or at least until we get a vaccine. The Fed also extended its dollar liquidity swap lines and repo facility for international monetary authorities through March 31, 2021. This is another good move as these have added support for the front end.

One swiftly changing situation is out of policymakers' control but certainly affects it. In mid-July, the Senate Banking Committee approved the nomination of Judy Shelton and Christopher Waller to the board of governors. If both are confirmed by Senate, the board would be full (seven governors) for the first time in several years. Waller, head of economic research at the St. Louis Fed, was always expected to make it through the committee, and is viewed as a dove. Shelton is another story. As a former advisor to President Trump, many are concerned she would ape his opinions, including supporting negative rates and limiting the central bank's independence. Also, the preponderance of economists consider her call for a return to the gold standard—tying the worth of the dollar to the price of gold—untenable in today's monetary and financial systems. A confirmation vote

on the floor will have some drama as some Republican senators are coming out against her.

The short end of the Treasury yield curve edged lower in July in response to the reduced supply. Already at historic levels, The Treasury Department's operating cash balance absorbed tax payments (both individual and corporate) on July 15, meaning it didn't need to issue much debt. That will change when Congress passes the new stimulus bill, whenever that happens. Even in this case, the Fed has alleviated the situation. Its increase of overnight and term repo rates in June has provided a floor above zero, leading the effective fed funds rate hovering around 9 basis points in July.

Government fund asset levels were steady in July, while municipals experienced outflows typical around a tax day. Issuance of floaters and commercial paper went the opposite way as they continued their recovery from the barren days of March. Industry-wide, institutional prime fund assets essentially have returned to early January levels.

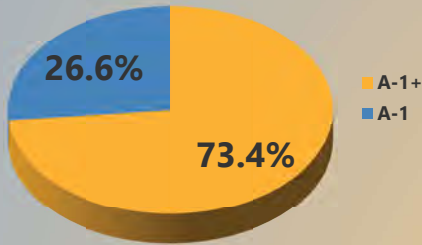
### INVESTMENT STRATEGY

The pool typically experiences outflows in the summer months, and this was the case in July as assets fell to \$14.8 billion. The weighted average maturity of the pool was 50 days at the close of the month, at the end of the 40-50 target range; weighted average life was 71 days. The portfolio's gross yield fell 5 basis points over July, ending at 45 basis points, due to the continuing decline in the London interbank offered rate (LIBOR) and commercial paper rates falling. Purchases were focused on bank paper and asset-backed commercial paper.

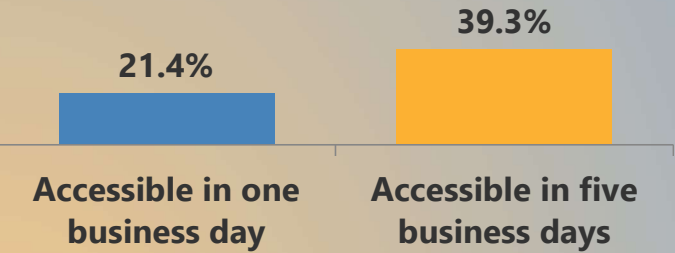
Treasury yields ended July with 1-month at 0.09%, 3-month at 0.10% and 6-month at 0.10%. LIBOR fell slightly this week, with 1-month slipping to 0.15%, 3-month remaining at 0.25%, and 6-month dropping to 0.31%.

# PORTFOLIO COMPOSITION FOR JULY 2020

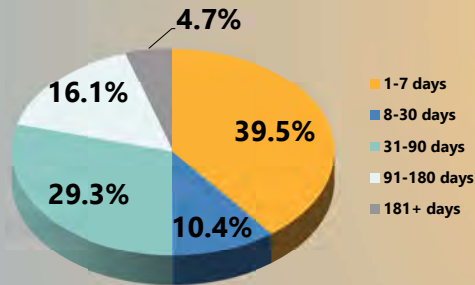
## CREDIT QUALITY COMPOSITION



## HIGHLY LIQUID HOLDINGS



## EFFECTIVE MATURITY SCHEDULE



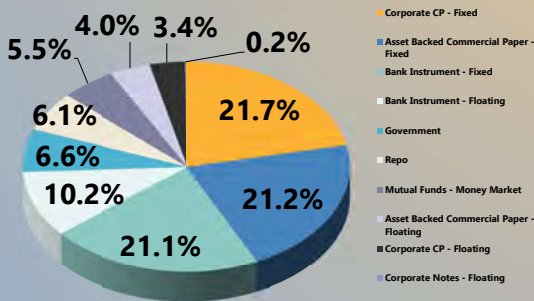
## TOP HOLDINGS & AVG. MATURITY

1. United States Treasury	6.6%
2. Federated Hermes Institutional Prime Value Obligations Fund	5.3%
3. Australia & New Zealand Banking Group, Melbourne	5.0%
4. ABN Amro Bank NV	4.7%
5. Toyota Motor Corp.	4.6%
6. JPMorgan Chase & Co.	3.8%
7. Old Line Funding, LLC	3.7%
8. Bank of Montreal	3.6%
9. Royal Bank of Canada	3.5%
10. Canadian Imperial Bank of Commerce	3.5%

<b>Average Effective Maturity (WAM)</b>	50 Days
<b>Weighted Average Life (Spread WAL)</b>	71 Days

Percentages based on total value of investments

## PORTFOLIO COMPOSITION



## FUND PERFORMANCE THROUGH JULY 2020

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.43%	0.24%	0.19%
Three Months	0.59%	0.37%	0.22%
One Year	1.52%	1.35%	0.16%
Three Years	1.94%	1.68%	0.26%
Five Years	1.45%	1.19%	0.26%
Ten Years	0.84%	0.63%	0.21%
Since 1/96	2.54%	2.32%	0.22%

Note: Net asset value at month end: \$14,824.1 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

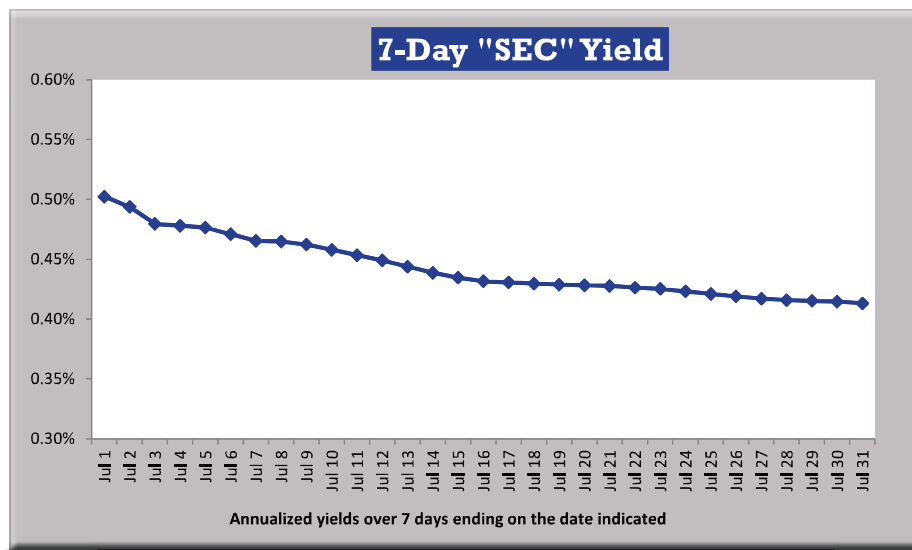
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 JULY 2020

Summary of Cash Flows		
Opening Balance (07/01/20)	\$	15,158,791,358
Participant Deposits		1,021,434,952
Gross Earnings		5,909,473
Participant Withdrawals		(1,370,361,894)
Fees		(402,152)
Closing Balance (07/31/20)	\$	14,815,371,737
<b>Net Change over Month</b>	<b>\$</b>	<b>(343,419,621)</b>

Detailed Fee Disclosure		
July 2020	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 126,977.85	1.02
Federated Investment Management Fee	244,397.57	1.96
BNY Mellon Custodial Fee**	17,149.70	0.14
Bank of America Transfer Agent Fee	4,396.85	0.04
S&P Rating Maintenance Fee	3,980.87	0.03
Audit/External Review Fees	5,248.91	0.04
<b>Total Fees</b>	<b>\$ 402,151.75</b>	<b>3.22</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 \$14,987,081,548.

\*\*All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

The data included in this report is unaudited.

## INVENTORY OF HOLDINGS FOR JULY 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.12	8/4/2020		400,000,000	0.12	\$400,000,000	\$400,000,000	\$0
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.12	8/6/2020		300,000,000	0.12	\$300,000,000	\$300,000,000	\$0
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		100,000,000	0.41	\$99,871,111	\$99,916,544	\$45,433
Anglesea Funding LLC, Dec 09, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.43	12/9/2020	8/12/2020	75,000,000	0.18	\$75,000,000	\$75,001,414	\$1,414
Anglesea Funding LLC, Dec 24, 2020	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.46	12/24/2020	9/29/2020	50,000,000	0.46	\$50,000,000	\$49,999,995	-\$6
Anglesea Funding LLC, Nov 23, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.42	11/23/2020	8/27/2020	88,000,000	0.43	\$88,000,000	\$88,002,708	\$2,708
Anglesea Funding LLC, Nov 25, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.42	11/25/2020	8/3/2020	10,000,000	0.43	\$10,000,000	\$10,000,163	\$163
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/3/2020		3,250,000	0.16	\$3,249,957	\$3,249,958	\$1
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/6/2020		75,000,000	0.13	\$74,998,375	\$74,997,737	-\$638
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/7/2020		42,740,000	0.13	\$42,738,920	\$42,738,421	-\$498
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.13	8/4/2020		400,000,000	0.13	\$400,000,000	\$400,000,000	\$0
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.13	8/5/2020		345,000,000	0.13	\$345,000,000	\$345,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.10	8/3/2020		350,000,000	0.10	\$350,000,000	\$350,000,000	\$0
Bank of Montreal, Apr 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.92	4/9/2021	10/9/2020	53,000,000	0.93	\$53,000,000	\$53,209,734	\$209,734
Bank of Montreal, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/4/2020	9/4/2020	200,000,000	0.46	\$200,000,000	\$200,067,154	\$67,154
Bank of Montreal, Feb 08, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	2/8/2021	8/3/2020	50,000,000	0.31	\$50,000,000	\$49,989,733	-\$10,268
Bank of Montreal, Mar 02, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	3/2/2021	8/3/2020	100,000,000	0.35	\$100,000,000	\$100,020,735	\$20,735
Bank of Montreal, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	3/4/2021	8/4/2020	25,000,000	0.39	\$25,000,000	\$25,009,276	\$9,276
Bank of Montreal, Mar 17, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	3/17/2021	8/3/2020	50,000,000	0.30	\$50,000,000	\$49,988,866	-\$11,135
Bank of Montreal, May 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	5/5/2021	8/5/2020	50,000,000	0.73	\$50,000,000	\$50,033,818	\$33,818
Bank of Nova Scotia, Toronto, Dec 10, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.43	12/10/2020	9/10/2020	100,000,000	0.44	\$100,000,000	\$100,042,294	\$42,294
Bank of Nova Scotia, Toronto, Jan 08, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	1/8/2021	8/10/2020	115,000,000	0.39	\$114,999,905	\$115,018,202	\$18,297
Bank of Nova Scotia, Toronto, Sep 03, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	9/3/2020	8/3/2020	100,000,000	0.47	\$100,000,000	\$100,019,148	\$19,148
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		9/4/2020		150,000,000	1.48	\$149,790,000	\$149,984,396	\$194,396
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		10/9/2020		100,000,000	0.57	\$99,891,111	\$99,973,361	\$82,250
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/7/2020		75,000,000	0.13	\$74,998,104	\$74,997,812	-\$292
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/5/2020		75,000,000	1.35	\$74,986,250	\$74,998,854	\$12,604
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/4/2021		25,000,000	0.75	\$24,890,500	\$24,953,950	\$63,450
Bedford Row Funding Corp., Apr 12, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.87	4/12/2021	10/13/2020	100,000,000	0.88	\$100,000,000	\$100,366,017	\$366,017
Bedford Row Funding Corp., Aug 20, 2020	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.44	8/20/2020	8/20/2020	35,000,000	0.44	\$35,000,000	\$35,005,361	\$5,361

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JULY 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.22	10/1/2042	8/6/2020	5,185,000	0.22	\$5,185,000	\$5,185,000	\$0
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		107,500,000	0.23	\$107,454,671	\$107,469,255	\$14,584
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		100,000,000	0.20	\$99,943,889	\$99,950,903	\$7,014
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		33,000,000	0.34	\$32,966,725	\$32,982,858	\$16,133
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/17/2020		25,000,000	1.64	\$24,981,111	\$24,998,300	\$17,189
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/31/2020		50,000,000	1.40	\$49,941,014	\$49,992,638	\$51,624
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/14/2020		75,000,000	0.22	\$74,965,625	\$74,967,188	\$1,563
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/21/2020		5,500,000	0.92	\$5,488,725	\$5,497,369	\$8,644
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		50,000,000	0.20	\$49,971,944	\$49,969,560	-\$2,385
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/12/2020		50,000,000	0.25	\$49,963,889	\$49,968,367	\$4,478
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		35,000,000	0.31	\$34,963,833	\$34,972,152	\$8,318
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/19/2020		100,000,000	0.23	\$99,987,861	\$99,992,242	\$4,381
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/9/2020		50,000,000	1.23	\$49,883,333	\$49,978,903	\$95,570
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/20/2020		90,000,000	0.97	\$89,807,625	\$89,954,640	\$147,015
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		20,000,000	0.34	\$19,979,833	\$19,985,150	\$5,317
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/3/2020		40,000,000	0.31	\$39,958,333	\$39,964,861	\$6,528
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/11/2020		30,000,000	1.68	\$29,984,967	\$29,998,845	\$13,878
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		160,000,000	0.31	\$159,834,667	\$159,882,613	\$47,946
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	2/26/2021		100,000,000	1.42	\$100,000,000	\$100,673,103	\$673,103
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	5/28/2021		125,000,000	0.44	\$125,000,000	\$125,148,869	\$148,869
Canadian Imperial Bank of Commerce, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/4/2020	9/4/2020	75,000,000	0.46	\$75,000,000	\$75,025,183	\$25,183
Canadian Imperial Bank of Commerce, Feb 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.31	2/5/2021	8/3/2020	40,000,000	0.31	\$40,000,000	\$39,991,964	-\$8,036
Canadian Imperial Bank of Commerce, Jan 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	1/4/2021	8/4/2020	100,000,000	0.42	\$100,000,000	\$100,077,191	\$77,191
Canadian Imperial Bank of Commerce, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	3/4/2021	8/3/2020	75,000,000	0.39	\$75,000,000	\$75,027,848	\$27,848
Chevron Corp. CP4-2	COMMERCIAL PAPER - 4-2		8/31/2020		75,000,000	0.92	\$74,941,875	\$74,993,477	\$51,602
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		9/16/2020		25,000,000	1.23	\$24,960,833	\$24,995,398	\$34,565
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/5/2020		50,000,000	1.26	\$49,887,250	\$49,986,617	\$99,367
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/9/2020		25,000,000	1.26	\$24,940,208	\$24,993,049	\$52,840
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		8/3/2020		60,000,000	1.74	\$59,991,500	\$59,999,350	\$7,850

See notes at end of table.

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		8/4/2020		20,000,000	1.74	\$19,996,222	\$19,999,711	\$3,489
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		8/12/2020		50,000,000	1.74	\$49,971,667	\$49,997,717	\$26,050
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		10/29/2020		100,000,000	0.56	\$99,862,500	\$99,955,000	\$92,500
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/2/2020		50,000,000	0.51	\$49,934,722	\$49,975,325	\$40,603
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/6/2020		100,000,000	0.46	\$99,877,500	\$99,945,828	\$68,328
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/11/2021		41,000,000	0.31	\$40,943,967	\$40,946,955	\$2,988
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/13/2021		80,000,000	0.36	\$79,870,889	\$79,894,498	\$23,609
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/17/2021		30,000,000	0.29	\$29,953,100	\$29,959,130	\$6,030
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.12	8/3/2020		200,000,000	0.12	\$200,000,000	\$200,000,000	\$0
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.12	8/4/2020		150,000,000	0.12	\$150,000,000	\$150,000,000	\$0
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.12	8/7/2020		100,000,000	0.12	\$100,000,000	\$100,000,000	\$0
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		1/28/2021		100,000,000	0.24	\$99,879,333	\$99,893,914	\$14,581
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	8/5/2020		44,000,000	0.25	\$43,999,878	\$44,000,873	\$996
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	8/12/2020		150,000,000	0.24	\$150,000,000	\$150,007,497	\$7,497
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	9/3/2020		50,000,000	0.20	\$50,000,000	\$49,999,242	-\$759
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	9/10/2020		75,000,000	0.23	\$74,999,573	\$75,000,934	\$1,361
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		9/8/2020		11,800,000	0.23	\$11,797,060	\$11,798,568	\$1,508
DZ Bank AG Deutsche Zentral-Genossenschaftsbank ECD	EURO CERTIFICATE OF DEPOSIT	0.00	8/21/2020		65,000,000	1.70	\$64,937,023	\$64,994,313	\$57,290
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.06	8/3/2020		30,574,722	0.06	\$30,574,722	\$30,574,722	\$0
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		10/15/2020		50,000,000	0.22	\$49,976,778	\$49,983,428	\$6,650
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		1/8/2021		100,000,000	0.30	\$99,868,069	\$99,923,525	\$55,456
European Investment Bank CP	COMMERCIAL PAPER		11/17/2020		100,000,000	1.42	\$99,582,167	\$99,966,694	\$384,527
European Investment Bank CP	COMMERCIAL PAPER		11/20/2020		195,000,000	1.47	\$194,132,467	\$194,933,267	\$800,800
European Investment Bank CP	COMMERCIAL PAPER		2/22/2021		150,000,000	0.31	\$149,738,208	\$149,839,491	\$101,283
FMS Wertmanagement Aor CP4-2	COMMERCIAL PAPER - 4-2		11/9/2020		70,000,000	0.23	\$69,954,831	\$69,967,596	\$12,765
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		25,000,000	1.28	\$24,942,708	\$24,989,733	\$47,025
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/19/2020		50,000,000	0.31	\$49,953,750	\$49,961,921	\$8,171
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.27	8/3/2020	8/3/2020	781,067,011	0.27	\$781,130,200	\$781,535,652	\$405,452
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.45	8/1/2045	8/6/2020	10,000,000	0.45	\$10,000,000	\$10,000,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.46	9/1/2035	8/6/2020	3,980,000	0.47	\$3,980,000	\$3,980,000	\$0
Glencove Funding LLC, Nov 13, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.45	11/13/2020	8/18/2020	30,000,000	0.31	\$30,000,000	\$30,001,516	\$1,516

See notes at end of table.

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Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/25/2020		150,000,000	0.17	\$149,960,333	\$149,943,066	-\$17,267
HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.09	8/3/2020		100,000,000	0.09	\$100,000,000	\$100,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.22	10/1/2042	8/6/2020	4,260,000	0.22	\$4,260,000	\$4,260,000	\$0
Lilly (Eli) & Co.	COMMERCIAL PAPER - 4-2		10/1/2020		10,000,000	1.28	\$9,978,472	\$9,990,838	\$12,366
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/11/2020		28,500,000	0.25	\$28,497,823	\$28,498,737	\$914
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/12/2020		21,000,000	0.25	\$20,998,250	\$20,998,978	\$728
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/17/2020		50,000,000	0.21	\$49,995,042	\$49,996,293	\$1,251
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/19/2020		48,100,000	0.25	\$48,093,653	\$48,095,862	\$2,208
MUFG Bank Ltd. CP	COMMERCIAL PAPER		8/28/2020		107,500,000	1.51	\$107,377,092	\$107,491,054	\$113,962
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/15/2020		10,000,000	0.36	\$9,992,611	\$9,996,094	\$3,483
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/19/2020		35,000,000	1.18	\$34,910,556	\$34,985,767	\$75,211
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/3/2020		115,000,000	0.20	\$114,998,083	\$114,998,755	\$671
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/10/2020		34,081,000	0.20	\$34,079,107	\$34,080,082	\$975
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.22	11/1/2036	8/6/2020	2,200,000	0.22	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.54	6/1/2022	8/6/2020	10,000,000	0.54	\$10,000,000	\$10,000,000	\$0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	8/3/2020		100,000,000	0.20	\$100,000,000	\$100,000,841	\$841
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	8/4/2020		100,000,000	0.20	\$100,000,000	\$100,001,100	\$1,100
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	8/11/2020		50,000,000	0.22	\$50,000,000	\$50,001,604	\$1,604
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.10	8/3/2020		450,000,000	0.10	\$450,000,000	\$450,000,000	\$0
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		9/1/2020		140,000,000	0.22	\$139,972,622	\$139,980,214	\$7,592
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		11/17/2020		150,000,000	0.25	\$149,886,458	\$149,920,976	\$34,517
National Australia Bank Ltd., Melbourne, Nov 25, 2020	VARIABLE RATE EUR CERTIFICATE OF DEPOSIT	0.49	11/25/2020	8/25/2020	100,000,000	0.50	\$100,000,000	\$100,015,949	\$15,949
National Australia Bank Ltd., Melbourne, Sep 11, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.40	9/11/2020	9/11/2020	45,000,000	0.41	\$44,983,875	\$45,006,644	\$22,769
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		8/4/2020		200,000,000	0.21	\$199,995,444	\$199,996,888	\$1,444
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		8/4/2020		200,000,000	0.13	\$199,997,111	\$199,997,244	\$133
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		8/5/2020		100,000,000	0.12	\$99,998,333	\$99,998,153	-\$180
Nederlandse Waterschapsbank NV, Sep 08, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.26	9/8/2020	8/6/2020	100,000,000	0.27	\$100,000,000	\$100,008,475	\$8,475
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.06	10/19/2020		100,000,000	1.08	\$100,000,000	\$100,198,254	\$198,254
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	12/16/2020		75,000,000	0.27	\$75,000,000	\$75,022,965	\$22,965
Nordea Bank Abp CP4-2	COMMERCIAL PAPER - 4-2		9/18/2020		100,000,000	0.24	\$99,968,014	\$99,984,619	\$16,605

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JULY 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,965,389	\$49,971,446	\$6,057
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/23/2020		50,000,000	0.31	\$49,952,083	\$49,973,966	\$21,882
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		37,068,000	0.31	\$37,029,696	\$37,048,465	\$18,769
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/14/2020		31,000,000	0.31	\$30,964,867	\$30,981,145	\$16,279
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/20/2021		20,000,000	0.33	\$19,953,244	\$19,939,802	-\$13,442
Old Line Funding, LLC, Feb 12, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.30	2/12/2021	8/3/2020	100,000,000	0.30	\$100,000,000	\$99,947,840	-\$52,160
Old Line Funding, LLC, Nov 19, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.51	11/19/2020	8/19/2020	50,000,000	0.52	\$50,000,000	\$50,006,887	\$6,887
Old Line Funding, LLC, Oct 09, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE		10/9/2020		75,000,000	1.45	\$74,792,917	\$74,966,021	\$173,104
Old Line Funding, LLC, Oct 26, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE		10/26/2020		90,000,000	1.02	\$89,782,500	\$89,949,323	\$166,823
Old Line Funding, LLC, Sep 09, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.35	9/9/2020	8/3/2020	50,000,000	0.35	\$50,000,000	\$49,964,700	-\$35,300
Royal Bank of Canada, Apr 29, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.57	4/29/2021	10/29/2020	25,000,000	0.58	\$25,000,000	\$25,046,111	\$46,111
Royal Bank of Canada, Mar 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.65	3/9/2021	8/3/2020	25,000,000	0.66	\$25,000,000	\$25,049,795	\$49,795
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.97	5/24/2021		50,000,000	0.98	\$50,000,000	\$50,286,982	\$286,982
Royal Bank of Canada, Montreal CP	COMMERCIAL PAPER		9/9/2020		135,000,000	1.02	\$134,850,000	\$134,975,550	\$125,550
Royal Bank of Canada, Montreal CP	COMMERCIAL PAPER		10/21/2020		50,000,000	0.91	\$49,898,639	\$49,985,309	\$86,670
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/9/2020		12,000,000	0.25	\$11,996,667	\$11,997,560	\$893
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/10/2020		62,100,000	0.33	\$62,077,368	\$62,086,916	\$9,548
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/16/2020		17,650,000	0.32	\$17,642,857	\$17,645,368	\$2,512
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		50,000,000	0.30	\$49,969,389	\$49,973,717	\$4,328
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.88	9/8/2020		50,000,000	0.89	\$50,000,000	\$50,039,234	\$39,234
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/6/2020		30,000,000	1.21	\$29,934,117	\$29,992,239	\$58,123
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/7/2020		15,000,000	1.21	\$14,966,567	\$14,996,005	\$29,438
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/13/2020		50,000,000	1.15	\$49,884,889	\$49,984,686	\$99,797
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		8/20/2020		58,000,000	0.97	\$57,969,389	\$57,996,520	\$27,131
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		25,000,000	1.27	\$24,934,556	\$24,991,503	\$56,947
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,965,389	\$49,979,110	\$13,721
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		50,000,000	0.23	\$49,962,944	\$49,975,350	\$12,406
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.43	2/26/2021		50,000,000	1.45	\$50,000,000	\$50,343,215	\$343,215

See notes at end of table.

## INVENTORY OF HOLDINGS FOR JULY 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	6/16/2021		50,000,000	0.46	\$50,000,000	\$50,065,527	\$65,527
Toronto Dominion Bank, Mar 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.42	3/5/2021	8/3/2020	100,000,000	0.43	\$100,000,000	\$100,035,268	\$35,268
Toronto Dominion Bank, Nov 13, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.57	11/13/2020	8/13/2020	25,000,000	0.58	\$25,000,000	\$25,009,618	\$9,618
Toronto Dominion Bank, Sep 28, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.50	9/28/2020	9/28/2020	75,000,000	0.50	\$75,000,000	\$75,027,481	\$27,481
Toronto Dominion Bank, Sep 30, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.50	9/30/2020	9/30/2020	50,000,000	0.50	\$50,000,000	\$50,018,988	\$18,988
Toyota Credit De Puerto Rico Corp. CP	COMMERCIAL PAPER		1/13/2021		20,000,000	0.31	\$19,972,333	\$19,973,624	\$1,291
Toyota Finance Australia Ltd. CP	COMMERCIAL PAPER		9/8/2020		158,000,000	0.36	\$157,940,092	\$157,979,803	\$39,711
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/27/2020		100,000,000	1.76	\$99,579,556	\$99,949,400	\$369,844
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/29/2020		75,000,000	1.54	\$74,718,750	\$74,960,625	\$241,875
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/2/2020		75,000,000	1.54	\$74,706,250	\$74,957,504	\$251,254
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/5/2020		100,000,000	1.69	\$99,555,417	\$99,940,183	\$384,766
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/24/2020		50,000,000	0.26	\$49,958,111	\$49,959,239	\$1,128
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/1/2020		50,000,000	0.36	\$49,940,208	\$49,955,413	\$15,204
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		1/25/2021		50,000,000	0.29	\$49,930,778	\$49,926,328	-\$4,450
U.S. Treasury Bill 08/13/2020	USTREASURY BILL	0.00	8/13/2020		136,000,000	0.13	\$135,993,861	\$135,996,600	\$2,739
U.S. Treasury Bill 08/13/2020	USTREASURY BILL	0.00	8/13/2020		65,000,000	0.13	\$64,996,949	\$64,998,375	\$1,426
U.S. Treasury Bill, 09/15/2020	USTREASURY BILL	0.00	9/15/2020		50,000,000	0.24	\$49,984,667	\$49,994,177	\$9,510
U.S. Treasury Bill, 09/15/2020	USTREASURY BILL	0.00	9/15/2020		75,000,000	0.25	\$74,976,042	\$74,991,266	\$15,224
U.S. Treasury Bill, 10/15/2020	USTREASURY BILL	0.00	10/15/2020		75,000,000	0.30	\$74,954,083	\$74,984,411	\$30,328
U.S. Treasury Bill, 10/20/2020	USTREASURY BILL	0.00	10/20/2020		105,000,000	0.15	\$104,965,744	\$104,979,525	\$13,781
U.S. Treasury Bill, 10/27/2020	USTREASURY BILL	0.00	10/27/2020		195,000,000	0.15	\$194,930,883	\$194,956,260	\$25,376
U.S. Treasury Bill, 11/03/2020	USTREASURY BILL	0.00	11/3/2020		275,000,000	0.13	\$274,905,660	\$274,933,236	\$27,576
Westpac Banking Corp. Ltd., Sydney, Dec 04, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.48	12/4/2020	9/4/2020	150,000,000	0.49	\$150,000,000	\$150,075,558	\$75,558
Westpac Banking Corp. Ltd., Sydney, Dec 07, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	12/7/2020	9/7/2020	150,000,000	0.47	\$150,000,000	\$150,078,056	\$78,056
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	12/11/2020	9/11/2020	18,000,000	0.47	\$18,000,000	\$18,009,591	\$9,591
Westpac Banking Corp. Ltd., Sydney, Feb 05, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.57	2/5/2021	8/5/2020	25,000,000	0.83	\$24,987,761	\$25,001,256	\$13,495
<i>Total Value of Assets</i>					<i>14,821,055,733</i>		<i>\$14,812,889,768</i>	<i>\$14,821,757,109</i>	<i>\$8,867,341</i>

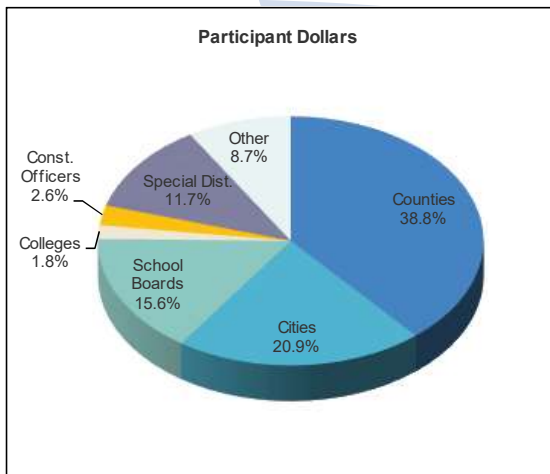
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

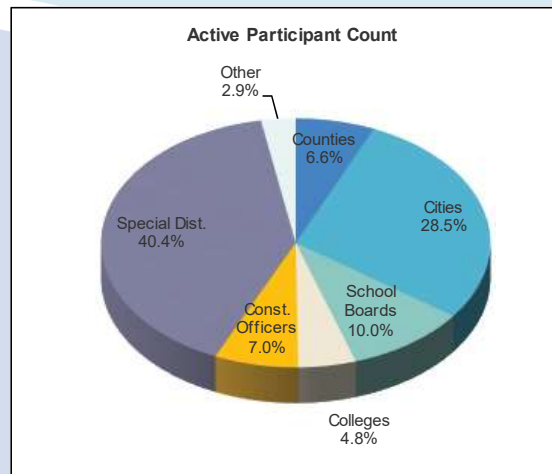
<sup>2</sup> Amortized cost is calculated using a straight line method.

**PARTICIPANT CONCENTRATION DATA - AS OF JULY 2020**

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
<b>All Participants</b>	<b>100.0%</b>	<b>100.0%</b>	<b>Colleges &amp; Universities</b>	<b>1.8%</b>	<b>4.8%</b>
Top 10	36.3%	1.4%	Top 10	1.7%	1.4%
\$100 million or more	63.9%	5.3%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	31.1%	17.4%	\$10 million up to \$100 million	1.5%	1.0%
\$1 million up to \$10 million	4.5%	23.5%	\$1 million up to \$10 million	0.2%	1.4%
Under \$1 million	0.5%	53.8%	Under \$1 million	0.02%	2.5%
<b>Counties</b>	<b>38.8%</b>	<b>6.6%</b>	<b>Constitutional Officers</b>	<b>2.6%</b>	<b>7.0%</b>
Top 10	31.4%	1.4%	Top 10	1.3%	1.4%
\$100 million or more	36.3%	2.2%	\$100 million or more	0.8%	0.1%
\$10 million up to \$100 million	2.2%	1.2%	\$10 million up to \$100 million	1.2%	0.7%
\$1 million up to \$10 million	0.3%	1.2%	\$1 million up to \$10 million	0.5%	2.5%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	3.7%
<b>Municipalities</b>	<b>20.9%</b>	<b>28.5%</b>	<b>Special Districts</b>	<b>11.7%</b>	<b>40.4%</b>
Top 10	8.4%	1.4%	Top 10	7.0%	1.4%
\$100 million or more	7.1%	1.1%	\$100 million or more	4.3%	0.5%
\$10 million up to \$100 million	12.1%	6.8%	\$10 million up to \$100 million	5.9%	3.7%
\$1 million up to \$10 million	1.5%	7.7%	\$1 million up to \$10 million	1.2%	7.7%
Under \$1 million	0.1%	12.9%	Under \$1 million	0.3%	28.5%
<b>School Boards</b>	<b>15.6%</b>	<b>10.0%</b>	<b>Other</b>	<b>8.7%</b>	<b>2.9%</b>
Top 10	10.1%	1.4%	Top 10	8.4%	1.4%
\$100 million or more	8.4%	1.0%	\$100 million or more	7.0%	0.4%
\$10 million up to \$100 million	6.7%	3.3%	\$10 million up to \$100 million	1.5%	0.7%
\$1 million up to \$10 million	0.5%	2.2%	\$1 million up to \$10 million	0.2%	1.0%
Under \$1 million	0.0%	3.6%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$14,815,371,737



Total Active Participant Count: 731

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



## COMPLIANCE WITH INVESTMENT POLICY FOR JULY 2020

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
<u>Illiquid Securities</u>	
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass

## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Buys</i>								
ANTALIS S,A, CPABS4CPABS4	07/09/20	07/01/20	07/02/20	37,000,000	36,998,993	0	36,998,993	0
ANTALIS S,A, CPABS4CPABS4	07/16/20	07/08/20	07/09/20	37,000,000	36,998,849	0	36,998,849	0
ANTALIS S,A, CPABS4CPABS4	07/23/20	07/16/20	07/16/20	50,000,000	49,998,639	0	49,998,639	0
ANTALIS S,A, CPABS4CPABS4	07/23/20	07/16/20	07/16/20	24,840,000	24,839,324	0	24,839,324	0
ANTALIS S,A, CPABS4CPABS4	07/30/20	07/23/20	07/23/20	50,000,000	49,998,736	0	49,998,736	0
ANTALIS S,A, CPABS4CPABS4	07/30/20	07/23/20	07/23/20	25,020,000	25,019,368	0	25,019,368	0
ANTALIS S,A, CPABS4CPABS4	07/31/20	07/23/20	07/24/20	42,800,000	42,798,918	0	42,798,918	0
ANTALIS S,A, CPABS4CPABS4	08/03/20	07/22/20	07/22/20	3,250,000	3,249,827	0	3,249,827	0
ANTALIS S,A, CPABS4CPABS4	08/06/20	07/30/20	07/30/20	50,000,000	49,998,736	0	49,998,736	0
ANTALIS S,A, CPABS4CPABS4	08/06/20	07/30/20	07/30/20	25,000,000	24,999,368	0	24,999,368	0
ANTALIS S,A, CPABS4CPABS4	08/07/20	07/31/20	07/31/20	42,740,000	42,738,920	0	42,738,920	0
ATLANTIC ASSET SECUCPABS4	07/27/20	07/01/20	07/01/20	50,000,000	49,994,222	0	49,994,222	0
ATLANTIC ASSET SECUCPABS4	07/27/20	07/01/20	07/01/20	50,000,000	49,994,222	0	49,994,222	0
ATLANTIC ASSET SECUCPABS4	07/27/20	07/01/20	07/01/20	3,000,000	2,999,653	0	2,999,653	0
BARTON CAPITAL S,A,CPABS4	07/14/20	07/13/20	07/13/20	25,000,000	24,999,917	0	24,999,917	0
BARTON CAPITAL S,A,CPABS4	07/15/20	07/14/20	07/14/20	25,000,000	24,999,917	0	24,999,917	0
BARTON CAPITAL S,A,CPABS4	07/20/20	07/17/20	07/17/20	47,000,000	46,999,530	0	46,999,530	0
BARTON CAPITAL S,A,CPABS4	07/21/20	07/20/20	07/20/20	50,000,000	49,999,833	0	49,999,833	0
BARTON CAPITAL S,A,CPABS4	08/07/20	07/31/20	07/31/20	25,000,000	24,999,368	0	24,999,368	0
BARTON CAPITAL S,A,CPABS4	08/07/20	07/31/20	07/31/20	25,000,000	24,999,368	0	24,999,368	0
BARTON CAPITAL S,A,CPABS4	08/07/20	07/31/20	07/31/20	25,000,000	24,999,368	0	24,999,368	0
N,V, BANK NEDERLANDCP4-2	07/27/20	07/20/20	07/20/20	50,000,000	49,998,736	0	49,998,736	0
N,V, BANK NEDERLANDCP4-2	07/27/20	07/20/20	07/20/20	50,000,000	49,998,736	0	49,998,736	0
N,V, BANK NEDERLANDCP4-2	07/27/20	07/20/20	07/20/20	50,000,000	49,998,736	0	49,998,736	0
N,V, BANK NEDERLANDCP4-2	07/27/20	07/20/20	07/20/20	10,000,000	9,999,747	0	9,999,747	0
N,V, BANK NEDERLANDCP4-2	07/29/20	07/22/20	07/22/20	50,000,000	49,998,833	0	49,998,833	0
N,V, BANK NEDERLANDCP4-2	07/29/20	07/22/20	07/22/20	50,000,000	49,998,833	0	49,998,833	0
N,V, BANK NEDERLANDCP4-2	07/29/20	07/22/20	07/22/20	25,000,000	24,999,417	0	24,999,417	0
CAFCO, LLC CPABS4-2CPABS4	10/05/20	07/02/20	07/02/20	50,000,000	49,969,653	0	49,969,653	0
CAFCO, LLC CPABS4-2CPABS4	10/05/20	07/02/20	07/02/20	50,000,000	49,969,653	0	49,969,653	0
CAFCO, LLC CPABS4-2CPABS4	10/05/20	07/02/20	07/02/20	7,500,000	7,495,448	0	7,495,448	0
CAFCO, LLC CPABS4-2CPABS4	11/09/20	07/29/20	07/29/20	50,000,000	49,971,389	0	49,971,389	0
CAFCO, LLC CPABS4-2CPABS4	11/09/20	07/29/20	07/29/20	50,000,000	49,971,389	0	49,971,389	0
CHARTA, LLC CPABS4-CPABS4	10/14/20	07/09/20	07/09/20	50,000,000	49,970,361	0	49,970,361	0
CHARTA, LLC CPABS4-CPABS4	10/14/20	07/09/20	07/09/20	25,000,000	24,985,181	0	24,985,181	0
CHARTA, LLC CPABS4-CPABS4	11/09/20	07/29/20	07/29/20	50,000,000	49,971,389	0	49,971,389	0
CHARTA, LLC CPABS4-CPABS4	11/12/20	07/14/20	07/15/20	50,000,000	49,958,333	0	49,958,333	0
COLLATERALIZED COMMC PABS3	01/11/21	07/13/20	07/13/20	41,000,000	40,937,817	0	40,937,817	0
COLLATERALIZED COMMC PABS3	02/17/21	07/22/20	07/22/20	30,000,000	29,951,000	0	29,951,000	0
DNB BANK ASA CP4-2CP4-2	01/28/21	07/28/20	07/28/20	50,000,000	49,938,667	0	49,938,667	0
DNB BANK ASA CP4-2CP4-2	01/28/21	07/28/20	07/28/20	50,000,000	49,938,667	0	49,938,667	0
ERSTE ABWICKLUNGSANCP4-2	10/15/20	07/09/20	07/13/20	50,000,000	49,971,278	0	49,971,278	0
ERSTE ABWICKLUNGSANCP4-2	01/08/21	07/02/20	07/06/20	50,000,000	49,923,792	0	49,923,792	0
ERSTE ABWICKLUNGSANCP4-2	01/08/21	07/02/20	07/06/20	50,000,000	49,923,792	0	49,923,792	0

## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
FMS WERTMANAGEMENT CP4-2	11/09/20	07/07/20	07/09/20	50,000,000	49,960,708	0	49,960,708	0
FMS WERTMANAGEMENT CP4-2	11/09/20	07/07/20	07/09/20	20,000,000	19,984,283	0	19,984,283	0
GOTHAM FUNDING CORPCPABS4	09/25/20	07/29/20	07/29/20	50,000,000	49,986,306	0	49,986,306	0
GOTHAM FUNDING CORPCPABS4	09/25/20	07/29/20	07/29/20	50,000,000	49,986,306	0	49,986,306	0
GOTHAM FUNDING CORPCPABS4	09/25/20	07/29/20	07/29/20	50,000,000	49,986,306	0	49,986,306	0
LONGSHIP FUNDING LLCPABS4	07/24/20	07/17/20	07/17/20	50,000,000	49,998,833	0	49,998,833	0
LONGSHIP FUNDING LLCPABS4	07/24/20	07/17/20	07/17/20	50,000,000	49,998,833	0	49,998,833	0
LONGSHIP FUNDING LLCPABS4	08/17/20	07/13/20	07/13/20	50,000,000	49,989,792	0	49,989,792	0
NATIONWIDE BUILDINGCP4-2	08/04/20	07/02/20	07/06/20	50,000,000	49,991,743	0	49,991,743	0
NATIONWIDE BUILDINGCP4-2	08/04/20	07/02/20	07/06/20	50,000,000	49,991,743	0	49,991,743	0
NATIONWIDE BUILDINGCP4-2	08/04/20	07/02/20	07/06/20	50,000,000	49,991,743	0	49,991,743	0
NATIONWIDE BUILDINGCP4-2	08/04/20	07/02/20	07/06/20	50,000,000	49,991,743	0	49,991,743	0
NEDERLANDSE WATERSCCP4-2	07/20/20	07/13/20	07/13/20	50,000,000	49,998,639	0	49,998,639	0
NEDERLANDSE WATERSCCP4-2	07/20/20	07/13/20	07/13/20	50,000,000	49,998,639	0	49,998,639	0
NEDERLANDSE WATERSCCP4-2	07/22/20	07/14/20	07/15/20	50,000,000	49,998,542	0	49,998,542	0
NEDERLANDSE WATERSCCP4-2	07/22/20	07/14/20	07/15/20	50,000,000	49,998,542	0	49,998,542	0
NEDERLANDSE WATERSCCP4-2	07/22/20	07/14/20	07/15/20	50,000,000	49,998,542	0	49,998,542	0
NEDERLANDSE WATERSCCP4-2	07/22/20	07/14/20	07/15/20	50,000,000	49,998,542	0	49,998,542	0
NEDERLANDSE WATERSCCP4-2	07/29/20	07/22/20	07/22/20	15,000,000	14,999,650	0	14,999,650	0
NEDERLANDSE WATERSCCP4-2	08/04/20	07/27/20	07/28/20	50,000,000	49,998,736	0	49,998,736	0
NEDERLANDSE WATERSCCP4-2	08/04/20	07/27/20	07/28/20	50,000,000	49,998,736	0	49,998,736	0
NEDERLANDSE WATERSCCP4-2	08/04/20	07/27/20	07/28/20	50,000,000	49,998,736	0	49,998,736	0
NEDERLANDSE WATERSCCP4-2	08/04/20	07/27/20	07/28/20	50,000,000	49,998,736	0	49,998,736	0
NEDERLANDSE WATERSCCP4-2	08/05/20	07/28/20	07/29/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/05/20	07/28/20	07/29/20	50,000,000	49,998,833	0	49,998,833	0
OLD LINE FUNDING, LCPABS4	04/20/21	07/10/20	07/14/20	20,000,000	19,950,222	0	19,950,222	0
THUNDER BAY FUNDINGCPABS4	11/24/20	07/22/20	07/24/20	50,000,000	49,960,708	0	49,960,708	0
TORONTO DOMINION BACP4-2	07/15/20	07/08/20	07/08/20	50,000,000	49,998,542	0	49,998,542	0
TORONTO DOMINION BACP4-2	07/15/20	07/08/20	07/08/20	50,000,000	49,998,542	0	49,998,542	0
TORONTO DOMINION BACP4-2	07/15/20	07/08/20	07/08/20	50,000,000	49,998,542	0	49,998,542	0
TORONTO DOMINION BACP4-2	07/15/20	07/08/20	07/08/20	50,000,000	49,998,542	0	49,998,542	0
TORONTO DOMINION BACP4-2	07/15/20	07/08/20	07/08/20	50,000,000	49,998,542	0	49,998,542	0
TOYOTA MOTOR CREDITCP	11/24/20	07/27/20	07/27/20	50,000,000	49,956,667	0	49,956,667	0
TOYOTA MOTOR CREDITCP	01/25/21	07/28/20	07/28/20	50,000,000	49,929,611	0	49,929,611	0
TOYOTA CREDIT DE PUCP	01/13/21	07/20/20	07/20/20	20,000,000	19,970,500	0	19,970,500	0
UNITED STATES CASH MANAGEMENT BILL	10/20/20	07/08/20	07/09/20	50,000,000	49,979,257	0	49,979,257	0
UNITED STATES CASH MANAGEMENT BILL	10/20/20	07/08/20	07/09/20	50,000,000	49,979,257	0	49,979,257	0
UNITED STATES CASH MANAGEMENT BILL	10/20/20	07/08/20	07/09/20	5,000,000	4,997,926	0	4,997,926	0
UNITED STATES CASH MANAGEMENT BILL	10/27/20	07/08/20	07/14/20	50,000,000	49,978,854	0	49,978,854	0
UNITED STATES CASH MANAGEMENT BILL	10/27/20	07/08/20	07/14/20	50,000,000	49,978,854	0	49,978,854	0
UNITED STATES CASH MANAGEMENT BILL	10/27/20	07/08/20	07/14/20	45,000,000	44,980,969	0	44,980,969	0
UNITED STATES CASH MANAGEMENT BILL	10/27/20	07/08/20	07/14/20	50,000,000	49,978,854	0	49,978,854	0
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	50,000,000	49,981,042	0	49,981,042	0
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	50,000,000	49,981,042	0	49,981,042	0
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	25,000,000	24,990,521	0	24,990,521	0

## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	50,000,000	49,981,042	0	49,981,042	0
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	50,000,000	49,981,042	0	49,981,042	0
UNITED STATES CASH MANAGEMENT BILL	11/03/20	07/15/20	07/21/20	50,000,000	49,981,042	0	49,981,042	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/02/20	07/02/20	416,489,622	416,489,622	0	416,489,622	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/07/20	07/07/20	12,820,137	12,820,137	0	12,820,137	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/09/20	07/09/20	15,386,678	15,386,678	0	15,386,678	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/13/20	07/13/20	2,991,550	2,991,550	0	2,991,550	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/15/20	07/15/20	15,765,271	15,765,271	0	15,765,271	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/20/20	07/20/20	8,186,598	8,186,598	0	8,186,598	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/21/20	07/21/20	21,451,293	21,451,293	0	21,451,293	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/23/20	07/23/20	1,798,951	1,798,951	0	1,798,951	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/29/20	07/29/20	1,420,335	1,420,335	0	1,420,335	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/31/20	07/31/20	19,252,807	19,252,807	0	19,252,807	0
MIZUHO TRIPARTY	07/02/20	07/01/20	07/01/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/02/20	07/01/20	07/01/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/02/20	07/01/20	07/01/20	750,000,000	750,000,000	0	750,000,000	0
MIZUHO TRIPARTY	07/06/20	07/02/20	07/02/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/06/20	07/02/20	07/02/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/06/20	07/02/20	07/02/20	545,000,000	545,000,000	0	545,000,000	0
MIZUHO TRIPARTY	07/07/20	07/06/20	07/06/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/07/20	07/06/20	07/06/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/07/20	07/06/20	07/06/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	07/08/20	07/07/20	07/07/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/08/20	07/07/20	07/07/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/08/20	07/07/20	07/07/20	730,000,000	730,000,000	0	730,000,000	0
MIZUHO TRIPARTY	07/09/20	07/08/20	07/08/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/09/20	07/08/20	07/08/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/09/20	07/08/20	07/08/20	825,000,000	825,000,000	0	825,000,000	0
MIZUHO TRIPARTY	07/10/20	07/09/20	07/09/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/10/20	07/09/20	07/09/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/10/20	07/09/20	07/09/20	800,000,000	800,000,000	0	800,000,000	0
MIZUHO TRIPARTY	07/13/20	07/10/20	07/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/13/20	07/10/20	07/10/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/13/20	07/10/20	07/10/20	1,025,000,000	1,025,000,000	0	1,025,000,000	0
MIZUHO TRIPARTY	07/14/20	07/13/20	07/13/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/14/20	07/13/20	07/13/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/14/20	07/13/20	07/13/20	900,000,000	900,000,000	0	900,000,000	0
BANK OF AMERICA TRIPARTY	07/15/20	07/14/20	07/14/20	950,000,000	950,000,000	0	950,000,000	0
MIZUHO TRIPARTY	07/15/20	07/14/20	07/14/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/15/20	07/14/20	07/14/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/16/20	07/15/20	07/15/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/16/20	07/15/20	07/15/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/16/20	07/15/20	07/15/20	1,000,000,000	1,000,000,000	0	1,000,000,000	0
BANK OF AMERICA TRIPARTY	07/17/20	07/16/20	07/16/20	975,000,000	975,000,000	0	975,000,000	0
MIZUHO TRIPARTY	07/17/20	07/16/20	07/16/20	450,000,000	450,000,000	0	450,000,000	0



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Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
HSBC TRIPARTY	07/17/20	07/16/20	07/16/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/20/20	07/17/20	07/17/20	800,000,000	800,000,000	0	800,000,000	0
MIZUHO TRIPARTY	07/20/20	07/17/20	07/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/20/20	07/17/20	07/17/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/21/20	07/20/20	07/20/20	775,000,000	775,000,000	0	775,000,000	0
MIZUHO TRIPARTY	07/21/20	07/20/20	07/20/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/21/20	07/20/20	07/20/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/22/20	07/21/20	07/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/22/20	07/21/20	07/21/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/22/20	07/21/20	07/21/20	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	07/23/20	07/22/20	07/22/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/23/20	07/22/20	07/22/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/23/20	07/22/20	07/22/20	630,000,000	630,000,000	0	630,000,000	0
MIZUHO TRIPARTY	07/24/20	07/23/20	07/23/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/24/20	07/23/20	07/23/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/24/20	07/23/20	07/23/20	775,000,000	775,000,000	0	775,000,000	0
BANK OF AMERICA TRIPARTY	07/27/20	07/24/20	07/24/20	925,000,000	925,000,000	0	925,000,000	0
MIZUHO TRIPARTY	07/27/20	07/24/20	07/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/27/20	07/24/20	07/24/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/28/20	07/27/20	07/27/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/28/20	07/27/20	07/27/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/28/20	07/27/20	07/27/20	975,000,000	975,000,000	0	975,000,000	0
MIZUHO TRIPARTY	07/29/20	07/28/20	07/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/29/20	07/28/20	07/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/29/20	07/28/20	07/28/20	775,000,000	775,000,000	0	775,000,000	0
BANK OF AMERICA TRIPARTY	07/30/20	07/29/20	07/29/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	07/30/20	07/29/20	07/29/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/30/20	07/29/20	07/29/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/31/20	07/30/20	07/30/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	07/31/20	07/30/20	07/30/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/31/20	07/30/20	07/30/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/03/20	07/31/20	07/31/20	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	08/03/20	07/31/20	07/31/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/03/20	07/31/20	07/31/20	100,000,000	100,000,000	0	100,000,000	0
<i>Total Buys</i>				32,921,713,243	32,920,401,325	0	32,920,401,325	0
<i>Deposits</i>								
AUSTRALIA NEW ZEATD 0.13 20200708	07/08/20	07/01/20	07/01/20	250,000,000	250,000,000	0	250,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200708	07/08/20	07/01/20	07/01/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.1 20200702	07/02/20	07/01/20	07/01/20	50,000,000	50,000,000	0	50,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200709	07/09/20	07/02/20	07/02/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200709	07/09/20	07/02/20	07/02/20	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200714	07/14/20	07/07/20	07/07/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200715	07/15/20	07/08/20	07/08/20	325,000,000	325,000,000	0	325,000,000	0
ABN AMRO BANK NV,ATD 0.13 20200716	07/16/20	07/09/20	07/09/20	500,000,000	500,000,000	0	500,000,000	0

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Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND,TD 0.13 20200717	07/17/20	07/10/20	07/10/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.15 20200721	07/21/20	07/14/20	07/14/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.15 20200722	07/22/20	07/15/20	07/15/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.13 20200723	07/23/20	07/16/20	07/16/20	500,000,000	500,000,000	0	500,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200724	07/24/20	07/17/20	07/17/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200728	07/28/20	07/21/20	07/21/20	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.14 20200729	07/29/20	07/22/20	07/22/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200730	07/30/20	07/23/20	07/23/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200731	07/31/20	07/24/20	07/24/20	200,000,000	200,000,000	0	200,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200803	08/03/20	07/27/20	07/27/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200804	08/04/20	07/28/20	07/28/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200804	08/04/20	07/28/20	07/28/20	400,000,000	400,000,000	0	400,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200804	08/04/20	07/28/20	07/28/20	150,000,000	150,000,000	0	150,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200805	08/05/20	07/29/20	07/29/20	345,000,000	345,000,000	0	345,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200806	08/06/20	07/30/20	07/30/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200807	08/07/20	07/31/20	07/31/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.14 20200728	07/28/20	07/21/20	07/21/20	395,000,000	395,000,000	0	395,000,000	0
<i>Total Deposits</i>				<i>7,415,000,000</i>	<i>7,415,000,000</i>	<i>0</i>	<i>7,415,000,000</i>	<i>0</i>
<i>Maturities</i>								
ANTALIS S,A, CPABS4CPABS4	07/02/20	07/02/20	07/02/20	37,000,000	37,000,000	0	37,000,000	0
ANTALIS S,A, CPABS4CPABS4	07/09/20	07/09/20	07/09/20	37,000,000	37,000,000	0	37,000,000	0
ANTALIS S,A, CPABS4CPABS4	07/16/20	07/16/20	07/16/20	37,000,000	37,000,000	0	37,000,000	0
ANTALIS S,A, CPABS4CPABS4	07/23/20	07/23/20	07/23/20	74,840,000	74,840,000	0	74,840,000	0
ANTALIS S,A, CPABS4CPABS4	07/30/20	07/30/20	07/30/20	75,020,000	75,020,000	0	75,020,000	0
ANTALIS S,A, CPABS4CPABS4	07/31/20	07/31/20	07/31/20	42,800,000	42,800,000	0	42,800,000	0
ATLANTIC ASSET SECUCPABS4	07/27/20	07/27/20	07/27/20	103,000,000	103,000,000	0	103,000,000	0
BANK OF NOVA SCOTIA/HOUSTON	07/10/20	07/10/20	07/10/20	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL S,A,CPABS4	07/14/20	07/14/20	07/14/20	25,000,000	25,000,000	0	25,000,000	0
BARTON CAPITAL S,A,CPABS4	07/15/20	07/15/20	07/15/20	25,000,000	25,000,000	0	25,000,000	0
BARTON CAPITAL S,A,CPABS4	07/20/20	07/20/20	07/20/20	47,000,000	47,000,000	0	47,000,000	0
BARTON CAPITAL S,A,CPABS4	07/21/20	07/21/20	07/21/20	50,000,000	50,000,000	0	50,000,000	0
N,V,BANK NEDERLANDCP4-2	07/27/20	07/27/20	07/27/20	160,000,000	160,000,000	0	160,000,000	0
N,V,BANK NEDERLANDCP4-2	07/29/20	07/29/20	07/29/20	125,000,000	125,000,000	0	125,000,000	0
CHARTA, LLC CPABS4-CPABS4	07/09/20	07/09/20	07/09/20	75,000,000	75,000,000	0	75,000,000	0
COLLATERALIZED COMMCPABS3	07/13/20	07/13/20	07/13/20	50,000,000	50,000,000	0	50,000,000	0
COLLATERALIZED COMMCPABS3	07/20/20	07/20/20	07/20/20	50,000,000	50,000,000	0	50,000,000	0
COLLATERALIZED COMMCPABS3	07/22/20	07/22/20	07/22/20	25,000,000	25,000,000	0	25,000,000	0
MUFG BANK LTD, ECD ECD	07/09/20	07/09/20	07/09/20	25,000,000	25,000,000	0	25,000,000	0
DZ BANK AG DEUSCHEECD	07/10/20	07/10/20	07/10/20	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUSCHECP4-2	07/22/20	07/22/20	07/22/20	50,000,000	50,000,000	0	50,000,000	0
FAIRWAY FINANCE CO,CPABS4	07/10/20	07/10/20	07/10/20	50,000,000	50,000,000	0	50,000,000	0
LONGSHIP FUNDING LLCPCABS4	07/07/20	07/07/20	07/07/20	45,000,000	45,000,000	0	45,000,000	0

## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
LONGSHIP FUNDING LLC PABS4	07/15/20	07/15/20	07/15/20	100,000,000	100,000,000	0	100,000,000	0
LONGSHIP FUNDING LLC PABS4	07/24/20	07/24/20	07/24/20	100,000,000	100,000,000	0	100,000,000	0
MANHATTAN ASSET FUNCPABS4	07/24/20	07/24/20	07/24/20	25,000,000	25,000,000	0	25,000,000	0
NEDERLANDSE WATERS CCP4-2	07/20/20	07/20/20	07/20/20	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERS CCP4-2	07/22/20	07/22/20	07/22/20	200,000,000	200,000,000	0	200,000,000	0
NEDERLANDSE WATERS CCP4-2	07/29/20	07/29/20	07/29/20	15,000,000	15,000,000	0	15,000,000	0
OLD LINE FUNDING, LCPABS4	07/01/20	07/01/20	07/01/20	75,000,000	75,000,000	0	75,000,000	0
SHEFFIELD RECEIVABLE PABS4	07/08/20	07/08/20	07/08/20	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	07/13/20	07/13/20	07/13/20	100,000,000	100,000,000	0	100,000,000	0
THUNDER BAY FUNDING PABS4	07/24/20	07/24/20	07/24/20	40,000,000	40,000,000	0	40,000,000	0
TORONTO-DOMINION BANK/NY	07/16/20	07/16/20	07/16/20	25,000,000	25,000,000	0	25,000,000	0
TORONTO-DOMINION BANK/NY	07/24/20	07/24/20	07/24/20	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACP4-2	07/15/20	07/15/20	07/15/20	250,000,000	250,000,000	0	250,000,000	0
TOYOTA MOTOR CREDIT CP	07/01/20	07/01/20	07/01/20	50,000,000	50,000,000	0	50,000,000	0
TOYOTA MOTOR CREDIT CP	07/06/20	07/06/20	07/06/20	50,000,000	50,000,000	0	50,000,000	0
UNITED STATES CASH MANAGEMENT BILL	07/14/20	07/14/20	07/14/20	300,000,000	300,000,000	0	300,000,000	0
UNITED STATES CASH MANAGEMENT BILL	07/21/20	07/21/20	07/21/20	275,000,000	275,000,000	0	275,000,000	0
UNITED STATES TREASURY BILL	07/28/20	07/28/20	07/28/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	07/01/20	07/01/20	07/01/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/01/20	07/01/20	07/01/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/01/20	07/01/20	07/01/20	1,100,000,000	1,100,000,000	0	1,100,000,000	0
MIZUHO TRIPARTY	07/02/20	07/02/20	07/02/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/02/20	07/02/20	07/02/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/02/20	07/02/20	07/02/20	750,000,000	750,000,000	0	750,000,000	0
MIZUHO TRIPARTY	07/06/20	07/06/20	07/06/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/06/20	07/06/20	07/06/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/06/20	07/06/20	07/06/20	545,000,000	545,000,000	0	545,000,000	0
MIZUHO TRIPARTY	07/07/20	07/07/20	07/07/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/07/20	07/07/20	07/07/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/07/20	07/07/20	07/07/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	07/08/20	07/08/20	07/08/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/08/20	07/08/20	07/08/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/08/20	07/08/20	07/08/20	730,000,000	730,000,000	0	730,000,000	0
MIZUHO TRIPARTY	07/09/20	07/09/20	07/09/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/09/20	07/09/20	07/09/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/09/20	07/09/20	07/09/20	825,000,000	825,000,000	0	825,000,000	0
MIZUHO TRIPARTY	07/10/20	07/10/20	07/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/10/20	07/10/20	07/10/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/10/20	07/10/20	07/10/20	800,000,000	800,000,000	0	800,000,000	0
MIZUHO TRIPARTY	07/13/20	07/13/20	07/13/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/13/20	07/13/20	07/13/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/13/20	07/13/20	07/13/20	1,025,000,000	1,025,000,000	0	1,025,000,000	0
MIZUHO TRIPARTY	07/14/20	07/14/20	07/14/20	450,000,000	450,000,000	0	450,000,000	0

## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
HSBC TRIPARTY	07/14/20	07/14/20	07/14/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/14/20	07/14/20	07/14/20	900,000,000	900,000,000	0	900,000,000	0
BANK OF AMERICA TRIPARTY	07/15/20	07/15/20	07/15/20	950,000,000	950,000,000	0	950,000,000	0
MIZUHO TRIPARTY	07/15/20	07/15/20	07/15/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/15/20	07/15/20	07/15/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/16/20	07/16/20	07/16/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/16/20	07/16/20	07/16/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/16/20	07/16/20	07/16/20	1,000,000,000	1,000,000,000	0	1,000,000,000	0
BANK OF AMERICA TRIPARTY	07/17/20	07/17/20	07/17/20	975,000,000	975,000,000	0	975,000,000	0
MIZUHO TRIPARTY	07/17/20	07/17/20	07/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/17/20	07/17/20	07/17/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/20/20	07/20/20	07/20/20	800,000,000	800,000,000	0	800,000,000	0
MIZUHO TRIPARTY	07/20/20	07/20/20	07/20/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/20/20	07/20/20	07/20/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/21/20	07/21/20	07/21/20	775,000,000	775,000,000	0	775,000,000	0
MIZUHO TRIPARTY	07/21/20	07/21/20	07/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/21/20	07/21/20	07/21/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/22/20	07/22/20	07/22/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/22/20	07/22/20	07/22/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/22/20	07/22/20	07/22/20	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	07/23/20	07/23/20	07/23/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/23/20	07/23/20	07/23/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/23/20	07/23/20	07/23/20	630,000,000	630,000,000	0	630,000,000	0
MIZUHO TRIPARTY	07/24/20	07/24/20	07/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/24/20	07/24/20	07/24/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/24/20	07/24/20	07/24/20	775,000,000	775,000,000	0	775,000,000	0
BANK OF AMERICA TRIPARTY	07/27/20	07/27/20	07/27/20	925,000,000	925,000,000	0	925,000,000	0
MIZUHO TRIPARTY	07/27/20	07/27/20	07/27/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/27/20	07/27/20	07/27/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	07/28/20	07/28/20	07/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/28/20	07/28/20	07/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/28/20	07/28/20	07/28/20	975,000,000	975,000,000	0	975,000,000	0
MIZUHO TRIPARTY	07/29/20	07/29/20	07/29/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/29/20	07/29/20	07/29/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/29/20	07/29/20	07/29/20	775,000,000	775,000,000	0	775,000,000	0
BANK OF AMERICA TRIPARTY	07/30/20	07/30/20	07/30/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	07/30/20	07/30/20	07/30/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/30/20	07/30/20	07/30/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	07/31/20	07/31/20	07/31/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	07/31/20	07/31/20	07/31/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	07/31/20	07/31/20	07/31/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200701	07/01/20	07/01/20	07/01/20	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200701	07/01/20	07/01/20	07/01/20	250,000,000	250,000,000	0	250,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200702	07/02/20	07/02/20	07/02/20	300,000,000	300,000,000	0	300,000,000	0



## TRADING ACTIVITY FOR JULY 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ABN AMRO BANK NV,ATD 0.12 20200702	07/02/20	07/02/20	07/02/20	375,000,000	375,000,000	0	375,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200706	07/06/20	07/06/20	07/06/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200707	07/07/20	07/07/20	07/07/20	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200707	07/07/20	07/07/20	07/07/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200708	07/08/20	07/08/20	07/08/20	250,000,000	250,000,000	0	250,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200708	07/08/20	07/08/20	07/08/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.1 20200702	07/02/20	07/02/20	07/02/20	50,000,000	50,000,000	0	50,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200709	07/09/20	07/09/20	07/09/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200709	07/09/20	07/09/20	07/09/20	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200714	07/14/20	07/14/20	07/14/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200715	07/15/20	07/15/20	07/15/20	325,000,000	325,000,000	0	325,000,000	0
ABN AMRO BANK NV,ATD 0.13 20200716	07/16/20	07/16/20	07/16/20	500,000,000	500,000,000	0	500,000,000	0
RABOBANK NEDERLAND,TD 0.13 20200717	07/17/20	07/17/20	07/17/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.15 20200721	07/21/20	07/21/20	07/21/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.15 20200722	07/22/20	07/22/20	07/22/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.13 20200723	07/23/20	07/23/20	07/23/20	500,000,000	500,000,000	0	500,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200724	07/24/20	07/24/20	07/24/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200728	07/28/20	07/28/20	07/28/20	300,000,000	300,000,000	0	300,000,000	0
AUSTRALIA NEW ZEATD 0.14 20200729	07/29/20	07/29/20	07/29/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200730	07/30/20	07/30/20	07/30/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200731	07/31/20	07/31/20	07/31/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.14 20200728	07/28/20	07/28/20	07/28/20	395,000,000	395,000,000	0	395,000,000	0
<i>Total Maturities</i>				40,363,660,000	40,363,660,000	0	40,363,660,000	0
<i>Sells</i>								
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/01/20	07/01/20	2,177,925	2,177,925	0	2,177,925	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/06/20	07/06/20	424,787,876	424,787,876	0	424,787,876	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/08/20	07/08/20	7,789,861	7,789,861	0	7,789,861	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/10/20	07/10/20	8,860,261	8,860,261	0	8,860,261	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/14/20	07/14/20	12,912,929	12,912,929	0	12,912,929	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/16/20	07/16/20	24,558,933	24,558,933	0	24,558,933	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/17/20	07/17/20	1,284,980	1,284,980	0	1,284,980	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/22/20	07/22/20	15,701,735	15,701,735	0	15,701,735	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/24/20	07/24/20	3,263,242	3,263,242	0	3,263,242	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/27/20	07/27/20	11,704,119	11,704,119	0	11,704,119	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/28/20	07/28/20	3,725,372	3,725,372	0	3,725,372	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	07/30/20	07/30/20	3,133,330	3,133,330	0	3,133,330	0
<i>Total Sells</i>				519,900,563	519,900,563	0	519,900,563	0



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## Our Mission

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

# Federated®



## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**August 2020**

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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 August 1, 2020, through August 31, 2020, 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 August 31, 2020)

Total Participants

**739**

Florida PRIME™

Total Participant Balance

**\$14,273,565,461**

Total Number of Accounts

**1,359**

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

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

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

Like so many derailed plans in 2020, the Federal Reserve intended its major revision of its “Statement on Longer-Run Goals and Monetary Policy Strategy” to be its momentous policy announcement of the year. Unlike the calibrations that happen in Federal Open Market Committee (FOMC) meetings, this document frames everything U.S. policymakers do. The only thing more fundamental is the Federal Reserve Act that established the central bank in 1913. And it isn’t updated often—the last overhaul happened in 2012.

Of course, Covid-19 happened and the Fed had much more urgent issues. But apparently it still wanted a big stage for the announcement and the annual Jackson Hole, Wyo., symposium of world central bankers fit the bill. And even though it was virtual this year, Chair Jerome Powell unveiled it last week to open the conference.

So, what in the document pertains to cash management? On the surface it seems dire, but it really isn’t. The unfortunate news is the Fed essentially adopted a lower-for-longer stance. It won’t raise rates when the economy is getting better—like it did under Janet Yellen (and Powell)—only when conditions are robust.

But this approach simultaneously is the good side of the new framework for the liquidity space. Previously the goal was to hit an inflation rate (measured by PCE) of 2%. Now the Fed is OK with a temporary rise above that level, primarily by doing what it can to raise employment. The key phrase here that “policy decisions must be informed by assessments of shortfalls of employment from its maximum level.” Officials have long thought that full employment drives inflation higher, but that hasn’t been the case recently. So it will let the labor market run as hot as needed to get to 2%, even if it

overshoots that target for “some time.” Combined with the other Fed moves this year, this might spur inflation sooner than many think after the pandemic ends, meaning the FOMC could raise rates sooner and yields in the liquidity space should rise. If more people are employed and spend that income, we will get an uptick in demand amid a scarcity of supply. The Fed might not believe in the Phillips Curve anymore, but it can’t change that economic law.

On the fiscal side, it was disappointing Congress couldn’t reach a deal on a new stimulus package in August. In addition to hurting those laid off or furloughed, the delay has negatively affected retail sales and short-term Treasury and financial paper rates. We hope that a bill will be passed in September.

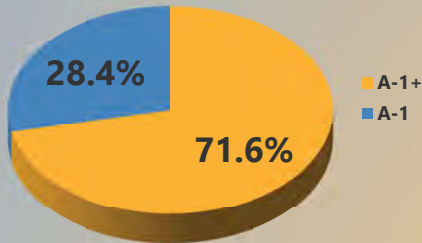
### INVESTMENT STRATEGY

Over August, assets of the pool fell \$500 million to \$14.3 billion due to the typical seasonal nature of summertime flows. The portfolio’s weighted average maturity (WAM) was 46 days, and its weighted average life (WAL) was 63 days. The composition of the pool shifted somewhat from last month. The Pool manager lowered the exposure to the fixed-rate banking sector by 10%; it now comprises 21% of total holdings. This change in allotment was balanced by an increase in commercial paper, both corporate and asset backed, which rose by 12%; commercial paper now makes up 43% of the portfolio. The position in government securities was slightly diminished by 3% to comprise 7% of total.

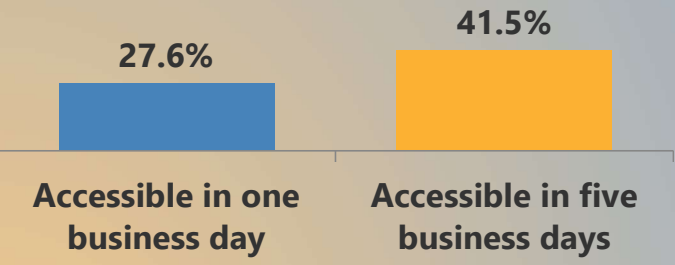
Purchases in the month were focused in the 1-, 3- and 6-month fixed-rate areas of the London interbank offered rate (LIBOR) when value presented itself. The continual decline in LIBOR, and therefore rates of most commercial paper and similar instruments, caused the Pool’s yield to decrease by 6 basis points to 39 basis points.

# PORTFOLIO COMPOSITION FOR AUGUST 2020

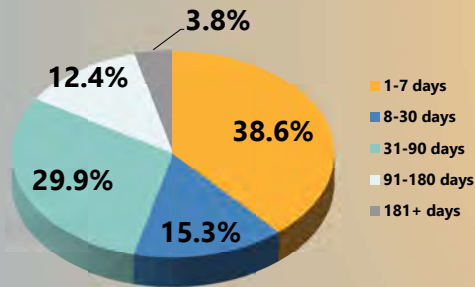
## CREDIT QUALITY COMPOSITION



## HIGHLY LIQUID HOLDINGS



## EFFECTIVE MATURITY SCHEDULE



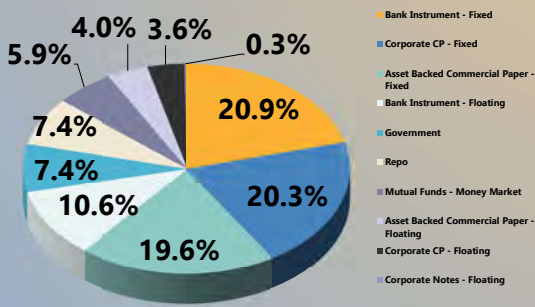
## TOP HOLDINGS & AVG. MATURITY

1. United States Treasury	7.4%
2. Federated Hermes Institutional Prime Value Obligations Fund	5.5%
3. Australia & New Zealand Banking Group, Melbourne	5.0%
4. ABN Amro Bank NV	4.9%
5. Toyota Motor Corp.	4.7%
6. JPMorgan Chase & Co.	4.0%
7. Canadian Imperial Bank of Commerce	3.9%
8. Bank of Montreal	3.7%
9. Old Line Funding, LLC	3.5%
10. Cooperatieve Rabobank UA	3.5%

<b>Average Effective Maturity (WAM)</b>	46 Days
<b>Weighted Average Life (Spread WAL)</b>	63 Days

Percentages based on total value of investments

## PORTFOLIO COMPOSITION





## FUND PERFORMANCE THROUGH AUGUST 2020

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.39%	0.17%	0.22%
Three Months	0.46%	0.26%	0.21%
One Year	1.35%	1.18%	0.17%
Three Years	1.91%	1.66%	0.25%
Five Years	1.45%	1.19%	0.26%
Ten Years	0.84%	0.63%	0.21%
Since 1/96	2.53%	2.32%	0.22%

Note: Net asset value at month end: \$14,280.2 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

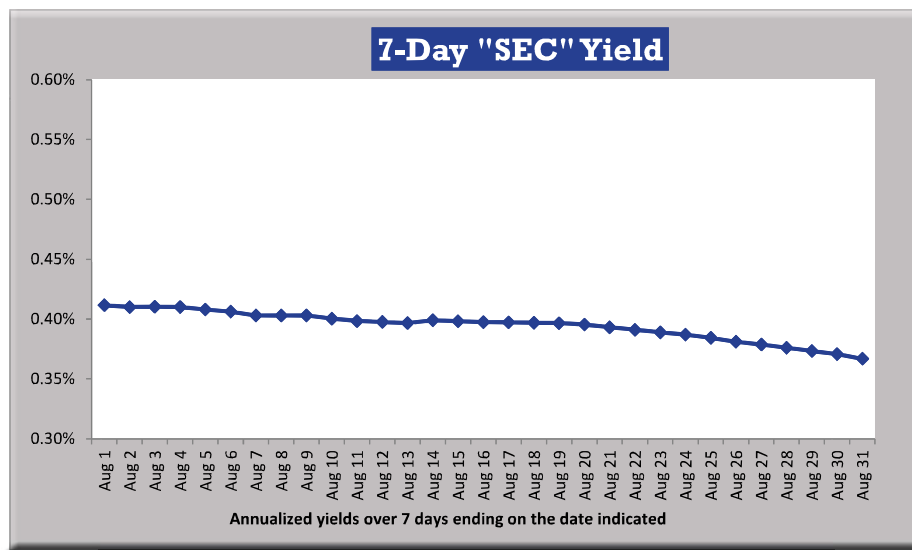
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<sup>2</sup>The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

### ABOUT ANNUALIZED YIELDS:

Performance data in the table and chart is annualized, meaning that the amounts are based on yields for the periods indicated, converted to their equivalent if obtained for a 12-month period.

For example, ignoring the effects of compounding, an investment that earns 0.10% over a 1-month period yields 1.20% on an annualized basis. Likewise, an investment that earns a total of 3.60% over three years yields 1.20% on an annualized basis, ignoring compounding.



The 7-Day "SEC" Yield in the chart is calculated in accordance with the yield methodology set forth by SEC Rule 2a-7 for money market funds. The 7-day yield = net income earned over a 7-day period / average units outstanding over the period / 7 times 365. Note that unlike other performance measures, the SEC yield does not include realized gains and losses from sales of securities.



## PRIME ACCOUNT SUMMARY FOR AUGUST 2020

Summary of Cash Flows		
Opening Balance (08/01/20)	\$	14,815,371,737
Participant Deposits		862,919,847
Gross Earnings		5,173,989
Participant Withdrawals		(1,409,514,450)
Fees		(385,662)
Closing Balance (08/31/20)	\$	14,273,565,461
<b>Net Change over Month</b>	<b>\$</b>	<b>(541,806,276)</b>

Detailed Fee Disclosure		
August 2020	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 122,909.21	1.01
Federated Investment Management Fee	233,580.56	1.93
BNY Mellon Custodial Fee**	16,084.40	0.13
Bank of America Transfer Agent Fee	4,085.84	0.03
S&P Rating Maintenance Fee	3,980.87	0.03
Audit/External Review Fees	5,020.72	0.04
<b>Total Fees</b>	<b>\$ 385,661.60</b>	<b>3.18</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 \$14,544,468,599.

\*\*All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

The data included in this report is unaudited.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.11	9/2/2020		500,000,000	0.11	\$500,000,000	\$500,000,000	\$0
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.11	9/3/2020		100,000,000	0.11	\$100,000,000	\$100,000,000	\$0
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.11	9/8/2020		105,000,000	0.11	\$105,000,000	\$105,000,000	\$0
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		100,000,000	0.41	\$99,905,556	\$99,949,944	\$44,388
Anglesea Funding LLC, Dec 09, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.42	12/9/2020	9/14/2020	75,000,000	0.17	\$75,000,000	\$75,001,695	\$1,695
Anglesea Funding LLC, Dec 24, 2020	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.46	12/24/2020	9/29/2020	50,000,000	0.46	\$50,000,000	\$50,001,939	\$1,939
Anglesea Funding LLC, Feb 12, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.37	2/12/2021	9/21/2020	10,000,000	0.38	\$10,000,000	\$9,999,476	-\$525
Anglesea Funding LLC, Feb 16, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.36	2/16/2021	9/21/2020	88,000,000	0.36	\$88,000,000	\$88,000,000	\$0
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.12	9/2/2020		375,000,000	0.12	\$375,000,000	\$375,000,000	\$0
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.13	9/1/2020		340,000,000	0.13	\$340,000,000	\$340,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.09	9/1/2020		510,000,000	0.09	\$510,000,000	\$510,000,000	\$0
Bank of Montreal, Apr 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.92	4/9/2021	10/9/2020	53,000,000	0.93	\$53,000,000	\$53,207,435	\$207,435
Bank of Montreal, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/4/2020	9/4/2020	200,000,000	0.46	\$200,000,000	\$200,076,624	\$76,624
Bank of Montreal, Feb 08, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/8/2021	9/1/2020	50,000,000	0.30	\$50,000,000	\$49,991,341	-\$8,660
Bank of Montreal, Mar 02, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.32	3/2/2021	9/1/2020	100,000,000	0.32	\$100,000,000	\$100,034,533	\$34,533
Bank of Montreal, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	3/4/2021	9/1/2020	25,000,000	0.35	\$25,000,000	\$25,012,449	\$12,449
Bank of Montreal, Mar 17, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	3/17/2021	9/1/2020	50,000,000	0.27	\$50,000,000	\$50,002,195	\$2,195
Bank of Montreal, May 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.43	5/5/2021	11/5/2020	50,000,000	0.43	\$50,000,000	\$50,060,928	\$60,928
Bank of Nova Scotia, Toronto, Dec 10, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.43	12/10/2020	9/10/2020	100,000,000	0.44	\$100,000,000	\$100,040,809	\$40,809
Bank of Nova Scotia, Toronto, Jan 08, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.38	1/8/2021	9/8/2020	115,000,000	0.38	\$114,999,924	\$115,040,117	\$40,193
Bank of Nova Scotia, Toronto, Sep 03, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	9/3/2020	9/1/2020	100,000,000	0.46	\$100,000,000	\$100,000,638	\$638
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		9/4/2020		150,000,000	1.48	\$149,976,000	\$149,998,833	\$22,833
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		10/9/2020		100,000,000	0.57	\$99,939,333	\$99,989,925	\$50,592
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/9/2020		150,000,000	0.16	\$149,994,000	\$149,994,375	\$375
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/14/2020		125,000,000	0.14	\$124,993,194	\$124,995,139	\$1,944
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		42,800,000	0.19	\$42,778,992	\$42,783,305	\$4,312
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/4/2021		25,000,000	0.75	\$24,906,215	\$24,976,490	\$70,274
Bedford Row Funding Corp., Apr 12, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.87	4/12/2021	10/13/2020	100,000,000	0.88	\$100,000,000	\$100,354,029	\$354,029
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.20	10/1/2042	9/3/2020	5,185,000	0.20	\$5,185,000	\$5,185,000	\$0

See notes at end of table.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		107,500,000	0.23	\$107,475,962	\$107,488,294	\$12,333
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		100,000,000	0.20	\$99,961,111	\$99,974,722	\$13,611
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		33,000,000	0.34	\$32,976,103	\$32,989,934	\$13,832
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/14/2020		75,000,000	0.22	\$74,979,833	\$74,984,875	\$5,041
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/21/2020		5,500,000	0.92	\$5,492,988	\$5,498,699	\$5,711
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		50,000,000	0.20	\$49,980,556	\$49,983,472	\$2,916
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/12/2020		50,000,000	0.25	\$49,974,653	\$49,982,764	\$8,111
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		35,000,000	0.31	\$34,972,875	\$34,984,629	\$11,754
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2021		15,000,000	0.20	\$14,984,750	\$14,986,122	\$1,372
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/9/2020		50,000,000	1.23	\$49,935,000	\$49,991,171	\$56,171
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/20/2020		90,000,000	0.97	\$89,881,250	\$89,979,125	\$97,875
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		20,000,000	0.34	\$19,985,517	\$19,991,705	\$6,188
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/3/2020		40,000,000	0.31	\$39,968,667	\$39,979,007	\$10,340
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2021		25,000,000	0.21	\$24,973,896	\$24,971,410	-\$2,486
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		160,000,000	0.31	\$159,876,000	\$159,929,733	\$53,733
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/8/2021		17,000,000	0.20	\$16,982,150	\$16,983,489	\$1,339
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	2/26/2021		100,000,000	1.42	\$100,000,000	\$100,600,385	\$600,385
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	5/28/2021		125,000,000	0.44	\$125,000,000	\$125,215,090	\$215,090
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	9/1/2021		50,000,000	0.26	\$50,000,000	\$50,000,000	\$0
Canadian Imperial Bank of Commerce, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.45	12/4/2020	9/4/2020	75,000,000	0.46	\$75,000,000	\$75,022,985	\$22,985
Canadian Imperial Bank of Commerce, Feb 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/5/2021	9/1/2020	40,000,000	0.30	\$40,000,000	\$40,010,260	\$10,260
Canadian Imperial Bank of Commerce, Jan 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	1/4/2021	9/4/2020	100,000,000	0.41	\$100,000,000	\$100,089,112	\$89,112
Canadian Imperial Bank of Commerce, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	3/4/2021	9/1/2020	75,000,000	0.35	\$75,000,000	\$75,050,071	\$50,071
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		9/16/2020		25,000,000	1.23	\$24,986,667	\$24,998,989	\$12,322
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/5/2020		50,000,000	1.26	\$49,940,208	\$49,995,042	\$54,833
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/9/2020		25,000,000	1.26	\$24,966,688	\$24,997,211	\$30,523
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		10/29/2020		100,000,000	0.56	\$99,909,861	\$99,980,661	\$70,800

See notes at end of table.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/2/2020		50,000,000	0.51	\$49,956,250	\$49,989,238	\$32,988
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/6/2020		100,000,000	0.46	\$99,916,250	\$99,976,364	\$60,114
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/11/2021		41,000,000	0.31	\$40,954,558	\$40,967,585	\$13,027
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/13/2021		80,000,000	0.36	\$79,895,000	\$79,935,500	\$40,500
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/3/2021		20,000,000	0.26	\$19,977,467	\$19,980,760	\$3,293
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/17/2021		25,000,000	0.25	\$24,970,486	\$24,973,202	\$2,715
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/17/2021		30,000,000	0.29	\$29,960,333	\$29,967,842	\$7,508
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.11	9/1/2020		500,000,000	0.11	\$500,000,000	\$500,000,000	\$0
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		1/28/2021		100,000,000	0.24	\$99,900,000	\$99,925,000	\$25,000
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	9/3/2020		50,000,000	0.20	\$50,000,000	\$50,000,504	\$504
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	9/10/2020		75,000,000	0.23	\$74,999,896	\$75,002,708	\$2,812
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		9/8/2020		11,800,000	0.23	\$11,799,397	\$11,799,816	\$420
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.04	9/1/2020		64,247,948	0.04	\$64,247,948	\$64,247,948	\$0
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		10/15/2020		50,000,000	0.22	\$49,986,250	\$49,994,063	\$7,812
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		1/8/2021		100,000,000	0.30	\$99,893,472	\$99,946,917	\$53,445
European Investment Bank CP	COMMERCIAL PAPER		11/17/2020		100,000,000	1.42	\$99,701,000	\$99,979,200	\$278,200
European Investment Bank CP	COMMERCIAL PAPER		11/20/2020		195,000,000	1.47	\$194,372,588	\$194,957,441	\$584,854
European Investment Bank CP	COMMERCIAL PAPER		2/22/2021		150,000,000	0.31	\$149,777,604	\$149,859,272	\$81,667
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		11/9/2020		70,000,000	0.23	\$69,968,694	\$69,985,028	\$16,333
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		3/3/2021		100,000,000	0.20	\$99,897,778	\$99,905,444	\$7,666
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		25,000,000	1.28	\$24,969,618	\$24,995,577	\$25,958
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/19/2020		50,000,000	0.31	\$49,966,667	\$49,977,778	\$11,111
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.23	9/1/2020	9/1/2020	781,067,011	0.23	\$781,130,200	\$781,457,545	\$327,345
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.39	8/1/2045	9/3/2020	10,000,000	0.39	\$10,000,000	\$10,000,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.46	9/1/2035	9/3/2020	4,211,000	0.47	\$4,211,000	\$4,211,000	\$0
Glencove Funding LLC, Feb 05, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.36	2/5/2021	11/10/2020	130,000,000	0.37	\$130,000,000	\$130,000,000	\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/25/2020		150,000,000	0.17	\$149,982,292	\$149,984,271	\$1,979
HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.08	9/1/2020		100,000,000	0.08	\$100,000,000	\$100,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.20	10/1/2042	9/3/2020	4,260,000	0.20	\$4,260,000	\$4,260,000	\$0
Lilly (Eli) & Co.	COMMERCIAL PAPER - 4-2		10/1/2020		10,000,000	1.28	\$9,989,236	\$9,995,057	\$5,821

See notes at end of table.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/8/2020		21,800,000	0.12	\$21,799,419	\$21,799,322	-\$97
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/8/2020		100,000,000	0.12	\$99,997,333	\$99,996,889	-\$444
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/17/2020		50,000,000	0.17	\$49,981,583	\$49,963,384	-\$18,200
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/15/2020		10,000,000	0.36	\$9,995,625	\$9,998,188	\$2,563
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/19/2020		35,000,000	1.18	\$34,945,215	\$34,993,045	\$47,830
Manhattan Asset Funding Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/3/2020		27,000,000	0.15	\$26,999,663	\$26,999,685	\$22
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.20	11/1/2036	9/3/2020	2,200,000	0.20	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.50	6/1/2022	9/3/2020	10,000,000	0.50	\$10,000,000	\$10,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.09	9/1/2020		450,000,000	0.09	\$450,000,000	\$450,000,000	\$0
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		9/1/2020		140,000,000	0.22	\$139,999,144	\$139,999,611	\$466
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		11/17/2020		150,000,000	0.25	\$149,918,750	\$149,948,000	\$29,249
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/1/2020		100,000,000	0.17	\$99,956,556	\$99,957,322	\$766
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/3/2020		50,000,000	0.17	\$49,977,806	\$49,978,197	\$391
National Australia Bank Ltd., Melbourne, Nov 25, 2020	VARIABLE RATE EUR CERTIFICATE OF DEPOSIT	0.38	11/25/2020	11/25/2020	100,000,000	0.39	\$100,000,000	\$100,012,767	\$12,767
National Australia Bank Ltd., Melbourne, Sep 11, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.40	9/11/2020	9/11/2020	45,000,000	0.41	\$44,995,777	\$45,001,573	\$5,796
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		9/4/2020		100,000,000	0.15	\$99,998,333	\$99,998,444	\$111
Nederlandse Waterschapsbank NV, Sep 08, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.25	9/8/2020	9/8/2020	100,000,000	0.25	\$100,000,000	\$100,002,405	\$2,405
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.06	10/19/2020		100,000,000	1.08	\$100,000,000	\$100,128,815	\$128,815
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	12/16/2020		75,000,000	0.27	\$75,000,000	\$75,026,719	\$26,719
Nordea Bank Abp CP4-2	COMMERCIAL PAPER - 4-2		9/18/2020		100,000,000	0.24	\$99,988,250	\$99,995,000	\$6,750
Nordea Bank Abp CP4-2	COMMERCIAL PAPER - 4-2		11/25/2020		25,000,000	0.17	\$24,989,847	\$24,991,281	\$1,433
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,977,444	\$49,987,997	\$10,553
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/23/2020		50,000,000	0.31	\$49,965,000	\$49,982,500	\$17,500
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		37,068,000	0.31	\$37,039,272	\$37,053,541	\$14,268
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/14/2020		31,000,000	0.31	\$30,972,875	\$30,985,986	\$13,111
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/20/2021		20,000,000	0.33	\$19,958,756	\$19,972,804	\$14,049
Old Line Funding, LLC, Feb 12, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.29	2/12/2021	9/1/2020	100,000,000	0.29	\$100,000,000	\$99,955,323	-\$44,677
Old Line Funding, LLC, Feb 22, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE		2/22/2021		50,000,000	0.25	\$49,939,236	\$49,956,736	\$17,500
Old Line Funding, LLC, Feb 25, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE		2/25/2021		25,000,000	0.22	\$24,972,806	\$24,971,889	-\$917

See notes at end of table.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Old Line Funding, LLC, Nov 19, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.40	11/19/2020	11/19/2020	50,000,000	0.40	\$50,000,000	\$50,003,664	\$3,664
Old Line Funding, LLC, Oct 26, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE		10/26/2020		90,000,000	1.02	\$89,860,000	\$89,979,140	\$119,140
Royal Bank of Canada, Apr 29, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.57	4/29/2021	10/29/2020	25,000,000	0.58	\$25,000,000	\$25,046,026	\$46,026
Royal Bank of Canada, Mar 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.62	3/9/2021	9/1/2020	25,000,000	0.63	\$25,000,000	\$25,051,807	\$51,807
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.97	5/24/2021		50,000,000	0.98	\$50,000,000	\$50,296,455	\$296,455
Royal Bank of Canada, Montreal CP	COMMERCIAL PAPER		9/9/2020		135,000,000	1.02	\$134,966,250	\$134,997,638	\$31,388
Royal Bank of Canada, Montreal CP	COMMERCIAL PAPER		10/21/2020		50,000,000	0.91	\$49,936,958	\$49,993,129	\$56,171
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/9/2020		12,000,000	0.25	\$11,999,250	\$11,999,571	\$321
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/10/2020		62,100,000	0.33	\$62,094,480	\$62,097,516	\$3,036
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		9/16/2020		17,650,000	0.32	\$17,647,568	\$17,648,816	\$1,247
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		50,000,000	0.30	\$49,981,875	\$49,989,688	\$7,813
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.88	9/8/2020		50,000,000	0.89	\$50,000,000	\$50,008,550	\$8,550
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	10/2/2020		170,000,000	0.17	\$170,000,000	\$170,007,251	\$7,251
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	10/15/2020		25,000,000	0.17	\$25,000,000	\$25,001,093	\$1,093
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/6/2020		30,000,000	1.21	\$29,964,600	\$29,997,060	\$32,460
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/7/2020		15,000,000	1.21	\$14,981,808	\$14,998,474	\$16,665
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/13/2020		50,000,000	1.15	\$49,933,111	\$49,993,610	\$60,498
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		25,000,000	1.27	\$24,961,250	\$24,996,094	\$34,844
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,977,444	\$49,990,978	\$13,534
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		50,000,000	0.23	\$49,972,847	\$49,984,063	\$11,215
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.43	2/26/2021		50,000,000	1.45	\$50,000,000	\$50,305,119	\$305,119
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	6/16/2021		50,000,000	0.46	\$50,000,000	\$50,091,270	\$91,270
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	3/4/2021		100,000,000	0.20	\$100,000,000	\$100,000,000	\$0
Toronto Dominion Bank, Mar 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	3/5/2021	9/1/2020	100,000,000	0.42	\$100,000,000	\$100,030,458	\$30,458
Toronto Dominion Bank, Nov 13, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	11/13/2020	11/13/2020	25,000,000	0.40	\$25,000,000	\$25,006,994	\$6,994
Toronto Dominion Bank, Sep 28, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.50	9/28/2020	9/28/2020	75,000,000	0.50	\$75,000,000	\$75,012,990	\$12,990
Toronto Dominion Bank, Sep 30, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.50	9/30/2020	9/30/2020	50,000,000	0.50	\$50,000,000	\$50,009,327	\$9,327

See notes at end of table.

## INVENTORY OF HOLDINGS FOR AUGUST 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toyota Credit De Puerto Rico Corp. CP	COMMERCIAL PAPER		1/13/2021		20,000,000	0.31	\$19,977,500	\$19,980,875	\$3,375
Toyota Finance Australia Ltd. CP	COMMERCIAL PAPER		9/8/2020		158,000,000	0.36	\$157,987,711	\$157,996,840	\$9,129
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/27/2020		100,000,000	1.76	\$99,727,667	\$99,977,200	\$249,533
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/29/2020		75,000,000	1.54	\$74,815,625	\$74,981,808	\$166,183
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/2/2020		75,000,000	1.54	\$74,803,125	\$74,979,656	\$176,531
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/5/2020		100,000,000	1.69	\$99,697,500	\$99,970,667	\$273,167
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/24/2020		50,000,000	0.26	\$49,969,306	\$49,977,334	\$8,028
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/1/2020		50,000,000	0.36	\$49,955,278	\$49,974,061	\$18,783
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		1/25/2021		50,000,000	0.29	\$49,942,833	\$49,947,121	\$4,288
U.S. Treasury Bill 12/17/2020	US TREASURY BILL	0.00	12/17/2020		37,000,000	0.11	\$36,988,068	\$36,987,628	-\$440
U.S. Treasury Bill 12/17/2020	US TREASURY BILL	0.00	12/17/2020		148,000,000	0.11	\$147,951,160	\$147,950,512	-\$648
U.S. Treasury Bill, 09/15/2020	US TREASURY BILL	0.00	9/15/2020		50,000,000	0.24	\$49,995,000	\$49,998,250	\$3,250
U.S. Treasury Bill, 09/15/2020	US TREASURY BILL	0.00	9/15/2020		75,000,000	0.25	\$74,992,188	\$74,997,375	\$5,188
U.S. Treasury Bill, 10/15/2020	US TREASURY BILL	0.00	10/15/2020		75,000,000	0.30	\$74,972,813	\$74,990,834	\$18,021
U.S. Treasury Bill, 10/20/2020	US TREASURY BILL	0.00	10/20/2020		105,000,000	0.15	\$104,978,854	\$104,985,351	\$6,497
U.S. Treasury Bill, 10/27/2020	US TREASURY BILL	0.00	10/27/2020		195,000,000	0.15	\$194,955,231	\$194,967,392	\$12,161
U.S. Treasury Bill, 11/03/2020	US TREASURY BILL	0.00	11/3/2020		275,000,000	0.13	\$274,936,444	\$274,956,688	\$20,243
U.S. Treasury Bill, 12/01/2020	US TREASURY BILL	0.00	12/1/2020		100,000,000	0.11	\$99,971,889	\$99,975,986	\$4,097
Westpac Banking Corp. Ltd., Sydney, Dec 04, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.48	12/4/2020	9/4/2020	150,000,000	0.49	\$150,000,000	\$150,065,130	\$65,130
Westpac Banking Corp. Ltd., Sydney, Dec 07, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	12/7/2020	9/7/2020	150,000,000	0.47	\$150,000,000	\$150,067,959	\$67,959
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.46	12/11/2020	9/11/2020	18,000,000	0.47	\$18,000,000	\$18,008,410	\$8,410
Westpac Banking Corp. Ltd., Sydney, Feb 05, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.28	2/5/2021	11/5/2020	25,000,000	0.54	\$24,989,768	\$25,003,205	\$13,436
<i>Total Value of Assets</i>					<i>14,325,388,960</i>		<i>\$14,320,021,022</i>	<i>\$14,326,765,705</i>	<i>\$6,744,683</i>

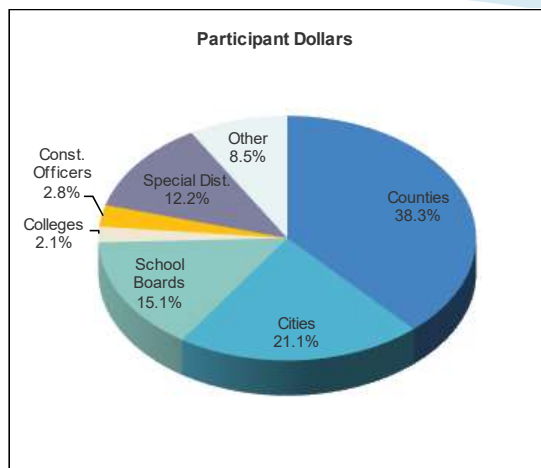
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

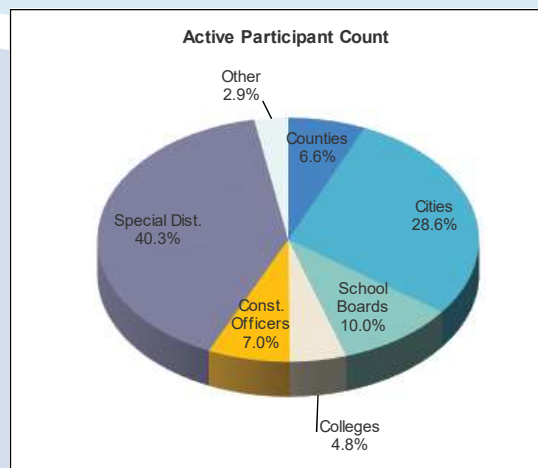
<sup>2</sup> Amortized cost is calculated using a straight line method.

**PARTICIPANT CONCENTRATION DATA - AS OF AUGUST 2020**

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>2.1%</b>	<b>4.8%</b>
Top 10	36.2%	1.4%	Top 10	1.9%	1.4%
\$100 million or more	60.2%	4.6%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	34.6%	17.9%	\$10 million up to \$100 million	1.8%	1.0%
\$1 million up to \$10 million	4.7%	23.2%	\$1 million up to \$10 million	0.3%	1.4%
Under \$1 million	0.5%	54.2%	Under \$1 million	0.02%	2.5%
<b>Counties</b>	<b>38.3%</b>	<b>6.6%</b>	<b>Constitutional Officers</b>	<b>2.8%</b>	<b>7.0%</b>
Top 10	31.2%	1.4%	Top 10	1.5%	1.4%
\$100 million or more	35.3%	2.0%	\$100 million or more	1.7%	0.3%
\$10 million up to \$100 million	2.7%	1.4%	\$10 million up to \$100 million	0.5%	0.5%
\$1 million up to \$10 million	0.3%	1.2%	\$1 million up to \$10 million	0.5%	2.5%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	3.7%
<b>Municipalities</b>	<b>21.1%</b>	<b>28.6%</b>	<b>Special Districts</b>	<b>12.2%</b>	<b>40.3%</b>
Top 10	8.3%	1.4%	Top 10	7.4%	1.4%
\$100 million or more	5.6%	0.8%	\$100 million or more	4.7%	0.5%
\$10 million up to \$100 million	13.7%	7.2%	\$10 million up to \$100 million	5.9%	3.6%
\$1 million up to \$10 million	1.6%	7.7%	\$1 million up to \$10 million	1.2%	7.5%
Under \$1 million	0.1%	12.8%	Under \$1 million	0.3%	28.7%
<b>School Boards</b>	<b>15.1%</b>	<b>10.0%</b>	<b>Other</b>	<b>8.5%</b>	<b>2.9%</b>
Top 10	9.6%	1.4%	Top 10	8.2%	1.4%
\$100 million or more	6.1%	0.5%	\$100 million or more	6.7%	0.4%
\$10 million up to \$100 million	8.4%	3.6%	\$10 million up to \$100 million	1.6%	0.7%
\$1 million up to \$10 million	0.5%	2.2%	\$1 million up to \$10 million	0.2%	0.8%
Under \$1 million	0.0%	3.7%	Under \$1 million	0.0%	1.0%



**Total Fund Value: \$14,273,565,461**



**Total Active Participant Count: 732**

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



## COMPLIANCE WITH INVESTMENT POLICY FOR AUGUST 2020

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
<u>Illiquid Securities</u>	
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Buys</i>								
ANGLESEA FUNDING LLC	02/16/21	08/19/20	08/20/20	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC	02/16/21	08/19/20	08/20/20	38,000,000	38,000,000	0	38,000,000	0
ANGLESEA FUNDING LLC	02/12/21	08/20/20	08/21/20	10,000,000	10,000,000	0	10,000,000	0
ANTALIS S,A, CPABS4CPABS4	08/13/20	08/05/20	08/06/20	50,000,000	49,998,736	0	49,998,736	0
ANTALIS S,A, CPABS4CPABS4	08/13/20	08/05/20	08/06/20	25,000,000	24,999,368	0	24,999,368	0
ANTALIS S,A, CPABS4CPABS4	08/20/20	08/13/20	08/13/20	50,000,000	49,998,833	0	49,998,833	0
ANTALIS S,A, CPABS4CPABS4	08/20/20	08/13/20	08/13/20	25,000,000	24,999,417	0	24,999,417	0
ANTALIS S,A, CPABS4CPABS4	08/28/20	08/20/20	08/20/20	43,380,000	43,378,747	0	43,378,747	0
BARTON CAPITAL S,A,CPABS4	08/10/20	08/03/20	08/03/20	50,000,000	49,998,639	0	49,998,639	0
BARTON CAPITAL S,A,CPABS4	08/10/20	08/03/20	08/03/20	50,000,000	49,998,639	0	49,998,639	0
BARTON CAPITAL S,A,CPABS4	08/10/20	08/03/20	08/03/20	50,000,000	49,998,639	0	49,998,639	0
BARTON CAPITAL S,A,CPABS4	08/14/20	08/07/20	08/07/20	50,000,000	49,998,736	0	49,998,736	0
BARTON CAPITAL S,A,CPABS4	08/21/20	08/14/20	08/14/20	50,000,000	49,998,736	0	49,998,736	0
BARTON CAPITAL S,A,CPABS4	09/09/20	08/03/20	08/03/20	50,000,000	49,991,778	0	49,991,778	0
BARTON CAPITAL S,A,CPABS4	09/09/20	08/03/20	08/03/20	50,000,000	49,991,778	0	49,991,778	0
BARTON CAPITAL S,A,CPABS4	09/09/20	08/03/20	08/03/20	50,000,000	49,991,778	0	49,991,778	0
BARTON CAPITAL S,A,CPABS4	09/14/20	08/10/20	08/10/20	50,000,000	49,993,194	0	49,993,194	0
BARTON CAPITAL S,A,CPABS4	09/14/20	08/10/20	08/10/20	25,000,000	24,996,597	0	24,996,597	0
BARTON CAPITAL S,A,CPABS4	09/14/20	08/10/20	08/10/20	50,000,000	49,993,194	0	49,993,194	0
BEDFORD ROW FUNDINGCPABS4	12/02/20	08/05/20	08/05/20	42,800,000	42,773,119	0	42,773,119	0
N,V,BANK NEDERLANDCP4-2	08/24/20	08/17/20	08/17/20	25,000,000	24,999,465	0	24,999,465	0
CRC FUNDING, LLC CPCPABS4	03/08/21	08/31/20	08/31/20	17,000,000	16,982,150	0	16,982,150	0
CANADIAN IMPERIAL BCDYAN	09/01/21	08/28/20	09/01/20	50,000,000	50,000,000	0	50,000,000	0
CHARTA, LLC CPABS4-CPABS4	03/02/21	08/25/20	08/25/20	15,000,000	14,984,250	0	14,984,250	0
CIESCO, LLC CPABS4-CPABS4	02/26/21	08/21/20	08/21/20	25,000,000	24,972,438	0	24,972,438	0
COLLATERALIZED COMMCPABS3	02/03/21	08/04/20	08/04/20	20,000,000	19,973,567	0	19,973,567	0
COLLATERALIZED COMMCPABS3	02/17/21	08/17/20	08/17/20	25,000,000	24,968,056	0	24,968,056	0
FMS WERTMANAGEMENT CP4-2	03/03/21	08/31/20	08/31/20	50,000,000	49,948,889	0	49,948,889	0
FMS WERTMANAGEMENT CP4-2	03/03/21	08/31/20	08/31/20	50,000,000	49,948,889	0	49,948,889	0
FOUNDATION PROPERTIES INC	09/01/35	08/13/20	08/14/20	231,000	231,000	32	231,032	0
GLENCOVE FUNDING LLC, FEB	02/05/21	08/07/20	08/10/20	50,000,000	50,000,000	0	50,000,000	0
GLENCOVE FUNDING LLC, FEB	02/05/21	08/07/20	08/10/20	50,000,000	50,000,000	0	50,000,000	0
GLENCOVE FUNDING LLC, FEB	02/05/21	08/07/20	08/10/20	30,000,000	30,000,000	0	30,000,000	0
GOTHAM FUNDING CORPCPABS4	08/10/20	08/05/20	08/05/20	15,000,000	14,999,792	0	14,999,792	0
GOTHAM FUNDING CORPCPABS4	08/24/20	08/17/20	08/17/20	50,000,000	49,998,833	0	49,998,833	0
GOTHAM FUNDING CORPCPABS4	08/24/20	08/17/20	08/17/20	40,000,000	39,999,067	0	39,999,067	0
LONGSHIP FUNDING LLCPABS4	08/18/20	08/11/20	08/11/20	50,000,000	49,998,931	0	49,998,931	0
LONGSHIP FUNDING LLCPABS4	08/18/20	08/11/20	08/11/20	50,000,000	49,998,931	0	49,998,931	0
LONGSHIP FUNDING LLCPABS4	08/25/20	08/18/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
LONGSHIP FUNDING LLCPABS4	08/25/20	08/18/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
LONGSHIP FUNDING LLCPABS4	09/08/20	08/25/20	08/25/20	50,000,000	49,997,667	0	49,997,667	0
LONGSHIP FUNDING LLCPABS4	09/08/20	08/25/20	08/25/20	50,000,000	49,997,667	0	49,997,667	0
LONGSHIP FUNDING LLCPABS4	09/08/20	08/27/20	08/27/20	21,800,000	21,799,128	0	21,799,128	0
LONGSHIP FUNDING LLCPABS4	11/17/20	08/17/20	08/17/20	50,000,000	49,978,278	0	49,978,278	0
MANHATTAN ASSET FUNCPCABS4	09/03/20	08/10/20	08/10/20	27,000,000	26,997,300	0	26,997,300	0
NRW,BANK CP4-2CP4-2	08/24/20	08/17/20	08/17/20	50,000,000	49,998,931	0	49,998,931	0
NRW,BANK CP4-2CP4-2	08/24/20	08/17/20	08/17/20	50,000,000	49,998,931	0	49,998,931	0

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NRW,BANK CP4-2CP4-2	08/31/20	08/24/20	08/24/20	50,000,000	49,998,931	0	49,998,931	0
NRW,BANK CP4-2CP4-2	08/31/20	08/24/20	08/24/20	50,000,000	49,998,931	0	49,998,931	0
NRW,BANK CP4-2CP4-2	12/01/20	08/28/20	08/28/20	50,000,000	49,977,569	0	49,977,569	0
NRW,BANK CP4-2CP4-2	12/01/20	08/28/20	08/28/20	25,000,000	24,988,785	0	24,988,785	0
NRW,BANK CP4-2CP4-2	12/01/20	08/28/20	08/28/20	25,000,000	24,988,785	0	24,988,785	0
NRW,BANK CP4-2CP4-2	12/03/20	08/31/20	08/31/20	50,000,000	49,977,806	0	49,977,806	0
NATIONWIDE BUILDINGCP4-2	09/04/20	08/04/20	08/04/20	50,000,000	49,993,542	0	49,993,542	0
NATIONWIDE BUILDINGCP4-2	09/04/20	08/04/20	08/04/20	50,000,000	49,993,542	0	49,993,542	0
NEDERLANDSE WATERSCCP4-2	08/25/20	08/17/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/25/20	08/17/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/25/20	08/17/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/25/20	08/17/20	08/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/26/20	08/18/20	08/19/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/26/20	08/18/20	08/19/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	08/26/20	08/19/20	08/19/20	50,000,000	49,998,833	0	49,998,833	0
NORDEA BANK ABP CP4CP4-2	11/25/20	08/26/20	08/26/20	25,000,000	24,989,257	0	24,989,257	0
OLD LINE FUNDING, LLC, FE	02/22/21	08/11/20	08/11/20	50,000,000	49,932,292	0	49,932,292	0
OLD LINE FUNDING, LLC, FE	02/25/21	08/25/20	08/25/20	25,000,000	24,971,889	0	24,971,889	0
SOCIETE GENERALE, PCP4-2	08/18/20	08/11/20	08/11/20	25,000,000	24,999,465	0	24,999,465	0
SOCIETE GENERALE, PCP4-2	08/19/20	08/12/20	08/12/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	08/19/20	08/12/20	08/12/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	08/19/20	08/12/20	08/12/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	08/19/20	08/12/20	08/12/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	08/20/20	08/13/20	08/13/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	08/20/20	08/13/20	08/13/20	10,000,000	9,999,786	0	9,999,786	0
SUMITOMO MITSUI TRUCDYAN	10/15/20	08/17/20	08/17/20	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI BANCDYAN	10/02/20	08/04/20	08/04/20	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	10/02/20	08/04/20	08/04/20	20,000,000	20,000,000	0	20,000,000	0
SUMITOMO MITSUI BANCDYAN	10/02/20	08/04/20	08/04/20	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANCDYAN	10/02/20	08/04/20	08/04/20	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACDYAN	03/04/21	08/31/20	08/31/20	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACDYAN	03/04/21	08/31/20	08/31/20	50,000,000	50,000,000	0	50,000,000	0
TORONTO DOMINION BACP4-2	08/11/20	08/04/20	08/04/20	50,000,000	49,998,736	0	49,998,736	0
TORONTO DOMINION BACP4-2	08/11/20	08/04/20	08/04/20	50,000,000	49,998,736	0	49,998,736	0
TORONTO DOMINION BACP4-2	08/18/20	08/11/20	08/11/20	50,000,000	49,998,833	0	49,998,833	0
UNITED STATES TREASURY BILL	12/17/20	08/18/20	08/20/20	37,000,000	36,986,852	0	36,986,852	0
UNITED STATES TREASURY BILL	12/17/20	08/18/20	08/20/20	50,000,000	49,981,819	0	49,981,819	0
UNITED STATES TREASURY BILL	12/17/20	08/18/20	08/20/20	33,000,000	32,988,001	0	32,988,001	0
UNITED STATES TREASURY BILL	12/17/20	08/18/20	08/20/20	50,000,000	49,981,819	0	49,981,819	0
UNITED STATES TREASURY BILL	12/17/20	08/18/20	08/20/20	15,000,000	14,994,546	0	14,994,546	0
UNITED STATES CASH MANAGEMENT BILL	12/01/20	08/12/20	08/18/20	50,000,000	49,983,958	0	49,983,958	0
UNITED STATES CASH MANAGEMENT BILL	12/01/20	08/12/20	08/18/20	50,000,000	49,983,958	0	49,983,958	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/03/20	08/03/20	6,954,126	6,954,126	0	6,954,126	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/06/20	08/06/20	8,671,643	8,671,643	0	8,671,643	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/11/20	08/11/20	9,238,215	9,238,215	0	9,238,215	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/14/20	08/14/20	14,307,406	14,307,406	0	14,307,406	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/19/20	08/19/20	7,318,037	7,318,037	0	7,318,037	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/20/20	08/20/20	2,267,256	2,267,256	0	2,267,256	0

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/24/20	08/24/20	4,848,413	4,848,413	0	4,848,413	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/28/20	08/28/20	4,332,485	4,332,485	0	4,332,485	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/31/20	08/31/20	53,597,739	53,597,739	0	53,597,739	0
MIZUHO TRIPARTY	08/04/20	08/03/20	08/03/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/04/20	08/03/20	08/03/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/04/20	08/03/20	08/03/20	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	08/05/20	08/04/20	08/04/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/05/20	08/04/20	08/04/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/05/20	08/04/20	08/04/20	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	08/06/20	08/05/20	08/05/20	515,000,000	515,000,000	0	515,000,000	0
MIZUHO TRIPARTY	08/06/20	08/05/20	08/05/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/06/20	08/05/20	08/05/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/07/20	08/06/20	08/06/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	08/07/20	08/06/20	08/06/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/07/20	08/06/20	08/06/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/10/20	08/07/20	08/07/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	08/10/20	08/07/20	08/07/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/10/20	08/07/20	08/07/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/11/20	08/10/20	08/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/11/20	08/10/20	08/10/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/11/20	08/10/20	08/10/20	375,000,000	375,000,000	0	375,000,000	0
MIZUHO TRIPARTY	08/12/20	08/11/20	08/11/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/12/20	08/11/20	08/11/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/12/20	08/11/20	08/11/20	575,000,000	575,000,000	0	575,000,000	0
BANK OF AMERICA TRIPARTY	08/13/20	08/12/20	08/12/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	08/13/20	08/12/20	08/12/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/13/20	08/12/20	08/12/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/14/20	08/13/20	08/13/20	725,000,000	725,000,000	0	725,000,000	0
MIZUHO TRIPARTY	08/14/20	08/13/20	08/13/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/14/20	08/13/20	08/13/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/17/20	08/14/20	08/14/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/17/20	08/14/20	08/14/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/17/20	08/14/20	08/14/20	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	08/18/20	08/17/20	08/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/18/20	08/17/20	08/17/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/18/20	08/17/20	08/17/20	450,000,000	450,000,000	0	450,000,000	0
BANK OF AMERICA TRIPARTY	08/19/20	08/18/20	08/18/20	545,000,000	545,000,000	0	545,000,000	0
MIZUHO TRIPARTY	08/19/20	08/18/20	08/18/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/19/20	08/18/20	08/18/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/20/20	08/19/20	08/19/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/20/20	08/19/20	08/19/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/20/20	08/19/20	08/19/20	400,000,000	400,000,000	0	400,000,000	0
BANK OF AMERICA TRIPARTY	08/21/20	08/20/20	08/20/20	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	08/21/20	08/20/20	08/20/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/21/20	08/20/20	08/20/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/24/20	08/21/20	08/21/20	435,000,000	435,000,000	0	435,000,000	0
MIZUHO TRIPARTY	08/24/20	08/21/20	08/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/24/20	08/21/20	08/21/20	100,000,000	100,000,000	0	100,000,000	0



## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	08/25/20	08/24/20	08/24/20	375,000,000	375,000,000	0	375,000,000	0
MIZUHO TRIPARTY	08/25/20	08/24/20	08/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/25/20	08/24/20	08/24/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/26/20	08/25/20	08/25/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/26/20	08/25/20	08/25/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/26/20	08/25/20	08/25/20	445,000,000	445,000,000	0	445,000,000	0
MIZUHO TRIPARTY	08/27/20	08/26/20	08/26/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/27/20	08/26/20	08/26/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/27/20	08/26/20	08/26/20	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	08/28/20	08/27/20	08/27/20	595,000,000	595,000,000	0	595,000,000	0
MIZUHO TRIPARTY	08/28/20	08/27/20	08/27/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/28/20	08/27/20	08/27/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/31/20	08/28/20	08/28/20	585,000,000	585,000,000	0	585,000,000	0
MIZUHO TRIPARTY	08/31/20	08/28/20	08/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/31/20	08/28/20	08/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/01/20	08/31/20	08/31/20	510,000,000	510,000,000	0	510,000,000	0
MIZUHO TRIPARTY	09/01/20	08/31/20	08/31/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/01/20	08/31/20	08/31/20	100,000,000	100,000,000	0	100,000,000	0
<i>Total Buys</i>				25,701,746,320	25,701,099,395	32	25,701,099,428	0
<i>Cash Closes</i>								
ANGLESEA FUNDING LLC	11/23/20	08/20/20	08/20/20	88,000,000	88,000,000	24,736	88,024,736	0
ANGLESEA FUNDING LLC	11/25/20	08/21/20	08/21/20	10,000,000	10,000,000	2,028	10,002,028	0
GLENCOVE FUNDING LLC	11/13/20	08/10/20	08/10/20	30,000,000	30,000,000	37,494	30,037,494	0
OLD LINE FUNDING LLC	09/09/20	08/11/20	08/11/20	50,000,000	50,000,000	486	50,000,486	0
OLD LINE FUNDING LLC	10/09/20	08/25/20	08/25/20	75,000,000	74,866,875	0	74,866,875	0
<i>Total Cash Closes</i>				253,000,000	252,866,875	64,744	252,931,619	0
<i>Deposits</i>								
AUSTRALIA NEW ZEATD 0.13 20200811	08/11/20	08/04/20	08/04/20	370,000,000	370,000,000	0	370,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200811	08/11/20	08/04/20	08/04/20	250,000,000	250,000,000	0	250,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200811	08/11/20	08/04/20	08/04/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200812	08/12/20	08/05/20	08/05/20	35,000,000	35,000,000	0	35,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200812	08/12/20	08/05/20	08/05/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200812	08/12/20	08/05/20	08/05/20	360,000,000	360,000,000	0	360,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200813	08/13/20	08/06/20	08/06/20	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD,TD TD 0.09 20200810	08/10/20	08/07/20	08/07/20	150,000,000	150,000,000	0	150,000,000	0
MIZUHO BANK LTD,TD TD 0.09 20200811	08/11/20	08/10/20	08/10/20	200,000,000	200,000,000	0	200,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200818	08/18/20	08/11/20	08/11/20	250,000,000	250,000,000	0	250,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200818	08/18/20	08/11/20	08/11/20	370,000,000	370,000,000	0	370,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200818	08/18/20	08/11/20	08/11/20	390,000,000	390,000,000	0	390,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200819	08/19/20	08/12/20	08/12/20	35,000,000	35,000,000	0	35,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200819	08/19/20	08/12/20	08/12/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200819	08/19/20	08/12/20	08/12/20	360,000,000	360,000,000	0	360,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200820	08/20/20	08/13/20	08/13/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200825	08/25/20	08/18/20	08/18/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200825	08/25/20	08/18/20	08/18/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200826	08/26/20	08/19/20	08/19/20	400,000,000	400,000,000	0	400,000,000	0

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
AUSTRALIA NEW ZEATD 0.13 20200826	08/26/20	08/19/20	08/19/20	370,000,000	370,000,000	0	370,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200827	08/27/20	08/20/20	08/20/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200831	08/31/20	08/24/20	08/24/20	150,000,000	150,000,000	0	150,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200826	08/26/20	08/25/20	08/25/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200901	09/01/20	08/25/20	08/25/20	340,000,000	340,000,000	0	340,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200901	09/01/20	08/25/20	08/25/20	500,000,000	500,000,000	0	500,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200827	08/27/20	08/26/20	08/26/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200902	09/02/20	08/26/20	08/26/20	375,000,000	375,000,000	0	375,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200902	09/02/20	08/26/20	08/26/20	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200903	09/03/20	08/27/20	08/27/20	100,000,000	100,000,000	0	100,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200908	09/08/20	08/31/20	08/31/20	105,000,000	105,000,000	0	105,000,000	0
<i>Total Deposits</i>				<i>7,660,000,000</i>	<i>7,660,000,000</i>	<i>0</i>	<i>7,660,000,000</i>	<i>0</i>
<i>Maturities</i>								
ANTALIS S,A, CPABS4CPABS4	08/03/20	08/03/20	08/03/20	3,250,000	3,250,000	0	3,250,000	0
ANTALIS S,A, CPABS4CPABS4	08/06/20	08/06/20	08/06/20	75,000,000	75,000,000	0	75,000,000	0
ANTALIS S,A, CPABS4CPABS4	08/07/20	08/07/20	08/07/20	42,740,000	42,740,000	0	42,740,000	0
ANTALIS S,A, CPABS4CPABS4	08/13/20	08/13/20	08/13/20	75,000,000	75,000,000	0	75,000,000	0
ANTALIS S,A, CPABS4CPABS4	08/20/20	08/20/20	08/20/20	75,000,000	75,000,000	0	75,000,000	0
ANTALIS S,A, CPABS4CPABS4	08/28/20	08/28/20	08/28/20	43,380,000	43,380,000	0	43,380,000	0
BARTON CAPITAL S,A,CPABS4	08/07/20	08/07/20	08/07/20	75,000,000	75,000,000	0	75,000,000	0
BARTON CAPITAL S,A,CPABS4	08/10/20	08/10/20	08/10/20	150,000,000	150,000,000	0	150,000,000	0
BARTON CAPITAL S,A,CPABS4	08/14/20	08/14/20	08/14/20	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL S,A,CPABS4	08/21/20	08/21/20	08/21/20	50,000,000	50,000,000	0	50,000,000	0
BEDFORD ROW FUNDINGCPABS4	08/05/20	08/05/20	08/05/20	75,000,000	75,000,000	0	75,000,000	0
BEDFORD ROW FUNDING CORP	08/20/20	08/20/20	08/20/20	35,000,000	35,000,000	0	35,000,000	0
N,V,BANK NEDERLANDCP4-2	08/24/20	08/24/20	08/24/20	25,000,000	25,000,000	0	25,000,000	0
CRC FUNDING, LLC CPCPABS4	08/11/20	08/11/20	08/11/20	30,000,000	30,000,000	0	30,000,000	0
CHARTA, LLC CPABS4-CPABS4	08/17/20	08/17/20	08/17/20	25,000,000	25,000,000	0	25,000,000	0
CHARTA, LLC CPABS4-CPABS4	08/31/20	08/31/20	08/31/20	50,000,000	50,000,000	0	50,000,000	0
CHEVRON CORP, CP4-2CP4-2	08/31/20	08/31/20	08/31/20	75,000,000	75,000,000	0	75,000,000	0
CIESCO, LLC CPABS4-CPABS4	08/19/20	08/19/20	08/19/20	100,000,000	100,000,000	0	100,000,000	0
COLLATERALIZED COMMCPABS3	08/03/20	08/03/20	08/03/20	60,000,000	60,000,000	0	60,000,000	0
COLLATERALIZED COMMCPABS3	08/04/20	08/04/20	08/04/20	20,000,000	20,000,000	0	20,000,000	0
COLLATERALIZED COMMCPABS3	08/12/20	08/12/20	08/12/20	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHEECD	08/21/20	08/21/20	08/21/20	65,000,000	65,000,000	0	65,000,000	0
DZ BANK AG DEUTSCHECDYAN	08/05/20	08/05/20	08/05/20	44,000,000	44,000,000	0	44,000,000	0
DZ BANK AG DEUTSCHECDYAN	08/12/20	08/12/20	08/12/20	150,000,000	150,000,000	0	150,000,000	0
GOTHAM FUNDING CORPCPABS4	08/10/20	08/10/20	08/10/20	15,000,000	15,000,000	0	15,000,000	0
GOTHAM FUNDING CORPCPABS4	08/24/20	08/24/20	08/24/20	90,000,000	90,000,000	0	90,000,000	0
LONGSHIP FUNDING LLCPCABS4	08/11/20	08/11/20	08/11/20	28,500,000	28,500,000	0	28,500,000	0
LONGSHIP FUNDING LLCPCABS4	08/12/20	08/12/20	08/12/20	21,000,000	21,000,000	0	21,000,000	0
LONGSHIP FUNDING LLCPCABS4	08/17/20	08/17/20	08/17/20	50,000,000	50,000,000	0	50,000,000	0
LONGSHIP FUNDING LLCPCABS4	08/18/20	08/18/20	08/18/20	100,000,000	100,000,000	0	100,000,000	0
LONGSHIP FUNDING LLCPCABS4	08/19/20	08/19/20	08/19/20	48,100,000	48,100,000	0	48,100,000	0
LONGSHIP FUNDING LLCPCABS4	08/25/20	08/25/20	08/25/20	100,000,000	100,000,000	0	100,000,000	0

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MANHATTAN ASSET FUNCPABS4	08/03/20	08/03/20	08/03/20	115,000,000	115,000,000	0	115,000,000	0
MANHATTAN ASSET FUNCPABS4	08/10/20	08/10/20	08/10/20	34,081,000	34,081,000	0	34,081,000	0
MIZUHO BANK LTD,CDYAN	08/03/20	08/03/20	08/03/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD,CDYAN	08/04/20	08/04/20	08/04/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD,CDYAN	08/11/20	08/11/20	08/11/20	50,000,000	50,000,000	0	50,000,000	0
MUFG BANK LTD, CPCP	08/28/20	08/28/20	08/28/20	107,500,000	107,500,000	0	107,500,000	0
NRW,BANK CP4-2CP4-2	08/24/20	08/24/20	08/24/20	100,000,000	100,000,000	0	100,000,000	0
NRW,BANK CP4-2CP4-2	08/31/20	08/31/20	08/31/20	100,000,000	100,000,000	0	100,000,000	0
NATIONWIDE BUILDINGCP4-2	08/04/20	08/04/20	08/04/20	200,000,000	200,000,000	0	200,000,000	0
NEDERLANDSE WATERSCCP4-2	08/04/20	08/04/20	08/04/20	200,000,000	200,000,000	0	200,000,000	0
NEDERLANDSE WATERSCCP4-2	08/05/20	08/05/20	08/05/20	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERSCCP4-2	08/25/20	08/25/20	08/25/20	200,000,000	200,000,000	0	200,000,000	0
NEDERLANDSE WATERSCCP4-2	08/26/20	08/26/20	08/26/20	150,000,000	150,000,000	0	150,000,000	0
SOCIETE GENERALE, PCP4-2	08/18/20	08/18/20	08/18/20	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCP4-2	08/19/20	08/19/20	08/19/20	200,000,000	200,000,000	0	200,000,000	0
SOCIETE GENERALE, PCP4-2	08/20/20	08/20/20	08/20/20	60,000,000	60,000,000	0	60,000,000	0
THUNDER BAY FUNDINGCPABS4	08/20/20	08/20/20	08/20/20	58,000,000	58,000,000	0	58,000,000	0
TORONTO DOMINION BACP4-2	08/11/20	08/11/20	08/11/20	100,000,000	100,000,000	0	100,000,000	0
TORONTO DOMINION BACP4-2	08/18/20	08/18/20	08/18/20	50,000,000	50,000,000	0	50,000,000	0
UNITED STATES TREASURY BILL	08/13/20	08/13/20	08/13/20	201,000,000	201,000,000	0	201,000,000	0
BANK OF AMERICA TRIPARTY	08/03/20	08/03/20	08/03/20	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	08/03/20	08/03/20	08/03/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/03/20	08/03/20	08/03/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/04/20	08/04/20	08/04/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/04/20	08/04/20	08/04/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/04/20	08/04/20	08/04/20	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	08/05/20	08/05/20	08/05/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/05/20	08/05/20	08/05/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/05/20	08/05/20	08/05/20	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	08/06/20	08/06/20	08/06/20	515,000,000	515,000,000	0	515,000,000	0
MIZUHO TRIPARTY	08/06/20	08/06/20	08/06/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/06/20	08/06/20	08/06/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/07/20	08/07/20	08/07/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	08/07/20	08/07/20	08/07/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/07/20	08/07/20	08/07/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/10/20	08/10/20	08/10/20	450,000,000	450,000,000	0	450,000,000	0
MIZUHO TRIPARTY	08/10/20	08/10/20	08/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/10/20	08/10/20	08/10/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/11/20	08/11/20	08/11/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/11/20	08/11/20	08/11/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/11/20	08/11/20	08/11/20	375,000,000	375,000,000	0	375,000,000	0
MIZUHO TRIPARTY	08/12/20	08/12/20	08/12/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/12/20	08/12/20	08/12/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/12/20	08/12/20	08/12/20	575,000,000	575,000,000	0	575,000,000	0
BANK OF AMERICA TRIPARTY	08/13/20	08/13/20	08/13/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	08/13/20	08/13/20	08/13/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/13/20	08/13/20	08/13/20	100,000,000	100,000,000	0	100,000,000	0

## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	08/14/20	08/14/20	08/14/20	725,000,000	725,000,000	0	725,000,000	0
MIZUHO TRIPARTY	08/14/20	08/14/20	08/14/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/14/20	08/14/20	08/14/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/17/20	08/17/20	08/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/17/20	08/17/20	08/17/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/17/20	08/17/20	08/17/20	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	08/18/20	08/18/20	08/18/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/18/20	08/18/20	08/18/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/18/20	08/18/20	08/18/20	450,000,000	450,000,000	0	450,000,000	0
BANK OF AMERICA TRIPARTY	08/19/20	08/19/20	08/19/20	545,000,000	545,000,000	0	545,000,000	0
MIZUHO TRIPARTY	08/19/20	08/19/20	08/19/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/19/20	08/19/20	08/19/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/20/20	08/20/20	08/20/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/20/20	08/20/20	08/20/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/20/20	08/20/20	08/20/20	400,000,000	400,000,000	0	400,000,000	0
BANK OF AMERICA TRIPARTY	08/21/20	08/21/20	08/21/20	350,000,000	350,000,000	0	350,000,000	0
MIZUHO TRIPARTY	08/21/20	08/21/20	08/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/21/20	08/21/20	08/21/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/24/20	08/24/20	08/24/20	435,000,000	435,000,000	0	435,000,000	0
MIZUHO TRIPARTY	08/24/20	08/24/20	08/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/24/20	08/24/20	08/24/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/25/20	08/25/20	08/25/20	375,000,000	375,000,000	0	375,000,000	0
MIZUHO TRIPARTY	08/25/20	08/25/20	08/25/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/25/20	08/25/20	08/25/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	08/26/20	08/26/20	08/26/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/26/20	08/26/20	08/26/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/26/20	08/26/20	08/26/20	445,000,000	445,000,000	0	445,000,000	0
MIZUHO TRIPARTY	08/27/20	08/27/20	08/27/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/27/20	08/27/20	08/27/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/27/20	08/27/20	08/27/20	500,000,000	500,000,000	0	500,000,000	0
BANK OF AMERICA TRIPARTY	08/28/20	08/28/20	08/28/20	595,000,000	595,000,000	0	595,000,000	0
MIZUHO TRIPARTY	08/28/20	08/28/20	08/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/28/20	08/28/20	08/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	08/31/20	08/31/20	08/31/20	585,000,000	585,000,000	0	585,000,000	0
MIZUHO TRIPARTY	08/31/20	08/31/20	08/31/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	08/31/20	08/31/20	08/31/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200803	08/03/20	08/03/20	08/03/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200804	08/04/20	08/04/20	08/04/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200804	08/04/20	08/04/20	08/04/20	400,000,000	400,000,000	0	400,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200804	08/04/20	08/04/20	08/04/20	150,000,000	150,000,000	0	150,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200805	08/05/20	08/05/20	08/05/20	345,000,000	345,000,000	0	345,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200806	08/06/20	08/06/20	08/06/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200807	08/07/20	08/07/20	08/07/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200811	08/11/20	08/11/20	08/11/20	370,000,000	370,000,000	0	370,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200811	08/11/20	08/11/20	08/11/20	250,000,000	250,000,000	0	250,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200811	08/11/20	08/11/20	08/11/20	400,000,000	400,000,000	0	400,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200812	08/12/20	08/12/20	08/12/20	35,000,000	35,000,000	0	35,000,000	0



## TRADING ACTIVITY FOR AUGUST 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND,TD 0.12 20200812	08/12/20	08/12/20	08/12/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200812	08/12/20	08/12/20	08/12/20	360,000,000	360,000,000	0	360,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200813	08/13/20	08/13/20	08/13/20	300,000,000	300,000,000	0	300,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200810	08/10/20	08/10/20	08/10/20	150,000,000	150,000,000	0	150,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200811	08/11/20	08/11/20	08/11/20	200,000,000	200,000,000	0	200,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200818	08/18/20	08/18/20	08/18/20	250,000,000	250,000,000	0	250,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200818	08/18/20	08/18/20	08/18/20	370,000,000	370,000,000	0	370,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200818	08/18/20	08/18/20	08/18/20	390,000,000	390,000,000	0	390,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200819	08/19/20	08/19/20	08/19/20	35,000,000	35,000,000	0	35,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200819	08/19/20	08/19/20	08/19/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200819	08/19/20	08/19/20	08/19/20	360,000,000	360,000,000	0	360,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200820	08/20/20	08/20/20	08/20/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200825	08/25/20	08/25/20	08/25/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200825	08/25/20	08/25/20	08/25/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.12 20200826	08/26/20	08/26/20	08/26/20	400,000,000	400,000,000	0	400,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200826	08/26/20	08/26/20	08/26/20	370,000,000	370,000,000	0	370,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200827	08/27/20	08/27/20	08/27/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200831	08/31/20	08/31/20	08/31/20	150,000,000	150,000,000	0	150,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200826	08/26/20	08/26/20	08/26/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD,TDTD 0.09 20200827	08/27/20	08/27/20	08/27/20	100,000,000	100,000,000	0	100,000,000	0
<i>Total Maturities</i>				33,526,551,000	33,526,551,000	0	33,526,551,000	0
<i>Sells</i>								
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/04/20	08/04/20	4,846,525	4,846,525	0	4,846,525	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/05/20	08/05/20	14,722,668	14,722,668	0	14,722,668	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/07/20	08/07/20	305,505	305,505	0	305,505	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/10/20	08/10/20	7,880,560	7,880,560	0	7,880,560	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/12/20	08/12/20	9,212,962	9,212,962	0	9,212,962	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/13/20	08/13/20	5,332,359	5,332,359	0	5,332,359	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/17/20	08/17/20	14,778,328	14,778,328	0	14,778,328	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/18/20	08/18/20	2,022,768	2,022,768	0	2,022,768	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/21/20	08/21/20	227,951	227,951	0	227,951	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/25/20	08/25/20	7,753,846	7,753,846	0	7,753,846	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/26/20	08/26/20	2,133,024	2,133,024	0	2,133,024	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	08/27/20	08/27/20	8,645,598	8,645,598	0	8,645,598	0
<i>Total Sells</i>				77,862,094	77,862,094	0	77,862,094	0



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## **Our Mission**

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

# **Federated®**



## **MONTHLY SUMMARY REPORT**

**State Board of Administration of Florida**

**September 2020**

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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 September 1, 2020, through September 30, 2020, 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 September 30, 2020)

Total Participants  
**742**

Florida PRIME™  
Total Participant Balance  
**\$13,393,164,417**

Total Number of Accounts  
**1,364**

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

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

## PORTFOLIO MANAGER COMMENTARY

### MARKET CONDITIONS

It's time for some perspective about the money markets. The historic upheaval in our health and the economy has driven the financial sphere to an almost absurd speed. On occasion the deliberate pace of liquidity products has moved in double time. This new course of business has most of the industry stressing out whenever a new issue arises. Of course, diligence is paramount. But looking up to survey the landscape also is warranted.

Lately it seems many in the financial industry have forgotten we are in a global pandemic, instead viewing troubling events as the acceleration of trends perceived before the coronavirus arrived. A few moves within the money markets, such as some fund closures or shifts, have caused concern about the entire space. But it is natural that the seismic shock would lead some firms to make decisions they hadn't considered pre-Covid.

The real story is how liquidity strategies such as Florida Prime showed their mettle in the dark days of March and that they have served participants well ever since. For all the worry about the prime space, industry assets are only down slightly this year. And a sizable portion of these outflows stem from typical activities, including investors moving excess cash they put on the sidelines for riskier bets or businesses withdrawing it for operations. Without prime funds, pools and the like, corporations and banks would have to find other funding sources, likely at a higher cost, and investors enjoy the attractive yields relative to deposit products. Prime will remain a player. And yields in government pools should rise when Congress passes a stimulus package (which it will eventually) and when the pandemic's conclusion reverses the massive flight to safety.

The point is, short-term conclusions and long-term speculation are suspect at the moment. Many

economic indicators lack credibility. Managers keep an eye on hospitalizations as much as, say, housing. We pay more attention to weekly and regional reports than we did before.

Inflation also should be seen as residing in this camp. The Federal Open Market Committee's projections released last month forecast that PCE inflation will remain below 2% until 2023. There is little question that the tragic job losses will keep consumer spending, and hence inflation, down in the near term. But the trade war was disrupting supply chains before the advent of the coronavirus, and it is possible a vaccine could lead to a swifter bounce-back than many expect. And exactly what is the Federal Reserve's definition of "some time" in its newly announced allowance of inflation to overshoot 2%? Even the deluge of policymaker speeches last month couldn't answer that.

Everyone should take a step back to see the bigger picture.

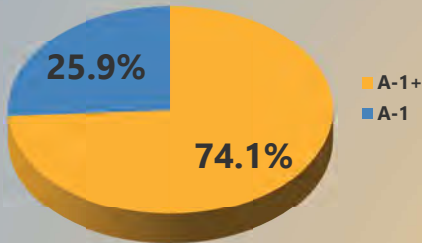
### INVESTMENT STRATEGY

Over September, assets of the Pool fell \$900 million to \$13.4 billion. Outflows are typical during this month due to seasonal participant needs. The Pool's gross yield was 36 basis points, its weighted average maturity (WAM) 48 days and its weighted average life (VAL) 63 days. The portfolio's manager focused purchases in September on fixed-rate securities, concentrated in fixed-rate and asset-backed commercial paper in the 2-6 month part of the London interbank offered rate (LIBOR) curve.

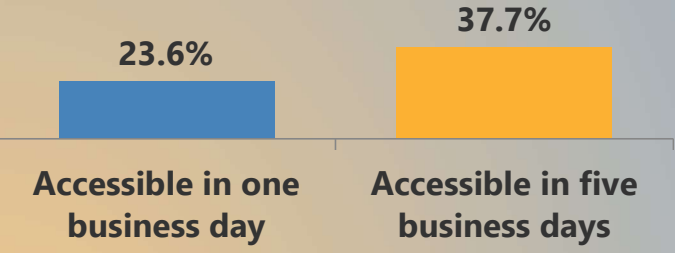
Treasury yields ended September with 1-month at 0.08%, 3-month at 0.11%, 6-month at 0.11% and 12-month at 0.13%. LIBOR ended the September with 1-month at 0.15%, 3-month at 0.23%, 6-month at 0.26% and 12-month at 0.36%.

# PORTFOLIO COMPOSITION FOR SEPTEMBER 2020

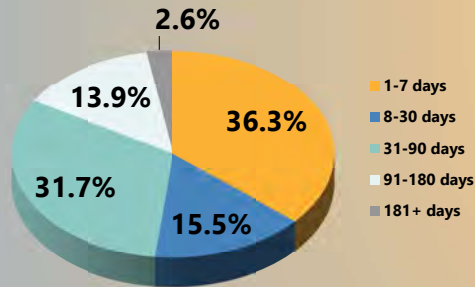
## CREDIT QUALITY COMPOSITION



## HIGHLY LIQUID HOLDINGS



## EFFECTIVE MATURITY SCHEDULE



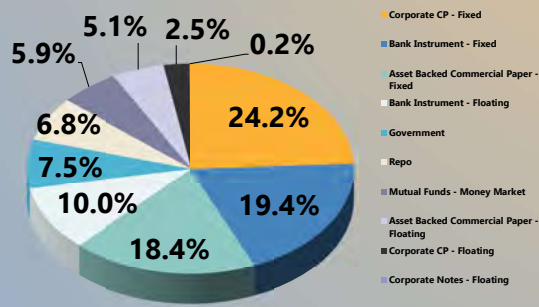
## TOP HOLDINGS & AVG. MATURITY

1. United States Treasury	7.5%
2. Federated Hermes Institutional Prime Value Obligations Fund	5.8%
3. Australia & New Zealand Banking Group, Melbourne	5.1%
4. North Rhine-Westphalia, State of	4.5%
5. Cooperatieve Rabobank UA	4.5%
6. JPMorgan Chase & Co.	4.4%
7. Canadian Imperial Bank of Commerce	4.2%
8. Bank of Montreal	3.9%
9. Toyota Motor Corp.	3.9%
10. Old Line Funding, LLC	3.8%

<b>Average Effective Maturity (WAM)</b>	48 Days
<b>Weighted Average Life (Spread WAL)</b>	63 Days

Percentages based on total value of investments

## PORTFOLIO COMPOSITION





## FUND PERFORMANCE THROUGH SEPTEMBER 2020

Florida PRIME Performance Data			
	Annualized Net Participant Yield <sup>1</sup>	Net-of-Fee Benchmark <sup>2</sup>	Above (Below) Benchmark
One Month	0.33%	0.14%	0.19%
Three Months	0.38%	0.18%	0.20%
One Year	1.18%	1.02%	0.16%
Three Years	1.88%	1.63%	0.25%
Five Years	1.45%	1.19%	0.26%
Ten Years	0.84%	0.63%	0.21%
Since 1/96	2.53%	2.31%	0.22%

Note: Net asset value at month end: \$13,397.8 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.

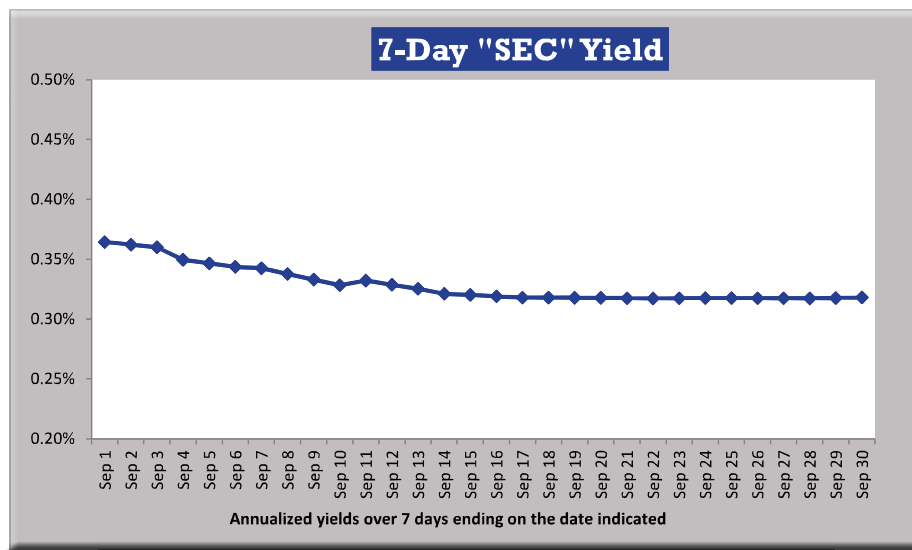
<sup>1</sup>Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.

<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 SEPTEMBER 2020

Summary of Cash Flows		
Opening Balance (09/01/20)	\$	14,273,565,461
Participant Deposits		983,017,475
Gross Earnings		4,118,555
Participant Withdrawals		(1,867,174,951)
Fees		(362,123)
Closing Balance (09/30/20)	\$	13,393,164,417
<b>Net Change over Month</b>	<b>\$</b>	<b>(880,401,044)</b>

Detailed Fee Disclosure			
September		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$	114,434.08	0.99
Federated Investment Management Fee		219,557.81	1.90
BNY Mellon Custodial Fee**		15,521.94	0.13
Bank of America Transfer Agent Fee		3,897.91	0.03
S&P Rating Maintenance Fee		3,852.46	0.03
Audit/External Review Fees		4,858.77	0.04
<b>Total Fees</b>	<b>\$</b>	<b>362,122.97</b>	<b>3.14</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 \$13,833,364,939.

\*\*All custodian banking fees are allocated based on both market value (size) and level of service accurately passing through all charges to pool participants. Charges may fluctuate month-to-month.

The data included in this report is unaudited.

## INVENTORY OF HOLDINGS FOR SEPTEMBER 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.11	10/5/2020		265,000,000	0.11	\$265,000,000	\$265,000,000	\$0
ABN Amro Bank NV,Amsterdam TD	TIME DEPOSIT	0.11	10/6/2020		150,000,000	0.11	\$150,000,000	\$150,000,000	\$0
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		100,000,000	0.41	\$99,938,889	\$99,974,333	\$35,444
Anglesea Funding LLC, Feb 12, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.36	2/12/2021	10/21/2020	10,000,000	0.36	\$10,000,000	\$10,001,293	\$1,293
Anglesea Funding LLC, Feb 16, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.36	2/16/2021	10/20/2020	88,000,000	0.36	\$88,000,000	\$88,009,017	\$9,017
Anglesea Funding LLC, Mar 03, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.32	3/3/2021	10/5/2020	75,000,000	0.33	\$75,000,000	\$75,000,000	\$0
Anglesea Funding LLC, Mar 23, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.27	3/23/2021	12/24/2020	50,000,000	0.28	\$50,000,000	\$50,000,000	-\$1
Anglesea Funding LLC, Mar 23, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.27	3/23/2021	12/24/2020	25,000,000	0.28	\$25,000,000	\$25,000,000	\$0
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/2/2020		37,230,000	0.11	\$37,229,772	\$37,229,717	-\$56
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.11	10/1/2020		345,000,000	0.11	\$345,000,000	\$345,000,000	\$0
Australia & New Zealand Banking Group, Melbourne TD	TIME DEPOSIT	0.11	10/6/2020		340,000,000	0.11	\$340,000,000	\$340,000,000	\$0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.08	10/1/2020		365,000,000	0.08	\$365,000,000	\$365,000,000	\$0
Bank of Montreal, Apr 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.92	4/9/2021	10/9/2020	53,000,000	0.93	\$53,000,000	\$53,178,785	\$178,785
Bank of Montreal, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.37	12/4/2020	12/4/2020	200,000,000	0.38	\$200,000,000	\$200,052,462	\$52,462
Bank of Montreal, Feb 08, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/8/2021	10/1/2020	50,000,000	0.30	\$50,000,000	\$50,010,495	\$10,495
Bank of Montreal, Mar 02, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.32	3/2/2021	10/1/2020	100,000,000	0.32	\$100,000,000	\$100,066,710	\$66,710
Bank of Montreal, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	3/4/2021	10/1/2020	25,000,000	0.35	\$25,000,000	\$25,019,908	\$19,908
Bank of Montreal, Mar 17, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	3/17/2021	10/1/2020	50,000,000	0.27	\$50,000,000	\$50,021,464	\$21,464
Bank of Montreal, May 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.43	5/5/2021	11/5/2020	50,000,000	0.43	\$50,000,000	\$50,053,444	\$53,444
Bank of Nova Scotia, Toronto, Dec 10, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.37	12/10/2020	12/10/2020	100,000,000	0.37	\$100,000,000	\$100,028,730	\$28,730
Bank of Nova Scotia, Toronto, Jan 08, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.37	1/8/2021	10/8/2020	115,000,000	0.38	\$114,999,941	\$115,030,564	\$30,622
Banque et Caisse d'Epargne de L'Etat CP	COMMERCIAL PAPER		10/9/2020		100,000,000	0.57	\$99,986,000	\$99,998,250	\$12,250
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		75,000,000	0.11	\$74,998,854	\$74,998,750	-\$104
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/4/2021		25,000,000	0.75	\$24,921,424	\$24,981,486	\$60,062
Bedford Row Funding Corp., Apr 12, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.87	4/12/2021	10/13/2020	100,000,000	0.88	\$100,000,000	\$100,305,802	\$305,802
Bedford Row Funding Corp., Sep 10, 2021	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.31	9/10/2021	10/1/2020	58,000,000	0.31	\$58,000,000	\$58,000,000	\$0
Bruce T. Brown 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.18	10/1/2042	10/1/2020	5,185,000	0.18	\$5,185,000	\$5,185,000	\$0

See notes at end of table.

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		107,500,000	0.23	\$107,496,566	\$107,498,656	\$2,090
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		100,000,000	0.20	\$99,977,778	\$99,987,444	\$9,666
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		33,000,000	0.34	\$32,985,178	\$32,994,790	\$9,612
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/14/2020		75,000,000	0.22	\$74,993,583	\$74,996,237	\$2,654
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/21/2020		5,500,000	0.92	\$5,497,113	\$5,499,506	\$2,393
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/9/2020		50,000,000	0.20	\$49,988,889	\$49,990,945	\$2,056
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/12/2020		50,000,000	0.25	\$49,985,069	\$49,990,206	\$5,136
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		35,000,000	0.31	\$34,981,625	\$34,989,588	\$7,963
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/2/2021		15,000,000	0.20	\$14,987,250	\$14,989,673	\$2,423
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/9/2020		50,000,000	1.23	\$49,985,000	\$49,998,463	\$13,463
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/20/2020		90,000,000	0.97	\$89,952,500	\$89,992,500	\$40,000
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/18/2020		20,000,000	0.34	\$19,991,017	\$19,995,481	\$4,465
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/3/2020		40,000,000	0.31	\$39,978,667	\$39,987,627	\$8,960
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		2/26/2021		25,000,000	0.21	\$24,978,271	\$24,977,236	-\$1,035
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		160,000,000	0.31	\$159,916,000	\$159,952,400	\$36,400
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/8/2021		17,000,000	0.20	\$16,984,983	\$16,986,710	\$1,727
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.40	2/26/2021		100,000,000	1.42	\$100,000,000	\$100,499,749	\$499,749
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	5/28/2021		125,000,000	0.44	\$125,000,000	\$125,182,816	\$182,816
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	9/1/2021		50,000,000	0.26	\$50,000,000	\$50,005,545	\$5,545
Canadian Imperial Bank of Commerce, Dec 04, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.37	12/4/2020	12/4/2020	75,000,000	0.38	\$75,000,000	\$75,018,361	\$18,361
Canadian Imperial Bank of Commerce, Feb 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.30	2/5/2021	10/1/2020	40,000,000	0.30	\$40,000,000	\$40,012,294	\$12,294
Canadian Imperial Bank of Commerce, Jan 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	1/4/2021	10/5/2020	100,000,000	0.41	\$100,000,000	\$100,073,723	\$73,723
Canadian Imperial Bank of Commerce, Mar 04, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	3/4/2021	10/1/2020	75,000,000	0.35	\$75,000,000	\$75,059,735	\$59,735
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/5/2020		50,000,000	1.26	\$49,991,458	\$49,999,375	\$7,917
Coca-Cola Company CP4-2	COMMERCIAL PAPER - 4-2		10/9/2020		25,000,000	1.26	\$24,992,313	\$24,999,438	\$7,125
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		10/29/2020		100,000,000	0.56	\$99,955,694	\$99,991,219	\$35,525

See notes at end of table.

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/2/2020		50,000,000	0.51	\$49,977,083	\$49,995,096	\$18,013
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		11/6/2020		100,000,000	0.46	\$99,953,750	\$99,989,414	\$35,664
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/11/2021		41,000,000	0.31	\$40,964,808	\$40,979,354	\$14,546
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		1/13/2021		80,000,000	0.36	\$79,918,333	\$79,958,000	\$39,667
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/3/2021		20,000,000	0.26	\$19,981,800	\$19,985,160	\$3,360
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/17/2021		25,000,000	0.25	\$24,975,694	\$24,978,903	\$3,208
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		2/17/2021		30,000,000	0.29	\$29,967,333	\$29,974,683	\$7,350
Collateralized Commercial Paper V Co. LLC CPABS3A3	COMMERCIAL PAPER - ABS 3A3		3/29/2021		20,000,000	0.21	\$19,979,000	\$19,977,000	-\$2,000
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.11	10/1/2020		100,000,000	0.11	\$100,000,000	\$100,000,000	\$0
Cooperatieve Rabobank UA TD	TIME DEPOSIT	0.11	10/2/2020		500,000,000	0.11	\$500,000,000	\$500,000,000	\$0
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		1/28/2021		100,000,000	0.24	\$99,920,000	\$99,950,000	\$30,000
DNB Bank ASA CP4-2	COMMERCIAL PAPER - 4-2		3/2/2021		100,000,000	0.19	\$99,919,250	\$99,926,475	\$7,225
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CP4-2	COMMERCIAL PAPER - 4-2		2/23/2021		60,000,000	0.20	\$59,951,333	\$59,961,553	\$10,220
Dreyfus Government Cash Management Fund	OVERNIGHT MUTUAL FUND	0.02	10/1/2020		8,396,218	0.02	\$8,396,218	\$8,396,218	\$0
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		10/15/2020		50,000,000	0.22	\$49,995,417	\$49,998,334	\$2,917
Erste Abwicklungsanstalt CP4-2	COMMERCIAL PAPER - 4-2		1/8/2021		100,000,000	0.30	\$99,918,056	\$99,958,889	\$40,833
European Investment Bank CP	COMMERCIAL PAPER		11/17/2020		100,000,000	1.42	\$99,816,000	\$99,985,600	\$169,600
European Investment Bank CP	COMMERCIAL PAPER		11/20/2020		195,000,000	1.47	\$194,604,962	\$194,969,336	\$364,374
European Investment Bank CP	COMMERCIAL PAPER		2/22/2021		150,000,000	0.31	\$149,815,729	\$149,894,876	\$79,146
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		11/9/2020		70,000,000	0.23	\$69,982,111	\$69,992,767	\$10,656
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		3/3/2021		100,000,000	0.20	\$99,914,444	\$99,922,572	\$8,128
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		3/8/2021		50,000,000	0.20	\$49,955,833	\$49,959,588	\$3,754
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		3/9/2021		7,500,000	0.21	\$7,493,000	\$7,493,900	\$900
FMS Wertmanagement AoR CP4-2	COMMERCIAL PAPER - 4-2		4/6/2021		50,000,000	0.20	\$49,947,778	\$49,951,172	\$3,394
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		25,000,000	1.28	\$24,995,660	\$24,999,583	\$3,924
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/19/2020		50,000,000	0.31	\$49,979,167	\$49,987,292	\$8,125
Federated Hermes Institutional Prime Value Obligations Fund - Class IS	MUTUAL FUND MONEY MARKET	0.22	10/1/2020	10/1/2020	781,067,011	0.22	\$781,130,203	\$781,457,545	\$327,342
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.35	8/1/2045	10/1/2020	10,000,000	0.35	\$10,000,000	\$10,000,000	\$0
Foundation Properties, Inc., Sep 01, 2035	VARIABLE RATE DEMAND NOTE	0.47	9/1/2035	10/1/2020	4,036,000	0.48	\$4,036,000	\$4,036,000	\$0
Glencove Funding LLC, Feb 05, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.36	2/5/2021	11/10/2020	130,000,000	0.37	\$130,000,000	\$130,000,000	\$0

See notes at end of table.

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HSBC Securities (USA), Inc. Repo Tri Party Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.07	10/1/2020		100,000,000	0.07	\$100,000,000	\$100,000,000	\$0
Henry Andrew Brown, III 2017 Irrevocable Trust, Series 2017, Oct 01, 2042	VARIABLE RATE DEMAND NOTE	0.18	10/1/2042	10/1/2020	4,260,000	0.18	\$4,260,000	\$4,260,000	\$0
Lilly (Eli) & Co.	COMMERCIAL PAPER - 4-2		10/1/2020		10,000,000	1.28	\$9,999,653	\$9,999,981	\$328
Longship Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/17/2020		50,000,000	0.17	\$49,988,667	\$49,981,600	-\$7,067
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/15/2020		10,000,000	0.36	\$9,998,542	\$9,999,542	\$1,000
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		10/19/2020		35,000,000	1.18	\$34,978,757	\$34,997,673	\$18,916
Mike P. Sturdivant, Sr. Family Trust, Series 2016, Nov 01, 2036	VARIABLE RATE DEMAND NOTE	0.18	11/1/2036	10/1/2020	2,200,000	0.18	\$2,200,000	\$2,200,000	\$0
Mississippi Business Finance Corp., Kohler Project, Jun 01, 2022	VARIABLE RATE DEMAND NOTE	0.45	6/1/2022	10/1/2020	10,000,000	0.45	\$10,000,000	\$10,000,000	\$0
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.08	10/1/2020		450,000,000	0.08	\$450,000,000	\$450,000,000	\$0
N.V. Bank Nederlandse Gemeenten CP4-2	COMMERCIAL PAPER - 4-2		3/3/2021		100,000,000	0.19	\$99,918,722	\$99,922,572	\$3,850
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		11/17/2020		150,000,000	0.25	\$149,950,000	\$149,974,800	\$24,800
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		11/30/2020		30,000,000	0.17	\$29,991,358	\$29,992,375	\$1,017
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		11/30/2020		32,000,000	0.19	\$31,989,698	\$31,991,867	\$2,169
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/1/2020		150,000,000	0.17	\$149,956,083	\$149,960,991	\$4,908
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/3/2020		100,000,000	0.17	\$99,969,778	\$99,973,156	\$3,378
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/7/2020		40,000,000	0.19	\$39,985,644	\$39,988,440	\$2,796
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		12/10/2020		100,000,000	0.19	\$99,962,528	\$99,969,628	\$7,100
National Australia Bank Ltd., Melbourne, Nov 25, 2020	VARIABLE RATE EUR CERTIFICATE OF DEPOSIT	0.38	11/25/2020	11/25/2020	100,000,000	0.39	\$100,000,000	\$100,010,867	\$10,867
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		10/21/2020		200,000,000	0.16	\$199,981,333	\$199,980,400	-\$933
Nationwide Building Society CP4-2	COMMERCIAL PAPER - 4-2		11/15/2020		50,000,000	0.18	\$49,991,000	\$49,992,800	\$1,800
Nederlandse Waterschapsbank NV CP4-2	COMMERCIAL PAPER - 4-2		11/30/2020		132,000,000	0.17	\$131,961,977	\$131,970,700	\$8,723
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.06	10/19/2020		100,000,000	1.08	\$100,000,000	\$100,050,638	\$50,638
Nordea Bank Abp CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	12/16/2020		75,000,000	0.27	\$75,000,000	\$75,021,312	\$21,312
Nordea Bank Abp CP4-2	COMMERCIAL PAPER - 4-2		11/25/2020		25,000,000	0.17	\$24,993,389	\$24,995,450	\$2,061
Nordea Bank Abp CP4-2	COMMERCIAL PAPER - 4-2		3/23/2021		25,000,000	0.21	\$24,975,229	\$24,980,667	\$5,438
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,989,111	\$49,994,595	\$5,483
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/23/2020		50,000,000	0.31	\$49,977,500	\$49,988,900	\$11,400
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/2/2020		37,068,000	0.31	\$37,048,539	\$37,058,270	\$9,730
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		12/14/2020		31,000,000	0.31	\$30,980,625	\$30,990,313	\$9,688

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Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		4/20/2021		20,000,000	0.33	\$19,964,089	\$19,978,117	\$14,028
Old Line Funding, LLC, Feb 12, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.29	2/12/2021	10/1/2020	100,000,000	0.29	\$100,000,000	\$100,007,247	\$7,247
Old Line Funding, LLC, Feb 22, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE		2/22/2021		50,000,000	0.25	\$49,949,653	\$49,966,167	\$16,514
Old Line Funding, LLC, Feb 25, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE		2/25/2021		25,000,000	0.22	\$24,977,389	\$24,971,888	-\$5,501
Old Line Funding, LLC, Mar 15, 2021	COMMERCIAL PAPER ASSET BACKED CALLABLE		3/15/2021		90,000,000	0.24	\$89,900,400	\$89,927,375	\$26,975
Old Line Funding, LLC, Nov 19, 2020	COMMERCIAL PAPER ASSET BACKED CALLABLE	0.40	11/19/2020	11/19/2020	50,000,000	0.40	\$50,000,000	\$50,005,338	\$5,338
Royal Bank of Canada, Apr 29, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.57	4/29/2021	10/29/2020	25,000,000	0.58	\$25,000,000	\$25,044,519	\$44,519
Royal Bank of Canada, Mar 09, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.62	3/9/2021	10/1/2020	25,000,000	0.63	\$25,000,000	\$25,049,976	\$49,976
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.97	5/24/2021		50,000,000	0.98	\$50,000,000	\$50,245,499	\$245,499
Royal Bank of Canada, Montreal CP	COMMERCIAL PAPER		10/21/2020		50,000,000	0.91	\$49,974,042	\$49,997,725	\$23,683
Royal Bank of Canada, New York Branch, Sep 24, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.30	9/24/2021	10/1/2020	20,000,000	0.30	\$20,000,000	\$20,000,000	-\$0
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		50,000,000	0.30	\$49,993,958	\$49,997,292	\$3,333
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/5/2020		80,000,000	0.12	\$79,998,667	\$79,998,989	\$322
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	10/2/2020		170,000,000	0.17	\$170,000,000	\$170,000,632	\$632
Sumitomo Mitsui Trust Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.17	10/15/2020		25,000,000	0.17	\$25,000,000	\$25,000,656	\$656
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/6/2020		30,000,000	1.21	\$29,994,100	\$29,999,595	\$5,495
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/7/2020		15,000,000	1.21	\$14,996,558	\$14,999,767	\$3,208
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		10/13/2020		50,000,000	1.15	\$49,979,778	\$49,998,520	\$18,742
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		3/3/2021		75,000,000	0.18	\$74,942,250	\$74,941,929	-\$321
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/15/2020		25,000,000	1.27	\$24,987,083	\$24,999,063	\$11,979
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		10/28/2020		50,000,000	0.28	\$49,989,111	\$49,995,372	\$6,261
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		11/24/2020		50,000,000	0.23	\$49,982,431	\$49,991,216	\$8,785
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/9/2021		52,750,000	0.20	\$52,703,111	\$52,697,719	-\$5,392
Thunder Bay Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS-4(2)		3/25/2021		100,000,000	0.19	\$99,907,111	\$99,888,044	-\$19,067
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.43	2/26/2021		50,000,000	1.45	\$50,000,000	\$50,254,185	\$254,185

See notes at end of table.

## INVENTORY OF HOLDINGS FOR SEPTEMBER 2020

Security Name	Security Classification	Cpn	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.45	6/16/2021		50,000,000	0.46	\$50,000,000	\$50,082,861	\$82,861
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	3/4/2021		100,000,000	0.20	\$100,000,000	\$99,999,125	-\$875
Toronto Dominion Bank, Mar 05, 2021	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.41	3/5/2021	10/1/2020	100,000,000	0.42	\$100,000,000	\$100,081,212	\$81,212
Toronto Dominion Bank, Nov 13, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.39	11/13/2020	11/13/2020	25,000,000	0.40	\$25,000,000	\$25,004,079	\$4,079
Toyota Credit De Puerto Rico Corp. CP	COMMERCIAL PAPER		1/13/2021		20,000,000	0.31	\$19,982,500	\$19,988,917	\$6,417
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/27/2020		100,000,000	1.76	\$99,871,000	\$99,991,225	\$120,225
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		10/29/2020		75,000,000	1.54	\$74,909,375	\$74,992,811	\$83,436
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/2/2020		75,000,000	1.54	\$74,896,875	\$74,991,613	\$94,738
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/5/2020		100,000,000	1.69	\$99,835,000	\$99,987,600	\$152,600
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		11/24/2020		50,000,000	0.26	\$49,980,139	\$49,989,077	\$8,938
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		12/1/2020		50,000,000	0.36	\$49,969,861	\$49,986,997	\$17,136
Toyota Motor Credit Corp. CP	COMMERCIAL PAPER		1/25/2021		50,000,000	0.29	\$49,954,500	\$49,966,525	\$12,025
U.S.Treasury Bill 03/18/2021	US TREASURY BILL	0.00	3/18/2021		55,000,000	0.12	\$54,969,016	\$54,973,050	\$4,034
U.S.Treasury Bill 12/17/2020	US TREASURY BILL	0.00	12/17/2020		37,000,000	0.11	\$36,991,382	\$36,992,680	\$1,297
U.S.Treasury Bill 12/17/2020	US TREASURY BILL	0.00	12/17/2020		148,000,000	0.11	\$147,964,727	\$147,970,718	\$5,992
U.S.Treasury Bill, 10/15/2020	US TREASURY BILL	0.00	10/15/2020		75,000,000	0.30	\$74,990,938	\$74,997,740	\$6,802
U.S.Treasury Bill, 10/20/2020	US TREASURY BILL	0.00	10/20/2020		105,000,000	0.15	\$104,991,542	\$104,995,844	\$4,302
U.S.Treasury Bill, 10/27/2020	US TREASURY BILL	0.00	10/27/2020		195,000,000	0.15	\$194,978,794	\$194,989,086	\$10,292
U.S.Treasury Bill, 11/03/2020	US TREASURY BILL	0.00	11/3/2020		275,000,000	0.13	\$274,966,236	\$274,976,683	\$10,447
U.S.Treasury Bill, 11/24/2020	US TREASURY BILL	0.00	11/24/2020		13,500,000	0.09	\$13,498,144	\$13,498,228	\$84
U.S.Treasury Bill, 12/01/2020	US TREASURY BILL	0.00	12/1/2020		100,000,000	0.11	\$99,981,056	\$99,984,970	\$3,914
Westpac Banking Corp. Ltd., Sydney, Dec 04, 2020	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.40	12/4/2020	12/4/2020	150,000,000	0.41	\$150,000,000	\$150,047,217	\$47,217
Westpac Banking Corp. Ltd., Sydney, Dec 07, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	12/7/2020	12/7/2020	150,000,000	0.41	\$150,000,000	\$150,049,469	\$49,469
Westpac Banking Corp. Ltd., Sydney, Dec 11, 2020	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	12/11/2020	12/11/2020	18,000,000	0.41	\$18,000,000	\$18,006,296	\$6,296
Westpac Banking Corp. Ltd., Sydney, Feb 05, 2021	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.28	2/5/2021	11/5/2020	25,000,000	0.54	\$24,991,711	\$25,002,580	\$10,869
<i>Total Value of Assets</i>					<i>13,394,192,229</i>		<i>\$13,390,378,455</i>	<i>\$13,395,246,188</i>	<i>\$4,867,733</i>

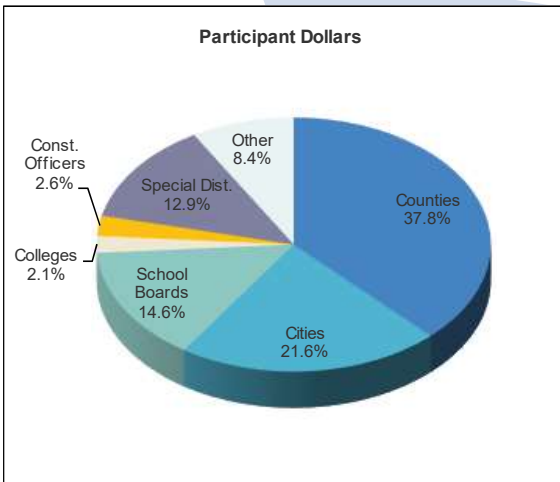
**Notes:** The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

<sup>1</sup> Market values of the portfolio securities are provided by the custodian, BNY Mellon. The portfolio manager, Federated Investment Counseling, is the source for other data shown above.

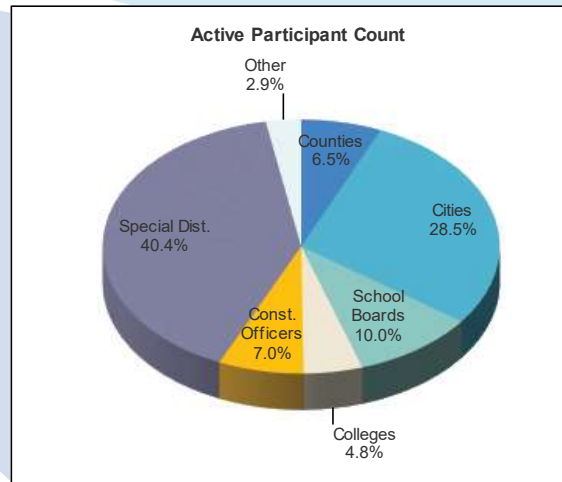
<sup>2</sup> Amortized cost is calculated using a straight line method.

**PARTICIPANT CONCENTRATION DATA - AS OF SEPTEMBER 2020**

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>2.1%</b>	<b>4.8%</b>
Top 10	36.7%	1.4%	Top 10	2.0%	1.4%
\$100 million or more	59.6%	4.4%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	35.1%	18.1%	\$10 million up to \$100 million	1.8%	1.0%
\$1 million up to \$10 million	4.7%	22.2%	\$1 million up to \$10 million	0.3%	1.4%
Under \$1 million	0.6%	55.3%	Under \$1 million	0.02%	2.5%
<b>Counties</b>	<b>37.8%</b>	<b>6.5%</b>	<b>Constitutional Officers</b>	<b>2.6%</b>	<b>7.0%</b>
Top 10	30.9%	1.4%	Top 10	1.6%	1.4%
\$100 million or more	34.4%	1.9%	\$100 million or more	1.1%	0.1%
\$10 million up to \$100 million	3.1%	1.5%	\$10 million up to \$100 million	0.9%	0.7%
\$1 million up to \$10 million	0.3%	1.2%	\$1 million up to \$10 million	0.5%	2.2%
Under \$1 million	0.0%	1.9%	Under \$1 million	0.0%	4.0%
<b>Municipalities</b>	<b>21.6%</b>	<b>28.5%</b>	<b>Special Districts</b>	<b>12.9%</b>	<b>40.4%</b>
Top 10	8.6%	1.4%	Top 10	8.0%	1.4%
\$100 million or more	6.5%	1.0%	\$100 million or more	5.4%	0.5%
\$10 million up to \$100 million	13.2%	6.8%	\$10 million up to \$100 million	5.9%	3.5%
\$1 million up to \$10 million	1.7%	7.5%	\$1 million up to \$10 million	1.3%	7.4%
Under \$1 million	0.1%	13.2%	Under \$1 million	0.3%	28.9%
<b>School Boards</b>	<b>14.6%</b>	<b>10.0%</b>	<b>Other</b>	<b>8.4%</b>	<b>2.9%</b>
Top 10	9.4%	1.4%	Top 10	8.1%	1.4%
\$100 million or more	5.7%	0.4%	\$100 million or more	6.5%	0.4%
\$10 million up to \$100 million	8.4%	4.0%	\$10 million up to \$100 million	1.7%	0.7%
\$1 million up to \$10 million	0.4%	1.9%	\$1 million up to \$10 million	0.2%	0.7%
Under \$1 million	0.0%	3.7%	Under \$1 million	0.0%	1.1%



**Total Fund Value: \$13,393,164,417**



**Total Active Participant Count: 733**

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



## COMPLIANCE WITH INVESTMENT POLICY FOR SEPTEMBER 2020

As investment manager, Federated monitors compliance daily on Florida PRIME to ensure that investment practices comply with the requirements of the Investment Policy Statement (IPS). Federated provides a monthly compliance report to the SBA and is required to notify the Investment Oversight Group (IOG) of compliance exceptions within 24 hours of identification. The IOG will meet as necessary based on the occurrence and resolution of compliance exceptions or upon the occurrence of a material event. Minutes from the IOG meetings are posted to the Florida PRIME website.

In addition to the compliance testing performed by Federated, 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
Securities must be USD denominated	Pass
Unregistered securities must be eligible for sale to Accredited Investors or Qualified Purchasers.	Pass
<u>Ratings requirements</u>	
First Tier Securities	Pass
Long-term securities must have long-term ratings in the three highest categories	Pass
Commercial Paper must have short-term ratings from at least one NRSRO	Pass
Securities in Highest Rating Category (A-1+ or equivalent)	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life	Pass
<u>Maturity</u>	
Individual Security	Pass
Government floating rate notes/variable rate notes	Pass
Dollar Weighted Average Maturity	Pass
Weighted Average Life	Pass
<u>Issuer Diversification</u>	
First tier issuer (limit does not apply to cash, cash items, U.S. Government securities and repo collateralized by these securities)	Pass
<u>Demand Feature and Guarantor Diversification</u>	
First Tier securities issued by or subject to demand features and guarantees of a non-controlled person	Pass
First Tier securities issued by or subject to demand features and guarantees of a controlled person	Pass

Test by Source	Pass/Fail
<u>Money Market Mutual Funds</u>	
Invested in any one Money Market Mutual Fund	Pass
<u>Repurchase Agreements</u>	
Repurchase Agreement Counterparty Rating	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (2-5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1+ (More than 5 business days)	Pass
Term Repurchase Agreements with any single dealer - Counterparty Rating A-1 (More than 5 business days)	Pass
Repurchase Agreements with any single dealer - Counterparty Rating A-1	Pass
<u>Concentration Tests</u>	
Industry Concentration, excluding financial services industry	Pass
Any Single Government Agency	Pass
<u>Illiquid Securities</u>	
Assets invested in securities accessible within 1 business day	Pass
Assets invested in securities accessible within 5 business days	Pass

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
<i>Buys</i>								
ANGLESEA FUNDING LLC	03/03/21	09/03/20	09/04/20	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC	03/03/21	09/03/20	09/04/20	25,000,000	25,000,000	0	25,000,000	0
ANGLESEA FUNDING LLC	03/23/21	09/23/20	09/24/20	50,000,000	50,000,000	0	50,000,000	0
ANGLESEA FUNDING LLC	03/23/21	09/24/20	09/24/20	25,000,000	25,000,000	0	25,000,000	0
ANTALIS S,A, CPABS4CPABS4	10/02/20	09/25/20	09/25/20	37,230,000	37,229,204	0	37,229,204	0
BARTON CAPITAL S,A,CPABS4	09/16/20	09/09/20	09/09/20	50,000,000	49,998,833	0	49,998,833	0
BARTON CAPITAL S,A,CPABS4	09/16/20	09/09/20	09/09/20	25,000,000	24,999,417	0	24,999,417	0
BARTON CAPITAL S,A,CPABS4	09/21/20	09/14/20	09/14/20	50,000,000	49,998,833	0	49,998,833	0
BARTON CAPITAL S,A,CPABS4	09/21/20	09/14/20	09/14/20	50,000,000	49,998,833	0	49,998,833	0
BARTON CAPITAL S,A,CPABS4	10/05/20	09/28/20	09/28/20	50,000,000	49,998,931	0	49,998,931	0
BARTON CAPITAL S,A,CPABS4	10/05/20	09/28/20	09/28/20	25,000,000	24,999,465	0	24,999,465	0
BEDFORD ROW FUNDING CORP	09/10/21	09/15/20	09/16/20	50,000,000	50,000,000	0	50,000,000	0
BEDFORD ROW FUNDING CORP	09/10/21	09/15/20	09/16/20	8,000,000	8,000,000	0	8,000,000	0
N,V, BANK NEDERLANDCP4-2	03/03/21	09/02/20	09/03/20	50,000,000	49,952,236	0	49,952,236	0
N,V, BANK NEDERLANDCP4-2	03/03/21	09/02/20	09/03/20	50,000,000	49,952,236	0	49,952,236	0
COLLATERALIZED COMMCPABS3	03/29/21	09/28/20	09/28/20	20,000,000	19,978,767	0	19,978,767	0
DNB BANK ASA CP4-2CP4-2	03/02/21	09/02/20	09/02/20	50,000,000	49,952,236	0	49,952,236	0
DNB BANK ASA CP4-2CP4-2	03/02/21	09/02/20	09/02/20	50,000,000	49,952,236	0	49,952,236	0
DZ BANK AG DEUTSCHECP4-2	02/23/21	09/18/20	09/21/20	50,000,000	49,956,944	0	49,956,944	0
DZ BANK AG DEUTSCHECP4-2	02/23/21	09/18/20	09/21/20	10,000,000	9,991,389	0	9,991,389	0
FMS WERTMANAGEMENT CP4-2	03/08/21	09/02/20	09/02/20	50,000,000	49,948,056	0	49,948,056	0
FMS WERTMANAGEMENT CP4-2	03/09/21	09/04/20	09/04/20	7,500,000	7,491,863	0	7,491,863	0
FMS WERTMANAGEMENT CP4-2	04/06/21	09/02/20	09/03/20	50,000,000	49,940,278	0	49,940,278	0
LONGSHIP FUNDING LLC CPABS4	09/10/20	09/03/20	09/03/20	30,000,000	29,999,358	0	29,999,358	0
LONGSHIP FUNDING LLC CPABS4	09/17/20	09/10/20	09/10/20	30,000,000	29,999,358	0	29,999,358	0
NRW BANK	09/22/20	09/15/20	09/15/20	50,000,000	49,999,028	0	49,999,028	0
NRW,BANK CP4-2CP4-2	11/30/20	09/01/20	09/01/20	30,000,000	29,987,250	0	29,987,250	0
NRW,BANK CP4-2CP4-2	11/30/20	09/11/20	09/14/20	32,000,000	31,986,996	0	31,986,996	0
NRW,BANK CP4-2CP4-2	12/01/20	09/01/20	09/01/20	50,000,000	49,978,514	0	49,978,514	0
NRW,BANK CP4-2CP4-2	12/03/20	09/01/20	09/01/20	50,000,000	49,978,042	0	49,978,042	0
NRW,BANK CP4-2CP4-2	12/07/20	09/08/20	09/09/20	40,000,000	39,981,211	0	39,981,211	0
NRW,BANK CP4-2CP4-2	12/10/20	09/09/20	09/10/20	50,000,000	49,975,986	0	49,975,986	0
NRW,BANK CP4-2CP4-2	12/10/20	09/09/20	09/10/20	50,000,000	49,975,986	0	49,975,986	0
NATIONWIDE BUILDINGCP4-2	10/21/20	09/18/20	09/21/20	50,000,000	49,993,333	0	49,993,333	0
NATIONWIDE BUILDINGCP4-2	10/21/20	09/18/20	09/21/20	50,000,000	49,993,333	0	49,993,333	0
NATIONWIDE BUILDINGCP4-2	10/21/20	09/18/20	09/21/20	50,000,000	49,993,333	0	49,993,333	0
NATIONWIDE BUILDINGCP4-2	10/21/20	09/18/20	09/21/20	50,000,000	49,993,333	0	49,993,333	0
NATIONWIDE BUILDINGCP4-2	11/05/20	09/24/20	09/24/20	50,000,000	49,989,500	0	49,989,500	0
NEDERLANDSE WATERSCCP4-2	09/09/20	09/01/20	09/02/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/09/20	09/01/20	09/02/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/16/20	09/08/20	09/09/20	22,000,000	21,999,487	0	21,999,487	0

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NEDERLANDSE WATERSCCP4-2	09/23/20	09/15/20	09/16/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/23/20	09/15/20	09/16/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/17/20	09/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/17/20	09/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/17/20	09/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/17/20	09/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/17/20	09/18/20	50,000,000	49,998,833	0	49,998,833	0
NEDERLANDSE WATERSCCP4-2	11/30/20	09/01/20	09/01/20	50,000,000	49,978,750	0	49,978,750	0
NEDERLANDSE WATERSCCP4-2	11/30/20	09/01/20	09/01/20	50,000,000	49,978,750	0	49,978,750	0
NEDERLANDSE WATERSCCP4-2	11/30/20	09/01/20	09/01/20	32,000,000	31,986,400	0	31,986,400	0
NORDEA BANK ABP CP4CP4-2	03/23/21	09/23/20	09/23/20	25,000,000	24,974,233	0	24,974,233	0
OLD LINE FUNDING, LLC, MA	03/15/21	09/11/20	09/11/20	50,000,000	49,938,333	0	49,938,333	0
OLD LINE FUNDING, LLC, MA	03/15/21	09/11/20	09/11/20	40,000,000	39,950,667	0	39,950,667	0
ROYAL BANK OF CANADA/NEW YORK NY	09/24/21	09/25/20	09/25/20	20,000,000	20,000,000	0	20,000,000	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/15/20	09/15/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/15/20	09/15/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/15/20	09/15/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/15/20	09/15/20	50,000,000	49,998,931	0	49,998,931	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/15/20	09/15/20	50,000,000	49,998,931	0	49,998,931	0
STARBIRD FUNDING COCPABS4	10/05/20	09/28/20	09/29/20	50,000,000	49,999,000	0	49,999,000	0
STARBIRD FUNDING COCPABS4	10/05/20	09/28/20	09/29/20	30,000,000	29,999,400	0	29,999,400	0
SVENSKA HANDELSBANKCP4-2	03/03/21	09/01/20	09/01/20	50,000,000	49,954,250	0	49,954,250	0
SVENSKA HANDELSBANKCP4-2	03/03/21	09/01/20	09/01/20	25,000,000	24,977,125	0	24,977,125	0
THUNDER BAY FUNDINGCPCABS4	03/09/21	09/03/20	09/03/20	50,000,000	49,948,056	0	49,948,056	0
THUNDER BAY FUNDINGCPCABS4	03/09/21	09/03/20	09/03/20	2,750,000	2,747,143	0	2,747,143	0
THUNDER BAY FUNDINGCPCABS4	03/25/21	09/28/20	09/30/20	50,000,000	49,953,556	0	49,953,556	0
THUNDER BAY FUNDINGCPCABS4	03/25/21	09/28/20	09/30/20	50,000,000	49,953,556	0	49,953,556	0
UNITED STATES TREASURY BILL	03/18/21	09/14/20	09/17/20	50,000,000	49,969,667	0	49,969,667	0
UNITED STATES TREASURY BILL	03/18/21	09/14/20	09/17/20	5,000,000	4,996,967	0	4,996,967	0
UNITED STATES CASH MANAGEMENT BILL	11/24/20	09/24/20	09/29/20	13,500,000	13,498,110	0	13,498,110	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/02/20	09/02/20	6,759,068	6,759,068	0	6,759,068	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/09/20	09/09/20	32,871,455	32,871,455	0	32,871,455	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/15/20	09/15/20	6,483	6,483	0	6,483	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/17/20	09/17/20	16,325,586	16,325,586	0	16,325,586	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/22/20	09/22/20	7,974,463	7,974,463	0	7,974,463	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/24/20	09/24/20	5,500,894	5,500,894	0	5,500,894	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/25/20	09/25/20	3,705,836	3,705,836	0	3,705,836	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/29/20	09/29/20	1,532,031	1,532,031	0	1,532,031	0
FEDERATED INS PRMVAL OB-IS	12/01/50	09/29/20	09/29/20	5,000	5,003	0	5,003	0
BANK OF AMERICA TRIPARTY	09/02/20	09/01/20	09/01/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	09/02/20	09/01/20	09/01/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/02/20	09/01/20	09/01/20	100,000,000	100,000,000	0	100,000,000	0

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	09/03/20	09/02/20	09/02/20	425,000,000	425,000,000	0	425,000,000	0
MIZUHO TRIPARTY	09/03/20	09/02/20	09/02/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/03/20	09/02/20	09/02/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/04/20	09/03/20	09/03/20	425,000,000	425,000,000	0	425,000,000	0
MIZUHO TRIPARTY	09/04/20	09/03/20	09/03/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/04/20	09/03/20	09/03/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/08/20	09/04/20	09/04/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/08/20	09/04/20	09/04/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/08/20	09/04/20	09/04/20	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	09/09/20	09/08/20	09/08/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/09/20	09/08/20	09/08/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/09/20	09/08/20	09/08/20	1,175,000,000	1,175,000,000	0	1,175,000,000	0
MIZUHO TRIPARTY	09/10/20	09/09/20	09/09/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/10/20	09/09/20	09/09/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/10/20	09/09/20	09/09/20	1,510,000,000	1,510,000,000	0	1,510,000,000	0
MIZUHO TRIPARTY	09/11/20	09/10/20	09/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/11/20	09/10/20	09/10/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/11/20	09/10/20	09/10/20	1,260,000,000	1,260,000,000	0	1,260,000,000	0
MIZUHO TRIPARTY	09/14/20	09/11/20	09/11/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/14/20	09/11/20	09/11/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/14/20	09/11/20	09/11/20	1,050,000,000	1,050,000,000	0	1,050,000,000	0
BANK OF AMERICA TRIPARTY	09/15/20	09/14/20	09/14/20	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	09/15/20	09/14/20	09/14/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/15/20	09/14/20	09/14/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/16/20	09/15/20	09/15/20	575,000,000	575,000,000	0	575,000,000	0
MIZUHO TRIPARTY	09/16/20	09/15/20	09/15/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/16/20	09/15/20	09/15/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/17/20	09/16/20	09/16/20	940,000,000	940,000,000	0	940,000,000	0
MIZUHO TRIPARTY	09/17/20	09/16/20	09/16/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/17/20	09/16/20	09/16/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/18/20	09/17/20	09/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/18/20	09/17/20	09/17/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/18/20	09/17/20	09/17/20	425,000,000	425,000,000	0	425,000,000	0
BANK OF AMERICA TRIPARTY	09/21/20	09/18/20	09/18/20	445,000,000	445,000,000	0	445,000,000	0
MIZUHO TRIPARTY	09/21/20	09/18/20	09/18/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/21/20	09/18/20	09/18/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/22/20	09/21/20	09/21/20	275,000,000	275,000,000	0	275,000,000	0
MIZUHO TRIPARTY	09/22/20	09/21/20	09/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/22/20	09/21/20	09/21/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/23/20	09/22/20	09/22/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/23/20	09/22/20	09/22/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/23/20	09/22/20	09/22/20	420,000,000	420,000,000	0	420,000,000	0
BANK OF AMERICA TRIPARTY	09/24/20	09/23/20	09/23/20	345,000,000	345,000,000	0	345,000,000	0

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO TRIPARTY	09/24/20	09/23/20	09/23/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/24/20	09/23/20	09/23/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/25/20	09/24/20	09/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/25/20	09/24/20	09/24/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/25/20	09/24/20	09/24/20	395,000,000	395,000,000	0	395,000,000	0
BANK OF AMERICA TRIPARTY	09/28/20	09/25/20	09/25/20	600,000,000	600,000,000	0	600,000,000	0
MIZUHO TRIPARTY	09/28/20	09/25/20	09/25/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/28/20	09/25/20	09/25/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/29/20	09/28/20	09/28/20	550,000,000	550,000,000	0	550,000,000	0
MIZUHO TRIPARTY	09/29/20	09/28/20	09/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/29/20	09/28/20	09/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/30/20	09/29/20	09/29/20	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	09/30/20	09/29/20	09/29/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/30/20	09/29/20	09/29/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	10/01/20	09/30/20	09/30/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	10/01/20	09/30/20	09/30/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	10/01/20	09/30/20	09/30/20	365,000,000	365,000,000	0	365,000,000	0
<i>Total Buys</i>				27,559,660,816	27,558,632,738	0	27,558,632,738	0
<i>Cash Closes</i>								
ANGLESEA FUNDING LLC	12/09/20	09/04/20	09/04/20	75,000,000	75,000,000	20,041	75,020,041	0
ANGLESEA FUNDING LLC	12/24/20	09/24/20	09/24/20	50,000,000	50,000,000	55,100	50,055,100	0
FOUNDATION PROPERTIES INC	09/01/35	09/01/20	09/01/20	175,000	175,000	0	175,000	0
OLD LINE FUNDING, LLC, OC	10/26/20	09/11/20	09/11/20	90,000,000	89,887,500	0	89,887,500	0
<i>Total Cash Closes</i>				215,175,000	215,062,500	75,141	215,137,641	0
<i>Deposits</i>								
AUSTRALIA NEW ZEATD 0.12 20200908	09/08/20	09/01/20	09/01/20	337,000,000	337,000,000	0	337,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200908	09/08/20	09/01/20	09/01/20	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200909	09/09/20	09/02/20	09/02/20	350,000,000	350,000,000	0	350,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200909	09/09/20	09/02/20	09/02/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200911	09/11/20	09/04/20	09/04/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200915	09/15/20	09/08/20	09/08/20	355,000,000	355,000,000	0	355,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200916	09/16/20	09/09/20	09/09/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200916	09/16/20	09/09/20	09/09/20	220,000,000	220,000,000	0	220,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200917	09/17/20	09/10/20	09/10/20	250,000,000	250,000,000	0	250,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200918	09/18/20	09/11/20	09/11/20	250,000,000	250,000,000	0	250,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200918	09/18/20	09/11/20	09/11/20	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200921	09/21/20	09/14/20	09/14/20	270,000,000	270,000,000	0	270,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200922	09/22/20	09/15/20	09/15/20	345,000,000	345,000,000	0	345,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200923	09/23/20	09/16/20	09/16/20	225,000,000	225,000,000	0	225,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200924	09/24/20	09/17/20	09/17/20	350,000,000	350,000,000	0	350,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200924	09/24/20	09/17/20	09/17/20	300,000,000	300,000,000	0	300,000,000	0



## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
RABOBANK NEDERLAND,TD 0.12 20200925	09/25/20	09/18/20	09/18/20	275,000,000	275,000,000	0	275,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200928	09/28/20	09/21/20	09/21/20	270,000,000	270,000,000	0	270,000,000	0
AUSTRALIA NEW ZEATD 0.11 20200929	09/29/20	09/22/20	09/22/20	340,000,000	340,000,000	0	340,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200929	09/29/20	09/22/20	09/22/20	150,000,000	150,000,000	0	150,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200930	09/30/20	09/23/20	09/23/20	270,000,000	270,000,000	0	270,000,000	0
AUSTRALIA NEW ZEATD 0.11 20201001	10/01/20	09/24/20	09/24/20	345,000,000	345,000,000	0	345,000,000	0
RABOBANK NEDERLAND,TD 0.11 20201001	10/01/20	09/24/20	09/24/20	100,000,000	100,000,000	0	100,000,000	0
RABOBANK NEDERLAND,TD 0.11 20201002	10/02/20	09/25/20	09/25/20	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.11 20201005	10/05/20	09/28/20	09/28/20	265,000,000	265,000,000	0	265,000,000	0
ABN AMRO BANK NV,ATD 0.11 20201006	10/06/20	09/29/20	09/29/20	150,000,000	150,000,000	0	150,000,000	0
AUSTRALIA NEW ZEATD 0.11 20201006	10/06/20	09/29/20	09/29/20	340,000,000	340,000,000	0	340,000,000	0
<i>Total Deposits</i>				<i>7,657,000,000</i>	<i>7,657,000,000</i>	<i>0</i>	<i>7,657,000,000</i>	<i>0</i>
<i>Maturities</i>								
BANK OF NOVA SCOTIA/HOUSTON	09/03/20	09/03/20	09/03/20	100,000,000	100,000,000	0	100,000,000	0
BANQUE ET CAISSE D'CP	09/04/20	09/04/20	09/04/20	150,000,000	150,000,000	0	150,000,000	0
BARTON CAPITAL S,A,CPABS4	09/09/20	09/09/20	09/09/20	150,000,000	150,000,000	0	150,000,000	0
BARTON CAPITAL S,A,CPABS4	09/14/20	09/14/20	09/14/20	125,000,000	125,000,000	0	125,000,000	0
BARTON CAPITAL S,A,CPABS4	09/16/20	09/16/20	09/16/20	75,000,000	75,000,000	0	75,000,000	0
BARTON CAPITAL S,A,CPABS4	09/21/20	09/21/20	09/21/20	100,000,000	100,000,000	0	100,000,000	0
COCA-COLA COMPANY CCP4-2	09/16/20	09/16/20	09/16/20	25,000,000	25,000,000	0	25,000,000	0
DZ BANK AG DEUTSCHECDYAN	09/03/20	09/03/20	09/03/20	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	09/10/20	09/10/20	09/10/20	75,000,000	75,000,000	0	75,000,000	0
DZ BANK AG DEUTSCHECP4-2	09/08/20	09/08/20	09/08/20	11,800,000	11,800,000	0	11,800,000	0
GOTHAM FUNDING CORPCPABS4	09/25/20	09/25/20	09/25/20	150,000,000	150,000,000	0	150,000,000	0
LONGSHIP FUNDING LLCPABS4	09/08/20	09/08/20	09/08/20	121,800,000	121,800,000	0	121,800,000	0
LONGSHIP FUNDING LLCPABS4	09/10/20	09/10/20	09/10/20	30,000,000	30,000,000	0	30,000,000	0
LONGSHIP FUNDING LLCPABS4	09/17/20	09/17/20	09/17/20	30,000,000	30,000,000	0	30,000,000	0
MANHATTAN ASSET FUNCPABS4	09/03/20	09/03/20	09/03/20	27,000,000	27,000,000	0	27,000,000	0
NRW,BANK CP4-2CP4-2	09/01/20	09/01/20	09/01/20	140,000,000	140,000,000	0	140,000,000	0
NRW BANK	09/22/20	09/22/20	09/22/20	50,000,000	50,000,000	0	50,000,000	0
NATIONAL AUSTRALIA BANK LTD	09/11/20	09/11/20	09/11/20	45,000,000	45,000,000	0	45,000,000	0
NATIONWIDE BUILDINGCP4-2	09/04/20	09/04/20	09/04/20	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERSCCP4-2	09/09/20	09/09/20	09/09/20	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERSCCP4-2	09/16/20	09/16/20	09/16/20	22,000,000	22,000,000	0	22,000,000	0
NEDERLANDSE WATERSCCP4-2	09/23/20	09/23/20	09/23/20	100,000,000	100,000,000	0	100,000,000	0
NEDERLANDSE WATERSCCP4-2	09/25/20	09/25/20	09/25/20	250,000,000	250,000,000	0	250,000,000	0
NEDERLANDSE WATERSCHAPSBANK NV	09/08/20	09/08/20	09/08/20	100,000,000	100,000,000	0	100,000,000	0
NORDEA BANK ABP CP4CP4-2	09/18/20	09/18/20	09/18/20	100,000,000	100,000,000	0	100,000,000	0
ROYAL BANK OF CANADCP	09/09/20	09/09/20	09/09/20	135,000,000	135,000,000	0	135,000,000	0
SHEFFIELD RECEIVABLCPABS4	09/09/20	09/09/20	09/09/20	12,000,000	12,000,000	0	12,000,000	0

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SHEFFIELD RECEIVABLC PABS4	09/10/20	09/10/20	09/10/20	62,100,000	62,100,000	0	62,100,000	0
SHEFFIELD RECEIVABLC PABS4	09/16/20	09/16/20	09/16/20	17,650,000	17,650,000	0	17,650,000	0
SOCIETE GENERALE, PCP4-2	09/22/20	09/22/20	09/22/20	250,000,000	250,000,000	0	250,000,000	0
SUMITOMO MITSUI BANC DYAN	09/08/20	09/08/20	09/08/20	50,000,000	50,000,000	0	50,000,000	0
TORONTO-DOMINION BANK/NY	09/28/20	09/28/20	09/28/20	75,000,000	75,000,000	0	75,000,000	0
TORONTO-DOMINION BANK/THE	09/30/20	09/30/20	09/30/20	50,000,000	50,000,000	0	50,000,000	0
TOYOTA FINANCE AUSTCP	09/08/20	09/08/20	09/08/20	158,000,000	158,000,000	0	158,000,000	0
UNITED STATES CASH MANAGEMENT BILL	09/15/20	09/15/20	09/15/20	125,000,000	125,000,000	0	125,000,000	0
BANK OF AMERICA TRIPARTY	09/01/20	09/01/20	09/01/20	510,000,000	510,000,000	0	510,000,000	0
MIZUHO TRIPARTY	09/01/20	09/01/20	09/01/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/01/20	09/01/20	09/01/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/02/20	09/02/20	09/02/20	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	09/02/20	09/02/20	09/02/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/02/20	09/02/20	09/02/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/03/20	09/03/20	09/03/20	425,000,000	425,000,000	0	425,000,000	0
MIZUHO TRIPARTY	09/03/20	09/03/20	09/03/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/03/20	09/03/20	09/03/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/04/20	09/04/20	09/04/20	425,000,000	425,000,000	0	425,000,000	0
MIZUHO TRIPARTY	09/04/20	09/04/20	09/04/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/04/20	09/04/20	09/04/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/08/20	09/08/20	09/08/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/08/20	09/08/20	09/08/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/08/20	09/08/20	09/08/20	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	09/09/20	09/09/20	09/09/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/09/20	09/09/20	09/09/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/09/20	09/09/20	09/09/20	1,175,000,000	1,175,000,000	0	1,175,000,000	0
MIZUHO TRIPARTY	09/10/20	09/10/20	09/10/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/10/20	09/10/20	09/10/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/10/20	09/10/20	09/10/20	1,510,000,000	1,510,000,000	0	1,510,000,000	0
MIZUHO TRIPARTY	09/11/20	09/11/20	09/11/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/11/20	09/11/20	09/11/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/11/20	09/11/20	09/11/20	1,260,000,000	1,260,000,000	0	1,260,000,000	0
MIZUHO TRIPARTY	09/14/20	09/14/20	09/14/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/14/20	09/14/20	09/14/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/14/20	09/14/20	09/14/20	1,050,000,000	1,050,000,000	0	1,050,000,000	0
BANK OF AMERICA TRIPARTY	09/15/20	09/15/20	09/15/20	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	09/15/20	09/15/20	09/15/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/15/20	09/15/20	09/15/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/16/20	09/16/20	09/16/20	575,000,000	575,000,000	0	575,000,000	0
MIZUHO TRIPARTY	09/16/20	09/16/20	09/16/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/16/20	09/16/20	09/16/20	100,000,000	100,000,000	0	100,000,000	0

## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	09/17/20	09/17/20	09/17/20	940,000,000	940,000,000	0	940,000,000	0
MIZUHO TRIPARTY	09/17/20	09/17/20	09/17/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/17/20	09/17/20	09/17/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/18/20	09/18/20	09/18/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/18/20	09/18/20	09/18/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/18/20	09/18/20	09/18/20	425,000,000	425,000,000	0	425,000,000	0
BANK OF AMERICA TRIPARTY	09/21/20	09/21/20	09/21/20	445,000,000	445,000,000	0	445,000,000	0
MIZUHO TRIPARTY	09/21/20	09/21/20	09/21/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/21/20	09/21/20	09/21/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/22/20	09/22/20	09/22/20	275,000,000	275,000,000	0	275,000,000	0
MIZUHO TRIPARTY	09/22/20	09/22/20	09/22/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/22/20	09/22/20	09/22/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/23/20	09/23/20	09/23/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/23/20	09/23/20	09/23/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/23/20	09/23/20	09/23/20	420,000,000	420,000,000	0	420,000,000	0
BANK OF AMERICA TRIPARTY	09/24/20	09/24/20	09/24/20	345,000,000	345,000,000	0	345,000,000	0
MIZUHO TRIPARTY	09/24/20	09/24/20	09/24/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/24/20	09/24/20	09/24/20	100,000,000	100,000,000	0	100,000,000	0
MIZUHO TRIPARTY	09/25/20	09/25/20	09/25/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/25/20	09/25/20	09/25/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/25/20	09/25/20	09/25/20	395,000,000	395,000,000	0	395,000,000	0
BANK OF AMERICA TRIPARTY	09/28/20	09/28/20	09/28/20	600,000,000	600,000,000	0	600,000,000	0
MIZUHO TRIPARTY	09/28/20	09/28/20	09/28/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/28/20	09/28/20	09/28/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/29/20	09/29/20	09/29/20	550,000,000	550,000,000	0	550,000,000	0
MIZUHO TRIPARTY	09/29/20	09/29/20	09/29/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/29/20	09/29/20	09/29/20	100,000,000	100,000,000	0	100,000,000	0
BANK OF AMERICA TRIPARTY	09/30/20	09/30/20	09/30/20	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	09/30/20	09/30/20	09/30/20	450,000,000	450,000,000	0	450,000,000	0
HSBC TRIPARTY	09/30/20	09/30/20	09/30/20	100,000,000	100,000,000	0	100,000,000	0
AUSTRALIA NEW ZEATD 0.13 20200901	09/01/20	09/01/20	09/01/20	340,000,000	340,000,000	0	340,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200901	09/01/20	09/01/20	09/01/20	500,000,000	500,000,000	0	500,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200902	09/02/20	09/02/20	09/02/20	375,000,000	375,000,000	0	375,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200902	09/02/20	09/02/20	09/02/20	500,000,000	500,000,000	0	500,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200903	09/03/20	09/03/20	09/03/20	100,000,000	100,000,000	0	100,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200908	09/08/20	09/08/20	09/08/20	105,000,000	105,000,000	0	105,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200908	09/08/20	09/08/20	09/08/20	337,000,000	337,000,000	0	337,000,000	0
RABOBANK NEDERLAND,TD 0.11 20200908	09/08/20	09/08/20	09/08/20	300,000,000	300,000,000	0	300,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200909	09/09/20	09/09/20	09/09/20	350,000,000	350,000,000	0	350,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200909	09/09/20	09/09/20	09/09/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200911	09/11/20	09/11/20	09/11/20	200,000,000	200,000,000	0	200,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200915	09/15/20	09/15/20	09/15/20	355,000,000	355,000,000	0	355,000,000	0



## TRADING ACTIVITY FOR SEPTEMBER 2020

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
AUSTRALIA NEW ZEATD 0.12 20200916	09/16/20	09/16/20	09/16/20	350,000,000	350,000,000	0	350,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200916	09/16/20	09/16/20	09/16/20	220,000,000	220,000,000	0	220,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200917	09/17/20	09/17/20	09/17/20	250,000,000	250,000,000	0	250,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200918	09/18/20	09/18/20	09/18/20	250,000,000	250,000,000	0	250,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200918	09/18/20	09/18/20	09/18/20	200,000,000	200,000,000	0	200,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200921	09/21/20	09/21/20	09/21/20	270,000,000	270,000,000	0	270,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200922	09/22/20	09/22/20	09/22/20	345,000,000	345,000,000	0	345,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200923	09/23/20	09/23/20	09/23/20	225,000,000	225,000,000	0	225,000,000	0
AUSTRALIA NEW ZEATD 0.12 20200924	09/24/20	09/24/20	09/24/20	350,000,000	350,000,000	0	350,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200924	09/24/20	09/24/20	09/24/20	300,000,000	300,000,000	0	300,000,000	0
RABOBANK NEDERLAND,TD 0.12 20200925	09/25/20	09/25/20	09/25/20	275,000,000	275,000,000	0	275,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200928	09/28/20	09/28/20	09/28/20	270,000,000	270,000,000	0	270,000,000	0
AUSTRALIA NEW ZEATD 0.11 20200929	09/29/20	09/29/20	09/29/20	340,000,000	340,000,000	0	340,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200929	09/29/20	09/29/20	09/29/20	150,000,000	150,000,000	0	150,000,000	0
ABN AMRO BANK NV,ATD 0.11 20200930	09/30/20	09/30/20	09/30/20	270,000,000	270,000,000	0	270,000,000	0
<i>Total Maturities</i>				<i>35,759,350,000</i>	<i>35,759,350,000</i>	<i>0</i>	<i>35,759,350,000</i>	<i>0</i>
<i>Sells</i>								
BEDFORD ROW FUNDINGCPABS4	12/02/20	09/15/20	09/16/20	42,800,000	42,784,437	0	42,784,437	1,831
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/01/20	09/01/20	54,727,536	54,727,536	0	54,727,536	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/03/20	09/03/20	1,049,812	1,049,812	0	1,049,812	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/04/20	09/04/20	1,843,730	1,843,730	0	1,843,730	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/08/20	09/08/20	13,385,937	13,385,937	0	13,385,937	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/10/20	09/10/20	4,496,350	4,496,350	0	4,496,350	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/11/20	09/11/20	12,649,830	12,649,830	0	12,649,830	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/14/20	09/14/20	2,153,310	2,153,310	0	2,153,310	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/16/20	09/16/20	6,563,180	6,563,180	0	6,563,180	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/18/20	09/18/20	13,110,744	13,110,744	0	13,110,744	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/21/20	09/21/20	10,230,111	10,230,111	0	10,230,111	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/23/20	09/23/20	7,974,463	7,974,463	0	7,974,463	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/28/20	09/28/20	1,701,778	1,701,778	0	1,701,778	0
DREYFUS GOVT CASH MGMT FUND	02/01/22	09/30/20	09/30/20	640,767	640,767	0	640,767	0
FEDERATED INS PRM VAL OB-IS	12/01/50	09/28/20	09/28/20	5,000	5,003	0	5,003	2
<i>Total Sells</i>				<i>173,332,547</i>	<i>173,316,987</i>	<i>0</i>	<i>173,316,987</i>	<i>1,833</i>



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

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

(An External Investment Pool)

For the Fiscal Years Ended  
June 30, 2020, and June 30, 2019



Sherrill F. Norman, CPA  
Auditor General

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

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

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

The team leader was Toni Waterman, CPA, and the audit was supervised by Ryan Marlar, CPA.

Please address inquiries regarding this report to Joshua T. Barrett, CPA, Audit Manager, by e-mail at [joshuabarrett@aud.state.fl.us](mailto:joshuabarrett@aud.state.fl.us) or by telephone at (850) 412-2804.

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**State of Florida Auditor General**

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

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

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## SUMMARY OF REPORT ON FINANCIAL STATEMENTS

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

## SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

## AUDIT OBJECTIVES AND SCOPE

Our audit objectives were to determine whether the SBA had:

- Presented Florida PRIME's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements;
- Complied with the various provisions of laws, rules, regulations, contracts, Florida PRIME's investment policy, and other guidelines that are material to the financial statements.

The scope of this audit included an examination of Florida PRIME's basic financial statements as of and for the fiscal years ended June 30, 2020, and June 30, 2019. We obtained an understanding of the SBA's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and Florida PRIME's investment policy.

## AUDIT METHODOLOGY

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.



Sherrill F. Norman, CPA  
Auditor General

# AUDITOR GENERAL STATE OF FLORIDA

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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal years ended June 30, 2020, and June 30, 2019, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of Florida PRIME as of June 30, 2020, and June 30, 2019, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I.A., the financial statements present only Florida PRIME and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2020, and June 30, 2019, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### *Required Supplementary Information*

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, on our consideration of the SBA's internal control over financial reporting relating to Florida PRIME and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control over financial



reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is written in a cursive style with a large initial 'S'.

Sherrill F. Norman, CPA  
Tallahassee, Florida  
November 12, 2020

# MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2020, AND JUNE 30, 2019

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

As management of the SBA, we offer readers of Florida PRIME's financial statements this overview and analysis of Florida PRIME's financial results and position for the fiscal years ended June 30, 2020, and 2019. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 8.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

## FINANCIAL SUMMARY

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

### Condensed Statements of Net Position

(in thousands)

	As of June 30,		
	2020	2019	2018
Total assets	\$ 15,360,736	\$ 13,571,035	\$10,615,705
Total liabilities	201,945	135,636	103,605
Net position	<u>\$ 15,158,791</u>	<u>\$ 13,435,399</u>	<u>\$10,512,100</u>

<sup>1</sup> Since August 2009, the SBA has used the name "Florida PRIME" to refer to the Local Government Surplus Funds Trust Fund.

## Condensed Statements of Changes in Net Position

(in thousands)

	For the Fiscal Year Ended June 30,		
	2020	2019	2018
Changes in net position:			
Interest income	\$ 241,675	\$ 304,282	\$ 170,699
Investment expenses	(4,643)	(3,937)	(3,425)
Net income from investing activity	237,032	300,345	167,274
Settlements	330	5,989	39
Distributions paid and payable	(237,362)	(306,334)	(167,314)
Participant contributions	28,513,722	24,920,512	21,573,812
Reinvested distributions	237,356	306,325	167,317
Participant withdrawals	(27,027,686)	(22,303,538)	(20,558,378)
Changes in net position	1,723,392	2,923,299	1,182,750
Net position, July 1	13,435,399	10,512,100	9,329,350
Net position, June 30	\$ 15,158,791	\$ 13,435,399	\$ 10,512,100

<b>FINANCIAL ANALYSIS</b>
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### **Assets**

Total assets at the end of fiscal years 2020, 2019, and 2018 were \$15.4 billion, \$13.6 billion, and \$10.6 billion, respectively. The increase in total assets and net position in fiscal year 2020 was due primarily to participant contributions exceeding withdrawals by \$1.5 billion, while net income from investing activity added another \$237.0 million. The increase in total assets and net position during fiscal year 2019 was mainly the result of participant contributions exceeding withdrawals by \$2.6 billion, while net income from investing activity added another \$300.3 million.

### **Liabilities**

Total liabilities at the end of fiscal years 2020, 2019, and 2018 were \$201.9 million, \$135.6 million, and \$103.6 million, respectively. Liabilities increased by \$66.3 million in fiscal year 2020 following an increase of \$32.0 million in fiscal year 2019. The increase in fiscal year 2020 was due to a \$66.3 million increase in pending investment purchases. The increase in fiscal year 2019 was primarily due to a \$35.3 million increase in pending investment purchases, partially offset by a \$3.4 million decrease in unregistered deposits (deposits sent without prior notification to the SBA). Deposits sent in without being registered by participants are recorded as liabilities until the depositor is identified and credit is awarded to the participant.

### **Net Position and Changes in Net Position**

Florida PRIME's net position increased by \$1.7 billion (13 percent) to \$15.1 billion at June 30, 2020, from \$13.4 billion at June 30, 2019, following a \$2.9 billion (28 percent) increase in the previous fiscal year from \$10.5 billion.

Net income from investing activity of \$237.0 million for the fiscal year ended June 30, 2020, was \$63.3 million lower than the \$300.3 million earned for fiscal year 2019, primarily due to lower investment yields throughout the fiscal year. Net income from investing activity for fiscal year 2019 was

\$133.0 million higher than the \$167.3 million earned for fiscal year 2018, chiefly due to higher investment yields, but also due to higher average daily participant balances.

After the Federal Reserve's last increase in their target range for the Federal funds interest rate in December 2018, the target range (2.25 to 2.50 percent) peaked at its highest range in the last decade. This proved to be short-lived, as on August 1, 2019, the Federal Reserve decreased their target range by 0.25 percent and followed up with two more decreases of 0.25 percent in mid-September and the end of October 2019. This left the target range at 1.50 to 1.75 percent for a few months, until the outbreak of the COVID-19 virus pandemic in the United States. The Federal Reserve took action again, decreasing rates 0.50 percent on March 3, 2020, and by another 1.00 percent in mid-March 2020, in an attempt to stabilize the economy after nationwide shutdowns were instituted. The target range for the Federal funds interest rate remained at 0.00 to 0.25 percent for the rest of the fiscal year.

Total investment expenses of \$4.6 million increased approximately \$706 thousand during fiscal year 2020, mainly because of an increase in investment management fees and SBA service charges of \$426 thousand and \$249 thousand, respectively. The increase in both expenses in fiscal year 2020 was primarily due to higher average daily participant balances during the fiscal year. Investment expenses increased approximately \$512 thousand during fiscal year 2019 over 2018 mainly because of an increase in investment management fees and SBA service charges of \$292 thousand and \$184 thousand, respectively. The increase in both expenses in fiscal year 2019 was primarily due to higher average daily participant balances during the fiscal year. Total investment expenses in fiscal years 2020 and 2019 were 3.2 and 3.3 basis points, respectively, or 0.032 and 0.033 percent of average assets under management.

## FINANCIAL HIGHLIGHTS

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

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

For the fiscal year ended June 30, 2020:

- Participant contributions increased 14.4 percent compared to the prior fiscal year, while participant withdrawals increased 21.2 percent. Total contributions exceeded total distributions for the period, resulting in net contributions of \$1.5 billion.
- Net income from investing activity decreased \$63.3 million from the prior fiscal year, resulting in an average participant yield for the fiscal year of 1.70 percent, which was lower than the average participant yield of 2.57 percent for the prior fiscal year. The decrease in net income from investing activity was due primarily to a decline in interest rates during the fiscal year, following the Federal Reserve's decision to lower their target interest rate range by 0.25 percent three times in the last 5 months of 2019, then by another 1.50 percent in

March 2020, as the COVID-19 virus pandemic took hold in the United States and caused the economy to shut down.

- Florida PRIME received proceeds of over \$330 thousand in June 2020 from a multistate settlement with UBS Group AG for fraudulent conduct involving the manipulation of LIBOR. LIBOR is a benchmark interest rate that affects financial instruments worldwide and has a widespread effect on global markets and consumers. The settlement proceeds were distributed to Florida PRIME participants as earnings for the month of June 2020.
- The number of active participants increased slightly from 738 to 743.

For the fiscal year ended June 30, 2019:

- Participant contributions increased 15.5 percent compared with the prior fiscal year, while participant withdrawals increased 8.5 percent. Total contributions exceeded total distributions for the period, resulting in net contributions of \$2.6 billion.
- Net income from investing activity increased \$133.0 million over the prior fiscal year resulting in an average participant yield for the fiscal year of 2.57 percent, which was higher than the average participant yield of 1.63 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to an increase in interest rates during the fiscal year, following the Federal Reserve's decision to raise their target interest rate range by 0.25 percent in June 2018, and in each of the next two quarters.
- Florida PRIME received proceeds of almost \$6.0 million in September 2018 from a multistate settlement with Deutsche Bank for fraudulent conduct involving the manipulation of LIBOR. The settlement proceeds were distributed to Florida PRIME participants as earnings for the month of September 2018.
- The number of active participants increased slightly from 737 to 738.

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

# ***BASIC FINANCIAL STATEMENTS***

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

**As of June 30, 2020, and June 30, 2019**

**(In Thousands)**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,025,000	\$ 1,150,006
Investments:		
Certificates of deposit	3,044,834	3,649,948
Commercial paper	6,360,142	5,246,480
Money market funds	816,037	789,649
Repurchase agreements	1,650,000	2,675,000
U.S. Treasury bills	1,425,757	-
Domestic corporate bonds and notes	21,645	29,380
Municipal bonds and notes	13,980	14,150
Total investments	<u>13,332,395</u>	<u>12,404,607</u>
Interest receivable	3,317	16,390
Prepaid fees	24	24
Undistributed expenses	-	8
<b>Total Assets</b>	<u>15,360,736</u>	<u>13,571,035</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	911	855
Investment purchases payable	200,971	134,715
Distributions payable	63	66
<b>Total Liabilities</b>	<u>201,945</u>	<u>135,636</u>
<b>NET POSITION</b>		
Held in trust for pool participants	<u>\$ 15,158,791</u>	<u>\$ 13,435,399</u>

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

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

**Years Ended June 30, 2020, and June 30, 2019**

**(In Thousands)**

	<b>June 30, 2020</b>	<b>June 30, 2019</b>
<b>ADDITIONS</b>		
Income from investing activity:		
Interest income	\$ 241,675	\$ 304,282
Investment expenses:		
Investment management fees	(2,796)	(2,370)
Administrative service charges	(1,449)	(1,200)
Bank fees	(293)	(260)
Compliance review fees	(58)	(61)
Standard and Poor's rating maintenance fees	(47)	(46)
Investment expenses	(4,643)	(3,937)
Net income from investing activity	237,032	300,345
Settlements	330	5,989
<b>Total Additions</b>	<b>237,362</b>	<b>306,334</b>
 <b>DEDUCTIONS</b>		
Distributions paid and payable	237,362	306,334
<b>Total Deductions</b>	<b>237,362</b>	<b>306,334</b>
 <b>SHARE TRANSACTIONS</b>		
Participant contributions	28,513,722	24,920,512
Reinvested distributions	237,356	306,325
Participant withdrawals	(27,027,686)	(22,303,538)
<b>Net Increase (Decrease) Resulting from     Share Transactions</b>	<b>1,723,392</b>	<b>2,923,299</b>
Increase (decrease) in net position	1,723,392	2,923,299
Net position, beginning of year	13,435,399	10,512,100
Net position, end of year	<b>\$ 15,158,791</b>	<b>\$ 13,435,399</b>

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### **A. Reporting Entity**

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

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

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

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

### **B. Regulatory Oversight**

Securities and Exchange Commission (SEC) Rule 2a-7 sets out certain requirements pertaining to money market funds required to register with the SEC under the Investment Company Act of 1940. Florida PRIME is not required to register (and has not registered) with the SEC; however, the fund is an external investment pool that has historically adopted operating procedures consistent with those required by SEC Rule 2a-7, which was significantly amended in 2014. In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, as codified in Section In5, *Investment Pools (External)*, which addresses for certain external investment pools like Florida PRIME and their participants, the accounting and financial reporting implications that result from the SEC Rule 2a-7 amendments.

GASB Codification Section In5 allows an external investment pool for financial reporting purposes to elect to measure all its investments at amortized cost if the pool meets certain criteria such as portfolio maturity, quality, diversification, and liquidity requirements, and transacts with its participants at a stable net asset value per share. Florida PRIME will seek to operate in a manner consistent with the



criteria and requirements of GASB Codification Section In5. Consequently, the SBA has elected to measure for financial reporting purposes all of Florida PRIME's investments at amortized cost.

### **C. Basis of Presentation**

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

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

### **D. Measurement Focus and Basis of Accounting**

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

### **E. Cash and Cash Equivalents**

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

### **F. Investments**

Florida PRIME's investments are reported at amortized cost, consistent with GASB Codification Section In5. Fair values, for note disclosures, are calculated using quoted market prices. If quoted market prices are not readily available, alternative pricing methodologies may include the use of discounted cash flow models, broker bids, matrix-pricing, or cost/book value.

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

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

### **H. Legally Binding Guarantees**

The SBA has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2020, and June 30, 2019, for Florida PRIME.

### **I. Involuntary Participation**

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

## **J. Frequency of Determining Fair Value of Shares**

The fair value of the investments of Florida PRIME is determined on a daily basis by the custodian bank. Florida PRIME's Investment Policy Statement provides that the custodian will, on a daily basis, mark to market the portfolio holdings of Florida PRIME and communicate both the amortized cost price and the market price to the SBA and the investment manager. The Investment Policy Statement also provides that the investment manager perform daily compliance monitoring of the amortized cost price and market price. The SBA performs periodic oversight, at least monthly, of the investment manager's compliance monitoring. When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, the Investment Policy Statement provides that the Executive Director of the SBA is to promptly consider what action, if any, should be initiated. When the Executive Director believes that the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results. For the fiscal years ended June 30, 2020, and June 30, 2019, the ratio of fair value to amortized cost was 100.07 percent and 100.02 percent, respectively.

## **K. Limitations on Participant Contributions and Withdrawals**

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

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

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

## L. Fees and Administrative Service Charges

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

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

In accordance with SBA Rule 19-3.016(17), Florida Administrative Code, the SBA charges an administrative service charge to recover its costs related to operating Florida PRIME. Currently, the SBA service charge is 1.0 basis point (.0001) on total Florida PRIME assets.

Florida PRIME also incurs various bank fees (including transaction charges), custody fees, performance analytics, credit rating maintenance, and compliance review fees. The compliance review fees resulted from the provisions of Section 218.405(3), Florida Statutes, which require that the trustees annually certify to the Joint Legislative Auditing Committee that Florida PRIME is in compliance with State law.

All fees and charges are taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month.

## II. DEPOSITS AND INVESTMENTS

### A. Deposits

Florida PRIME holds cash in deposit accounts at various financial institutions. These deposits totaled \$2.03 billion at June 30, 2020, and \$1.15 billion at June 30, 2019. Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association designated by the State of Florida Chief Financial Officer (State CFO) as a qualified public depository (QPD).

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

At June 30, 2020, Florida PRIME held several overnight time deposits totaling \$2.03 billion that were exposed to custodial credit risk because they were uninsured and uncollateralized. Under the investment policy for Florida PRIME, the investment manager is allowed to invest in unsecured interest-bearing deposits with banks if they have capital, surplus, and undivided profits of over \$100,000,000, or if the Deposit Insurance Fund, which is administered by the Federal Deposit Insurance Corporation, insures the principal amount of the instrument. All time deposits were held in banks that met the \$100,000,000 requirement for capital, surplus, and undivided profits.

GASB Codification Section In5 requires that deposits should either (1) be held by a depository institution with a credit rating within the highest category of short-term credit ratings (or its long-term equivalent category) or determined (based upon the qualifying external investment pool's analysis) to be of comparable quality, or (2) be insured or collateralized such that it is not exposed to custodial credit risk. The depositories holding the time deposits at June 30, 2020, met the first criteria. All other June 30, 2020, deposits in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

At June 30, 2019, depositories holding the \$1.15 billion in time deposits met the first criteria specified above. All other deposits held in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

## **B. Investment Authority and Compliance**

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

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

- United States (U.S.) Treasury obligations.
- U.S. Government Agency obligations.
- Government securities, which are defined as any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.
- Insurance contracts, including guaranteed investment contracts, funding agreements, and annuities.
- Corporate debt securities, such as notes, bonds, debentures, commercial paper, interests in bank loans to companies, and demand instruments.
- Bank instruments (including Yankee and Eurodollar), such as bank accounts, time deposits, certificates of deposit, and bankers' acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.
- Asset-backed securities, which may be in the form of commercial paper, notes, or pass-through certificates.
- Municipal securities issued by states, counties, cities, and other political subdivisions and authorities.
- Foreign securities (i.e., U.S. dollar-denominated securities of issuers based outside the U.S.).
- Mortgage-backed securities representing interests in pools of mortgages. Mortgages may have fixed or adjustable interest rates.
- Private placements of securities – The SBA has determined that Florida PRIME constitutes (i) an “accredited investor” as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the Securities Act), as long as Florida PRIME has total assets in excess of

\$5,000,000 and (ii) a “qualified purchaser” as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940 (1940 Act), as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than \$25,000,000 in investments, but does not constitute a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act.

- Shares of registered investment companies that are money market mutual funds, including those that are affiliated with the Investment Manager, Federated.
- Special transactions, including repurchase agreements and delayed delivery transactions. Repurchase agreements are transactions in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time but no later than seven days in the future.

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. This is accomplished by structuring the portfolio consistent with the diversification, maturity, liquidity, and credit quality conditions required by GASB Codification Section In5. In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with the conditions imposed by GASB Codification Section In5; with the requirements imposed by any nationally recognized statistical rating organization (NRSRO) that rates Florida PRIME to ensure that it maintains a AAAM rating (or the equivalent); and with the investment limitations imposed by Section 215.47, Florida Statutes.

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

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

## C. Summary of Investment Holdings

The following tables provide a summary of the par value or share amount, carrying value, fair value, range of interest rates, and range of maturity dates for each major investment classification as of June 30, 2020, and June 30, 2019 (expressed in thousands):

<b>As of June 30, 2020</b>					
<b>Investment Type</b>	<b>Par</b>	<b>Carrying Value</b>	<b>Fair Value</b>	<b>Range of Interest Rates <sup>(1)</sup></b>	<b>Range of Maturity Dates</b>
Time deposits <sup>(2)</sup>	\$ 2,025,000	\$ 2,025,000	\$ 2,025,000	0.12%-0.13%	7/1/20-7/7/20
Certificates of deposit	3,045,000	3,044,834	3,047,485	0.20%-1.97%	7/9/20-6/16/21
Commercial paper	6,370,299	6,360,142	6,367,771	0.12%-1.90%	7/1/20-4/12/21
Money market funds	815,979	816,037	816,526	0.09%-0.31%	N/A <sup>(3)</sup>
Repurchase agreements	1,650,000	1,650,000	1,650,000	0.08%-0.09%	7/1/20
U.S. Treasury bills	1,426,000	1,425,757	1,425,821	0.12%-0.29%	7/14/20-10/15/20
Domestic corporate bonds and notes	21,645	21,645	21,645	0.23%-0.65%	11/1/36-8/1/45 <sup>(4)</sup>
Municipal bonds and notes	13,980	13,980	13,980	0.48%-0.52%	6/1/22-9/1/35 <sup>(5)</sup>
<b>Totals</b>	<b>\$15,367,903</b>	<b>\$ 15,357,395</b>	<b>\$ 15,368,228</b>		

- (1) The coupon rate in effect at June 30, 2020, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2020, is reported for the money market funds. The yields fluctuate daily.
- (2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.
- (3) Money market funds do not have a specified maturity date.
- (4) Florida PRIME has four positions in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions range from November 1, 2036, to August 1, 2045.
- (5) Florida PRIME has two positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions are June 1, 2022, and September 1, 2035.

As of June 30, 2019					
Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates <sup>(1)</sup>	Range of Maturity Dates
Time deposits <sup>(2)</sup>	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	2.40%-2.45%	7/1/19-7/3/19
Certificates of deposit	3,651,000	3,649,948	3,651,496	2.43%-3.00%	7/3/19-6/12/20
Commercial paper	5,261,908	5,246,480	5,247,444	2.38%-2.86%	7/1/19-5/29/20
Money market funds	789,590	789,649	789,824	2.25%-2.45%	N/A <sup>(3)</sup>
Repurchase agreements	2,675,000	2,675,000	2,675,000	2.51%-2.58%	7/1/19-7/3/19
Domestic corporate bonds and notes	29,380	29,380	29,380	2.40%-2.46%	9/1/28-2/2/43 <sup>(4)</sup>
Municipal bonds and notes	14,150	14,150	14,150	2.35%-2.70%	6/1/22-9/1/35 <sup>(5)</sup>
<b>Totals</b>	<b>\$13,571,028</b>	<b>\$ 13,554,607</b>	<b>\$ 13,557,294</b>		

- (1) The coupon rate in effect at June 30, 2019, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2019, is reported for the money market funds. The yields fluctuate daily.
- (2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.
- (3) Money market funds do not have a specified maturity date.
- (4) Florida PRIME has six positions in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions range from September 1, 2028, to February 2, 2043.
- (5) Florida PRIME has two positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity date on these positions are June 1, 2022, and September 1, 2035.

## D. Investments, Fair Value Hierarchy

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

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

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

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

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

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

Certain investments, such as time deposits, money market funds (with a stable NAV of \$1 per share), and repurchase agreements, are carried at cost or amortized cost.

Florida PRIME has the following fair value measurements as of June 30, 2020, and June 30, 2019 (expressed in thousands):

	Total Fair Value June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Investments by fair value level:</b>				
Debt securities:				
Certificates of deposit	\$ 3,047,485	\$ -	\$ 3,047,485	\$ -
Commercial paper	6,367,771	-	6,267,771	100,000
Money market funds	781,614	781,614	-	-
U.S. Treasury bills	1,425,821	-	1,425,821	-
Domestic corporate bonds and notes	21,645	-	21,645	-
Municipal bonds and notes	13,980	-	13,980	-
<b>Total investments measured at fair value</b>	<b>11,658,316</b>	<b>\$ 781,614</b>	<b>\$ 10,776,702</b>	<b>\$ 100,000</b>
<b>Other investments carried at cost or amortized cost:</b>				
Time deposits <sup>(1)</sup>	2,025,000			
Money market funds	34,912			
Repurchase agreements	1,650,000			
<b>Total investments</b>	<b>\$ 15,368,228</b>			

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

	Total Fair Value June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Investments by fair value level:</b>				
Debt securities:				
Certificates of deposit	\$ 3,651,496	\$ -	\$ 3,151,910	\$ 499,586
Commercial paper	5,247,444	-	5,247,444	-
Money market funds	781,301	781,301	-	-
Domestic corporate bonds and notes	29,380	-	29,380	-
Municipal bonds and notes	14,150	-	14,150	-
<b>Total investments measured at fair value</b>	<b>9,723,771</b>	<b>\$ 781,301</b>	<b>\$ 8,442,884</b>	<b>\$ 499,586</b>
<b>Other investments carried at cost or amortized cost:</b>				
Time deposits <sup>(1)</sup>	1,150,000			
Money market funds	8,523			
Repurchase agreements	2,675,000			
<b>Total investments</b>	<b>\$ 13,557,294</b>			

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



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

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

Pursuant to the Investment Policy Statement in effect at June 30, 2020, investment credit risk and concentration of credit risk of debt securities were managed as follows:

- The Investment Manager will purchase short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more NRSROs or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes.
- The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager monitors the credit risks of all Florida PRIME portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments, and ratings of designated NRSROs.
- The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB Codification Section In5. First, at least 50 percent of Florida PRIME assets will be invested in securities rated "A-1+" or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO's AAAM (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. Second, exposure to any single non-governmental issuer will not exceed 5 percent (at the time a security is purchased) and exposure to any single money market mutual fund will not exceed 10 percent of Florida PRIME assets.

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

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

Florida PRIME's credit quality ratings were as follows at June 30, 2020, and June 30, 2019 (fair values expressed in thousands):

Ratings <sup>(1)</sup>		Fair Value of Florida PRIME Investments as of June 30, 2020					
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements	Corporate and Municipal Bonds and Notes
AAAm		\$ 816,526	\$ -	\$ -	\$ 816,526	\$ -	\$ -
A-1		6,367,771	-	6,367,771	-	-	-
AA		9,445	-	-	-	-	9,445
A		2,200	-	-	-	-	2,200
	Aa	10,000	-	-	-	-	10,000
Not rated <sup>(1)</sup>	Not rated <sup>(1)</sup>	3,317,562	3,047,485	-	-	256,097	13,980
		<u>10,523,504</u>	<u>\$ 3,047,485</u>	<u>\$ 6,367,771</u>	<u>\$ 816,526</u>	<u>\$ 256,097</u>	<u>\$ 35,625</u>
		1,393,903	Repurchase agreements <sup>(2)</sup>				
		1,425,821	U.S. Treasury bills <sup>(2)</sup>				
		2,025,000	Time deposits <sup>(3)</sup>				
		<u>\$ 15,368,228</u>	<b>Total</b>				

- (1) Ratings by S&P or Moody's indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. If neither rating agency provided a security specific credit rating, "Not rated" is reported. All of the investments presented as "Not rated" had short-term issuer credit ratings that met Florida PRIME's investment and GASB Codification Section In5 guidelines.
- (2) U.S. guaranteed obligations and collateral for repurchase agreements that the U.S. government explicitly guarantees do not require disclosure of credit quality.
- (3) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

Ratings <sup>(1)</sup>		Fair Value of Florida PRIME Investments as of June 30, 2019					
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements	Corporate and Municipal Bonds and Notes
AAAm		\$ 789,824	\$ -	\$ -	\$ 789,824	\$ -	\$ -
A-1		5,020,476	-	5,020,476	-	-	-
AA		9,445	-	-	-	-	9,445
A		10,860	-	-	-	-	10,860
	P-2 <sup>(1)</sup>	226,968	-	226,968	-	-	-
	Aa	9,075	-	-	-	-	9,075
Not rated <sup>(1)</sup>	Not rated <sup>(1)</sup>	4,884,266	3,651,496	-	-	1,218,620	14,150
		<u>10,950,914</u>	<u>\$ 3,651,496</u>	<u>\$ 5,247,444</u>	<u>\$ 789,824</u>	<u>\$ 1,218,620</u>	<u>\$ 43,530</u>
		1,456,380	Repurchase agreements <sup>(2)</sup>				
		1,150,000	Time deposits <sup>(3)</sup>				
		<u>\$ 13,557,294</u>	<b>Total</b>				

- (1) Ratings by S&P or Moody's indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. If neither rating agency provided a security specific credit rating, "Not rated" is reported. All of the investments presented as "Not rated" had short-term issuer credit ratings that met Florida PRIME's investment and GASB Codification Section In5 guidelines.

Per the credit quality requirements of GASB Codification Section In5, if a security has more than two ratings and the rating categories conflict, the security should be considered to be in the highest category of ratings as determined by at least two ratings. The commercial paper position rated P-2 by Moody's also carried ratings in the highest category by both S&P and Fitch, of A-1 and F1, respectively.

- (2) Collateral for repurchase agreements that the U.S. government explicitly guarantees do not require disclosure of credit quality.
- (3) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

With respect to the concentration of credit risk at June 30, 2020, Florida PRIME carried one position in a repurchase agreement totaling more than 5 percent per issuer. However, per GASB Codification Section In5, repurchase agreements are considered to be the acquisition of the underlying securities if the repurchase agreement is fully collateralized. The following repurchase agreement was fully collateralized by U.S. government guaranteed securities (amounts in thousands). Besides this repurchase agreement position, Florida PRIME did not have any other exposure of more than 5 percent to any single issuer.

**As of June 30, 2020**

<b>Issuer Name</b>	<b>Carrying Value</b>	<b>Percent of Portfolio Carrying Value</b>	<b>Fair Value</b>	<b>Percent of Portfolio Fair Value</b>
Bank of America, N.A.	\$1,100,000	7.16%	\$1,100,000	7.16%

At June 30, 2019, Florida PRIME carried the repurchase agreement positions included in the table below totaling more than 5 percent per issuer. These repurchase agreements were fully collateralized by a combination of U.S. government guaranteed and Federal agency securities (amounts in thousands). Besides these repurchase agreement positions, Florida PRIME did not have any other exposure of more than 5 percent to any single issuer.

**As of June 30, 2019**

<b>Issuer Name</b>	<b>Carrying Value</b>	<b>Percent of Portfolio Carrying Value</b>	<b>Fair Value</b>	<b>Percent of Portfolio Fair Value</b>
Bank of America, N.A.	\$1,410,000	10.40%	\$1,410,000	10.40%
HSBC Securities (USA) Inc.	\$ 750,000	5.53%	\$ 750,000	5.53%

## **F. Investments, Custodial Credit Risk**

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

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

The SBA engaged BNY Mellon (Custodian) to provide asset safekeeping, custody, fund accounting, and performance measurement services to Florida PRIME. At June 30, 2020, and June 30, 2019, all investments, except those in money market funds in which the SBA invests (i.e., in commingled funds with other investors), were held in the SBA's name by the SBA's custodial bank.

## G. Investments, Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Pursuant to the Investment Policy Statement, the Investment Manager will target a dollar-weighted average maturity (DWAM) range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's DWAM when it expects interest rates to rise and extend Florida PRIME's DWAM when it expects interest rates to fall. The Investment Manager will exercise reasonable care to maintain a DWAM of 60 days or less for Florida PRIME. For purposes of calculating DWAM, the maturity of an adjustable rate security generally will be the period remaining until its next interest rate reset date.

Presented below are the investments held in Florida PRIME at June 30, 2020, and June 30, 2019, at fair value (expressed in thousands), with the DWAM for each security type:

<b>As of June 30, 2020</b>		
<b>Investment Type</b>	<b>Fair Value</b>	<b>Dollar Weighted Average Maturity (in Days)<sup>(1)</sup></b>
Time deposits <sup>(2)</sup>	\$ 2,025,000	4
Certificates of deposit <sup>(3)</sup>	3,047,485	74
Commercial paper <sup>(3)</sup>	6,367,771	82
Money market funds <sup>(4)</sup>	816,526	1
Repurchase agreements	1,650,000	1
U.S. Treasury bills	1,425,821	34
Domestic corporate bonds and notes	21,645	8
Municipal bonds and notes	13,980	8
Total	<u>\$ 15,368,228</u>	
<b>Portfolio dollar-weighted average maturity (DWAM)</b>		<b>53</b>

(1) Interest rate reset dates are used in the calculation of the DWAM.

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

(3) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.

(4) The DWAM of the underlying securities in the two money market funds at June 30, 2020, ranged from 1 to 39 days. However, the money market funds provided daily liquidity.

As of June 30, 2019

<b>Investment Type</b>	<b>Fair Value</b>	<b>Dollar Weighted Average Maturity (in Days)<sup>(1)</sup></b>
Time deposits <sup>(2)</sup>	\$ 1,150,000	2
Certificates of deposit <sup>(3)</sup>	3,651,496	35
Commercial paper <sup>(3)</sup>	5,247,444	46
Money market funds <sup>(4)</sup>	789,824	1
Domestic corporate bonds and notes	29,380	8
Municipal bonds and notes	14,150	8
Repurchase agreements	2,675,000	1
Total	<u>\$ 13,557,294</u>	
<b>Portfolio dollar-weighted average maturity (DWAM)</b>		<b>28</b>

- (1) Interest rate reset dates are used in the calculation of the DWAM.
- (2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.
- (3) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.
- (4) The DWAM of the underlying securities in the two money market funds at June 30, 2019, ranged from 3 to 15 days. However, the money market funds provided daily liquidity.

GASB Codification Section In5 also requires the portfolio of a qualifying external investment pool to maintain a weighted average life (WAL) of 120 days or less. A weighted average life measure expresses the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the DWAM. Pursuant to the Investment Policy Guidelines, the Investment Manager will exercise reasonable care to maintain a maximum WAL within the range of 90 to 120 days for Florida PRIME. The WAL for Florida PRIME at June 30, 2020, and June 30, 2019, were 76 and 80 days, respectively.

## **H. Investments, Foreign Currency Risk**

Investment policy guidelines prohibit the Investment Manager from purchasing investments denominated in foreign currency, therefore all Florida PRIME securities are U.S. dollar denominated. Florida PRIME was not exposed to foreign currency risk during the fiscal years ended June 30, 2020, and June 30, 2019.





Sherrill F. Norman, CPA  
Auditor General

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements, and have issued our report thereon dated November 12, 2020, included under the heading **INDEPENDENT AUDITOR'S REPORT**.

### **Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,



Sherrill F. Norman, CPA  
Tallahassee, Florida  
November 12, 2020



# Global Governance Mandates

December 15, 2020 QUARTERLY UPDATE

Protecting Florida's Investments Act (PFIA)  
Scrutinized Companies that Boycott Israel  
MacBride Principles and Northern Ireland  
Cuba/Syria Proxy Voting Safeguards  
Venezuela Prohibited Investments

## Florida Statutes



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***About the State Board of Administration***

The statutory mandate of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

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

We encourage you to review additional information about the SBA and FRS on our website at [www.sbafla.com](http://www.sbafla.com).

### **Section 1: Protecting Florida's Investments Act (PFIA)**

#### **Summary**

On June 8, 2007, the PFIA was signed into law. The PFIA requires the State Board of Administration (“SBA”), acting on behalf of the Florida Retirement System Trust Fund (the “FRSTF”), to assemble and publish a list of “Scrutinized Companies” that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies’ securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes. Scrutinized activity in Sudan is defined by the Statutes as occurring within the “Government of Sudan,” or the Republic of the Sudan that has its capital in Khartoum, Sudan. Note, the PFIA only applies to assets governed by Chapter 121 (“Florida Retirement System Act”), and therefore does not affect any non-FRS funds managed by the SBA.

#### **Primary Requirements of the PFIA**

The PFIA created new reporting, engagement, and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.
2. Quarterly presentation to the Trustees of a Scrutinized Companies list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA’s website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.
3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients’ assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.
4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.
5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.
6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company’s initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.
7. Reporting to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.

8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.
  - a. A summary of correspondence with engaged companies;
  - b. A listing of all investments sold, redeemed, divested, or withdrawn;
  - c. A listing of all prohibited investments;
  - d. A description of any progress related to external managers offering PFIA compliant funds; and
  - e. A list of all publicly traded securities held directly by the State.
9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.
10. Relevant Sudan portions of the PFIA are discontinued if the United States revokes all sanctions imposed against the government of Sudan, or if the Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that:
  - a. The Darfur genocide has been halted for at least 12 months; or
  - b. The government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or
  - c. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. Relevant Iran portions of the PFIA are discontinued if either of the following occurs:
  - a. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism; or
  - b. The United States revokes all sanctions imposed against the government of Iran.
12. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.
13. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in F.S. 215.473.
14. As of July 1, 2014, Florida Statute 624.449 requires that a domestic insurer shall provide to the Office of Insurance Regulation on an annual basis a list of investments that the insurer has in companies included on the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List." Additionally, F.S. 215.473(3)(e)(2) now exempts Exchange Traded Funds from the provisions of the PFIA.
15. As of July 1, 2014, Florida Statutes clarify that the recently created "Government of South Sudan" means the Republic of South Sudan, which has its capital in Juba, South Sudan. Scrutinized activity refers to the

“Government of Sudan,” which means the Republic of the Sudan that has its capital in Khartoum, Sudan. Within this report, “Sudan” refers to the latter.

16. As of July 1, 2016, the requirements for the expiration of PFIA divestment protocol were amended and new quarterly reporting requirements were implemented. Florida Statutes eliminated the following criteria for discontinuing Iran portions of the PFIA: The Congress or President of the United States affirmatively and unambiguously declares, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

### ***Definition of a Scrutinized Company***

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of Section 215.473, F.S.

#### ***Sudan:***

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

#### ***Iran:***

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments with the effect of significantly enhancing Iran’s petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidiary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries that can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether companies are affiliated, examining parent company-subsidiary ownership on a pro rata basis.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

### ***SBA Scrutinized Companies Identification Methodology***

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our “External Research Providers.” Below is a brief description of our External Research Providers, which are maintained to provide input from multiple sources.

1. **EIRIS Conflict Risk Network (CRN).** In May 2013, the Conflict Risk Network became part of EIRIS, a global provider of environmental, social, governance, and ethical performance of companies. EIRIS provides services to more than 150 asset owners and managers globally, with a staff of over 60, based primarily in London. CRN was formerly known as the Sudan Divestment Task Force (SDTF).

2. **MSCI ESG Research (MSCI).** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **ISS-Ethix (formerly IW Financial or IWF).** On January 5, 2017, Institutional Shareholder Services (ISS) announced its acquisition of IW Financial. Going forward, ISS-Ethix will be the ESG arm of ISS, providing environmental and social research for responsible investing. IWF, in partnership with Conflict Securities Advisory Group (CSAG), has been a long-time provider of information on the business ties of publicly traded companies in Sudan and Iran.
4. **Sustainalytics, Inc.** Sustainalytics provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Sustainalytics' company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

Staff members within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 400 companies and affiliates with reported links to Sudan or Iran:

Company disclosures:

- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

Investment/Finance Organizations:

- Other Institutional Investors/Private Investors

U.S. Government Agencies:

- U.S. Department of State
- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- U.S. Government Accountability Office (GAO)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Non-Governmental Organizations (NGOs)

Using the previous information sources, the SBA has developed two separate categorizations of a company's involvement in Sudan and/or Iran.

1. **"Scrutinized"** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473 (4)(t)1, Florida Statutes [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.
2. **"Continued Examination"** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473, (4)(t)1, Florida Statute [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

**SUDAN Changes since the Previous PFIA Quarterly Report**

(see the following page for IRAN changes)

Companies added to the **Sudan** Scrutinized List this quarter:

- **CNPC Global Capital Limited**
  - (Subsidiary of a scrutinized company, China National Petroleum Corporation, with bonds issued)
- **Sinopec Group Overseas Development 2015 Ltd**
  - (Subsidiary of a scrutinized company, China Petrochemical Corporation (Sinopec Group), with bonds issued)
- **Sinopec Group Overseas Development 2018 Ltd**
  - (Subsidiary of a scrutinized company, China Petrochemical Corporation (Sinopec Group), with bonds issued)

Companies removed from the **Sudan** Scrutinized List this quarter:

- None

Companies added to the **Sudan** Continued Examination List this quarter:

- None

Companies removed from the **Sudan** Continued Examination List this quarter:

- None

**Recent Developments in Sudan**

October 23, 2020: President Trump and Secretary of State Pompeo announced that Sudan would be removed from the State Department list of state sponsors of terrorism. Sudan announced it would send \$335 million to victims of terrorist attacks in Africa. As part of the Abraham Accords, Sudan and Israel announced a normalization of relations between the two countries. <https://www.whitehouse.gov/briefings-statements/joint-statement-united-states-republic-sudan-state-israel/>

On November 2<sup>nd</sup>, Secretary Pompeo announced support for possible lifting of UN sanctions against Sudan. “In recognition of the important steps that the Sudanese government has taken toward peace in Sudan’s conflict areas, the United States is committed to working with the Sudanese government and our international partners to identify circumstances that could result in lifting sanctions related to the Darfur conflict at the earliest opportunity. We have already begun consultations at the UN with this objective in mind.” <https://www.state.gov/sudan-making-progress/>

On November 12<sup>th</sup>, it was reported that US special envoy to Sudan, Donald Booth, met with member of the Sudanese Transitional Sovereignty Council, Muhammad Hassan Al-Taishi, to further discuss details for removing Sudan from the state sponsor of terrorism list.

**IRAN Changes since the Previous PFIA Quarterly Report**

(see the previous page for SUDAN changes)

Companies added to the **Iran** Scrutinized List this quarter:

- **CNPC Global Capital Limited**
  - (Subsidiary of a scrutinized company, China National Petroleum Corporation, with bonds issued)
- **Sinopec Group Overseas Development 2015 Ltd**
  - (Subsidiary of a scrutinized company, China Petrochemical Corporation (Sinopec Group), with bonds issued)
- **Sinopec Group Overseas Development 2018 Ltd**
  - (Subsidiary of a scrutinized company, China Petrochemical Corporation (Sinopec Group), with bonds issued)

Companies removed from the **Iran** Scrutinized List this quarter:

- None

Companies added to the **Iran** Continued Examination List this quarter:

- None

Companies removed from the **Iran** Continued Examination List this quarter:

- None



**Quarterly Status Update Regarding Potential IRAN Expiration**  
*Florida Statutes, 215.473 (5) EXPIRATION (b) subparagraphs 1. and 2.*

Florida Statutes require a quarterly update on events relating to the status of expiration clauses 1 and 2, which are copied below in their entirety:

***F.S. 215.473(5)(b): If either of the following occurs, the board may no longer scrutinize companies according to subparagraph (1)(v)4., may no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and shall cease engagement, investment prohibitions, and divestment:***

***1. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;***

Update:

October, 26, 2020 - the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) designated the Iranian Ministry of Petroleum, the National Iranian Oil Company (NIOC), and the National Iranian Tanker Company (NITC) for their financial support to Iran's Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF). "The regime in Iran uses the petroleum sector to fund the destabilizing activities of the IRGC-QF," said Secretary Steven T. Mnuchin. "The Iranian regime continues to prioritize its support for terrorist entities and its nuclear program over the needs of the Iranian people." <https://home.treasury.gov/news/press-releases/sm1165>

**Or**

***2. The United States revokes all sanctions imposed against the government of Iran.***

Update:

Throughout September and October 2020, the United States Department of State announced a series of additional sanctions against Iran, particularly addressing the Iranian petrochemical and banking industry. <https://www.state.gov/iran-sanctions/>

**Table 1: Scrutinized Companies with Activities in SUDAN**  
(New companies on the list are shaded and in bold.)

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Al-Enmaa Real Estate Co	Kuwait	June 4, 2019
Aviation Industry Corporation of China (AVIC)	China	September 24, 2019
AviChina Industry & Technology	China	June 4, 2019
AVIC Electromechanical Systems Co Ltd	China	September 24, 2019
AVIC International Finance Ltd	China	September 24, 2019
AVIC International Holdings Ltd (formerly listed as AVIC International)	China	June 4, 2019
Bank of Kunlun Co Ltd	China	March 7, 2018
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Avionics Systems	China	June 4, 2019
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petrochemical Corporation (Sinopec Group)	China	December 3, 2019
China Petroleum & Chemical Corp (CPEC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	June 26, 2012
<b>CNPC Global Capital Limited</b>	<b>China</b>	<b>December 15, 2020</b>
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Energy House Holding Company	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
FACC AG	Austria	June 4, 2019
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd.	China	September 19, 2007
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation	China	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Century Bright Capital Investment Ltd	China	December 3, 2019
Sinopec Engineering Group Co Ltd	China	March 18, 2014
<b>Sinopec Group Overseas Development 2018 Ltd</b>	<b>China</b>	<b>December 15, 2020</b>
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
<b>Sinopec Group Overseas Development 2015 Ltd</b>	<b>China</b>	<b>December 15, 2020</b>
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	April 14, 2009
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Société Nationale d'Investissement	Morocco	December 6, 2016
Societe Metallurgique D'imiter	Morocco	November 9, 2010
<b># of Sudan Scrutinized Companies</b>	<b>64</b>	

The following companies were **removed** from the **SUDAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
<b>No companies removed this quarter.</b>	

**Table 2: Continued Examination Companies with Activities in SUDAN**  
*(New companies on the list are shaded and in bold.)*

<b>Continued Examination Company: Sudan</b>	<b>Country of Incorporation</b>
Bharat Heavy Electricals, Ltd	India
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
Siemens AG	Germany
Shanghai Electric Group Co.	China
Statesman Resources Ltd	Canada
<b># of Sudan Continued Examination Companies</b>	<b>14</b>

The following companies were **removed** from the **SUDAN Continued Examination List** during the quarter:

<b>Removed Company</b>	<b>Country of Incorporation</b>
<b>No companies removed this quarter.</b>	

**Table 3: Scrutinized Companies with Activities in the IRAN Petroleum Energy Sector***New companies on the list are shaded and in bold.*

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Oilfield Services Ltd.	China	June 16, 2011
China Petrochemical Corporation (Sinopec Group)	China	December 3, 2019
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNOOC Ltd.	China	June 16, 2011
CNOOC Curtis Funding No.1 Pty Ltd	Australia	October 17, 2017
CNOOC Finance Limited	China	September 24, 2013
CNOOC Nexen Finance	Canada	October 17, 2017
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	December 6, 2016
<b>CNPC Global Capital Limited</b>	<b>China</b>	<b>December 15, 2020</b>
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
COSL Singapore Capital Ltd	Singapore	December 4, 2018
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Gazprom Promgaz	Russia	June 4, 2019
GPN Capital SA	Luxembourg	June 4, 2019
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd.	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Century Bright Capital Investment Ltd	China	December 3, 2019
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
<b>Sinopec Group Overseas Development 2018 Ltd</b>	<b>China</b>	<b>December 15, 2020</b>
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
<b>Sinopec Group Overseas Development 2015 Ltd</b>	<b>China</b>	<b>December 15, 2020</b>
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	September 29, 2015
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Territorial Generating Company No 1	Russia	June 4, 2019
<b># of Iran Scrutinized Companies</b>	<b>57</b>	

The following companies were **removed** from the **IRAN Scrutinized List** during the quarter:

Removed Company	Country of Incorporation
<b>No companies removed this quarter.</b>	

**Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN**  
*New companies on the list are shaded and in bold.*

<b>Continued Examination Company: Iran</b>	<b>Country of Incorporation</b>
Anton Oilfield Services Group	China
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Oil India Ltd.	India
Petronet LNG Ltd.	India
Total SA	France
<b># of Iran Continued Examination Companies</b>	<b>7</b>

The following companies were **removed** from the **IRAN Continued Examination List** during the quarter:

<b>Removed Company</b>	<b>Country of Incorporation</b>
<b>No companies removed this quarter.</b>	

**Table 5: Correspondence & Engagement Efforts with Scrutinized Companies**

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007 Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008 letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Removed from Sudan Scrutinized and CE Lists
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Moved to Sudan Continued Examination List
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran Scrutinized List
Dongfeng Motor Group Co. Ltd.	No	Moved to Sudan Continued Examination List
Electricity Generating Public Co	No	Removed from Sudan Scrutinized List
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Removed from Iran Scrutinized and CE Lists
Gazprom	Yes; November 1, 2007 and August 18, 2014	Iran Scrutinized Classification Continues
Gazprom Neft	Yes; August 15, 2013	Iran Scrutinized as subsidiary of Gazprom
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed from Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Removed from Sudan Scrutinized and CE Lists
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Removed from Iran Scrutinized and CE Lists
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List



Company	Company Responsive to SBA Communications	Status
Lundin International SA	No	Removed from Sudan Scrutinized List
Malaysia Marine & Heavy Engineering Holdings Bhd	Yes; November 14, 2014	Iran & Sudan Scrutinized Classification Continues
Mangalore Refinery & Petrochemicals Ltd	Yes; March 8, 2013	Iran & Sudan Scrutinized Classification Continues
MISC Bhd	Yes; August 23, 2018; Jan 10, 2019	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
Oil & Natural Gas Corp (ONGC)	Yes; July 23, 2014	Iran & Sudan Scrutinized Classification Continues
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Scrutinized and CE Lists
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Petrolia Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Century Bright Capital	Yes; June 4, 2020	Iran & Sudan Scrutinized Classification Continues
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Iran & Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized List
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

**Table 6: Correspondence & Engagement Efforts with Continued Examination Companies**

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007 Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construccion y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Removed from Iran List
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bollore Group	No	Removed from Sudan CE
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafte DD Zagreb	Yes; April 15, 2014	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Removed from Iran List
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Removed from Sudan List
Nam Fatt	No	Removed from Sudan List
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

Company	Company Responsive to SBA Communications	Continued Examination Status
PTT Public Company Limited	Yes; October 1, 2010	Removed from Sudan CE List
Saipem SpA	Yes; December 12, 2007	Removed from Iran Lists
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Removed from Iran CE List
Seadrill Ltd	Yes; September 20, 2010	Removed from Sudan CE List
Siam Cement Group (SCG)	Yes; September 24, 2010	Removed from Iran CE List
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Removed from Iran CE List
Siemens AG	Yes; October 22, 2009 October 8, 2010 November 7, 2018; March 2019 June 2019; July 2019	Added to Sudan Scrutinized List on 6/4/19. Removed from Sudan Scrutinized List on 7/12/19
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Removed from Sudan CE Classification
Technip	Yes; April 30, 2010 and November 30, 2010	Removed from Iran CE Classification
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Removed from Sudan CE Classification
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Removed from Iran CE List

### **Key Dates for PFIA Activities**

**June 8, 2007** — Legislation’s effective date, upon becoming a law.

**August 6, 2007** — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

**August 20, 2007** — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

**September 19, 2007** — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

**September 20, 2007** — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by direct State of Florida governmental entities.

**September 21, 2007** — Second of two letters to investment managers providing Scrutinized Companies lists.

**October 16, 2007** — SBA formally submits the Scrutinized Companies lists to the Florida Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

**November 30, 2007** — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

**January 25, 2008** — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA’s prior request for the necessary information.

**July 1, 2008** — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

**September 18, 2008** — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

**March 1, 2010** — Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

**Quarterly Reporting** — SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

**September 19, 2007**  
**December 18, 2007**  
**March 25, 2008**  
**June 10, 2008**  
**September 16, 2008**  
**January 13, 2009**  
**April 14, 2009**  
**July 28, 2009**  
**October 27, 2009**  
**January 26, 2010**  
**April 27, 2010**  
**July 29, 2010**  
**November 9, 2010**  
**February 22, 2011**  
**June 16, 2011**  
**September 20, 2011**  
**December 6, 2011**  
**March 20, 2012**

**June 26, 2012**  
**September 18, 2012**  
**December 11, 2012**  
**March 19, 2013**  
**June 25, 2013**  
**September 24, 2013**  
**December 10, 2013**  
**March 18, 2014**  
**June 17, 2014**  
**September 23, 2014**  
**December 9, 2014**  
**March 24, 2015**  
**June 23, 2015**  
**September 29, 2015**  
**December 8, 2015**  
**March 29, 2016**  
**August 2, 2016**  
**December 6, 2016**

**March 14, 2017**  
**June 14, 2017**  
**October 17, 2017**  
**December 13, 2017**  
**March 7, 2018**  
**June 13, 2018**  
**September 11, 2018**  
**December 4, 2018**  
**January 29, 2019**  
**June 4, 2019**  
**July 12, 2019**  
**September 24, 2019**  
**December 3, 2019**  
**May 28, 2020**  
**September 22, 2020**  
**December 15, 2020**

### Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Cumulative Divestment	
Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Hindustan Petroleum Corporation Ltd	\$10,916,213.94
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
China BlueChemical Ltd	\$7,538,215.73
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd**	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
FACC AG	\$285,343.11
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company**	\$121,321.38
AVIC International Holdings Ltd	\$50,827.53
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list	<b>\$1,318,077,918.26</b>

**Table 7: List of Prohibited Investments (Scrutinized Companies)***New companies on the list are shaded and in bold.*

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Al-Enmaa Real Estate Co	Sudan	Kuwait	June 4, 2019	Yes
Aviation Industry Corporation of China (AVIC)	Sudan	China	September 24, 2019	Yes
AviChina Industry & Technology	Sudan	China	June 4, 2019	Yes
AVIC Electromechanical Systems Co Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Finance Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Holdings Ltd (formerly listed as AVIC International)	Sudan	China	June 4, 2019	Yes
Bank of Kunlun Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Avionics Systems	Sudan	China	June 4, 2019	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Yes
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petrochemical Corporation (Sinopec Group)	Sudan & Iran	China	December 3, 2019	Yes
China Petroleum & Chemical Corp (CPC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Petroleum Engineering Corp	Sudan & Iran	China	March 7, 2018	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Curtis Funding No.1 Pty Ltd	Iran	Australia	October 17, 2017	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNOOC Nexen Finance	Iran	Canada	October 17, 2017	Yes
CNPC Capital Company Limited	Sudan & Iran	China	June 14, 2017	Yes
CNPC General Capital Ltd	Sudan & Iran	China	June 26, 2012	Yes
<b>CNPC Global Capital Limited</b>	<b>Sudan &amp; Iran</b>	<b>China</b>	<b>December 15, 2020</b>	<b>Yes</b>
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
COSL Singapore Capital Ltd	Iran	Singapore	December 4, 2018	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Energy House Holding Company	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
FACC AG	Sudan	Austria	June 4, 2019	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Gazprom Promgaz	Iran	Russia	June 4, 2019	Yes
GPN Capital SA	Iran	Luxembourg	June 4, 2019	Yes
Harbin Electric Co. Ltd.	Sudan	China	September 19, 2007	Yes
Hindustan Petroleum Corporation Ltd	Sudan & Iran	India	June 13, 2018	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation	Sudan	China	September 19, 2007	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd.	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kunlun Financial Leasing Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
ONGC Videsh Limited (OVL)	Sudan & Iran	India	March 18, 2014	Yes
Orca Gold Inc.	Sudan	Canada	December 9, 2014	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petroleum Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	Sudan & Iran	Malaysia	August 2, 2016	Yes
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Century Bright Capital Investment Ltd	Sudan & Iran	China	December 3, 2019	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
<b>Sinopec Group Overseas Development 2018 Ltd</b>	Sudan & Iran	<b>China</b>	<b>December 15, 2020</b>	<b>Yes</b>
Sinopec Group Overseas Development 2017 Ltd	Sudan & Iran	China	September 11, 2019	Yes
Sinopec Group Overseas Development 2016 Ltd	Sudan & Iran	China	August 2, 2016	Yes
<b>Sinopec Group Overseas Development 2015 Ltd</b>	Sudan & Iran	<b>China</b>	<b>December 15, 2020</b>	<b>Yes</b>
Sinopec Group Overseas Development 2014 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Société Nationale d'Investissement	Sudan	Morocco	December 6, 2016	Yes



Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
Territorial Generating Company No 1	Iran	Russia	June 4, 2019	Yes
<b># of Prohibited Investments</b>	<b>78</b>	-	-	

The following companies were removed from the PFIA Prohibited Investments List this quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>No companies removed this quarter.</i>	

**Table 8: SBA Holdings in Prohibited Investments Subject to Divestment**

As of the 09/30/2020 holdings report, there were no SBA holdings of entities on the current Prohibited Investments List, in accounts subject to the PFIA divestiture requirements.

**Summary of Progress, SBA Investment Manager Engagement Efforts**

On August 20, 2007, the SBA sent letters to external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

**Listing of All Publicly Traded Securities (Including Equity Investments)**

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found within the [PFIA information section](#) of the SBA's website. Please observe the electronic report's notes page for important clarifying explanations of included data.

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

## ***Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel***

### ***Section 215.4725 F.S.***

#### **Summary**

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below. Note, Section 215.4725 F.S. applies only to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

#### **Primary Requirements of Section 215.4725 F.S.**

##### **1. Identification of companies**

As required by statute, the SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future. The SBA reviews publicly available information, including from NGOs, non-profits, government entities and research firms. SBA staff is also frequently in contact with other institutional investors regarding anti-BDS efforts. Since the law went into effect, SBA staff has communicated with several stakeholder groups in our efforts to learn more about individual company activities and determine whether they meet the criteria of the Florida statute.

SBA contracts with external research providers to obtain information on companies that are potentially engaging in BDS activities, and SBA staff incorporates the information in making a final determination of scrutinized status based on Florida statute. External research providers sell their research to a variety of subscribers, and they do not compile their lists specific to Florida law. The SBA currently contracts with ISS-Ethix and MSCI. Companies that use ESG investment policies in a broadly-applied manner are generally not considered by SBA to be acting in a "discriminatory manner" toward Israel.

Using various information sources, the SBA has developed two separate categorizations of a company's status for consideration under this law.

**"Scrutinized"** — Information provided by an external research provider, publicly available information or information from the company itself or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by Florida law.

**"Continued Examination"** — Information suggests but does not clearly demonstrate that a company's activities are a boycott of Israel. The SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the ambiguity. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

The following definitions are provided by Florida Statutes to assist in company identification:

"Scrutinized companies" means companies that boycott Israel or engage in a boycott of Israel.

"Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be

evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

"Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

## **2. Publish and reporting**

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, the Speaker of the Florida House of Representatives, and the President of the Florida Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly available report to these persons. The quarterly reports will include:

- a. A summary of correspondence with companies engaged by the SBA as required above.
- b. All prohibited investments (Scrutinized Companies list).
- c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
- d. A list of all publicly held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

## **3. Engagement**

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

## **4. Prohibition**

The SBA may not acquire directly held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request.

Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management.

A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become equal or less than 99.50% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in “reporting” below and updated semiannually for the cessation to be authorized.

**Table 9: Scrutinized Companies that Boycott Israel**

*New companies on the list are shaded and in bold. (No companies were added to the list this quarter)*

Scrutinized Company that Boycotts Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Cactus SA	Luxembourg	August 2, 2016
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
Co-operative Group Limited	United Kingdom	September 26, 2017
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
<b># of Companies that Boycott Israel</b>	5	

No companies were **removed** from the **Scrutinized Companies that Boycott Israel List** during the quarter:

Removed Company	Country of Incorporation
<i>None at this time.</i>	

**Table 10: Continued Examination Companies that Boycott Israel**

*New companies on the list are shaded and in bold. (No companies added this quarter.)*

Continued Examination Company: Israel	Country of Incorporation
<i>No companies are on the continued examination list at this time.</i>	

**Table 11: Correspondence & Engagement Efforts**

In accordance with Section 215.4725, F.S., the SBA began to engage companies on the Scrutinized Companies that Boycott Israel and Continued Examination lists. The SBA sent letters to each company per the requirements of the law. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Co-operative Group Ltd	No	Remains on scrutinized list
Cooperative Group Gomersall	No	Removed from scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
U2u Consult NV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Removed from continued examination list
Dexia	Yes, multiple dates	Removed from continued examination list
Aldi	No	Removed from continued examination list
ASN Bank NV	No	Removed from continued examination list
HEMA BV	No	Removed from continued examination list
Karsten Farms	No	Removed from continued examination list
Airbnb	Yes, multiple dates	Removed from Scrutinized list

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***Section 3: Investments in Publicly Traded Companies Operating in Northern Ireland***  
***(Section 215.4702 F.S.)***

**Summary**

The SBA is subject to s. 215.4702, Florida Statutes (F.S.) (“MacBride Principles”), which directs the SBA to notify publicly traded companies of support for the MacBride Principles, inquire regarding the actions a company has taken in support of or furtherance of the MacBride Principles, and encourage publicly traded companies with certain business operations in Northern Ireland to adopt the MacBride Principles. In addition, the SBA will also demonstrate support for the MacBride Principles through its proxy voting authority.

**Requirements of the Law**

As defined by the Northern Ireland statute, “publicly traded company” is any business organization having equity securities listed on a national or an international exchange that is regulated by a national or an international regulatory authority. In addition, “operating” is defined as actively engaging in commerce geographically in Northern Ireland through the acquisition, development, maintenance, ownership, sale, possession, lease, or operation of equipment, facilities, personnel, products, services, or personal property.

**Publishing and Reporting**

In making the determination specified in subsection (2) of 215.4702, F.S., the SBA may, to the extent it deems appropriate, rely on available public information, including information provided by nonprofit organizations, research firms, international organizations, and government entities.

The SBA is encouraged to determine which publicly traded companies, in which the Florida Retirement System Trust Fund is invested, operate in Northern Ireland. If the SBA determines that a publicly traded company meets such criteria, it is encouraged to engage with the company and determine its support for the MacBride Principles. SBA staff annually reviews the list of companies that meet the definition of publicly traded companies operating in Northern Ireland, and periodically engages those firms.

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**Section 4: Companies Operating in Cuba or Syria**  
**(Section 215.471 F.S.)**

**Summary**

The Free Cuba Act of 1993 was passed by the Florida Legislature in accordance with federal law. Chapter 215.471 of the Florida Statutes prohibits the SBA from investing in: (1)(a) any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with Cuba, or with agencies or instrumentalities thereof in violation of federal law; and (1)(b) any institution or company domiciled outside of the United States if the President of the United States has applied sanctions against the foreign country in which the institution or company is domiciled. Section (2)(a) states the SBA may not be a fiduciary with respect to voting on, and may not have the right to vote in favor of, any proxy resolution advocating expanded U.S. trade with Cuba or Syria.

**Requirements of the Law**

In order to comply with this law, the U.S. State Department and/or the Treasury Department's Office of Foreign Assets Control (OFAC) are contacted periodically to confirm that no sanctions have been implemented. Since the Act's inception, sanctions have never been issued against any country. During the fiscal year ending June 30, 2020, there were no shareowner proposals related to expanding trade with Cuba or Syria.



### ***Section 5: Companies Operating in Venezuela***

During the 2018 session, the Florida Legislature passed HB 359, prohibiting certain investments related to the Venezuelan government. The bill was signed into law by Governor Rick Scott and is effective July 1, 2018.

Florida Statute, 215.471 now requires that:

The State Board of Administration shall divest any investment under s. 121.151 and ss. 215.44-215.53, and is prohibited from investment in stocks, securities, or other obligations of:

(c)1. Any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with the government of Venezuela, or with any agency or instrumentality thereof, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

2. The Governor may waive the requirements of this paragraph if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

Florida Statute 215.472 addresses state agencies and requires that:

Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in: (3)(a) Any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States which, directly or through the United States or foreign subsidiary, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with the government of Venezuela, or any company doing business in or with the government of Venezuela, in violation of federal law. The term “government of Venezuela” means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.

(b) The Governor may waive the requirements of this subsection if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

On August 16th, 2017, the Trustees of the State Board of Administration set forth a resolution condemning the oppression of the Venezuelan citizens under the current regime and set language to be included in the State Board of Administration’s Investment Policy Statement (Florida Retirement System Defined Benefit Plan) upon review of the Investment Advisory Council, and in accordance with s.215.475(2) Florida Statutes. The resolution included the following:

1. **Prohibited Investments.** Until such time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:
  - (a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
  - (b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.
  
2. **Proxy Voting.** The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

For more information, please contact:

State Board of Administration of Florida (SBA)  
Investment Programs & Governance  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308  
[www.sbafla.com](http://www.sbafla.com)

or send an email to:  
[governance@sbafla.com](mailto:governance@sbafla.com)



# Memo

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

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

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

**DATE:** November 20, 2020

**SUBJECT:** Trustees Meeting, December 15, 2020

Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, and to file this Rule along with the incorporated forms for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no Notice of Change is needed.

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

By September 1 of each year, insurers participating in the FHCF are statutorily required to report their insured values of covered properties (known as “exposures”) as of June 30 of that year. These exposure reports form the basis for determining the FHCF’s overall premium needs and each insurer’s premium liability.

In order to assure accuracy and compliance, the FHCF examines insurers as to both exposure and claims. The FHCF provides instructions to enable insurers to prepare for their examinations and to specify particular requirements of the examination process.

Rule 19-8.029, F.A.C., adopts several forms to address these exposure reporting and examination requirements.

The proposed rule was amended to delete the requirement that the Company Contact Information Form (FHCF C-1) be notarized. This change is to reflect that the FHCF has moved from mailing paper checks to a company individual listed on the Company Contact Information Form to ACH authorization through the use of DocuSign.

The proposed rule adopts the exposure reporting requirements (Form FHCF-D1A, known as the “Data Call”) and examination instructions for the 2021-2022 contract year. In addition to nonsubstantive editorial and clarifying changes, the major changes in the 2021-2022 Data Call are:

- The reporting of year built is now applicable to mobile homes.
- Clarifying a condominium association rated and classified as a hotel, motel, timeshare, shelter, camp, retreat, or other similar structure, is not covered by FHCF.

The proposed rule also adopts the following forms as revised for the 2021-2022 contract year: Form FHCF-L1A, Interim Loss Report; Form FHCF-L1B, Proof of Loss Report; Form FHCF-DCL, Detailed Claims Listing Instructions; Form FHCF-EAP1, Exposure Examination—Contract Year 2021 Advance Preparation Instructions; and Form FHCF-LAP1, Claims Examination—Contract Year 2021 Advance Preparation Instructions.

In addition to nonsubstantive editorial changes and updates to these forms, the Exposure and Claims Examination Advance Preparation Instructions are revised to specify that exposure and claims examinations may be conducted remotely or on-site.

Additional detail is provided in the attached Summary of Changes.

**EXTERNAL INTEREST:** A rule development workshop was held on October 27, 2020. Representatives of the FHCF attended and presented the rule and incorporated forms. The notice of rule development was published in the *Florida Administrative Register* on October 13, 2020, Vol. 46, No. 200. The rule and forms were presented, discussed, and favorably recommended by the FHCF Advisory Council at a public meeting on October 27, 2020.

**ACTION REQUESTED:** It is requested that the proposed amendments to this rule, along with the incorporated forms, be presented to the Cabinet Aides on December 9, 2020, and to the State Board of Administration Trustees on December 15, 2020, with a request to approve the filing of this rule for Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is necessary.

**ATTACHMENTS TO BE INCLUDED:**

- Summary of Changes, Rule 19-8.029, F.A.C.
- Notice of Proposed Rule, Rule 19-8.029, F.A.C.
- **Rule 19-8.029, F.A.C.**, Insurer Reporting Requirements and Responsibilities
- 2021 Incorporated Forms: **FHCF-D1A**, Florida Hurricane Catastrophe Fund 2021 Data Call; **FHCF-L1A**, Contract Year 2021 Interim Loss Report; **FHCF-L1B**, Contract Year 2021 Proof of Loss Report; **FHCF-DCL**, Contract Year 2021 Detailed Claims Listing Instructions; **FHCF-EAP1**, Exposure Examination—Contract Year 2021 Advance Preparation Instructions; **FHCF-LAP1**, Claims Examination—Contract Year 2021 Advance Preparation Instructions.

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

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

**2021-2022 Contract Year**

**Summary of Changes as of October 16, 2020**

**General Description**

In general, Florida Hurricane Catastrophe Fund (FHCF) Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, provides requirements relating to insurer reporting of exposures and losses and requirements relating to examination of insurer exposures and losses. Under the proposed amendment, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts the Data Call and other applicable reporting requirements and examination instruction forms for the 2021-2022 contract year, revises provisions to reflect changes in the FHCF Reimbursement Contract for the 2021-2022 contract year, deletes obsolete or duplicative material, and provides additional clarification.

**Rule**

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

(3) Subsection (3) is amended to adopt and incorporate by reference the 2021-2022 Data Call (Form FHCF-D1A).

(4) Paragraph (4)(a) is amended to adopt and incorporate by reference the 2021-2022 Interim Loss Report (Form FHCF-L1A). Paragraph (4)(b) is amended to adopt and incorporate by reference the 2021-2022 Proof of Loss Report (Form FHCF-L1B). Paragraph (4)(c) is amended to adopt and incorporate by reference the 2021-2022 Detailed Claims Listing Instructions (Form FHCF-DCL).

(5) Paragraph (5)(a) is amended to adopt and incorporate by reference the 2021-2022 Exposure Examination Advance Preparation Instructions (Form FHCF-EAP1) and Claims Examination Advance Preparation Instructions (Form FHCF-LAP1).

(6) Subsection (6) is amended to delete the requirement that the Company Contact Information form (Form FHCF C-1) must be notarized.

## Incorporated Forms

### **FORM FHCF-D1A rev. XX/21, Florida Hurricane Catastrophe Fund 2021 Data Call**

In addition to updating of references to apply to the 2021-2022 Contract Year and nonsubstantive editorial changes, the 2021 Data Call includes substantive changes, outlined under “Important Changes in the 2021 Data Call” on page 2.

- The requirement to report the year built in field #12 is now also applicable to mobile homes.
- Commercial – Habitational Clarification #8 has been added to clarify that a condominium association rated and classified as a hotel, motel, timeshare, shelter, camp, retreat, or other similar structure, is not covered by the FHCF.

The 2021-2022 Data Call also includes the following other changes from the prior Data Call:

#### Page 7: File Layout

Change to file layout is revised to reflect the change to include mobile homes year built in field #12, as described under “Important Changes,” above.

#### Page 10: Deductible Group

The data field is clarified to instruct companies writing policies with some type of deductible credit mechanism (e.g., vanishing deductible) to report the deductible stated on the declarations page without recognition of any credit earned or reduction to the stated deductible. Also, a clarification is added for any policy written with a dollar-only deductible that is greater than \$50,000, the deductible amount must be converted to a percentage of the total insured building value.

#### Page 13: Year Built

The relevant data field is revised to reflect the change to include mobile homes, as described under “Important Changes,” above.

#### Page 18: Reimbursement Contract: Article VI – Selected Exclusions

Changes to exclusions made to reflect changes in the 2021-2022 Reimbursement Contract adopted by Rule 19-8.010, F.A.C., Reimbursement Contract.

#### Pages 21-22: Reporting Clarifications; Commercial-Habitational Clarifications

Clarifications 3 and 6. Revisions made to remove unnecessary language.

Clarification 8 added to reflect definitions in the Reimbursement Contract that clarify a condominium structure or complex is deemed to have a habitational occupancy regardless of the occupancy time limits of individual units and is covered by the FHCF. However, if it is rated or classified as a hotel, motel, timeshare, shelter, camp, retreat, or other similar structure, then it is not covered by the FHCF.

## **FORM FHCF-LIA rev. XX/21, Contract Year 2021 Interim Loss Report**

References are updated to apply to the 2021-2022 Contract Year.

## **FORM FHCF-L1B rev. XX/21, Contract Year 2021 Proof of Loss Report**

References are updated to apply to the 2021-2022 Contract Year.

Under records required to have available during the exam, a clarification has been added to recognize proof of payment may be in other forms other than checks.

## **FORM FHCF-DCL rev. XX/21, Contract Year 2021 Detailed Claims Listing Instructions**

References are updated to apply to the 2021-2022 Contract Year.

A new paragraph is added to direct companies to review the FHCF Reimbursement Contract definitions in Article V and exclusions in Article VI prior to reporting losses to the FHCF in order to avoid excess reimbursements that must be paid back to the FHCF with interest based on Article VIII of the FHCF Reimbursement Contract.

## **FORM FHCF-EAP1 rev. XX/21, Exposure Examination—Contract Year 2021 Advance Preparation Instructions**

References are updated to apply to the 2021-2022 Contract Year.

The instructions are revised to recognize exposure examinations may be conducted remotely or on-site.

## **FORM FHCF-LAP1 rev. XX/21, Claims Examination—Contract Year 2021 Advance Preparation Instructions**

References are updated to apply to the 2021-2022 Contract Year.

The instructions are revised to recognize claims examinations may be conducted remotely or on-site.

Under records required to have available during the exam, a clarification has been added to recognize proof of payment may be in other forms other than checks.

## Notice of Proposed Rule

### **STATE BOARD OF ADMINISTRATION**

#### **RULE NO.: RULE TITLE:**

19-8.029: Insurer Reporting Requirements and Responsibilities

**PURPOSE AND EFFECT:** The State Board of Administration, Florida Hurricane Catastrophe Fund, seeks to amend Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, to implement Section 215.555, Florida Statutes.

**SUMMARY:** In general, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, addresses reporting and examination requirements. The proposed revisions to Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopt the 2021-2022 Data Call for exposure reporting, the forms for loss reporting, and forms relating to exposure examinations and claims examinations. As amended, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts the Data Call and other applicable reporting requirements and examination instruction forms for the 2021-2022 contract year, deletes obsolete or duplicative material, and provides additional clarification.

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

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

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to this rule and the incorporated forms, the State Board of Administration of Florida has determined that the rule does not meet the requirements for ratification by the legislature. The changes to the rule do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate within 1 year of implementation. The changes to the rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness or innovation or increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule.

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

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

**LAW IMPLEMENTED:** 215.555(2), (3), (4), (5), (6), (7), (10), F.S.

**IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:**

**DATE AND TIME:** January 7, 2021, 9:00 a.m. (ET) to 10:00 a.m. (ET).

**PLACE:** Hermitage Centre Conference Room, Hermitage Centre, 1801 Hermitage Boulevard, Tallahassee, FL 32308. Persons wishing to participate by phone may dial (888) 585-9008 and enter conference code 973-664-296. Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Mary Linzee Branham, Florida Hurricane Catastrophe Fund, 1801 Hermitage Blvd., Tallahassee, FL 32308, (850) 413-1335, marylinzee.branham@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).



THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Mary Linzee Branham at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

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

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

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

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

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

(3) Data Call form.

~~(a) For the 2019/2020 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2019 Data Call,” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10199>, which is hereby adopted and incorporated by reference into this rule.~~

~~(a)(b) For the 2020/2021 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2020 Data Call,” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11447>, which is hereby adopted and incorporated by reference into this rule.~~

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

(4) Loss reporting forms.

~~(a)1. For the 2019/2020 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2019 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10200>, which is hereby adopted and incorporated by reference into this rule.~~

~~(a)1.2. For the 2020/2021 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2020 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11448>, which is hereby adopted and incorporated by reference into this rule.~~

~~2. For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.~~

~~(b)1. For the 2019/2020 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2019 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 9/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11080>, which is hereby adopted and incorporated by reference into this rule.~~

~~(b)1.2. For the 2020/2021 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2020 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11449>, which is hereby adopted and incorporated by reference into this rule.~~

~~2. For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.~~

~~(c)1. For the 2019/2020 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2019 Detailed Claims Listing Instructions,” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10202>, which is hereby adopted and incorporated by reference into this rule.~~

~~(c)1.2. For the 2020/2021 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2020 Detailed Claims Listing Instructions,” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11450>, which is hereby adopted and incorporated by reference into this rule.~~

~~2. For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2021 Detailed Claims Listing Instructions,” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.~~

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year’s “Exposure Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

~~1. For the 2019/2020 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10203>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10204>, which is hereby adopted and incorporated by reference into this rule.~~

~~1.2. For the 2020/2021 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-114444>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11445>, which is hereby adopted and incorporated by reference into this rule.~~

~~2. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.~~

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

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

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

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

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

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal State of Florida or federal holiday.

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

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

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

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

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: December 15, 2020

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: October 13, 2020

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

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

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

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

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

(3) Data Call form.

~~(a) For the 2019/2020 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2019 Data Call,” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10199>, which is hereby adopted and incorporated by reference into this rule.~~

~~(a)(b)~~ For the 2020/2021 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2020 Data Call,” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11447>, which is hereby adopted and incorporated by reference into this rule.

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

(4) Loss reporting forms.

~~(a)1. For the 2019/2020 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2019 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10200>, which is hereby adopted and incorporated by reference into this rule.~~

~~(a)1.2.~~ For the 2020/2021 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2020 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11448>, which is hereby adopted and incorporated by reference into this rule.

~~2.~~ For the 2021/2022 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2021 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.

~~(b)1. For the 2019/2020 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2019 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 9/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11080>, which is hereby adopted and incorporated by reference into this rule.~~

~~(b)1.2.~~ For the 2020/2021 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2020 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11449>, which is hereby adopted and incorporated by reference into this rule.

~~2.~~ For the 2021/2022 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2021 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.

~~(c)1. For the 2019/2020 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2019 Detailed Claims Listing Instructions,” rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10202>, which is hereby adopted and incorporated by reference into this rule.~~

~~(c)1.2.~~ For the 2020/2021 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2020 Detailed Claims Listing Instructions,” rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11450>, which is hereby adopted and incorporated by reference into this rule.

~~2.~~ For the 2021/2022 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2021 Detailed Claims Listing Instructions,” rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX>, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

**DRAFT 10/13/2020**

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year’s “Exposure Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

~~1. For the 2019/2020 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF EAP1, rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10203>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF LAP1, rev. 01/19, <http://www.flrules.org/Gateway/reference.asp?No=Ref-10204>, which is hereby adopted and incorporated by reference into this rule.~~

~~1.2.~~ For the 2020/2021 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-114444>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/20, <http://www.flrules.org/Gateway/reference.asp?No=Ref-11445>, which is hereby adopted and incorporated by reference into this rule.

~~2. For the 2021/2022 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-EAP1, rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX>, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2021 Advance Preparation Instructions,” FHCF-LAP1, rev. XX/21, <http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXXX>, which is hereby adopted and incorporated by reference into this rule.~~

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

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

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

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

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

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal State of Florida or federal holiday.

**DRAFT 10/13/2020**

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

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

# Florida Hurricane Catastrophe Fund

## ~~2020~~-2021 Data Call

### Instruction Sheet

Each authorized insurance Company writing Covered Policies in the State of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This Premium is based on the Reimbursement Premium Formula specifying the amount of Premium to be paid for each \$1,000 of insured value for Covered Policies in each Florida ZIP Code by Type of Business, Construction Type, Deductible Group, Year Built, Structure Opening Protection, and Roof Shape code combinations.

In order to perform the calculation, each Company must submit its total covered property exposure (wind/hurricane insurance in force) **by September 1, ~~2020~~-2021** for insured values under Covered Policies **as of June 30, ~~2020~~2021**. Covered Policies are defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 17 herein; a full copy of the Reimbursement Contract is available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under “FHCF Rules”).

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**\*\* Important Changes in the ~~2020~~-2021 Data Call \*\***

1. [The requirement to report the year built in field #12 is now also applicable to mobile homes. See page 12.](#)
2. [Commercial-Habitational Clarification #8 has been added to clarify that a condominium association rated and classified as a hotel, motel, timeshare, shelter, camp, retreat, or other similar structure, is not covered by the FHCF. See page 23.](#)

**\*\* FHCF WIRE (Web Insurer Reporting Engine) \*\***

*WIRE* is the secure web-based system used for the reporting of Company exposure data. All ~~2020~~-2021 Data Call submissions are to be filed online using *WIRE*. Submissions in *WIRE* must be electronically signed off on by two officers no later than 4:00 p.m. Eastern Time on the applicable due date or the submission will be considered late. Your Company should have an existing *WIRE* account and a *WIRE* Account Manager who was registered by the FHCF upon designation by your Company on its most recent Company Contact Information Form (Form FHCF C-1) submitted to Paragon Strategic Solutions Inc. Each Company is allowed a maximum of seven *WIRE* users to perform submission functions on behalf of the Company. This number includes the Account Manager and at least two officers with the authority to certify and sign the submission statements. Your Company's Account Manager can remove existing *WIRE* users and can register new users. Registered users can access the *WIRE* system at [www.sbafla.com/fhcfwire](http://www.sbafla.com/fhcfwire). Additional information, including instructions and tutorials, are available in the system.

**\*\* Steps for Completing Data Call \*\***

1. Well in advance of preparing your Company's Data Call submission, the FHCF suggests that your Company's *WIRE* users verify that they can access the system. Users who experience difficulties may contact the State Board of Administration of Florida (SBA) at [wire@sbafla.com](mailto:wire@sbafla.com) or 850-413-1228.
2. **Mapping/Methodology proposals should be received by the Administrator by August 1, ~~2020~~2021.** Prior to making the actual Data Call submission in *WIRE*, request written approval from the Administrator for any proposed methodology required to be submitted in advance. See Mapping/Reporting Methodology Approvals on page 4.
3. A Data Call file must pass *WIRE* validation tests before it can be submitted. Your Company may upload a Data Call file to *WIRE* for validation beginning July 1<sup>st</sup>. After the file is uploaded, the system performs the validation tests and sends the results via email. The email will include a summary of any errors and/or warnings of potential errors noted in the file. If the file passes validation, it can be confirmed for submission or deleted and uploaded again later. If the file fails validation, it is automatically deleted from the system and your Company will have to upload a corrected file.

Data quality checks programmed in *WIRE* will help ensure that your Company's data is in the correct format and that it does not contain invalid codes and invalid ZIP-to-county code mappings. **However, please keep in mind that the system cannot identify errors caused by data which was coded incorrectly according to the policy details.** Such errors may require a resubmission. Any examination conducted by the SBA will be the final determinant of data quality.

4. Prior to confirming the Data Call file for submission, your Company may upload supporting information in *WIRE* (e.g., a cover letter). After a Data Call submission has been confirmed through



*WIRE*, subsequent information to be provided in support of that submission must be sent directly to the Administrator at the address provided under General Data Call Issues.

- After the Data Call file is confirmed for submission, the system will send an email notification to the Company’s *WIRE* users designated as “Officers” to certify and sign the officer submission statements. Upon the sign-off of two officers, the submission is complete and no further changes can be made to the Data Call file as the automated processing of the data begins. *WIRE* will aggregate the data and transmit it to the Administrator for Premium calculation. Any subsequent submission of the Data Call file (resubmission) is subject to FHCF approval and will incur a resubmission fee (see Resubmissions located in the Data Quality section of this Data Call).

**Note:** *WIRE* was designed to function as a means of file transmittal from the companies to the FHCF and not as a means of file storage and retrieval

- Summary of *WIRE* submission components (required unless specified below as optional):

	<b>Via <i>WIRE</i> Tab</b>
Data Call File (file of exposure data)*	Upload/Validate
Optional Supporting Documents (e.g., a cover letter)	Confirm/Submit
Submission Confirmation Form – requires the following:	Confirm/Submit
- Collateral Protection Reporting Selection	
- Written Explanation of Exposure Fluctuation (if applicable)	
- Submission Confirmation Statement	
Officer Submission Statements signed by two Officers (see page 6)	Sign Officer Statements

\*Note: All data for an individual Company should be submitted as one file, unless your Company has participated in a Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Account assumption agreement (see page 24).

- If your Company does not have Covered Policies as defined in subsection (11) of Article V of the Reimbursement Contract (see page 17 herein), but was an active FHCF Company for the ~~2019~~/2020/2021 Contract Year, a letter requesting to petition for exemption from the FHCF must be returned to the Administrator at the address provided under General Data Call Issues no later than **September 1, ~~2020~~2021**.

**Note:** If your Company determines at a later time that it does have Covered Policies, or the SBA denies your Company’s request for exemption from the FHCF, your Company will be subject to any fees and/or administrative action by the Florida Department of Financial Services for delinquent or inadequate exposure data as defined in this Data Call and/or your Company’s Reimbursement Contract.

## **\*\* General Data Call Issues \*\***

### **Extensions**

Data Call submissions through *WIRE* must be electronically signed off on by two officers by 4:00 p.m. (ET), September 1, ~~2020~~2021. Extensions will not be granted.

If you have any questions about the information to be supplied or about this Data Call, please do not hesitate to contact Holly Bertagnolli, Kathy Mackenthun, or Martin Helgestad of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or by email at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com). If you have any questions regarding *WIRE*, please contact the SBA at [wire@sbafla.com](mailto:wire@sbafla.com) or 850-413-1228.

### **Mapping/Reporting Methodology Approvals**

If any of the following apply to your Company, your Company must submit its proposed mapping/reporting methodology on an annual basis by August 1 of the Contract Year:

1. **Construction mapping:** See page 10.
2. **Reporting methodology for mixed-occupancy single structures under a commercial policy:** See the Mixed-Occupancy Single Structures Worksheet on page 34.
3. **Collateral protection reporting requirements:** See the Supplemental Information Required from a Company Reporting Exposure under Collateral Protection Policies section on page 26.

Proposals will be initially reviewed for high-level reasonableness, followed by a detailed review during the FHCF’s exposure reporting examination. Proposals should be sent to the Administrator at the following address:

Kathy Mackenthun, CPCU, ARe  
 Director – FHCF Administration  
 Paragon Strategic Solutions Inc.  
 8200 Tower  
 5600 West 83<sup>rd</sup> Street, Suite 1100  
 Minneapolis, MN 55437

OR

[FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com)

**\*\* Data Quality \*\***

**Resubmissions**

A Company submitting its Data Call file in noncompliance with the specifications herein could be required to resubmit its data. Any examination conducted by the SBA will be the final determinant of data quality. Any Company required to resubmit data will be allowed 30 calendar days to resubmit data (may be less than 30 days if the Company has been already notified by the SBA for an exam). A \$1,000 resubmission fee (for resubmissions that are not the result of an exam by the SBA) will be invoiced by the FHCF for each resubmission. An extension may be granted if a Company can show that the need for additional time is due to circumstances beyond their reasonable control.

If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be \$2,000. If a Company’s examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be \$2,000.

**Explanation of Exposure Fluctuations**

*WIRE* will compare your current year submission to your submission from the previous year to identify increases or decreases in reported exposure and will require an explanation when any increase or decrease for a specific FHCF type of business meets either the combined dollar/percentage threshold or the large dollar threshold below. A comment field is provided in the *WIRE* Submission Confirmation Form for your Company to enter a brief explanation of such fluctuations when confirming the Data Call file for submission. While the degree of detail is left to the discretion of your Company, the explanation must provide detail beyond simply stating that “the data has been reviewed and is correct as submitted.”

Type of Business	\$ Threshold		% Threshold		Large \$ Threshold
Commercial:	+/- \$ 25,000,000	and	+/- 40%	or	+/- \$ 200,000,000
Residential:	+/- \$ 50,000,000	and	+/- 40%	or	+/- \$1,000,000,000
Mobile Home:	+/- \$ 25,000,000	and	+/- 40%	or	+/- \$ 40,000,000
Tenants:					+/- \$ 20,000,000
Condominium Unit Owners:	+/- \$ 25,000,000	and	+/- 40%	or	+/- \$ 40,000,000

## **Rounding**

Exposures must be reported in whole dollars and may be rounded to the nearest \$1,000, but no greater.

### **\*\* Covered Policies \*\***

A Covered Policy is defined in Section 215.555(2)(c), Florida Statutes, as any insurance policy covering a Residential Structure, or its contents, located in the State of Florida. Covered Policy is further defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 17 herein), which includes personal lines residential coverages, commercial lines residential coverages, and mobile home coverages. **The FHCF provides reimbursement only for losses from policies with wind or hurricane coverage.**

### **\*\* June 30<sup>th</sup> “as of” Date \*\***

The data reported under this Data Call pertains to a Company’s insured values under Covered Policies as of June 30, ~~2020~~2021. This data is used by the FHCF to calculate a Company’s Premium, Retention, and maximum FHCF coverage under the applicable Reimbursement Contract.

Although changes to coverage under a policy that are effective after June 30<sup>th</sup> do not impact reporting under the Data Call (including new policy issuance and policy terminations), the policy terms in effect at a time of loss will be considered in determining a Company’s Losses eligible for reimbursement under the FHCF. For example, if a Covered Policy was written effective July 1, ~~2020~~2021, exposure for that policy would not be included under the ~~2020-2021~~ Data Call submission, but Losses under that policy would be reportable to the FHCF when the Company files its loss reports.

Given an “as of” date of June 30<sup>th</sup> and a statutory Data Call due date of September 1<sup>st</sup>, a Company must determine the date at which it can most accurately capture and report its data to include policy transactions with effective dates of June 30<sup>th</sup> or earlier, while still being able to meet the statutory Data Call due date. For example, a Company writes a policy with an effective date of June 29, ~~2020~~2021, the transaction was processed by the Company on July 15, ~~2020-2021~~ and the Company compiled its data on July 20, ~~2020~~2021. The FHCF would expect the policy to be reported since the policy was in effect on June 30<sup>th</sup> and the transaction was processed before the date the data was compiled. However, the FHCF recognizes that if a transaction was not processed far enough through a Company’s systems by the date on which the Company compiled its Data Call information, then that transaction would not necessarily be reflected in the Company’s original Data Call submission. Nonetheless, should the Company have to resubmit its Data Call at a later date, then the transaction should be included in the resubmitted data.

### **\*\* Retention of Records for SBA Examination \*\***

In accordance with Article XIII of the Reimbursement Contract and the SBA’s examination program, all records, including exposure filings (Data Call submission), policy files, and supporting documentation, must be retained along with computer runs produced to support the Data Call submission. Companies writing covered collateral protection policies, as defined in this Data Call, must be able to provide documentation that the policy covers the borrower’s and lender’s interest and that the dwelling coverage is in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner’s policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 26 of this Data Call). Such records must be retained until the SBA has completed its examination of your Company’s exposure submission and loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded. The Data Call file must be retained and maintained so that, upon examination by the SBA, changes can be made to correct any errors which may be identified and to allow for a resubmission if required.

## **\*\* Officer Submission Statements \*\***

A Data Call submission is required to be signed by two officers in *WIRE*. The following are included in the online officer submission statements:

- I, the undersigned, do state that, to the best of my knowledge, the file submission provided to the SBA under Section 215.555(5)(c), Florida Statutes, is complete, accurate, and in compliance with the requirements of Section 215.555, Florida Statutes, and all Florida Administrative Code rules.
- I, the undersigned, acknowledge that the SBA may use the submitted file and related transmittals in the course of its examination of the captioned Company's exposure reporting, as well as any applicable claims examinations. I further understand that the exposure examination will require documentation in addition to the items submitted herein. Said Company will retain and maintain complete and accurate records, in policy level detail, of all exposure data related to the generation and submission of this Data Call submission or resubmission until the SBA has completed its exposure and claims examinations of the Company's submission(s) and commutation for the Contract Year (if applicable) has been concluded.

[This next certification will appear only for those companies identified by the user confirming and submitting the file in *WIRE* as writing collateral protection policies as described herein.]

- I, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower's and the lender's financial interest, in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner's policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 26 of this Data Call). I understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, said Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), Florida Statutes, and specifically, as outlined in this Data Call. Accordingly, I certify that, to the best of my knowledge, said Company:
  - Option 1: has collected all the information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.
  - Option 2: does not have available the data as required by the Premium Formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. I also understand that said Company is ineligible to collect any reimbursements from the FHCF for Losses occurring during this FHCF contract year from policies covering collateral protection exposure.
- I, the undersigned, am an officer of the captioned Company, acting within my authority in making these declarations, and I have conducted, or have had conducted, a diligent review of said Company's records and systems to determine the truth of these statements.

# Florida Hurricane Catastrophe Fund ~~2020~~ 2021 Data Call

## File Layout

The following fields must be provided in a pipe delimited text file. For the pipe “|” symbol, press the *Shift* key and the \ key.

Field #	Description	Min Length	Max Length	Type	Notes
1	Type of Business	1	1	Numeric	Only the codes on page 9 are acceptable.
2	Line of Business	1	1	Numeric	Only the codes on page 10 are acceptable.
3	Construction Type	1	2	Numeric	Only the codes on page 10 are acceptable.
4	Deductible Group	2	2	Alpha-Numeric	Only the codes on pages 11-12 are acceptable.
5	County Code	1	3	Numeric	Only the codes on page 29 are acceptable.
6	ZIP Code	5	5	Numeric	At least 95% of exposure must have a valid ZIP Code.
7	Total Insured Risks	1	6	Numeric	Must be greater than zero.
8	Total Insured Value – Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If amount is zero, then enter 0. *Note that the sum of these four fields must be greater than zero.
9	Total Insured Value – Appurtenant Structures*	1	12	Numeric	
10	Total Insured Value – Contents*	1	12	Numeric	
11	Total Insured Value – ALE*	1	12	Numeric	
12	Year Built	1	4	Numeric	Enter 4-digit year; if unknown <del>or the structure is a mobile home</del> , enter 0.
13	Reserved for Future Use	1	1	Numeric	Enter 0.
14	Reserved for Future Use	1	1	Numeric	Enter 0.
15	Structure Opening Protection	1	1	Numeric	Only the codes on page 14 are acceptable.
16	Roof Shape	1	1	Numeric	Only the codes on page 14 are acceptable.
17	Policy Effective Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
18	Policy Expiration Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeros for single-digit months and days).
19	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 14.
20	Citizens Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only. See additional instructions on page 15.

**Example:** A record with the following information:

Field #	Description	Type	Entry
1	Type of Business	Residential	2
2	Line of Business	Homeowners	2
3	Construction Type	Frame	1
4	Deductible Group	\$2,000	RC
5	County Code		86
6	ZIP Code		33130
7	Total Insured Risks		5
8	Total Insured Value – Building		500000
9	Total Insured Value – App. Structures		100000
10	Total Insured Value – Contents		250000
11	Total Insured Value – ALE		50000
12	Year Built	Example: 2010	2010
13	NA		0
14	NA		0
15	Structure Opening Protection	No credit is given to policyholder	0
16	Roof Shape	Hip, Mansard, or Pyramid	1
17	Policy Effective Date		<del>20200305</del> 20210305
18	Policy Expiration Date		<del>20210305</del> 20220304
19	Policy Number		ABC000001234
20	Citizens Policy Number		FRJ000022222

Each record must have the following layout:

2|2|1|RC|86|33130|5|500000|100000|250000|50000|2010|0|0|0|1|202010305|202103054|ABC000001234|FRJ000022222

### Description of Data Fields

The FHCF strongly encourages any individual involved in completing this Data Call to review the Reporting Clarifications on pages 21-22 herein.

#### 1. Type of Business (TOB)

All exposure should be classified as one of the following FHCF TOBs. Exposure for scheduled personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with, with the exception of mobile home related property, which must still be reported as FHCF TOB “3” (Mobile Home).

Type of Business	Code
Commercial	1
Residential	2
Mobile Home	3

Type of Business	Code
Tenants	4
Condominium Unit Owners	6

General TOB Instructions:

- **Commercial** should be used for commercial-habitational exposures such as apartment buildings and condominium complexes. Do not use this TOB for individual condominium unit owners.
- **Mobile Home** should be used for all mobile home coverages, regardless of the policy form on which coverage is written, including coverage provided to a person(s) renting a mobile home.

- **Tenants** should be used for policies providing property coverage to a person(s) entitled to occupy a dwelling unit (including a condominium unit) under a rental agreement. Do not use this TOB for any policy providing coverage to a person renting a mobile home. Exposure for scheduled personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with.
- **Condominium Unit Owners** should be used for individual condominium unit owners, whether owner or tenant occupied. Do not use this TOB for condominium complexes or multi-unit structures.

2. **Line of Business**

Exposure information for Covered Policies is to be reported using the following codes (use the code your Company deems most appropriate):

Line of Business	Code	Line of Business	Code
Fire and Allied Lines	1	Commercial Multiple Peril	4
Homeowners Multiple Peril	2	Mobile Homeowners	5
Farmowners Multiple Peril	3	Inland Marine	6

3. **Construction Type**

The FHCF’s construction codes and definitions are provided on page 28. Your company must use the applicable FHCF codes in its Data Call submission.

If your Company’s construction definitions do not closely match those of the FHCF, you must complete the Construction Mapping Worksheet on pages 31-33, submit it to the Administrator, and receive approval from the Administrator prior to submitting the Data Call file through *WIRE*. This will help your Company avoid a subsequent resubmission due to improper construction reporting. Once the Administrator has notified you in writing that your mapping is acceptable, you must complete the actual mapping so that only FHCF constructions are reported in your submission. The Construction Mapping Worksheet must be provided directly to the Administrator, not through *WIRE*. **If a mapping review is necessary for your Company, such a review must be done each year.**

If your Company has policies for which no construction information is captured, exposure for such policies should be reported using the FHCF Unknown construction code “11” (or code “25” for mobile home exposure).

\*Note that Codes 7, 15, and 16 are applicable for the Residential Type of Business for the first time under the ~~2020~~-2021 Data Call. Data collected will be used to determine rates applicable to the 2021 Data Call. Rates applicable to Residential exposure reported with these codes under the ~~2020~~-2021 Data Call will be the Masonry (Code 2) rates.

**Commercial, Residential\*, Condominium Unit Owners, Tenants**

Construction Type	Code
Frame	1
Masonry	2
Masonry with Reinforced Concrete Roof	15
Superior	7
Superior with Reinforced Concrete Roof	16
Masonry Veneer	10
Unknown (Non-Mobile Home)	11

**Mobile Home**

Construction Type	Code
Mobile Home - Fully Tied Down, Mfg. before 7/13/94	21
Mobile Home - Fully Tied Down, Mfg. on or after 7/13/94 or documented to be in compliance with ANSI/ASCE 7-88	22
Mobile Home - Other than Fully Tied Down or Unknown	25



4. **Deductible Group – Wind Including Hurricane Deductible, or Hurricane Deductible Only**

~~Except as instructed for commercial-habitational policies below, r~~ Report an FHCF percentage or dollar deductible code based on how the policy deductible is written. For example, a \$100,000 residential policy written with a 2% deductible must be reported with code R2, not code RC (\$1,501 to \$2,500 deductible), regardless of how the deductible is “stated” to the policyholder.

For any policy written with a percentage deductible and a minimum dollar deductible, always report the percentage deductible.

For policies with some type of deductible credit mechanism (e.g., vanishing deductible), report the deductible stated on the declarations page without recognition of any credit earned or reduction to the stated deductible.

For ~~commercial-habitational~~ policies (regardless of the FHCF Type of Business under which the policy’s exposure is reported) written with a dollar-only deductible that is greater than \$50,000, the deductible amount must be converted to a percentage of the total insured building value (Data Call field 8) and reported to the FHCF as a percentage deductible.

For commercial-habitational policies covering multiple structures/contents under an indivisible aggregate deductible, report the full blanket deductible for each record reported.

Following are the FHCF deductible groups and codes:

**Commercial**

Deductible Group	Code
\$0 to \$2,500	CA
\$2,501 to \$7,500	CB
\$7,501 to \$15,000	CC
\$15,001 to \$50,000	CD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	C1
Greater than 1%, less than or equal to 2%	C2
Greater than 2%, less than or equal to 3%	C3
Greater than 3%, less than or equal to 4%	C4
Greater than 4%, less than or equal to 5%	C5
Greater than 5%, less than or equal to 6%	C6
Greater than 6%, less than or equal to 7%	C7
Greater than 7%, less than or equal to 8%	C8
Greater than 8%, less than 10%	C9
10% or Greater	C0

**Residential, Tenants, or Condominium Unit Owners**

Deductible Group	Code
\$0	RM
\$1 to \$500	RA
\$501 to \$1,500	RB
\$1,501 to \$2,500	RC
Greater than \$2,500	RD
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	R1
Greater than 1%, less than or equal to 2%	R2
Greater than 2%, less than or equal to 3%	R3
Greater than 3%, less than or equal to 4%	R4
Greater than 4%, less than or equal to 5%	R5
Greater than 5%, less than or equal to 6%	R6
Greater than 6%, less than or equal to 7%	R7
Greater than 7%, less than or equal to 8%	R8
Greater than 8%, less than 10%	R9
10% or greater, less than 15%	R0
15% or Greater	RZ



## Mobile Home

Deductible Group	Code
\$0	MM
\$1 to \$250	MA
\$251 to \$500	MB
Greater than \$500	MC
Greater than \$50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	M1
Greater than 1%, less than or equal to 2%	M2
Greater than 2%, less than or equal to 3%	M3
Greater than 3%, less than or equal to 4%	M4
Greater than 4%, less than or equal to 5%	M5
Greater than 5%, less than or equal to 6%	M6
Greater than 6%, less than or equal to 7%	M7
Greater than 7%, less than or equal to 8%	M8
Greater than 8%, less than 10%	M9
10% or Greater	M0

## 5. County Code

Florida county code specifying the location of each covered risk. All records must be coded with a valid Florida county code listed on page 29. There is no “unknown” county code. ZIP Codes and county codes must be cross-referenced to ensure that 95% of your Company’s aggregate exposure has a valid Florida ZIP Code to county code match. As the FHCF recognizes some ZIP Codes may span county boundaries, *WIRE* has been programmed to accept any county immediately bordering the county the FHCF considers to be the county in which a specific ZIP Code resides.

## 6. ZIP Code

The 5-digit ZIP Code location of each covered risk in Florida. A minimum of 95% of your Company’s aggregate exposure must be coded with valid Florida ZIP Codes. The FHCF ZIP Code database is as of January 2020/2021. If a record contains a ZIP Code that does not match the FHCF database, the rate applied will be based on the county code instead of the ZIP Code.

A listing of valid ZIP Codes and corresponding county codes and rating regions is available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Insurer Information and the Rates & Premium tab.

## 7. Total Insured Risks (May not be less than zero.)

This is the total number of insured risks for each FHCF Covered Policy.

### **Reportable Exposure (Data Call Fields 8-11)**

The only wind exposure that should be reported in response to this Data Call is summarized below. The exposure reportable to the FHCF is less inclusive than the coverage provided by the FHCF. Covered Policies are defined in subsection (11) of Article V of the Reimbursement Contract. See page 17 herein. Examples of exposure to be reported to the FHCF are included in the Frequently Asked Questions document available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Insurer Information.

- 1) The stated wind/hurricane policy limit (including any modifications by endorsement, attachment, or rider) for:
  - a. Dwelling (often referred to as Coverage A),
  - b. Appurtenant Structures (often referred to as Coverage B),
  - c. Contents (often referred to as Coverage C), and
  - d. Additional Living Expense (often referred to as Coverage D or Coverage E).
- 2) The full wind/hurricane limit for the dwelling limit/Additions and Alterations coverage (often referred to as Coverage A) on covered Condominium Unit Owners policies. The full limit is the total limit under the policy, regardless of whether that is the basic limit alone (e.g., \$1,000) or the basic limit plus an increased limit.

- 3) The additional wind/hurricane limit provided by attachments, endorsements, or riders for:
  - a. Scheduled personal property [except for those items listed under the Non-Reportable (But Covered) Exposure or Not Covered/Excluded Exposure sections],
  - b. Pool/screen enclosures, and
  - c. Building Additions and Alterations limit purchased on Renters/Tenants Policies [this is to be distinguished from Additions and Alterations coverage provided within the policy form as an additional coverage at no additional cost to the policyholder, which is considered a Non-Reportable (But Covered) Exposure].

#### **Non-Reportable (But Covered) Exposure**

Exposure from any additional coverages/coverage extensions written within the policy form are not reportable to the FHCF under this Data Call. The following list outlines exposures which are covered by the FHCF at the time of a covered Loss but are not reportable to the FHCF under this Data Call. Examples of exposure not to be reported to the FHCF are included in the Frequently Asked Questions document available online at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Insurer Information.

- 1) Any type of Ordinance and Law coverage.
- 2) Any additional exposure for endorsements that specifically increase the limit of liability at the time of a covered Loss (e.g., guaranteed replacement cost or specified increase to the dwelling limit).
- 3) Any exposure for the following:
  - a. Computers or electronic data,
  - b. Debris removal,
  - c. Golf carts,
  - d. Grave markers,
  - e. Land,
  - f. Mold, fungi, or bacteria,
  - g. Radio and TV antennas, satellite dishes, awnings, or signs,
  - h. Refrigerated property,
  - i. Trees, shrubs, and plants, and
  - j. Valuable papers, personal records, monies, or securities.

#### **Not Covered/Excluded Exposure**

Article VI of the ~~2020~~-2021 FHCF Reimbursement Contract outlines specific exclusions from FHCF coverage. Exclusions from Article VI which pertain to exposure reporting under this Data Call are included on pages 19-20 herein.

#### **8. Total Insured Value - Building**

This is the total insured building limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

#### **9. Total Insured Value - Appurtenant Structures or Non-Habitational Structures**

This is the total insured appurtenant structures limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

#### **10. Total Insured Value - Contents**

This is the total insured contents limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

**11. Total Insured Value - Additional Living Expense (ALE)**

This is the total insured ALE limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks. For ALE coverage provided as a specific dollar limit, report exposure values based on that limit, but not to exceed 40% of the Residential Structure (Coverage A) exposure or 40% of the contents (Coverage C) exposure. If ALE is written as a portion of Coverage A, 40% of Coverage A is the cap. If ALE is written as a portion of Coverage C, 40% of Coverage C is the cap.

For covered policies written with ALE as a time element coverage, you must report ALE exposure in an amount not to exceed 40% of the Residential Structure or 40% of the contents exposure.

**Note that the 40% threshold is a statutory cap.** If your Company provides coverage to its policyholders that is in excess of this cap, or if rounding of your building or contents exposure results in a higher ALE percentage, report no more than the cap when reporting ALE exposure to the FHCF.

**12. Year Built**

Enter the four-digit year of construction, [including for mobile homes](#) (e.g., 1989, 2014, etc.). If the year of construction is unknown ~~or if the structure is a mobile home~~, enter a zero (0).

**13. Reserved for Future Use – Enter 0**

**14. Reserved for Future Use – Enter 0**

**15. Structure Opening Protection**

Enter the appropriate structure opening protection code from the table below.

Structure Opening Protection	FHCF Code
No Structure Opening Protection	0
Structure Opening Protection	5

**16. Roof Shape**

Enter the appropriate roof shape code from the table below.

Roof Shape	FHCF Code
Hip, Mansard, or Pyramid	1
Gable, Other, or Unknown	2

**17. Policy Effective Date**

Enter the effective date of the Covered Policy using the “yyyymmdd” format.

**18. Policy Expiration Date**

Enter the expiration date of the Covered Policy using the “yyyymmdd” format.

**19. Policy Number**

Enter the Covered Policy number.

If your Company assumed Covered Policies from Citizens, a second Data Call file must be submitted for the assumed policies which **have not renewed** onto your Company’s books by June 30, ~~2020~~ [2021](#) (as instructed on page 24). In that second file, enter zero for field #19 and report the Citizens policy number for the assumed policy in field #20.

20. **Citizens Policy Number**

If your Company **did not** assume any policies from Citizens (as discussed on page 24, enter a zero in this field for each record).

If your Company **did** assume policies from Citizens:

For a policy assumed from July 1, ~~2019~~-2020 through June 30, ~~2020~~2021, enter the Citizens policy number in this field.

For a policy that was not assumed from July 1, ~~2019~~-2020 through June 30, ~~2020~~2021, enter a zero in this field.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Attachments

- Reimbursement Contract: Article V - Selected Definitions (page 17)
- Reimbursement Contract: Article VI – Selected Exclusions (page 19)
- Reporting Clarifications (page 21)
- Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written under Section 627.351(6)(c)1.g., Florida Statutes (page 23)
- Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements (page 24)
- Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements (page 25)
- Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies (page 26)
- Construction Codes (page 28)
- Florida County Codes (page 29)
- Reference Guide (page 30)
- Construction Mapping Worksheet (page 31)
- Mixed-Occupancy Single Structures Worksheet (page 34)
- Supplemental Instruction Sheet for New Participants (page 36)

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Reimbursement Contract: Article V – Selected Definitions

(3) **Additional Living Expense (ALE)**

ALE Losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(11) **Covered Policy**

(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure or the contents of a Residential Structure located in the State of Florida.

(b) 1. Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the company submits the required data as specified in the Data Call adopted under Rule 19-8.029, F.A.C.

2. The SBA finds that the replacement cost value of a dwelling is the functional equivalent of the dwelling coverage amount under the lapsed homeowner's policy and that coverage in the amount of the replacement cost value fulfills the legislative intent that collateral protection policies are to be covered by the FHCF only when they protect the borrower's interest in the dwelling to the same extent as a traditional residential policy. Therefore, for purposes of this definition of Covered Policy, a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy if the dwelling coverage amount is either:

- a. Equal to or greater than the amount of dwelling coverage in place under the "lapsed homeowner's policy," i.e., the last residential policy placed by the borrower; or
- b. Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, "replacement cost value" means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.

(c) Covered Policy does not include any policy or exposure excluded under Article VI.

(14) **Excess Policy**

This term means, for the purposes of this Contract, a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.

(24) **Residential Structure**

In general, this term means a unit or building used exclusively or predominantly for dwelling or habitational occupancies, including the primary structure and appurtenant structures insured under the same Covered Policy and any other structures covered under endorsements associated with the Covered Policy covering the Residential Structure.

(a) With respect to a unit or home insured under a personal lines residential policy form, such unit or home is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of its occupancy.

- (b) With respect to a condominium structure or complex insured under a commercial lines policy, such structure is deemed to have a habitational occupancy and to be a Residential Structure, regardless of the term of occupancy of individual units.
- (c) A single structure which includes a mix of commercial habitational and commercial non-habitational occupancies, and is insured under a commercial lines policy, is considered a Residential Structure if 50% or more of the total insured value of the structure is used for habitational purposes.
- (d) Residential Structures do not include any structures excluded under Article VI.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Reimbursement Contract: Article VI – Selected Exclusions

The following selected exclusions from Article VI of the Reimbursement Contract pertain to exposure that should not be reported under this Data Call.

- (2) Any policy which excludes wind or hurricane coverage.
- (3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.
- (4) (a) Any policy for Residential Structures that provides a layer of coverage underneath an Excess Policy issued by a different insurer;  
(b) Any policy providing a layer of windstorm or hurricane coverage for a ~~particular~~ structure(s) above or below a layer of windstorm or hurricane coverage under a separate policy issued by a different insurer, or any other circumstance in which two or more insurers provide primary windstorm or hurricane coverage for a ~~single~~ structure(s) using separate policy forms; or  
(c) Any other policy providing a layer of windstorm or hurricane coverage for a ~~particular~~ structure(s) below a layer of self-insured windstorm or hurricane coverage for the same structure.  
(d) The exclusions in this subsection do not apply to primary quota share policies written by Citizens Property Insurance Corporation under Section 627.351(6)(c)2., Florida Statutes.
- (5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.
- (6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(11)(b).
- (7) Any reinsurance assumed by the Company.
- (8) Hotels, motels, timeshares, shelters, camps, retreats or other similar structures. This exclusion does not apply to any policy identified as covering a residential condominium association or to any policy on which the insured is a residential condominium association, unless it is classified and rated as a hotel, motel, timeshare, shelter, camp, retreat or other similar structure.
- (9) Retail, office, mercantile, or manufacturing facilities, or other similar structures.
- (10) Any exposure for condominium or homeowner associations if no Residential Structures are insured under the policy.
- (11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.
- (12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).
- (13) Policies covering only Additional Living Expense.
- (14) Any exposure for barns or barns with apartments or living quarters.
- (15) Any exposure for builders risk coverage or new Residential Structures under construction.
- (16) Any exposure for vehicles, recreational vehicles, golf carts or boats (including boat related equipment) requiring licensing.
- (21) Any exposure for, or amounts paid to reimburse a policyholder for, condominium association loss assessments or under similar coverages for contractual liabilities.
- (23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Company and Citizens are covered by this Contract.
- (27) A policy providing personal property coverage separate from coverage of personal property included in a homeowner's, mobile home owner's, condominium unit owner's, or tenant's policy or other policy



covering a Residential Structure, or in an endorsement to such a policy. Also excluded is a personal property endorsement to a policy that excludes windstorm or hurricane coverage or to any other type of policy that does not meet the definition of covered policy.

(28) Endorsements predominantly covering Specialized Fine Arts Risks or collectible types of property meeting the following requirements:

(a) An endorsement predominantly covering Specialized Fine Arts Risks and not covering any Residential Structure if it meets the description in subparagraph 1 and if the conditions in subparagraph 2 are met.

1. For purposes of this exemption, a Specialized Fine Arts Risk endorsement is an endorsement that:

- a. Insures works of art, of rarity, or of historic value, such as paintings, works on paper, etchings, art glass windows, pictures, statuary, sculptures, tapestries, antique furniture, antique silver, antique rugs, rare books or manuscripts, jewelry, or other similar items;
- b. Charges a minimum premium of \$500; and
- c. Insures scheduled items valued, in the aggregate, at no less than \$100,000.

2. The insurer offers specialized inspection and must provide a specialized loss prevention service or other collector services designed to prevent or minimize loss, or to value or inventory the Specialized Fine Arts for insurance purposes, such as:

- a. Collection risk assessments;
- b. Fire and security loss prevention;
- c. Warehouse inspections to protect items stored off-site;
- d. Assistance with collection inventory management; or
- e. Collection valuation reviews.

(b) An endorsement generally used by the Company to cover personal property which could include property of a collectible nature, including fine arts, as further described in this paragraph, either on a scheduled basis or written under a blanket limit, and not covering anything other than personal property. All such endorsements are subject to the exclusion provided in this paragraph when the endorsement limit equals or exceeds \$500,000. Generally such collectible property has unusually high values due to its investible, artistic, or unique intrinsic nature. The class of property covered under such an endorsement represents an unusually high exposure value and such endorsement is intended to provide coverage for a class or classes of property that is not typical for the contents coverage under residential property insurance policies. In many cases property may be located at various locations either in or outside the state of Florida or the location of the property may change from time to time. The investment nature of such property distinguishes this type of exposure from the typical contents associated with a Covered Policy.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Reporting Clarifications

#### General Clarifications

1. *Aggregate Policy Limits (not applicable to Commercial Residential Policies)*

For policies that provide an aggregate limit without stating a specific limit for buildings, appurtenant structures, contents, or ALE exposures, report the exposure to the FHCF by allocating the total policy limit to the building field if the policy fits the definition of FHCF types of business Residential or Mobile Home, or to the contents field if the policy fits the definition of FHCF types of business Tenants or Condominium Unit Owners.

2. *Farmowners*

The only exposure under a Farmowners policy that is reportable to the FHCF is exposure for the dwelling, other private structures appurtenant to dwellings, household personal property, and additional living expense coverage. FHCF commercial codes for type of business and deductible may not be used.

3. *Multiple Rating Factors (Construction and Deductible) within the Building, Appurtenant Structures, Contents (including scheduled personal property), and ALE Limits*

If, within a policy, the limits above have different FHCF rating factors, exposure may be reported under one record using the rating factors applicable to the most exposure (e.g., if 70% of the exposure under such a policy is for Building coverage, report the rating factors applicable to the Building coverage). If your Company chooses to break such policies into multiple records for FHCF reporting, you must do so consistently across your non-commercial book of business.

This clarification is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields. For commercial policies covered by the FHCF, see Commercial-Habitational Clarification #1 **below**.

#### Commercial-Habitational Clarifications

The only commercial policies covered by the FHCF are those covering habitational structures (e.g., apartments and condominiums).

1. *Multiple Rating Factors (Construction and Deductible) within the Building (dwelling), Non-Habitational Structures, Contents, and ALE Limits of a commercial policy*

One Occupied Dwelling Structure: If, within a commercial policy, the limits above have different rating factors (e.g., a superior masonry apartment building, a frame guardhouse, and a masonry pool), exposure may be reported under one record using the rating factors applicable to the dwelling structure. If your Company chooses to break such policies into multiple records to report different constructions and deductibles to the FHCF, you must do so consistently across your commercial book of business.

Multiple Occupied Dwelling Structures: If, within a commercial policy, several occupied dwelling structures are insured and those structures are in multiple ZIP Codes, a separate record must be reported for each ZIP Code with the exposure applicable to that specific ZIP Code.

If multiple occupied dwelling structures insured under one policy are in the same ZIP Code and have shared non-habitational structures with different rating factors, your Company may report the exposure for the non-habitational structures as appurtenant to the dwelling structure your Company deems most appropriate.

This clarification, in its entirety, is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields.

## 2. *Commercial Policies Covering Farms*

For commercial farms with habitational exposure that is written on a commercial policy form, report the exposure as Residential type of business, with the exception of any mobile home related exposure. Dwelling mobile home exposure on the policy, including the contents therein and scheduled personal property, must be reported as Mobile Home type of business.

## 3. *Commercial Policies Covering a Variety of Risks (other than Farm coverage)*

For a commercial policy covering both commercial habitational exposures and incidental non-commercial habitational exposures (i.e., single-family homes, condominium unit owners, tenants coverage, and mobile homes) in the same ZIP Code, all non-mobile home related exposure may be reported under one record using FHCF type of business Commercial. The construction, deductible, Year Built, Structure Opening Protection, and Roof Shape codes applicable to the commercial habitational exposure should be reported for that record. Any mobile home exposure, regardless of the type of policy under which it is written, must be reported to the FHCF as type of business Mobile Home ~~and with the applicable mobile home construction and deductible codes.~~

Should your Company choose to report the exposure under such a policy as multiple records (e.g., an apartment building reported as Commercial, ~~and~~ the CEO's home reported as Residential, ~~and the president's condominium reported as Condominium Unit Owners~~), the decision to do so must be applied consistently to all such policies, and the Data Call codes applicable to each record/type of business must be reported.

Note that if the exposures are in different ZIP Codes, the exposures ~~under the single commercial policy~~ must be reported as separate records using the ZIP Code applicable to each exposure(s).

## 4. *Blanket Limits*

For a multiple location policy with a blanket limit, if the blanket limit is less than the insurable value of the property being insured, the policy would not be covered by, or reportable to, the FHCF pursuant to Exclusion (4) under Article VI of the Reimbursement Contract (see page 19 herein). The Company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

## 5. *Blanket Deductibles*

For a policy covering multiple structures/contents under an indivisible aggregate deductible, report each risk/building/exposure with the full blanket deductible amount.

## 6. *Policies with a Mix of Commercial Habitational & Non-Habitational Structures*

Only report exposure which directly covers, or is used in relation to, covered habitational structures. "Used in relation to" is defined as any structure that is used solely by the occupants (or their guests) of the habitational structure. If you are unable to make this determination for a structure, do not report the exposure for that structure in your Data Call submission. ~~Refer to the other clarifications herein with respect to blanket limits or blanket deductibles.~~

## 7. *Multiple Family Dwellings on a Commercial Policy & FHCF Type of Business (TOB)*

Two, three, and four-family dwellings should be reported with an FHCF TOB based on how your Company rates the dwellings (either Residential or Commercial FHCF TOB). Dwellings housing more than four families should be reported as FHCF TOB Commercial. For a commercial policy covering exposure that falls under multiple FHCF types of business, see Commercial-Habitational Clarification #3 herein.

## 8. *Condominium Associations*

A condominium structure or complex is deemed to have a habitational occupancy and to be a Residential Structure, regardless of the term of occupancy of individual units, pursuant to Definition (24)(b) under Article V of the Reimbursement Contract. However, if it is rated and classified as a hotel,

motel, timeshare, shelter, camp, retreat, or other similar structure, then it is not covered by the FHCF pursuant to Exclusion (8) under Article VI of the Reimbursement Contract.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written under Section 627.351(6)(c)1.g., Florida Statutes

If Citizens Property Insurance Corporation (Citizens) has written policies under Section 627.351(6)(c)1.g., Florida Statutes, and permits a Citizens policyholder to select a building/Coverage A limit of liability less than 80% of the replacement cost, Citizens must include the additional three fields in the table below in its Data Call submission, even though the specific fields may not apply to every policy.

#### Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
21	Full Replacement Cost - Building/Coverage A	1	12	Numeric	See description below this table. Enter zeros if none.
22	Building/Coverage A Limit as a Percentage of the Full Replacement Cost	1	3	Numeric	Report percentage (1% to 100%) in whole numbers. For example, 75% would be reported as 75 (see description below this table). Enter 100 if not applicable.
23	Application of Deductible	1	1	Alpha	Only the codes on this page (below) are acceptable.

#### Example

- Full building replacement cost: \$200,000.
- Policyholder selects a policy form/endorsement that allows the policyholder to select a building limit of liability that is 75% of the full replacement cost.
- As a result, the policyholder has purchased a building limit of \$150,000, which is the amount to be reported in Field #8 (Total Insured Value - Building) of this Data Call.

#### Description of Additional Fields

##### 21. Full Replacement Cost - Building

This is the full replacement cost of the building for a policy or multiple policies with the same Data Call codes (200000 for the example above).

##### 22. Building Coverage Limit as a Percentage of the Full Replacement Cost

This is the percentage (in whole numbers, no decimals) of the selected limit of liability in comparison to the full replacement cost (75 for the example above).

##### 23. Application of Deductible

This field indicates how a percentage deductible is applied. In other words, if the policy has a 2% deductible, is the 2% applied to the amount of selected building limit (2% of \$150,000 in the example above) or the replacement cost (2% of the \$200,000 in the example above)? Enter the appropriate code from the following table:

Application of Deductible	FHCF Code
Percentage of Selected Limit	L
Percentage of Replacement Cost	R
Dollar Deductible or Not Applicable	D

# Florida Hurricane Catastrophe Fund

## ~~2020~~-2021 Data Call

### Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements

For purposes of reporting exposure, calculating Reimbursement Premium, and determining Retention, all FHCF exposure removed from Citizens Property Insurance Corporation Coastal Account and/or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts pursuant to an assumption agreement under Sections 627.351(6)(q)3. and 627.3511, Florida Statutes, shall be treated as the exposure of the assuming Company.

Companies engaged in assumption agreements from July 1, ~~2019~~-2020 through June 30, ~~2020~~-2021 with either Citizens entity shall submit **separate** data files to the FHCF in the format specified herein. If your Company engaged in assumption agreements with both Citizens entities, three files would be submitted in response to this Data Call. One file must contain the Company's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, ~~2020~~-2021 must be included (including the Citizens policy number in Field #20) with the direct portion. The other two file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your Company's book by June 30, ~~2020~~2021.

**Note: All data for an individual Company must be submitted using the FHCF WIRE system before the Administrator can calculate your Company's Premium.**

For the purpose of this Data Call, each Citizens entity shall submit all of its FHCF exposure not subject to assumption agreements (including any assumed policies which the policyholders opted out of the assumption on or before June 30, ~~2020~~-2021 and those policies were not assumed by another Company prior to June 30, ~~2020~~2021) in the format specified herein using the *WIRE* system. In addition, each Citizens entity shall report all FHCF exposure removed from the applicable Citizens entity which, as of June 30, ~~2020~~2021, had not been renewed onto the assuming Company's policy forms. Such a file is required for each assumption Company. Each file shall be uploaded through the *WIRE* system in the Data Call format specified herein.

**The FHCF will compare the file(s) submitted by an assumption Company against the file(s) submitted by Citizens and the assumption Company will be required to explain discrepancies.**

Regarding opt outs, the assuming Company must report all assumed policies under this Data Call unless Citizens has notified the assuming Company on or prior to June 30, ~~2020~~-2021 that a policy is eligible for an opt out. In such cases, Citizens shall report those policies under its Data Call submission. Furthermore, any untagging or retroactive coverage changes subsequent to June 30<sup>th</sup> will not be considered by the FHCF and will not impact Data Call reporting for Citizens or the assuming Company.

All exposure files requested from the two Citizens entities and Companies engaged in removing exposure from either Citizens entity pursuant to an assumption agreement are subject to examination by the SBA.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Citizens Property Insurance Corporation Coastal Account Quota Share Primary Insurance Reporting Requirements

As required under sub-subparagraph 627.351(6)(c)2.f., Florida Statutes, for all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both Citizens Property Insurance Corporation (Citizens) and authorized insurers shall be reported by Citizens to the FHCF. For all policies of eligible risks covered under such agreements, Citizens and the authorized insurer must maintain complete and accurate records for the purpose of exposure and claims examinations as required by FHCF rules. Citizens and the authorized insurer must each maintain duplicate copies of policy declaration pages and supporting claims documents.

Citizens Property Insurance Corporation Coastal Account (referred to hereafter on this page as Citizens) shall report, as part of its Data Call submission, the following quota share primary insurance exposure data for all insurers engaged in quota share primary insurance agreements with Citizens:

#### Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
24	NAIC of Quota Share Insurer	5	5	Numeric	
25	Percentage of Hurricane Coverage Retained by Citizens	2	2	Numeric	Percentage of Citizens' retained hurricane coverage as set forth in the quota share primary insurance agreement between Citizens and an insurer.

#### Individual Companies shall not report these additional fields to the FHCF.

Based on the data provided under these two fields, the FHCF shall:

- Calculate the aggregate FHCF Premium, based on the Reimbursement Premium Formula as discussed on page 1 of this Data Call, by Company;
- Based upon the specified Citizens' percentage of hurricane coverage, allocate the applicable share of FHCF Premium to Citizens and to each Company;
- The allocated Premium from above will be added to the FHCF Premium calculated from non-quota share primary insurance for Citizens and for each Company participating in a quota share primary insurance agreement(s) with Citizens; and
- This aggregate Premium shall be used for the calculation of Retentions and FHCF reimbursements.

When reporting loss information to the FHCF, Citizens and Companies will be required to report only their respective portion of Losses under quota share primary insurance agreements.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies

As defined in Article V(11) of the Reimbursement Contract, Covered Policy includes any collateral protection insurance policy covering personal residences which protects both the borrower’s and the lender’s financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner’s policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the company submits the required data as specified in this Data Call.

As further specified in Article V(11), a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner’s policy if the dwelling coverage amount is either:

- a. Equal to or greater than the amount of dwelling coverage in place under the “lapsed homeowner’s policy,” i.e., the last residential policy placed by the borrower; or
- b. Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, “replacement cost value” means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.

#### **Methodology Approval Required in Advance**

If your Company will be reporting a Coverage A amount based on the replacement cost value of the dwelling instead of the dwelling coverage in place under the lapsed homeowner’s policy, a methodology for doing so, including identification of the source data to be used, must be submitted to the Administrator at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, 2020/2021. Written approval from the FHCFC must be received by your Company prior to its submission of the Data Call through *WIRE*.

#### **Additional Data Call Fields**

In addition to the fields required in the File Layout on page 8 herein, a Company reporting any exposure for collateral protection policies must include the additional fields identified and explained below. Note that while the first five additional fields are applicable to Citizens Property Insurance Corporation, they must be included to preserve the proper file layout and should be populated as indicated under the Notes section of the following table:

#### **Additional Data Call File Layout**

Field #	Description	Min Length	Max Length	Type	Notes
21	N/A – Citizens Field	1	12	Numeric	Enter 0.
22	N/A – Citizens Field	1	3	Numeric	Enter 0.
23	N/A – Citizens Field	1	1	Alpha	Enter the letter D.
24	N/A – Citizens Field	5	5	Numeric	Enter 0.
25	N/A – Citizens Field	2	2	Numeric	Enter 0.
26	Exposure Source	13	25	Alpha	Enter “Lapsed Policy” or name of the Replacement Cost Value source.
27	Reported Coverage A	1	12	Numeric	Enter either the Coverage A limit of the lapsed homeowner’s policy or the full replacement cost value of the dwelling.



## **Description of Additional Fields**

### **26. Exposure Source**

Indicate whether the Company relied on the coverage amount provided in the lapsed homeowner's policy or identify the data source approved in advance that was used to determine replacement cost value.

### **27. Reported Coverage A**

Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling as supported by the methodology approved in advance of the Data Call submission.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### FHCF Construction Codes

The construction code identifies the material with which the building is constructed.

Construction Type/Definition	FHCF Code
<p><i>Frame</i> ..... Buildings where the exterior walls are wood or other combustible materials, including wood iron-clad, stucco on wood, or plaster on combustible supports. Also includes aluminum or plastic siding over frame. If a Company's definition of frame includes hardiboard, FHCF Frame construction should be used<sup>1</sup>.</p>	1
<p><i>Masonry</i> ..... Buildings where the exterior walls are constructed of masonry, non-combustible, or fire resistive materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other non-combustible materials.</p>	2
<p><i>Masonry with Reinforced Concrete Roof</i> ..... Construction meeting the definition of FHCF Masonry construction, as outlined above, and having a reinforced concrete roof.</p>	15
<p><i>Superior</i> ..... Masonry, non-combustible, or fire resistive construction where one of the following additional conditions exist:</p> <ul style="list-style-type: none"> <li>▪ Roof deck has a minimum thickness of 2 inches with roof supports having a minimum dimension of 6 inches; or</li> <li>▪ Floors and roof constructed of 2 inches of masonry on steel supports or documented to be constructed of 22 gauge metal or heavier on steel supports; or</li> <li>▪ Roof assembly is documented to have a UL wind uplift classification of 90 or equivalent.</li> </ul> <p><b>Or</b> A building of any construction which is 6 or more stories.</p>	7
<p><i>Superior with Reinforced Concrete Roof</i> ..... Construction meeting the definition of FHCF Superior construction, as outlined above, and having a reinforced concrete roof.</p>	16
<p><i>Masonry Veneer</i> ..... Buildings with exterior walls of combustible construction veneered with brick, masonry, or stone. If a Company's definition of veneer includes hardiboard, FHCF Masonry Veneer construction should be used<sup>1</sup>.</p>	10
<p><i>Unknown</i> ..... Construction information not collected for the policy or the reportable exposure. Not valid for mobile home or mobile home-related exposure.</p>	11
<p><i>Mobile Home - Fully Tied Down, manufactured before 7/13/94<sup>2</sup></i> ..... Mobile/Manufactured Housing, manufactured before 7/13/94, which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder.</p>	21
<p><i>Mobile Home - Fully Tied Down, manufactured on or after 7/13/94<sup>2</sup></i> ..... Mobile/Manufactured Housing which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder, and was manufactured on or after 7/13/94 or is documented to be in compliance with ANSI/ASCE 7-88.</p>	22
<p><i>Mobile Home – Other than Fully Tied Down or Unknown</i> ..... Mobile home is not fully tied down, the nature of any tie downs is unknown, or tie down information is not available.</p>	25

<sup>1</sup>If your Company has a specific rate for hardiboard construction (i.e., a rate other than frame or veneer), a proposed mapping must be submitted to the FHCF Administrator as specified on pages 10 and 28 herein.

<sup>2</sup>If you are uncertain whether a mobile home was manufactured on or after 7/13/94, use the manufactured before 7/13/94 code "21." If your Company only tracks the year built and not the month, and the year built is 1994, use code "21."

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Florida County Codes\*

County Code	County Name	County Code	County Name	County Code	County Name
1	Alachua	49	Hardee	93	Okeechobee
3	Baker	51	Hendry	95	Orange
5	Bay	53	Hernando	97	Osceola
7	Bradford	55	Highlands	99	Palm Beach
9	Brevard	57	Hillsborough	101	Pasco
11	Broward	59	Holmes	103	Pinellas
13	Calhoun	61	Indian River	105	Polk
15	Charlotte	63	Jackson	107	Putnam
17	Citrus	65	Jefferson	109	St. Johns
19	Clay	67	Lafayette	111	St. Lucie
21	Collier	69	Lake	113	Santa Rosa
23	Columbia	71	Lee	115	Sarasota
27	De Soto	73	Leon	117	Seminole
29	Dixie	75	Levy	119	Sumter
31	Duval	77	Liberty	121	Suwannee
33	Escambia	79	Madison	123	Taylor
35	Flagler	81	Manatee	125	Union
37	Franklin	83	Marion	127	Volusia
39	Gadsden	85	Martin	129	Wakulla
41	Gilchrist	86	Miami-Dade	131	Walton
43	Glades	87	Monroe	133	Washington
45	Gulf	89	Nassau		
47	Hamilton	91	Okaloosa		

\* Derived from the Federal Information Processing Standards (FIPS) Codes.

# Florida Hurricane Catastrophe Fund

## 2020-2021 Data Call

### Reference Guide

The FHCF is dedicated to making information pertaining to the FHCF as readily available as possible, and has posted a considerable amount of information on the Internet through the FHCF web site at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

The following are sample documents/information available on-line:

- Bonding Estimates
- FHCF Calendar
- Company Contact Information Form (Insurer Contacts)
- Construction Mapping Worksheet
- Mixed-Occupancy Single Structures Worksheet
- Coverage Selections & Premium Calculations
- Data Call
- Examination Information
- Frequently Asked Questions
- Link: FEMA
- Link: Florida Administrative Register
- Link: Florida Department of Financial Services
- Link: Online Sunshine
- Loss Reimbursement Preparedness Program
- Loss Reports
- Member Handbook
- Projected Payout Multiple
- Ratemaking Formula Report and Addendum(s), as applicable
- Rates and Retention Multiples
- Reimbursement Contract and Addendum(s), as applicable
- Rule 19-8.010: Reimbursement Contract
- Rule 19-8.012: Ineligibility/Exemption from the FHCF
- Rule 19-8.013: Revenue Bonds
- Rule 19-8.028: Reimbursement Premium Formula
- Rule 19-8.029: Insurer Reporting Requirements and Responsibilities
- Section 215.555, Florida Statutes

**Florida Hurricane Catastrophe Fund**  
**2020-2021 Data Call**

**Construction Mapping Worksheet**

If your Company’s construction definitions do not closely match the FHCF’s definitions, the Company is required to complete and submit this construction mapping worksheet to the FHCF Administrator, Paragon Strategic Solutions Inc., and receive approval prior to initiating the Data Call submission process. An electronic version of the worksheet is available at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Insurer Information and the Data Call tab. Submit this completed worksheet to the Administrator by email at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, 2020/2021.

Company Name(s): \_\_\_\_\_

Date Prepared: \_\_\_\_\_

**SECTION I**

QUESTIONS		Select Y or N
<b>1</b>	Does your Company insure individual multi-story habitational buildings under commercial policies (e.g., condominium structures or apartment buildings)? If yes, complete Question #1; if no, proceed to Question #2.	N
	- Does your Company capture* the number of stories? If no, proceed to Question #2.	Y
	- Does your Company insure buildings with 6 or more stories?	Y
	- If your Company insures buildings with 6 or more stories, have you included FHCF <i>Superior</i> construction in your mapping for commercial policies?	NA
<b>2</b>	Does your Company insure individual condominium unit owners or tenants? If yes, complete Question #2; if no, proceed to Question #3.	N
	- Does your Company capture* the number of stories of the building in which an individual condominium or tenant unit is located? If no, proceed to Question #3.	N
	- Does your Company insure units within buildings with 6 or more stories?	N
	- If your Company insures condominium or tenant units within buildings which are 6 or more stories, have you included FHCF <i>Superior</i> construction in your mapping for condominium unit owners and/or tenants policies?	Y
<b>3</b>	This question pertains to whether your Company captures* if certain structures have a reinforced concrete roof.	
	- Does your Company capture* whether habitational buildings insured under commercial policies (e.g., condominium structures or apartment buildings) have a reinforced concrete roof?	Y
	- Does your Company capture* whether the buildings housing individual condominium or tenant units have a reinforced concrete roof?	Y

	<p>- If your Company answered yes to either of the two immediately preceding questions, have you included FHCF <i>Masonry with Reinforced Concrete Roof</i> and/or FHCF <i>Superior with Reinforced Concrete Roof</i> construction in your mapping?</p>	<p>NA</p>
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\* “Capture,” as used in the table above, means your Company collects the relative information at some point during the application or underwriting process, regardless of whether such information is used by your Company or whether or not it has been entered into your Company’s computer system(s).

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## SECTION II

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**Instructions:** Enter the Company’s construction types and definitions, as printed in the Company’s underwriting manual, and Company construction codes if your Company uses a coding system, into the table provided on the next page. Then enter the FHCF construction code proposed for reporting each of your Company’s construction types based on the FHCF construction definitions on page 32 of this Data Call. Indicate which FHCF type(s) of business each definition and/or code is applicable to by entering Com, Res, MH, Ten, Condo, or a combination of those types of business in the first column. Be sure to include all construction types that could be applicable to your Company’s Data Call submission.



Florida Hurricane Catastrophe Fund  
~~2020~~-2021 Data Call  
Mixed-Occupancy Single Structures Worksheet

Company Name(s): \_\_\_\_\_

Date Prepared: \_\_\_\_\_

ALL COMPANIES reporting FHCF Commercial type of business (code “1”) exposure under the ~~2020~~-2021 Data Call MUST COMPLETE THIS WORKSHEET and email it to the FHCF Administrator, Paragon Strategic Solutions Inc., at [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com) by August 1, ~~2020~~2021.

An electronic version of the worksheet is available at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Insurer Information and the Data Call tab.

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**SECTION I – Significance of Mixed-Occupancy Structures**

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If a single structure is insured under a commercial policy and is used for both habitational and non-habitational purposes, it is necessary, pursuant to the terms of the Reimbursement Contract, for your Company to determine the predominant use of such structures:

- If a structure is predominantly habitational, it is covered by the FHCF and is reportable under the Data Call.
- If a structure is predominantly non-habitational, it is not covered by the FHCF and is not reportable under the Data Call.

The FHCF considers predominant use to be 50% or greater of the total insured value of the structure on the basis of number of floors, square footage, or other reasonable methodology as justified by the Company.

Note that with regard to a condominium structure or complex insured under a commercial lines policy, beginning with the 2019 Data Call, such structure is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of occupancy of the individual units as long as those units make up the predominant use of the structure and are not excluded under Article VI of the Reimbursement Contract (see page 17 herein).



**Mixed-Occupancy Single Structures Worksheet**

**SECTION II – Verification of Mixed-Occupancy Structures**

QUESTIONS		ENTER Y OR N
	Does your Company insure mixed-occupancy single structures under commercial policies that include habitational dwelling units (e.g., apartment buildings with mercantile, mercantile buildings with apartments, etc.)?	Y
	<ul style="list-style-type: none"> <li>▪ If the answer is No, no further action is necessary.</li> <li>▪ If the answer is Yes, Section III must be completed.</li> </ul>	

**SECTION III – Mixed-Occupancy Methodology Requirements**

A proposed methodology for determining predominant use of mixed-occupancy single structures insured under commercial policies must be submitted to, and approved by, Paragon prior to your Company submitting its Data Call submission through *WIRE*.

**Your Company’s proposed methodology must include the following:**

A list of your Company’s class codes which could reasonably be expected to be used for mixed-occupancy structures that include habitational occupancies. The list should not be a complete list of all codes from your Company’s underwriting manuals (e.g., Code 0702 - Other Offices and Banks, which is unlikely to include habitational occupancies, should not be included on the list).

- a. Include a description of the type of property assigned to each code (e.g., Code 0311, Apartments with Mercantile – up to 10 units).
- b. For each code, indicate whether your Company considers the code to be typically used for structures which are predominantly habitational or predominantly non-habitational based on the FHCF’s description of predominant use in SECTION I.
- c. Summarize the basis for your methodology used to determine predominant occupancy (e.g., number of floors, square footage, etc.) and include any rating/underwriting rules that may be helpful.

# Florida Hurricane Catastrophe Fund

## ~~2020~~-2021 Data Call

### Supplemental Instruction Sheet for New Participants

As explained on page one of this Data Call, each Authorized Insurer writing Covered Policies in the state of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This includes New Participants to the FHCF. New Participants are defined in Article V of the FHCF Reimbursement Contract (adopted under Rule 19-8.010, Florida Administrative Code) as companies:

“which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes Covered Policies from Citizens pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant.”

The Reimbursement Contract requires that a New Participant report its insured values under Covered Policies **as of November 30, ~~2020~~-2021** by February 1, ~~2021~~2022. To comply with this requirement, please use the ~~2020~~-2021 Data Call instructions, keeping the following points in mind:

- All references to data as of June 30, ~~2020~~-2021 should be as of November 30, ~~2020~~-2021 for New Participants.
- The Data Call submission for New Participants is due by February 1, ~~2021~~2022. Extensions will not be granted.
- All references to exposure fluctuations from the prior year may be disregarded.

New Participants that were engaged in assumption agreements with Citizens Property Insurance Corporation from June 1, ~~2020~~-2021 through November 30, ~~2020~~2021, must also comply with the requirements under the Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements section on page 24 of this Data Call, and again, with the references to June 30, ~~2020~~-2021 changed to November 30, ~~2020~~2021.

If you have any questions about the information to be supplied as a New Participant, please do not hesitate to contact Holly Bertagnolli, Martin Helgestad, or Kathy Mackenthun of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or [FHCFAdministrator@paragon.aonbenfield.com](mailto:FHCFAdministrator@paragon.aonbenfield.com).

**Contract Year ~~2020~~-2021 Interim Loss Report  
Florida Hurricane Catastrophe Fund (FHCF)**

**Company Name:** \_\_\_\_\_ **Co. NAIC No.:** \_\_\_\_\_

**Group NAIC No. (if applicable):** \_\_\_\_\_ **Losses as of (most current data available):** \_\_\_\_\_

**HURRICANE:** \_\_\_\_\_ **Report Due Date:** \_\_\_\_\_

**ESTIMATED ULTIMATE NET LOSSES ON COVERED POLICIES**

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
Paid Loss*						
Outstanding Loss*						
IBNR (unknown losses)*						
<b>TOTAL*</b>						

**SCHEDULE OF REPORT DUE DATES**

If the FHCF determines that an Interim Loss Report is required due to the occurrence of a Covered Event, all Companies in the FHCF shall be notified of the required filing and the applicable due date (not less than fourteen days from the notice date). The FHCF will notify Companies if subsequent Interim Loss Reports are required or if a Detailed Claims Listing (refer to the Contract Year ~~2020~~-2021 Form FHCF-DCL) must be provided to the FHCF. Reported Losses are expected to result from a good faith effort, using best business practices for the insurance industry, on the part of the Company to report as accurately as possible. Losses reported under the Interim Loss Report will not be binding.

**TRADE SECRET INFORMATION**

Florida law generally defines a trade secret as being secret, of value, for use or in use by a business, and of advantage to the business, where the business takes measures to protect its secrecy. If you are claiming trade secret protection for the loss data in this Interim Loss Report (and related Detailed Claims Listings if applicable), check this box (note that aggregate, non company-specific, FHCF loss information is not subject to trade secret protection):

**SUBMISSION INSTRUCTIONS**

The Interim Loss Report (and a Detailed Claims Listing if requested) must be submitted electronically through the FHCF Online Claims System at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Online Reporting. Users will input the required fields directly into the system and an officer must sign off on each Interim Loss Report online prior to submission. Advance registration (including officers) is required for the Online Claims System; instructions are included on the system web site.

\* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your Company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Interim Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

**Signature:** \_\_\_\_\_ **Officer Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Printed or Typed Name of Officer:** \_\_\_\_\_

## Contract Year ~~2020~~ 2021 Proof of Loss Report Florida Hurricane Catastrophe Fund (FHCF)

Company Name: \_\_\_\_\_ Co. NAIC No.: \_\_\_\_\_

Group NAIC No. (if applicable): \_\_\_\_\_ Losses as of (most current data available): \_\_\_\_\_

HURRICANE: \_\_\_\_\_ Report Due Date: \_\_\_\_\_

**SECTION I - MANDATORY**

**ULTIMATE NET LOSSES ON COVERED POLICIES**

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
A. Paid Loss*						
B. Outstanding Loss*						
C. IBNR (unknown losses)*						
D. TOTAL*						

\* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your Company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Proof of Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).

**SECTION II - OPTIONAL**

**ESTIMATED RECOVERABLE FROM THE FHCF**

Section II is provided for your Company's use only. The FHCF will calculate loss reimbursements based on the information provided under Section I above.

		<b><u>Incurring Basis</u></b>
A. Incurred Ultimate Net Loss	(Sec. I.D)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A - B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess Retention	(C x D)	
F. LAE (10% of Incurred Losses in Excess of Retention)	(E x 10%)	
G. Estimated Recoverable from the FHCF on Incurred Basis**	(E + F)	

		<b><u>Paid Basis</u></b>
A. Paid Ultimate Net Loss	(Sec. I.A)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A - B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess of Retention	(C x D)	
F. LAE (10% of Paid Losses in Excess of Retention)	(E x 10%)	
G. Total Estimated Recoverable	(E + F)	
H. Previous Reimbursements		
I. <u>Estimated</u> Recoverable from the FHCF this request**	(G - H)	

\*\*Estimated recoverables are limited by your Company's share of the claims-paying capacity of the FHCF, as limited pursuant to Section 215.555(4)(c), Florida Statutes.

Company Name: \_\_\_\_\_

Hurricane: \_\_\_\_\_

**SECTION III - MANDATORY**

**SIGNATURES**

*We, the undersigned, do state that, to the best of our knowledge, all data reported under Section I of this Proof of Loss Report is accurate and is for losses under FHCF Covered Policies incurred by the named Company (Company) for the named hurricane. All reported information is subject to examination by the State Board of Administration of Florida (SBA). We are each, respectively, officers of the Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of the Company's records and systems to determine the truth of this statement.*

Signature: \_\_\_\_\_ Officer Title: \_\_\_\_\_ Date: \_\_\_\_\_

Printed or Typed Name of Officer: \_\_\_\_\_

Signature: \_\_\_\_\_ Officer Title: \_\_\_\_\_ Date: \_\_\_\_\_

Printed or Typed Name of Officer: \_\_\_\_\_

**TRADE SECRET INFORMATION**

Florida law generally defines a trade secret as being secret, of value, for use or in use by a business, and of advantage to the business, where the business takes measures to protect its secrecy. If you are claiming trade secret protection for the loss data in this Proof of Loss Report and related Detailed Claims Listings, check this box (note that aggregate, non company-specific, FHCF loss information is not subject to trade secret protection):

**RECORDS RETENTION REQUIREMENTS**

Companies reporting Losses and receiving reimbursements or advances from the FHCF for paid Losses from Covered Events are subject to examination by the FHCF or its agents pursuant to the Reimbursement Contract entered into between the Company and the FHCF. Therefore, all Companies shall retain complete and accurate records (including the Detailed Claims Listing – see below) of all losses reported to the FHCF until the FHCF has completed its examination of the Company and commutation for the Contract Year (if applicable) has been concluded. All records, correspondence, and supporting documentation, must be available with computer runs produced containing the information below. Upon notice of an examination, the Company will be required to provide a current Form FHCF-L1B (Proof of Loss Report) and the following information along with the information outlined in Form FHCF-LAP1 "Claims Examination Advance Preparation Instructions" for the applicable Contract Year.

**1. Detailed Claims Listing (see Contract Year ~~2020~~-2021 Form FHCF-DCL for file formatting requirements) which supports the Losses reported on the Proof of Loss Report including:**

- Claim number
- Date of Loss
- Policy number
- Policy effective date
- FHCF type of business
- County code
- County name
- ZIP Code
- Paid Loss – habitational building
- Paid Loss – appurtenant structure
- Paid Loss – contents
- Paid Loss – Additional Living Expense
- Outstanding Loss reserve

**2. Claim files which include documentation of the following:**

- First notice of Loss
- Claim number
- Date of Loss
- Amount of Loss for each category of coverage (building, appurtenant structure, contents, and Additional Living Expense)
- Claim description
- Documentation of policyholder's legal fees and/or public adjuster fees paid, if provided to the Company
- Payment history
- Policy number and location of property
- Amount of Loss Adjustment Expense
- All adjuster estimates, including public adjuster estimates if provided to the Company
- [Proof of payment of claims \(e.g., Copies of checks for payment of Losses to policyholder\)](#)
- Evidence of salvage received
- Evidence of whether the deductible was applied
- Receipts for any Additional Living Expenses paid
- Evidence to show the Loss was a direct result of a hurricane

**3. Additional detail on the claims examination requirements can be accessed on the Internet at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf).**

## SUBMISSION INSTRUCTIONS

A Company must submit an initial Detailed Claims Listing to support the Losses reported in the Proof of Loss Report at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a Detailed Claims Listing for any subsequent Proof of Loss Report as required by Rule 19-8.029, Florida Administrative Code, or upon the request of the FHCF. The Proof of Loss Report and Detailed Claims Listing must be submitted electronically through the FHCF Online Claims System at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Online Reporting. Users will input the required fields of Section I of the Proof of Loss Report directly into the system and will upload the associated Detailed Claims Listing, and two officers must sign off on each Proof of Loss Report online prior to submission. Advance registration (including officers) is required for the Online Claims System; instructions are included on the system web site.

## Florida Hurricane Catastrophe Fund Contract Year ~~2020~~-2021 Detailed Claims Listing Instructions

A Company participating in the Florida Hurricane Catastrophe Fund (FHCF) must submit a Detailed Claims Listing (as described below) to support the Losses reported in the Proof of Loss Report. If requested by the FHCF, a Detailed Claims Listing supporting the Losses reported in the Interim Loss Report may be required. Note that Incurred But Not Reported (IBNR) Losses are not to be included in the Detailed Claims Listing. A Detailed Claims Listing is required:

1. When the Company submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event;
2. Annually at each year-end (if requested by the FHCF) until the earlier of the completion of the FHCF commutation process or until all claims and Losses resulting from the Covered Event are fully discharged, including any adjustments to such Losses due to salvage or other recoveries;
3. Upon notice of a Claims examination by the FHCF;
4. Upon request of the FHCF in support of any other filed Proof of Loss Report; and
5. Upon request of the FHCF in support of an Interim Loss Report.

### File Layout

The Detailed Claims Listing, which supports the Losses reported for a specific hurricane, must match the aggregate total amounts for paid Losses and outstanding Losses reported on page 1 of the Proof of Loss Report (or the Interim Loss Report if requested by the FHCF). The Detailed Claims Listing must be provided in a pipe delimited text file containing the following fields in the order listed. (For the pipe “|” symbol, press the *Shift* key and the \ key.) **Policy numbers in the Detailed Claims Listing must be in the same format as policy numbers provided in the FHCF Data Call submission.**

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Include characters A-Z, 0-9, and “-” only
2	Date of Loss	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeroes for single-digit months and days)
3	Policy Number	1	30	Special	Include characters A-Z, 0-9, and “-” only; must match the policy numbers and format provided in the <del>2020-2021</del> Data Call file for policies required to be reported at 6/30/ <del>2021</del>
4	Policy Effective Date	8	8	Numeric	Must use “yyyymmdd” format only (include leading zeroes for single-digit months and days)
5	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg 9 of the Contract Year <del>2020-2021</del> FHCF Data Call
6	County Code	1	3	Numeric	Only use the codes on pg 26 of the Contract Year <del>2020-2021</del> FHCF Data Call
7	County Name	3	20	Special	Include characters A-Z and “-” only
8	ZIP Code	5	5	Numeric	
9	Paid Loss – Habitational Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If an amount is zero, then enter 0.
10	Paid Loss – Appurtenant Structures *	1	12	Numeric	
11	Paid Loss – Contents *	1	12	Numeric	
12	Paid Loss – Additional Living Expense *	1	12	Numeric	
13	Outstanding Loss Reserve	1	12	Numeric	

**\*Note: A breakdown of paid losses is required.**

**Example:** A record with the following information:

<b>FIELD #</b>	<b>DESCRIPTION</b>	<b>TYPE</b>	<b>ENTRY</b>
1	Claim Number		336733
2	Date of Loss		20200910
3	Policy Number		HCP5670996
4	Policy Effective Date		2020_10215
5	FHCF Type of Business Code	Residential	2
6	County Code		49
7	County Name		HARDEE
8	ZIP Code		33890
9	Paid Loss – Habitational Building		12100
10	Paid Loss – Appurtenant Structures		3600
11	Paid Loss – Contents		8000
12	Paid Loss – Additional Living Expense		1500
13	Outstanding Loss Reserve		5000

Sample record layout:

336733|20200910|HCP5670996|2020\_10215|2|49|HARDEE|33890|12100|3600|8000|1500|5000

**You must provide a separate Detailed Claims Listing to support the Losses reported for each hurricane.**

~~**Reporting Losses for Policies Assumed from Citizens Property Insurance Corporation (Citizens)**~~

~~If your Company receives reimbursement from the FHCF for Losses on policies assumed from Citizens and the policies, subsequent to the reimbursement, revert back to Citizens, then your Company must deduct those Losses from all future Proof of Loss Reports submitted to the FHCF.~~

**Remittance of Required Documents**

The Detailed Claims Listing(s) must be submitted via the FHCF Online Claims System at the same time the associated Proof of Loss Report(s) is filed. The Online Claims System is available at [www.sbafla.com/fhcf](http://www.sbafla.com/fhcf) under Online Reporting.

**Retention of Records**

Your Company is required to maintain records of all Losses reported to the FHCF until the FHCF has completed its examination of the Company and commutation for the Contract Year (if applicable) has been concluded. The records retention requirement, as stipulated in the Proof of Loss Report, page 2, requires the Company to maintain all records, including the Detailed Claims Listing, correspondence, and supporting documentation to support each Proof of Loss Report submitted to the FHCF.



**Reporting Losses**

When reporting losses to the FHCF, your Company should review the FHCF Reimbursement Contract definitions in Article V and exclusions in Article VI. The exclusions section of the Reimbursement Contract includes types of policies and exposures not covered by the FHCF (e.g., hotels or motels). Your company should not report claims on policies not covered by the FHCF. Also listed in the exclusions are types of losses that are not covered by the FHCF (e.g., loss assessment). Your Company should carefully review this information before submitting a request for reimbursement. This may help your Company avoid receiving excess reimbursements that must be paid back to the FHCF with interest based on Article VIII of the FHCF Reimbursement Contract.

**Reporting Losses for Covered Collateral Protection Policies**

If your Company writes collateral protection policies covered by the FHCF (see Article V(11) of the Reimbursement Contract and the Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies section of the Data Call), a supplemental Excel file must be included with each Detailed Claims Listing. The supplemental Excel file must include the following five fields:

Field #	Description	Notes
1	Claim Number	Must be formatted to match field #1 of the DCL
2	Policy Number	Must be formatted to match field #3 of the DCL
3	Full Coverage A Limit	Enter the full Coverage A limit of the policy as written by the Company
4	Exposure Source	Enter "Lapsed Policy" or the name of the Replacement Cost Value source
5	Reported Coverage A	Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling

**Reporting Losses for Policies Assumed from Citizens Property Insurance Corporation (Citizens)**

If your Company receives reimbursement from the FHCF for Losses on policies assumed from Citizens and the policies, subsequent to the reimbursement, revert back to Citizens, then your Company must deduct those Losses from all future Proof of Loss Reports submitted to the FHCF.

**FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**  
**EXPOSURE EXAMINATION – CONTRACT YEAR 20202021**  
**ADVANCE PREPARATION INSTRUCTIONS**

The following instructions are provided to help your Company prepare for the FHCF’s examination.

**ADVANCE RECORDS**

Your Company is required to submit information and records in advance to allow the examiner to prepare for the ~~on-site~~ review and to ensure the examination begins as scheduled. A checklist has been set up in the Company’s *WIRE* account. Advance information and records must be submitted using the *WIRE* checklist in the format/file type specified in the instructions that follow. To access the checklist: log in to *WIRE* (<https://www.sbafla.com/fhcfwire/>), and click the ‘Exams’ icon.

There are two parts of the checklist which must be completed before the entire records package can be submitted to the FHCF: 1) Exam Location and Contacts, and 2) Upload Advance Records. Detailed instructions for each part are provided below. The ‘Submit’ button located at the bottom of the checklist will not engage until all required components have been entered/uploaded. You must click the ‘Submit’ button to send the checklist and records to the FHCF. Once the records package has been submitted, additional uploads are prohibited.

**PART 1: EXAMINATION LOCATION AND CONTACTS**

If the examination is to be conducted on-site at your company, ~~t~~The examiner will travel to one location ~~to conduct the examination~~. Enter the street address of the office location best suited for the on-site review. This information is not required for an examination that will be conducted remotely. Next, enter the name and contact information of the person who will serve as the exam coordinator and the name and contact information of a company executive. All examination correspondence, including the examination findings and report will be directed to the designated coordinator.

**PART 2: UPLOAD ADVANCE RECORDS**

Prepare the records and attachments that follow according to the specifications outlined below and upload each to the *WIRE* checklist. -IMPORTANT: -*WIRE* will retain only one file for each record type (the last file uploaded). Subsequent uploads will overwrite any previously uploaded file, regardless of a difference in filename.

**1. OPERATIONS QUESTIONNAIRE**

Download the questionnaire worksheet from the *WIRE* checklist. Answer all questions based on covered policies in force for the Contract Year being examined and save the completed questionnaire in its original Excel format (xls orxlsx) before uploading it to the *WIRE* checklist. The individual(s) responsible for preparing the questionnaire should be available to answer questions before and during the examination ~~once the examiner arrives on-site~~.

***Attachments for Operations Questionnaire***

Based on your response to some questions, you may be required to provide additional information in a separate file, or attachment. If so, save each attachment as a separate file, then combine all attachment files into a single zip file to upload it to the *WIRE* checklist.

**2. CONSTRUCTION MAPPING WORKSHEET**

A completed Construction Mapping Worksheet must be uploaded to the *WIRE* checklist. If your Company submitted a Construction Mapping Worksheet to Paragon for approval prior to the Data Call submission, you must upload the approved worksheet. If not, download the worksheet from the *WIRE* checklist. Complete it in its entirety and upload it as a doc, docx or pdf file to the checklist.

***Construction Mapping Approval Letter from Paragon***

If your Company received an approval letter from Paragon for its Construction Mapping Worksheet, upload a pdf file of the approval to the *WIRE* checklist.

**3. FORMS AND ENDORSEMENTS**

Provide a list of all forms and endorsements used (as of the Data Call date) for all Covered Policies. The list must include the form and endorsement numbers and titles, and must be saved as an Excel (xls or xlsx) worksheet or workbook (if the list is divided among multiple worksheets) and uploaded to the *WIRE* checklist.

***Forms and Endorsements Specimen Copies***

Save each form and/or endorsement specimen as a separate file, then combine all into a single zip file to upload to the *WIRE* checklist. If possible, limit specimen file names to 50 characters or less. DO NOT scan all forms and endorsements into one multi-page pdf file.

**4. WINDSTORM MITIGATION FEATURES MAPPING**

Provide a list of windstorm mitigation features for Structure Opening Protection and Roof Shape, the definition of each feature, and the applicable FHCF code used to report each feature. The list must be saved as an xls, xlsx, doc, docx, or pdf file and uploaded to the *WIRE* checklist.

**5. STATUTORY PAGE 14 (FLORIDA DWP)**

Provide a copy of the annual statement page with the direct written premiums for Florida for the period ending December 31, ~~2019~~2020. Save as a single pdf file and upload it to the *WIRE* checklist.

**6. DIRECT WRITTEN PREMIUM REPORT**

Provide a report for the period ending December 31, ~~2019~~2020, which supports your Company's total direct written premium for all lines where any policy or coverage subject to the FHCF may be written. Lines of business that should always be included in this report are Fire, Allied Lines, Farmowners Multiple Peril, Homeowners Multiple Peril, Commercial Multiple Peril (non-liability portion) and Inland Marine. If your Company writes inland marine endorsements and the premium is included under a line of business other than Line 9 for Inland Marine, identify these policies separately in the report by using FHCF line of business code 6 or provide a notation in field 9 of the report designating that the policy has an endorsement. For lines of business that include premium for both commercial and residential policies (e.g., Fire and Allied Lines), distinguish between the different policies using the FHCF type of business/line of business codes. The Direct Written Premium Report must include all policies needed to reconcile to the line item total on the annual statement regardless of whether the policies are covered by the FHCF. Also, if there are differences between the premiums listed on Statutory Page 14 and the Direct Written Premium Report, provide a schedule detailing the reconciling items in the section titled 'Cover Letter and Other Support Files' on the *WIRE* checklist.

The Direct Written Premium Report must be by individual policy, sorted by type and line of business, must be provided in a pipe delimited text file (txt), and must contain the fields in the order listed in the table below. **Policy numbers in the Data Call File and Direct Written Premium Report must be formatted alike. If not, an explanation on how to match the policies is required.**

#	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes provided in the FHCF Data Call
2	Line of Business	Numeric	Only use the codes provided in the FHCF Data Call
3	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
4	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
5	Direct Written Premium	Numeric	
6	Policy Number	Special	Use the same policy number and format as used in the Data Call File; include characters A-Z, 0-9, and “-” only.
7	Notation Designating FHCF Covered Policies	Text	If available
8	Notation Designating Policy Written with Ex-wind Endorsement	Text	If available
9	Notation Designating Policy has Endorsement for Scheduled Personal Property	Text	If applicable
10	Class Code	Numeric	If applicable (typically applies to Commercial policies only)

**7. UNDERWRITING AND RATING MANUALS**

The examiner will need to review a copy of your Company’s underwriting manual and rating manual for policies covered by the FHCF effective June 30, ~~2020~~2021. Your Company is required to [make have](#) this available ~~to when~~ the examiner [on the scheduled start date of the examination](#) ~~is on site~~; however, we would prefer that it be provided in advance. You may save a copy as a pdf to upload to the *WIRE* checklist, or if there are two separate files, you should combine them both into a single zip file before uploading to ensure both are retained. At the time of upload, you will be prompted to enter the name and email address of a contact that is familiar with these manuals.

**8. COVER LETTER AND OTHER SUPPORT FILES**

A cover letter is not required; however, if there is any additional information related to the advance records or the examination that your Company wishes to bring to the attention of the examiner, it may be noted in a cover letter, saved as a doc, docx, or pdf file and uploaded to the *WIRE* checklist. If you wish to provide additional support files, combine all files (including the cover letter) into a single zip file before uploading.

**~~ON-SITE~~ REQUIREMENTS FOR COMMENCEMENT AND DURATION OF EXAMINATION**

In order for the examiner to properly conduct and expedite an early conclusion of the Exposure Examination, the exam coordinator should ensure that the examiner has access to items 1-4 below on the first day and throughout the duration of the ~~on-site visit~~ [scheduled, dedicated examination work period designated in the Notice of Examination letter from the FHCF.](#)

1. **EQUIPMENT AND SPACE (if an on-site examination)**

The examiner will need a private working space and an internet connection.

2. **COMPANY PERSONNEL**

The exam coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates.

3. **~~REQUIRED~~ POLICY RECORDS TO HAVE AVAILABLE-ON-SITE**

The examiner will request applications and declaration pages to be available for review ~~on-site~~. If policy files are ~~in more than one location~~ made available physically rather than electronically, and the examiner is on-site, your Company is responsible for coordinating the retrieval of the files to one central location. The files must contain at least the following information:

- a. Insured's Name
- b. Address and ZIP Code for location of property insured
- c. Policy Number
- d. Policy Period
- e. Construction Type
- f. Deductible Group
- g. County Code
- h. Total Insured Values
- i. Year Built
- j. Evidence to support the reported Roof Shape code
- k. Evidence to support a reinforced concrete roof, if applicable
- l. Evidence to show if a Residential Structure has Structure Opening Protection
- m. A copy of the Residential Property Insurance Checklist required by the Office of Insurance Regulation Rule 690-167.013, F.A.C. (This requirement applies to homeowners', mobile homeowners', dwelling or condominium unit owners' policies)
- n. All applicable endorsements and policy changes
- o. Underwriting manual and rating manual for policies covered by the FHCF, if not already provided in advance through *WIRE*.

Online policy files may be acceptable for the review of residential lines of business if the items listed above are viewable on the online system, if the system is the same system that produces the Company's dec pages, and if the examiner determines the system information is reliable. If the examiner determines the online system cannot be used for policy review, then your Company must provide the physical policy files including the applications and underwriting files.

**For review of commercial policies, the complete policy files, including underwriting files, applications, commercial class codes, and statement of values are required.**

4. **ADDITIONAL ~~ON-SITE~~ REQUIREMENTS**

- a. Companies writing commercial policies covering single structures that contain a mix of both commercial-habitational and commercial non-habitational or business occupancies, are required to submit a proposed methodology for determining predominant use, as defined in the Data Call, to the FHCF Administrator on an annual basis before the September 1st deadline. Your Company must be able to identify these types of policies and individuals familiar with your Company's class codes and underwriting guidelines must be available to answer questions during the examination.
- b. If your Company reported exposure from collateral protection policies covered by the FHCF, you must be able to provide documentation that the policy covers the borrower's and lender's interest and that the dwelling coverage amount of the policy is equal to or greater than either the coverage amount for the dwelling in place under the lapsed homeowners policy, or 100% of the replacement

cost value of the dwelling as determined under a methodology approved in advance of the annual Data Call submission. Documentation must include:

- (1) A copy of the lapsed homeowner's policy that was replaced with a collateral protection policy; or
- (2) Documentation from the approved methodology that shows the dwelling coverage is written in an amount that is at least equal to 100% of the replacement cost value of the dwelling.

### **POST-EXAM REQUIREMENTS**

The examiner or the FHCF may request additional information and/or documentation following the completion of the ~~on-site~~ review. All records, including exposure filings (Data Call submission), policy files, and supporting documentation must be retained until the FHCF has completed its examination of your Company's exposure submission and Loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded.

### **SPECIAL EXAMS RELATED TO CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)**

#### **1. REQUIREMENT FOR EACH CITIZENS ENTITY ENGAGED IN TAKEOUTS PURSUANT TO ASSUMPTION AGREEMENTS**

In addition to the Data Call file for FHCF exposure from direct written premiums and the separate Data Call files for FHCF exposure assumed from Citizens pursuant to an assumption agreement which, as of June 30, ~~2020~~2021, had not renewed onto the assuming Company's policy forms, the following information must be provided for each assumption occurring July 1, ~~2019~~2020 through June 30, ~~2020~~2021:

- a. A separate file that includes a list of all policies that were assumed by each Company on the date of the assumption. This file must include the policy number, contract number/Company identifier, assumption date, total insured value, indicator for policies written without wind coverage, indicator for policies cancelled on or before June 30, ~~2020~~2021, date untagged by Citizens and policy effective/expiration date.
- b. For each individual assumption, provide a list of all policies untagged by Citizens after the assumption date up to, and including, June 30, ~~2020~~2021. The file must include the policy number, the assumption date, and the date the policy was untagged.
- c. A copy of the assumption agreement between Citizens and the assuming Company along with copies of exhibits to show the number of policies assumed.

**FLORIDA HURRICANE CATASTROPHE FUND (FHCF)**  
**CLAIMS EXAMINATION – CONTRACT YEAR ~~2020~~2021**  
**ADVANCE PREPARATION INSTRUCTIONS**

**Company:**

**Date of Examination:**

**Advance Records Due:**

**Event(s):**

**Contract Year:** (Year event occurred)

The following instructions are provided to help your Company prepare for the FHCF's examination. If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Stephen Szygula, Director of Examinations, at (850) 413-1348.

**ADVANCE RECORDS**

Your Company is required to submit records in advance of the examiner's ~~on-site~~ review to allow the examiner to fully prepare and to ensure the examination begins as scheduled. A checklist has been set up in the Company's *WIRE* Account ([www.sbafla.com/fhcfwire/](http://www.sbafla.com/fhcfwire/)). All advance information and records must be submitted using the *WIRE* checklist, except for the Proof of Loss Report and Detailed Claims Listing, which must be uploaded to the FHCF Online Claims System ([www.sbafla.com/fhcf](http://www.sbafla.com/fhcf), in 'Online Reporting' module, select 'FHCF Online Claims'). Be certain the advance records submitted in *WIRE* are prepared using the specific form or file format given in the instructions below. The 'Submit' button located at the bottom of the checklist will not engage until all required components have been entered/uploaded. You must click the 'Submit' button to send the checklist and records to the FHCF. Once the records package has been submitted, additional uploads are prohibited.

**1. REQUIRED RECORDS CHECKLIST**

The Checklist will be completed online. In addition to uploading the required files, [the Company should provide complete contact information for the Exam Coordinator, Executive Contact and Claims Contact, and if the examination will be conducted on-site, the Company should also designate the office location where the on-site examination should take place](#) ~~and provide complete contact information for the Exam Coordinator, Executive Contact and Claims Contact~~. All examination correspondence will be directed through the Exam Coordinator you designate, including the Examination Report. The Exam Coordinator will be contacted periodically by the examiner to help facilitate the preparation of information needed for the examination. Note that all required information and files must be entered/uploaded to *WIRE* before the entire records package can be submitted to the FHCF.

**2. OPERATIONS QUESTIONNAIRE**

The electronic questionnaire can be downloaded directly from the *WIRE* checklist. It should be completed in its entirety and saved in its original Excel format (xls or xlsx) before uploading it to the *WIRE* checklist. Do not use a questionnaire for any year other than the contract year in which the hurricane event occurred. The individual(s) responsible for preparing the questionnaire should be available to answer questions ~~once the examiner arrives on-site~~ [before and during the examination](#).

*Attachments for Operations Questionnaire*

Based on your response to some questions, you may be required to provide additional information in a separate file, or attachment. If so, save each attachment as a separate file, then combine all attachment files into a single zip file to upload to the *WIRE* checklist.



**3. PROOF OF LOSS REPORT**

Submit a separate Proof of Loss Report using Form FHCF-L1B for each event listed in the document header. The Proof of Loss Report must include your Company’s most current data available and the date of such data shall not be more than sixty days prior to the applicable date on the Proof of Loss Report. This must be submitted via the FHCF Online Claims System.

**4. DETAILED CLAIMS LISTING**

Provide a separate Detailed Claims Listing to support each Proof of Loss Report submitted. The Detailed Claims Listing must match the aggregate total amounts for paid Losses and outstanding Losses reported on page 1 of the Proof of Loss Report. The Detailed Claims Listing must be prepared in accordance with the Detailed Claims Listing Instructions (Form FHCF-DCL) of the contract year in which the event occurred. This must be submitted via the FHCF Online Claims System.

If your Company writes collateral protection policies covered by the FHCF, a supplemental Excel file must be included with the Detailed Claims Listing pursuant to the Detailed Claims Listing Instructions.

**5. CLAIMS PROCESS MEMO**

Provide a written narrative of your Company’s hurricane claims paying process. The narrative should start with how a claim is originated to the time a claim is paid. Please indicate the name and title of primary employees with responsibilities in the process. This must be saved as a pdf file and uploaded to the *WIRE* checklist.

**6. INCURRED BUT NOT REPORTED (IBNR)**

Provide documentation to support the amount of IBNR reported in each Proof of Loss Report. This must be saved as a doc, docx or pdf file and uploaded to the *WIRE* checklist.

**7. LIST OF CLAIMS WITH SALVAGE**

Provide a listing of all FHCF covered claims where salvage was received. This listing must be provided in a pipe delimited text file containing the fields in the order outlined below. (For the pipe “|” symbol, press the *Shift* key and the \ key.) Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Characters A-Z, 0-9, and “-” only; formatting must match claim number formats in the Detailed Claims Listing
2	Policy Number	1	30	Special	Characters A-Z, 0-9, and “-” only; formatting must match policy number formats in the Company’s Data Call File
3	Salvage Received	1	12	Numeric	



**8. MULTI-STATE POLICY LISTING**

Provide a listing of all FHCF covered commercial policies in effect on the dates the event(s) occurred that have exposures written with Florida and non-Florida locations on the same policy. It should include all policies regardless of whether or not a claim was reported to the FHCF for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and “-” only; formatting must match policy number format in the company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions

**9. MULTI-RISK POLICY LISTING**

Provide a listing of all FHCF covered commercial policies in effect on the dates the event(s) occurred that have both covered and non-covered risks written on the same policy. This list must include all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and “-” only; formatting must match policy number formats in the Company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions

**10. SINGLE STRUCTURES POLICY LISTING**

Provide a listing of all FHCF Covered Policies in effect on the dates the event(s) occurred that insure single structure(s) that are used for both habitational and non-habitational purposes. This listing includes all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and “-” only; formatting must match policy number formats in the Company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions
3	Class Code	1	10	Alpha-Numeric	Characters A-Z and 0-9 only

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**ON-SITE REQUIREMENTS FOR COMMENCEMENT AND DURATION OF EXAMINATION**

In order for the examiner to properly conduct and expedite an early conclusion of the Claims Examination, the Exam Coordinator should ensure that the examiner has access to the following items on the first day and throughout the duration of the ~~on-site visit~~ scheduled, dedicated examination work period designated in the Notice of Examination letter from the FHCF.

**1. EQUIPMENT AND SPACE (if an on-site examination)**

The examiner will need a private working space and an internet connection.

**2. COMPANY PERSONNEL**

The Exam Coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates.

**3. CLAIMS AND POLICY ~~REQUIRED~~ RECORDS TO HAVE AVAILABLE ~~ON-SITE~~**

The examiner will also be requesting claims and policy files to be available ~~once the examiner arrives on-site~~ for review. If the files are ~~in more than one location~~ made available physically rather than electronically, and the examiner is on-site, your Company is responsible for coordinating the retrieval of the files to one central location. The files should be made available upon request and should contain at least the following information:

**Claim File (the complete file)**

- a. First notice of Loss
- b. Claim number
- c. Date of Loss
- d. Amount of Loss for each category of coverage (building, appurtenant structure, contents, and Additional Living Expense)
- e. Claim description
- f. Policy number and location of property
- g. Amount of Loss Adjustment Expense
- h. Proof of payment of claims (e.g., eCopies of checks to policyholder) ~~for payment of Losses~~
- i. All adjuster's estimates, including Public Adjuster estimates if provided to the Company
- j. Payment history
- k. Evidence of salvage received, if any
- l. Evidence of whether the deductible was applied
- m. Receipts for any Additional Living Expenses paid
- n. Evidence to show the Loss was a direct result of a hurricane or its subsequent downgrades in storm status
- o. Documentation of policyholder's fees, including legal fees, and/or Public Adjuster fees paid, if provided to the Company

**Policy File (the complete file in effect at the time of loss)**

- a. Policy Declarations
- b. Insured's Name
- c. Address and ZIP Code for location of property insured
- d. Policy Number
- e. Policy Period
- f. Construction Type
- g. Deductible Group
- h. County Code
- i. County Name
- j. Total Insured Values

- k. All applicable forms, endorsements, and policy changes/transactional history

If your Company retains claims and/or policy files on an online system, this will be acceptable for the review of residential lines of business as long as the items listed above are available on that system and the examiner determines the system information can be relied upon. If the examiner determines the online system cannot be used for the review, then the examiner will need claims and/or policy files including the application and underwriting files for the specific policies being reviewed. Also, if the Company's online system is not the same system that produces the Company's dec pages, then the Company must provide the examiner with the actual physical policy files ~~will need to be provided to the examiner.~~

**For any commercial policies reviewed, you are required to provide the complete policy file, underwriting file, application, commercial class codes, and statement of values.**

#### 4. **ADDITIONAL ~~ON-SITE~~ REQUIREMENTS**

The Company may be required to provide a walkthrough of the claims process ~~once the examiner arrives on site~~ at the start of the examination. The examiner will coordinate with the ~~prior to arriving on site and~~ Company in advance of the walkthrough to provide ~~directions on expectations and instructions for~~ performing the walkthrough. The Company should make prior arrangements for the examiner to conduct this walkthrough with the necessary personnel. Be certain an individual familiar with the Company's claims process is available to answer questions before and during the examination.

Also, provide the examiner with a copy of the claims manual for claims covered by the FHCF and the name of a contact familiar with this manual. It is preferable that the claims manual be provided in electronic format.

If your Company reported losses from collateral protection policies covered by the FHCF, you must be able to provide documentation that the policy covers the borrower's and lender's interest and that the dwelling coverage amount of the policy is equal to or greater than either the coverage amount for the dwelling in place under the lapsed homeowners policy, or 100% of the replacement cost value of the dwelling as determined under a methodology approved in advance of the annual Data Call submission. Documentation must include:

- a. A copy of the lapsed homeowner's policy that was replaced with a collateral protection policy; or
- b. Documentation from the approved methodology that shows the dwelling coverage is written in an amount that is at least equal to 100% of the replacement cost value of the dwelling.

# Memo

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

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

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

**DATE:** November 20, 2020

**SUBJECT:** Trustees Meeting, December 15, 2020

Request appointment of the chair for the Florida Commission on Hurricane Loss Projection Methodology.

---

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

Section 627.0628(2)(d), F.S., requires the SBA to annually appoint a commission member to serve as Chair. It is requested that Floyd Yager, the current Chair, be reappointed to serve as Chair for the 2020-2021 year.

**ACTION REQUESTED:** It is requested that the proposed appointment of Floyd Yager as Chair of the Florida Commission on Hurricane Loss Projection Methodology for the 2020-2021 year, be presented to the Cabinet Aides on December 9, 2020, and to the State Board of Administration Trustees on December 15, 2020.

**ATTACHMENTS TO BE INCLUDED:**

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



## Floyd Yager

Senior Vice President, Product and Experience Design  
Allstate Insurance Company

Floyd joined Allstate in 1989 as an Actuarial Analyst in Auto Department and throughout his early career progressed through various assignments in the Home Office pricing and research. In 2005, Floyd transferred to the Midwest Regional Office as the Assistant Field Vice President and in 2009 was promoted to Senior Vice President Quantitative Research and Analytics. Floyd became Allstate's first Chief Data Officer in 2012 and had accountability for developing and driving the Data and Analytic strategy for the company. In 2016, became responsible for the overall results and strategy for Allstate's property lines of business before expanding this role to include personal auto. Floyd took on the role leading Product and Experience Design in 2020 after a temporary assignment to develop a new auto product and experience under the company's Transformational Growth program. In this current role, Floyd will lead a team comprised of Customer Experience, Product Design, and Customer Journey Enablement to bring new customer centric experiences and products to market.

Floyd received a BS in Mathematics and a minor in Economics from Rose-Hulman Institute of Technology in Terre Haute, Indiana in 1989 and an MBA from the University of Illinois – Chicago. Floyd is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. Since 2009, Floyd has been the actuary to the Florida Hurricane Catastrophe Fund (FHCF) and is a past chairman of the FHCF Advisory Board. He is also a member of the Florida Commission on Hurricane Loss Projection Methodology since 2009. Floyd has been a member of the Board of Directors for both the Insurance Institute on Highway Safety and the Highway Loss Data Institute since 2009. Floyd holds several patents on the subject of "Systems and Methods for Customizing Automobile Insurance".

Floyd has been member of the Board of Trustees for the Allendale Association in Lake Villa, Illinois since 2006 (<http://www.allendale4kids.org>). He and his wife, Kristin, live in Park Ridge, Illinois with their two boys, Thomas and Michael, and daughter Kaelyn.



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GOOD LIFE.  
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## Florida Commission on Hurricane Loss Projection Methodology Members

11/1/20

Name	Phone	Represents	Address
<b>Timothy L. Barnett, FCAS, CPCU, ARe</b> (CFO Appointment)	(309) 766-0006 (618) 218-9281 cell  <a href="mailto:tim.barnett.k3hd@statefarm.com">tim.barnett.k3hd@statefarm.com</a>	Industry Actuary	State Farm Mutual Automobile Insurance Co. One State Farm Plaza Bloomington, Illinois 61710 Home: 2913 Breezewood Blvd Bloomington, IL 61704
<b>Anne T. Bert</b>	(850) 413-1340 (850) 694-1054 cell <a href="mailto:anne.bert@sbafla.com">anne.bert@sbafla.com</a>	Florida Hurricane Catastrophe Fund	Florida State Board of Administration 1801 Hermitage Boulevard, Suite 100 Tallahassee, Florida 32308
<b>Patricia Born, Ph.D.</b> (CFO Appointment)	(850) 644-7884  <a href="mailto:pborn@fsu.edu">pborn@fsu.edu</a>	Insurance Finance Expert	Florida State University College of Business, 151 RBB Tallahassee, Florida 32306
<b>Tasha Carter</b>	(850) 413-2868  Dana Green (850) 413-5923 <a href="mailto:tasha.carter@myfloridacfo.com">tasha.carter@myfloridacfo.com</a>	Insurance Consumer Advocate	Florida Department of Financial Services 200 East Gaines Street (mail) Claude Pepper Building, Room 776 (hand delivery) Tallahassee, Florida 32399
<b>Barry J. Gilway</b>	(904) 208-7493 Barbara Walker 513-3744 <a href="mailto:barry.gilway@citizensfla.com">barry.gilway@citizensfla.com</a>	Citizens Property Insurance Corporation	Citizens Property Insurance Corporation 2101 Maryland Circle Tallahassee, Florida 32303
<b>Jared Moskowitz, J.D.</b> Director	(850) 413-9969 Miles Anderson <a href="mailto:miles.anderson@em.myflorida.com">miles.anderson@em.myflorida.com</a> <a href="mailto:jared.moskowitz@em.myflorida.com">jared.moskowitz@em.myflorida.com</a>	Director Division of Emergency Management	FL Department of Community Affairs Sadovsky Building, Room 120 2555 Shumard Oak Boulevard Tallahassee, Florida 32399
<b>Jainendra K. Navlakha, Ph.D.</b> (CFO Appointment)	(305) 348-2026 (786) 348-6373 cell  <a href="mailto:navlakha@cs.fiu.edu">navlakha@cs.fiu.edu</a>	Computer System Design Expert	Florida International University School of Computer Science 10700 SW 8 <sup>th</sup> Street, ECS 353 Miami, Florida 33199
<b>Steve Paris, Ph.D., ASA Vice Chair</b> (CFO Appointment)	(850) 644-4419 (850) 294-2252 cell  <a href="mailto:paris@math.fsu.edu">paris@math.fsu.edu</a>	Statistics Expert	Florida State University Department of Mathematics 208 Love Building, 1017 Academic Way Tallahassee, Florida 32306-4510
<b>Kayne Smith, Ph.D., FCAS</b> (Insurance Commissioner Appointment)	(850) 413-5378  <a href="mailto:kayne.smith@flair.com">kayne.smith@flair.com</a>	OIR Actuary	Florida Office of Insurance Regulation 200 East Gaines Street, Larson Building Tallahassee, Florida 32399
<b>Hugh E. Willoughby, Ph.D.</b> (CFO Appointment)	(305) 348-0243 (305) 342-9188 cell  <a href="mailto:hugh.willoughby@fiu.edu">hugh.willoughby@fiu.edu</a>	Meteorology Expert	Florida International University Department of Earth Sciences 11200 SW 8 <sup>th</sup> Street, University Park PC 344 Miami, Florida 33199
<b>Floyd Yager, FCAS Chair</b>	(847) 402-4753 (847) 804-1643 cell Margaret McLaughlin (847) 402-6085 <a href="mailto:fyager@allstate.com">fyager@allstate.com</a>	FHCF Advisory Council Actuary	Allstate Insurance Company 2775 Sanders Road Attn: Floyd Yager, D2E-59M Northbrook, Illinois 60062
<b>Vacant</b> (Governor Appointment)		Licensed Professional Structural Engineer	



CHIEF FINANCIAL OFFICER  
**JIMMY PATRONIS**  
STATE OF FLORIDA

October 7, 2020

Mr. Robb Turner, Chairman  
The Madava Group  
218 Royal Palm Way  
Palm Beach, FL 33480

Dear Mr. Turner:

Pursuant to s. 215.444, Florida Statutes, it is my pleasure to nominate you for appointment to serve on the State Board of Administration (SBA) Investment Advisory Council. Your nomination will be placed on the next SBA agenda for confirmation by the Board of Trustees. Upon confirmation, your term will begin immediately, and expire on December 15, 2023.

I sincerely appreciate your willingness to serve, and I know you will be an asset to the Council. Ash Williams, Executive Director and CIO of the SBA, will contact you regarding your duties and responsibilities as a member.

Please do not hesitate to contact me if I can be of assistance.

Sincerely,

A handwritten signature in blue ink that reads "Jimmy Patronis".

Jimmy Patronis  
Chief Financial Officer

/sm

c: Ash Williams





**ASHLEY MOODY  
ATTORNEY GENERAL  
STATE OF FLORIDA**

OFFICE OF THE ATTORNEY GENERAL

PL-01 The Capitol  
Tallahassee, FL 32399-1050  
Phone (850) 414-3300  
Fax (850) 487-0168  
<http://www.myfloridalegal.com>

November 30, 2020

Mr. Peter Jones  
Investment Advisory Council  
100 Turner Street  
Clearwater, Florida 33756

Dear Mr. Jones:

Pursuant to section 215.444, Florida Statutes, it is my pleasure to nominate you for reappointment to serve on the State Board of Administration Investment Advisory Council. Your appointment will be on the next SBA agenda for confirmation by the Board of Trustees of the State Board of Administration. Your term will begin 12/12/20 and expire on 12/12/24.

Thank you for your willingness to continue serving.

Sincerely,

Ashley Moody  
Attorney General

cc: Ash Williams





CHIEF FINANCIAL OFFICER  
**JIMMY PATRONIS**  
STATE OF FLORIDA

November 19, 2020

Mr. Peter H. Collins  
Co-Founder and Managing Principal  
Forge Capital Partners  
102 W. Whiting Street, Suite 600  
Tampa, FL 33602

Dear Mr. Collins:

Pursuant to section 215.444, Florida Statutes, it is my pleasure to nominate you for reappointment to serve on the State Board of Administration (SBA) Investment Advisory Council. Your nomination will be placed on the next SBA agenda for confirmation by the Board of Trustees. Upon confirmation, your term will begin immediately, and expire on December 15, 2024.

Thank you for your willingness to continue serving.

Sincerely,

A handwritten signature in blue ink that reads "Jimmy Patronis".

Jimmy Patronis  
Chief Financial Officer

/sm

c: Ash Williams

**MINUTES**  
**INVESTMENT ADVISORY COUNCIL**  
**June 30, 2020**

A meeting of the Investment Advisory Council (IAC) was held on Tuesday, June 30, 2020, via GoToMeeting, from the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the June 30, 2020 meeting is hereby incorporated into these minutes by this reference.

**Members Present:**     **Vinny Olmstead, Chair**  
                              **Peter Jones, Vice Chair**  
                              **Tere Canida**  
                              **Chuck Cobb**  
                              **Peter Collins**  
                              **John Goetz**  
                              **Bobby Jones**  
                              **Pat Neal**  
                              **Gary Wendt**

**SBA Employees:**     **Ash Williams, Executive Director/CIO**  
                              **Alison Romano**  
                              **Michael McCauley**  
                              **John Bradley**  
                              **Wes Bradle**  
                              **Daniel Beard**  
                              **Mini Watson**  
                              **Walter Kelleher**  
                              **Tim Taylor**  
                              **Katy Wojciechowski**  
                              **Steve Spook**  
                              **Trent Webster**  
                              **John Benton**  
                              **John Kuczwanski**

**Consultants:**       **Kristen Doyle, Aon**  
                              **Katie Comstock, Aon**  
                              **Glenn Thomas, Lewis, Longman and Walker**  
                              **Amy Michaliszyn, Federated Hermes**  
                              **Paige Wilhelm, Federated Hermes**  
                              **Luke Raffa, Federated Hermes**  
                              **Sheila Ryan, Cambridge Associates**

**WELCOME/CALL TO ORDER/APPROVAL OF MINUTES**

Mr. Vinny Olmstead, Chair, called the meeting to order at 1:06 P.M. Mr. Pat Neal made a motion to approve the minutes of the March 31, 2020 IAC meeting. Mr. Bobby Jones seconded the motion. The vote was unanimous; the minutes were approved.

## **OPENING REMARKS/REPORTS**

Mr. Ash Williams, Executive Director/Chief Investment Officer, provided a brief summary on the performance of the Florida Retirement System Trust Fund, stating that the fund has a balance of \$159.8 billion, which is 59 basis points ahead of target and \$3.4 billion below where it started the fiscal year (net of distributions in excess of \$6 billion). He stated that the recent rebalancing and raising of liquidity have worked out well and that, on the whole, the SBA is pleased with performance. Mr. Williams added that the control environment has been very sound. He also commented that risk has increased materially over the past quarter across the board in the asset classes and on a total fund basis and that it is a function of the volatility that is out in the underlying market. Mr. Williams answered a question on performance from Mr. Chuck Cobb.

Ms. Alison Romano, Deputy Chief Investment Officer, discussed the SBA's recent decisions regarding liquidity and asset allocation. She highlighted what the SBA has been doing on the investment side to navigate the current challenging markets, and she emphasized that the SBA is being opportunistic.

## **FLORIDA PRIME REVIEW**

Mr. Glenn Thomas, Lewis, Longman and Walker, presented his statutory compliance review. He indicated that Florida PRIME is in compliance with the legal requirements of Sections 218.40 through 218.412, Florida Statutes, and that the time period covered by his review was May 16, 2019 through May 15, 2020.

Ms. Kristen Doyle, Aon, told IAC members that, based on Aon's review, Florida PRIME is being managed in a manner that is consistent with best practices and in the best interest of participants.

Ms. Katie Comstock, Aon, discussed the recent participant survey, stating that overall responses had been very positive across the board. She added that, from an investment perspective, the portfolio has continued to preserve capital and to provide participants with their liquidity needs without disruption during the COVID-19 pandemic. Ms. Comstock also discussed the business case review that is underway, part of the Florida PRIME Strategic Plan, and she provided a tentative timeline for the review.

Ms. Amy Michaliszyn, Federated Hermes, discussed communication with participants during the pandemic lockdown, outlining two specific conference calls, as well as outbound communications, phone conversations and summary messages. She introduced Mr. Luke Raffa, Federated Hermes, who will be attending meetings and conferences in Florida on behalf of Federated Hermes when it becomes possible to hold in-person meetings again.

Ms. Paige Wilhelm, Federated Hermes, began her presentation with a review of the previous year. She also discussed rates, asset trends, portfolio characteristics, performance and stress testing results.

Mr. Michael McCauley, Senior Officer – Investment Programs & Governance, stated that Florida PRIME is a well-run program. He thanked Federated Hermes for their management of the portfolio, and he thanked the SBA staff who work on the pool.

Ms. Michaliszyn stated that participants have continued to choose Florida PRIME for CARES assets.

Mr. Williams clarified that the IAC members would need to vote on the Florida PRIME Investment Policy Statement. Mr. Neal moved that the Investment Policy Statement be approved; Ms. Tere Canida seconded the motion. The vote was unanimous; the Florida PRIME Investment Policy Statement was approved.

Questions from IAC members during the Florida PRIME review were answered by Ms. Comstock, Mr. McCauley, Mr. Williams and Ms. Wilhelm.

## **PRIVATE EQUITY ASSET CLASS REVIEW**

Mr. John Bradley, Senior Investment Officer – Private Equity, provided a detailed presentation on the Private Equity asset class including target and actual allocation, goals and objectives, benchmarks and staffing. He discussed the asset class investment process that includes an annual investment plan, sourcing, due diligence and monitoring. Mr. Bradley also discussed the overall performance of the asset class as well

as cash flow. He detailed current allocations to the four sub-strategies in the portfolio and provided the target allocations for each one. Mr. Bradley described the composition of the portfolio at year-end, also providing the largest exposures by general partner, a geographic breakdown and sector exposure. He concluded his presentation by highlighting a few of the sectors within their portfolio and discussing the impact that the COVID crisis has had on some of their portfolio companies.

Mr. Wes Bradle, Senior Portfolio Manager – Private Equity, provided details of the asset class sub-strategies including buyouts, venture capital, distressed/turnarounds, and secondary funds.

Ms. Sheila Ryan, Cambridge Associates, reported that the Private Equity asset class portfolio has consistently outperformed relative to peers. She spoke about the current environment, specifically commitments that have been made to a manager but the capital has not been called down yet. Ms. Ryan presented private equity returns over different time periods and showed how public markets have performed relative to private markets.

IAC members asked a number of questions during the Private Equity asset class review. Their questions were answered by Mr. Bradley, Mr. Bradle and Mr. Williams.

### **DEFINED CONTRIBUTION PROGRAM REVIEW**

Mr. Daniel Beard, Chief – Defined Contribution Programs, provided an overview of the FRS Pension Plan and the FRS Investment Plan, including the choice period. He also discussed day-to-day administration and governance as well as employers and members.

Ms. Mini Watson, Director of Administration, provided statistics on assets under management, distributions and member count. She described the roles of the FRS Investment Plan service providers (Alight Solutions and BNY Mellon), provided choice statistics and discussed an increase in membership. Ms. Watson explained that Florida Statutes allow Investment Plan members to submit complaints.

Mr. Walter Kelleher, Director of Educational Services, provided details on the Financial Guidance Program, including its vendors (Ernst & Young, GuidedChoice, Alight Communications, and MetLife), number of calls, workshops, website hits and website chats. He discussed annuities that had been purchased over the last 12 months. Mr. Kelleher explained that they have initiated surveys of active/default electors and have started an annual survey of participating employers. He stated that LexisNexis has been added to tighten security of MyFRS.com, and there is a contract with Experian to provide breach response services to the SBA, including the FRS data. Mr. Kelleher also discussed an upcoming FRS seminar that will be a joint workshop from the Division of Retirement and the SBA.

Mr. Beard concluded his presentation with details on available fund options, discussing current options as well as those that will be effective July 1, 2020. He referred to a slide showing the assets under management by asset class. Mr. Beard showed the current makeup of their funds and explained the changes that would be taking effect. He concluded with details on asset class performance and their initiatives for the next fiscal year.

Ms. Doyle discussed two key principles relating to a defined contribution investment structure: streamlining investment options and facilitating smart decisions.

Ms. Comstock provided details on target date funds and the self-directed brokerage window. She concluded her presentation by stating that the FRS Investment Plan's structure continues to be in line with best practices and that it offers a best-in-class investment plan to the participants.

During the Defined Contribution Program review, IAC members' questions were answered by Mr. Beard, Ms. Doyle and Ms. Comstock.

### **SIO ASSET CLASS UPDATES**

The Senior Investment Officers of Global Equity, Fixed Income, Real Estate and Strategic Investments provided an update on the performance of their respective asset classes over the last quarter and trailing time periods, and they discussed general market conditions as well as effects from the ongoing pandemic. The asset class SIOs, Ms. Doyle and Mr. Williams responded to questions from IAC members.

**REVIEW CHANGES TO FLORIDA RETIREMENT SYSTEM PENSION PLAN  
INVESTMENT POLICY STATEMENT**

Mr. Williams stated that Governor DeSantis had recently signed the Florida budget and that it included full funding as actuarially indicated for the normal cost of the Florida Retirement System and the full actuarially indicated contribution to the unfunded liability. He thanked the Governor, and he thanked the IAC members who had previously written to the Trustees concerning the issue.

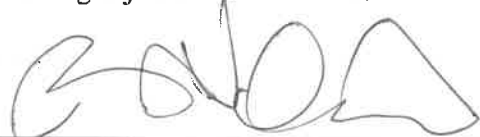
Responding to a question from Mr. Gary Wendt, Mr. Williams explained that there was a small change on the cash benchmark in the FRS Pension Plan Investment Policy Statement that was going to be voted on by the Investment Advisory Council. Mr. Peter Jones made a motion to approve the Pension Plan Investment Policy Statement as amended. Mr. Bobby Jones and Ms. Canida seconded the motion. The vote was unanimous, and the revised Pension Plan Investment Policy Statement was approved.

**MAJOR MANDATE REVIEW**

Ms. Doyle provided an overview of the performance of the Pension Plan, the Investment Plan, the Florida Hurricane Catastrophe Fund and the Lawton Chiles Endowment Fund.

**AUDIENCE COMMENTS/2020 SCHEDULED MEETINGS/CLOSING REMARKS/ADJOURN**

There were no comments or questions from the audience. Mr. John Goetz and Mr. Bobby Jones each made a motion to adjourn; the motions were seconded by Mr. Neal. After a unanimous vote, the meeting adjourned at 5:12 P.M.



**Vinny Olmstead, Chair**

8/26/20

**Date**



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**ASHBEL C. WILLIAMS  
EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

Date: August 3, 2020  
To: Board of Trustees  
From: Mark Thompson, Audit Committee Chair   
Subject: Quarterly Audit Committee Report

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The State Board of Administration's Audit Committee met on August 3, 2020. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit Quarterly Report presented to the Audit Committee at the meeting.

**STATE BOARD OF ADMINISTRATION**  
**Audit Committee Meeting**  
**Agenda**  
**August 3, 2020**  
**9:30 A.M. – Noon**

1. Call to Order
2. Approval of the closed and open meeting minutes from April 27, 2020
3. SBA Executive Director & CIO status report
  - SBA Update: investment performance, risks, opportunities and challenges
4. Chief Risk & Compliance Officer Quarterly Report
5. Annual review of the charters
  - a. Audit Committee
  - b. Office of Internal Audit
6. Office of Internal Audit Quarterly Report
7. Office of Internal Audit Annual Audit Plan for FY 2020-2021
8. Office of Inspector General Quarterly Report
9. Other items of interest
10. Closing remarks of the Audit Committee Chair and Members
11. Adjournment



# Office of Internal Audit (OIA) Quarterly Report to the Audit Committee

August 3, 2020





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	• Professional Staff Training FY 2019-20	21
	• Results of Client Survey FY 2019-20	22-24
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<b>Appendix</b>	Open Audit Recommendations and Action Plans	Appendix A
	Procure to Pay Operational Audit Report	Appendix B
	Quality Self-Assessment Report	Appendix C

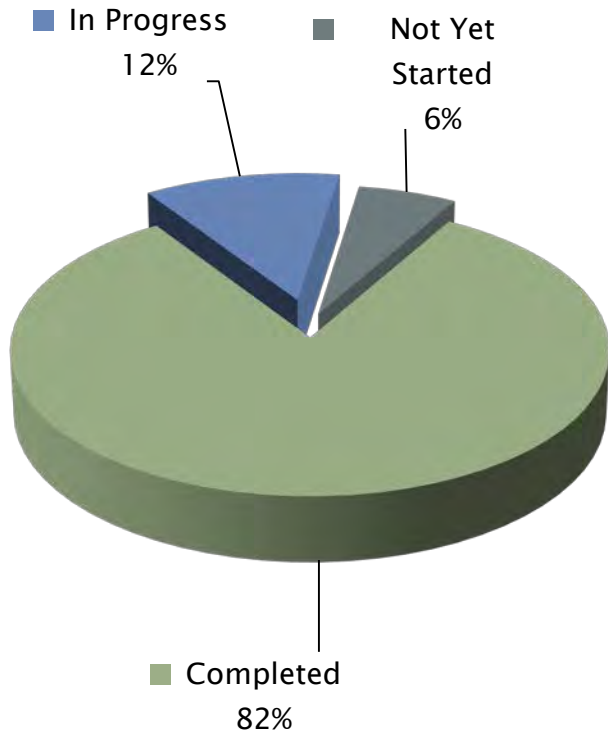


# Status of the FY 2019–20 Annual Audit Plan



# Status of the FY 2019–20 Annual Audit Plan

## Internal Audit and Advisory Engagements



Highlighted: Completed since prior quarterly report.

<u>Projects Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
FHCF ACH Process Flow Update	OIA Advisory	Q1
Continuous Monitoring - Accounts Payable	Continuous Monitoring	Q1
Continuous Monitoring - P-cards and Travel	Continuous Monitoring	Q1
Strategic Investments	OIA Operational Audit	Carryover
Periodic Follow-up Audit	OIA Follow-up Audit	Q1
Continuous Monitoring – Procurement	Continuous Monitoring	Q2
FHCF Tableau Assistance	OIA Advisory	Q1-Q3
Enterprise-wide KRI Collaboration	OIA Advisory	Q1-Q3
CIS CSC Framework Gap Assessment	OIA Advisory	Q1-Q3
Procure to Pay Operational Audit	OIA Audit	Q2-Q3
Proxy Voting Data Analytics - Phase 2	OIA Advisory	Q2-Q3
Continuous Monitoring – General	Continuous Monitoring	Ongoing
Data Analytics – Strategy	Continuous Monitoring	
Action Plan Monitoring	Project Management	
<b>In Progress</b>		
Periodic Follow-up Audit	OIA Follow-up Audit	Q2-Q3
Real Estate - Direct Owned	OIA Operational Audit	Q2-Q4
<b>Not Started</b>		
Continuous Monitoring - Trade Activity	Continuous Monitoring	Q1
Logical Physical Access Control *	OIA Operational Audit	FY19-20
Network and Application Change Control *	OIA Operational Audit	FY19-20

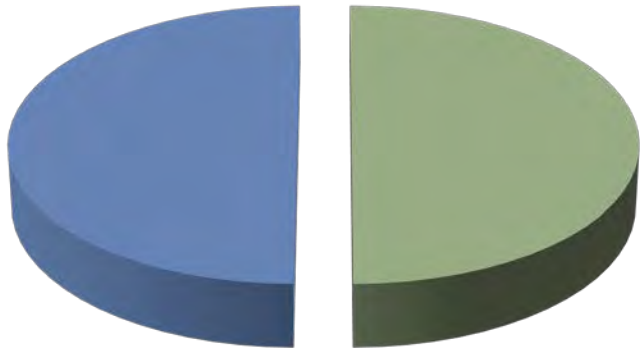
\* These projects were canceled due to the audits performed by the Auditor General and the Crowe financial statement audits covered these topics.



# Status of the FY 2019–20 Annual Audit Plan

## External Engagement Oversight

In Progress  
50%

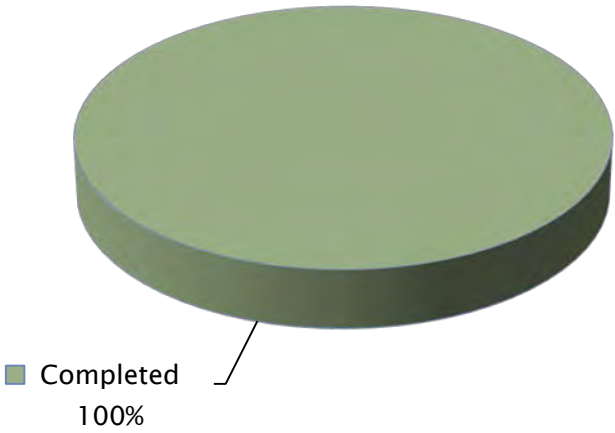


■ Completed  
50%

<u>Project Status</u>	<u>Service Provider</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>			
Network Security, outsourced	BDO	External IT Audit	Q1/Q2
Florida Retirement System (FRS) Trust Fund	Crowe	External Financial Statement Audit for FY18-19	Q1/Q2
FRS Investment Plan Trust Fund	Crowe	External Financial Statement Audit for FY18-19	Q1/Q2
Florida Hurricane Catastrophe Fund	KPMG	External Financial Statement Audit for FY18-19	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit for FY18-19	Q1/Q2
Part of the Statewide CAFR	Auditor General	External Financial Statement Audit for FY18-19	Q2/Q3
Florida Growth Fund Initiative	OPPAGA	External Review	Q1/Q2
<b>In Progress</b>			
AG PRIME and ITGC Operational Audit	Auditor General	External Operational Audit	Q2/Q3
AG Operational Audit	Auditor General	External Operational Audit	Q3/Q4
Florida Retirement System (FRS) Trust Fund	Crowe	External Financial Statement Audit for FY19-20	Q1/Q2
FRS Investment Plan Trust Fund	Crowe	External Financial Statement Audit for FY19-20	Q1/Q2
Florida Hurricane Catastrophe Fund	KPMG	External Financial Statement Audit for FY19-20	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit for FY19-20	Q1/Q2
Part of the Statewide CAFR	Auditor General	External Financial Statement Audit for FY19-20	Q2/Q3
<b>Not Started</b>			
None			

# Status of the FY 2019–20 Annual Audit Plan

## Special Projects, Risk Assessments, and Other Activities



Highlighted: Completed since prior quarterly report.

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>	
<b>Completed</b>			
Assistance with Aladdin Implementation	OIA Special Projects	Carryover	
Integrated Risk Management Solution Implementation	OIA Special Projects	Q1-Q3	
Robotics Process Automation Assistance	OIA Special Projects	Q1-Q4	
Annual Quality Assessment Review - Self-Assessment	OIA Quality Assurance	Q4	
Annual Risk Assessment	OIA Risk Assessment	Q4	
Annual Audit Plan	OIA Risk Assessment	Q4	
Data Analytics Tools Enhancements - Tableau	OIA Special Projects	Ongoing	
Complimentary User Entity Control Testing Validation	OIA Special Projects		
Special requests from SBA management and/or Audit Committee	OIA Special Projects		
WorkSmart Portal Enhancements	OIA Special Projects		
Audit Committee Related Activities	OIA Audit Committee		
OIA process improvement initiatives, including QAR identified initiatives	OIA Quality Assurance		
<b>Ongoing/In Progress</b>			
None			
<b>Not Yet Started</b>			
None			



# OIA Projects Completed and Status of Management Action Plans / Recommendations >>>

# Procurement to Pay Operational Audit

Our risk-based audit assessed the existence, adequacy/effectiveness, and efficiency of internal controls over the SBA's procure to pay (P2P) process for the period July 1, 2019 through March 31, 2020. In certain cases, we reviewed information subsequent to our cut-off date to provide updated information. During this assessment, we evaluated internal controls for the following processes: solicitation, vendor selection, management and approval of requisitions, management and approval of purchase orders, receipt of goods, and accounts payable procedures for issuance of payments to its vendors.

The SBA implemented P2P functionality within PeopleSoft Financials (PSF) in April 2018 with a subsequent upgrade in January 2020, as part of SBA's effort to automate processes and facilitate reporting and streamlining procurement to receipt to payment processes. We documented our understanding of systems, data feeds and various processes and assessed 111 key controls for control effectiveness. *For the full report, please see Appendix B.*

Legend for Control Effectiveness Rating	# of Key Controls
Effective	88
Improvement Needed	17
Not Effective	6
<b>Total Key Controls</b>	<b>111</b>

Observations in the Report:		Status of Action Plan:
18	Medium	Target completion date for medium risk observations is in FY 2020-21. For some corrective action was taken prior to the issuance of the report
4	Low	The observations are related to creating workflows, availability of functionalities within PSF, and audit logging. Target completion date for low risk observations is in FY 2020-21
<b>22</b>	<b>Total Observations</b>	



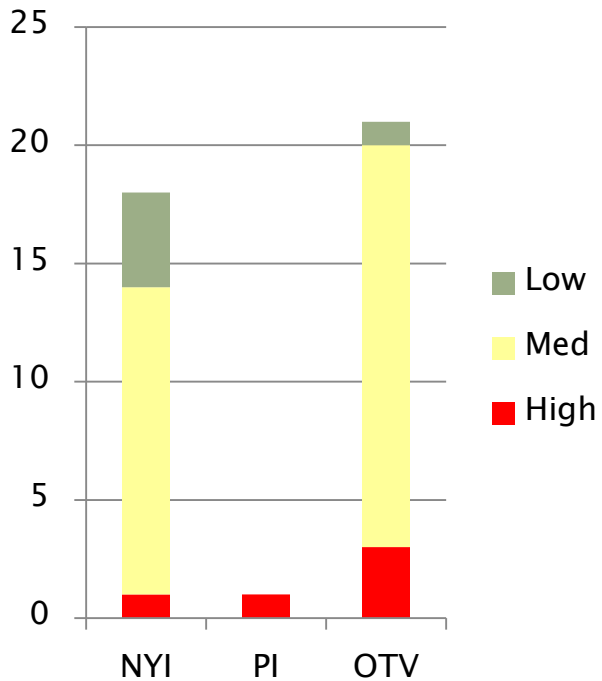
# New/Closed Action Plans & Recommendations

## Audit and Advisory Engagements

# of Recs	Source	
<i>New action plans and recommendations:</i>		
<b>21</b>	Procure to Pay Operational Audit ( <a href="#">See Appendix B</a> )	
<b>21</b>	Total action plans/recommendations added to the database	
<i>Closed action plans and recommendations:</i>		
<b>(5)</b>	Procure to Pay Operational Audit	Closed prior to issuance ( <a href="#">See Appendix B</a> )
<b>(3)</b>	Performance and Risk Analytics Operational Audit	To be reported in OIA's next periodic follow-up report
<b>(36)</b>	Funston GRC Assessment	Closed after consideration during the Annual Risk Assessment for FY 2020-21
<b>(7)</b>	Review Critical Financial Reporting Spreadsheets	
<b>(51)</b>	Total action plans/recommendations closed in the database	
<b>(30)</b>	Total change for both audit and advisory action plans/recommendations	



# Status of Management Action Plans–Audits



For details, see [Appendix A](#).

Report Title	Report Date
Fixed Income Trading Activities Operational Audit	1/29/2016
Global Equity Internal Trading Operational Audit	1/18/2017
Internally Managed Derivatives Operational Audit	3/31/2017
AG - Operational Audit 2017	11/13/2017
AG - IT Operational Audit 2017	4/5/2017
Incentive Compensation Program Operational Audit Report	4/10/2018
Externally Managed Derivatives Operational Audit	10/31/2018
Performance & Risk Analytics Operational Audit	2/21/2019
Strategic Investments Operational Audit	8/19/2019
Procure to Pay Operational Audit	6/30/2020

**Legend:**

- NYI - Not Yet Implemented
- PIRP - Partially Implemented and the Remainder is in Progress
- OTV - OIA to Verify

Risk Rating				Status			
High	Med	Low	Total	NYI	PIRP	OTV	Total
	1		1			1	1
1			1		1		1
1	1		2			2	2
	1	1	2			2	2
	9		9			9	9
	2	1	3	1		2	3
1	1		2			2	2
	2		2			2	2
2			2	1		1	2
	13	3	16	16			16
5	30	5	40	18	1	21	40
13%	75%	13%		45%	3%	53%	

Management Action Plans relating to findings from audits performed by internal or external auditors. The OIA monitors and performs follow-up procedures on the management action plans in accordance with the IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.



# Status of Recommendations – Advisory Projects

Report Title	Report Date	Status			
		NYI	PI	IMP	Total
Governance, Risk Management, and Compliance Assessment (Funston) <sup>1</sup>	1/15/2018	7	19		26
Network Security Assessment 2018 (BDO) <sup>2</sup>	11/15/2018	5			5
BDO Security Assessment 2019 <sup>2</sup>	11/21/2019	103		1	104
CIS CSC Framework Gap Assessment Advisory <sup>1</sup>	3/19/2020	20			20
		135	19	1	155

### Legend:

- NYI - Not yet implemented
- PI - Partially Implemented, as represented by SBA management
- IMP - Implemented, as represented by SBA management
- PIRN - Partially Implemented, as represented by SBA management, and the remainder will not be implemented
- NA - Not accepted by SBA management

*Advisory Recommendations made by OIA or external consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1.*

<sup>1</sup>At the advice of the Audit Committee, the OIA closes Advisory Recommendations that management represented as “complete” once the OIA has considered those in the annual risk assessment.

<sup>2</sup>Recommendations will be reviewed for remediation and closure by BDO as part of the 2019 Network Security Assessment.



# Data Analytics >>



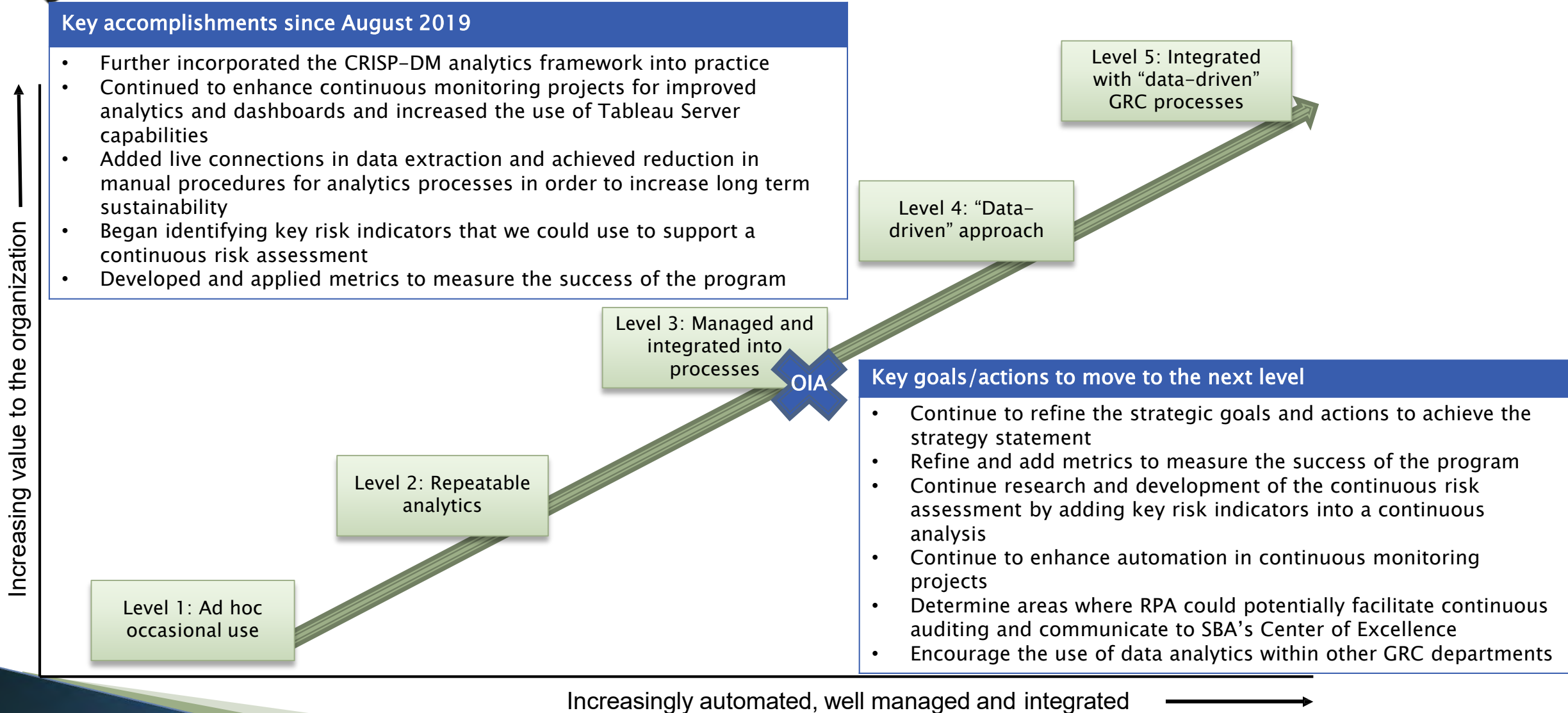
# OIA Data Analytics Strategic Goals

1. Risk Assessments	2. Engagement Planning and Execution	3. Continuous Monitoring or Auditing
<p>A. Use data analytics to identify high risk areas to include in OIA’s annual audit plan</p> <p>B. Develop continuous monitoring of key risk indicators to determine if changes to the annual audit plan are needed (continuous risk assessment)</p>	<p><del>A. Identify which audits would benefit from data analytics</del></p> <p><del>B. Identify high risk areas to focus OIA’s audit scope and selections</del></p> <p><del>C. Identify controls that can be tested using data analytics and develop test scripts to execute tests</del></p> <p><del>D. Identify analytics used during an audit that may be expanded to continuous monitoring for the First Line of Defense</del></p> <p>A. Utilize existing continuous analytics across the program to further support engagement planning and execution</p>	<p>A. Continue to support sustainability of continuous analytics through additional automation, live connections, and support of SBA’s use of Tableau Server and data governance</p> <p><del>B. Establish metrics/analytics within the program that provide value and insight for the client</del></p> <p><del>C. Effective communication with IT to obtain and automate the data</del></p> <p>B. Continue to evaluate critical success factors for the program to improve the quality and use of OIA’s continuous monitoring and data analytics.</p> <p>C. Evaluate the potential use of Robotics Process Automation for continuous audit projects.</p>

Key:  
Completed

Updated an existing goal or added a new goal to support further program growth

# OIA Data Analytics Maturity Model & Progress



# Proxy Voting Data Analytics – Phase 2

The Investment Programs and Governance (IP&G) department engaged the OIA to assist in updating and developing additional ongoing data analytics for proxy voting. Our phase-II primary objectives were as follows:

1. Identify required additional data and adjustments to current dashboards.
2. Update the current dashboards to incorporate updates identified by IP&G.
3. Streamline data cleaning and connection process for more efficient and effective updating, viewing and distribution of the dashboards on an ongoing basis.

The OIA completed this engagement and provided Tableau dashboards, along with related guidance, to IP&G. The dashboards included various analytics and interactive options, including an summary for votes and issues, trend and statistics for individual markets, dynamic issue detailed analysis, and more. The public proxy voting analysis was published on the SBA website: [Governance – Historical Proxy Voting](#)







# Quality Assurance and Improvement Program (QAIP) >>



# QAIP Program

- ▶ The Standards issued by The IIA require that an internal audit department maintain a QAIP.
- ▶ The OIA's QAIP contains:
  - ▶ Internal assessments that include both ongoing monitoring and periodic assessment.

Ongoing Monitoring	Periodic Assessment
<ul style="list-style-type: none"><li>• Progress tracking of Annual Audit Plan</li><li>• Supervisory review of work papers</li><li>• Maintenance of recommendations/action plans and status</li><li>• Maintenance of OIA procedures manual</li><li>• Engagement-specific QA assessments and related verifications</li><li>• Completion of required continuing professional education</li></ul>	<ul style="list-style-type: none"><li>• Annual internal quality assurance self-assessment for years when an external assessment is not performed. The results are presented in this report.</li><li>• Annual review of OIA Charter</li></ul>

- ▶ External assessments conducted every five years, under the direction of the Audit Committee, by a qualified, independent reviewer.
- ▶ Governance, Risk Management and Compliance (GRC) assessment conducted periodically includes OIA in the scope of assessment.





# OIA's Quality Assessment Results

		GC	PC	DNC	NA
<b>OVERALL</b>		X			
<b>ATTRIBUTE STANDARDS</b>		X			
<b>1000</b>	<b>Purpose, Authority, and Responsibility</b>	X			
1010	Recognition of the Definition of Internal Auditing, the Code of Ethics and the <i>Standards</i> in the Internal Audit Charter	X			
<b>1100</b>	<b>Independence and Objectivity</b>	X			
1110	Organizational Independence	X			
1111	Direct Interaction with the Board	X			
1120	Individual Objectivity	X			
1130	Impairments to Independence or Objectivity	X			
<b>1200</b>	<b>Proficiency and Due Professional Care</b>	X			
1210	Proficiency	X			
1220	Due Professional Care	X			
1230	Continuing Professional Development	X			
<b>1300</b>	<b>Quality Assurance and Improvement Program</b>	X			
1310	Requirements of the Quality Assurance and Improvement Program	X			
1311	Internal Assessments	X			
1312	External Assessments	X			
1320	Reporting on the Quality Assurance and Improvement Program	X			
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X			
1322	Disclosure of Nonconformance				X
<b>PERFORMANCE STANDARDS</b>		X			
<b>2000</b>	<b>Managing the Internal Audit Activity</b>	X			
2010	Planning	X			
2020	Communication and Approval	X			
2030	Resource Management	X			
2040	Policies and Procedures	X			
2050	Coordination	X			

		GC	PC	DNC	NA
2060	Reporting to Senior Management and the Board	X			
2070	External Service Provider and Organizational Responsibility for Internal Auditing				X
<b>2100</b>	<b>Nature of Work</b>	X			
2110	Governance	X			
2120	Risk Management	X			
2130	Control	X			
<b>2200</b>	<b>Engagement Planning</b>	X			
2201	Planning Considerations	X			
2210	Engagement Objectives	X			
2220	Engagement Scope	X			
2230	Engagement Resource Allocation	X			
2240	Engagement Work Programs	X			
	<b>Performing the Engagement</b>	X			
2310	Identifying Information	X			
2320	Analysis and Evaluation	X			
2330	Documenting Information	X			
2340	Engagement Supervision	X			
<b>2400</b>	<b>Communicating Results</b>	X			
2410	Criteria for Communicating	X			
2420	Quality of Communications	X			
2421	Errors and Omissions				X
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	X			
2431	Engagement Disclosure of Nonconformance				X
2440	Disseminating Results	X			
2450	Overall Opinions	X			
<b>2500</b>	<b>Monitoring Progress</b>	X			
<b>2600</b>	<b>Communicating the Acceptance of Risks</b>	X			
<b>IIA CODE OF ETHICS</b>		X			
<b>DEFINITION OF INTERNAL AUDITING</b>		X			



# FY 2019–20 OIA Metrics >>>

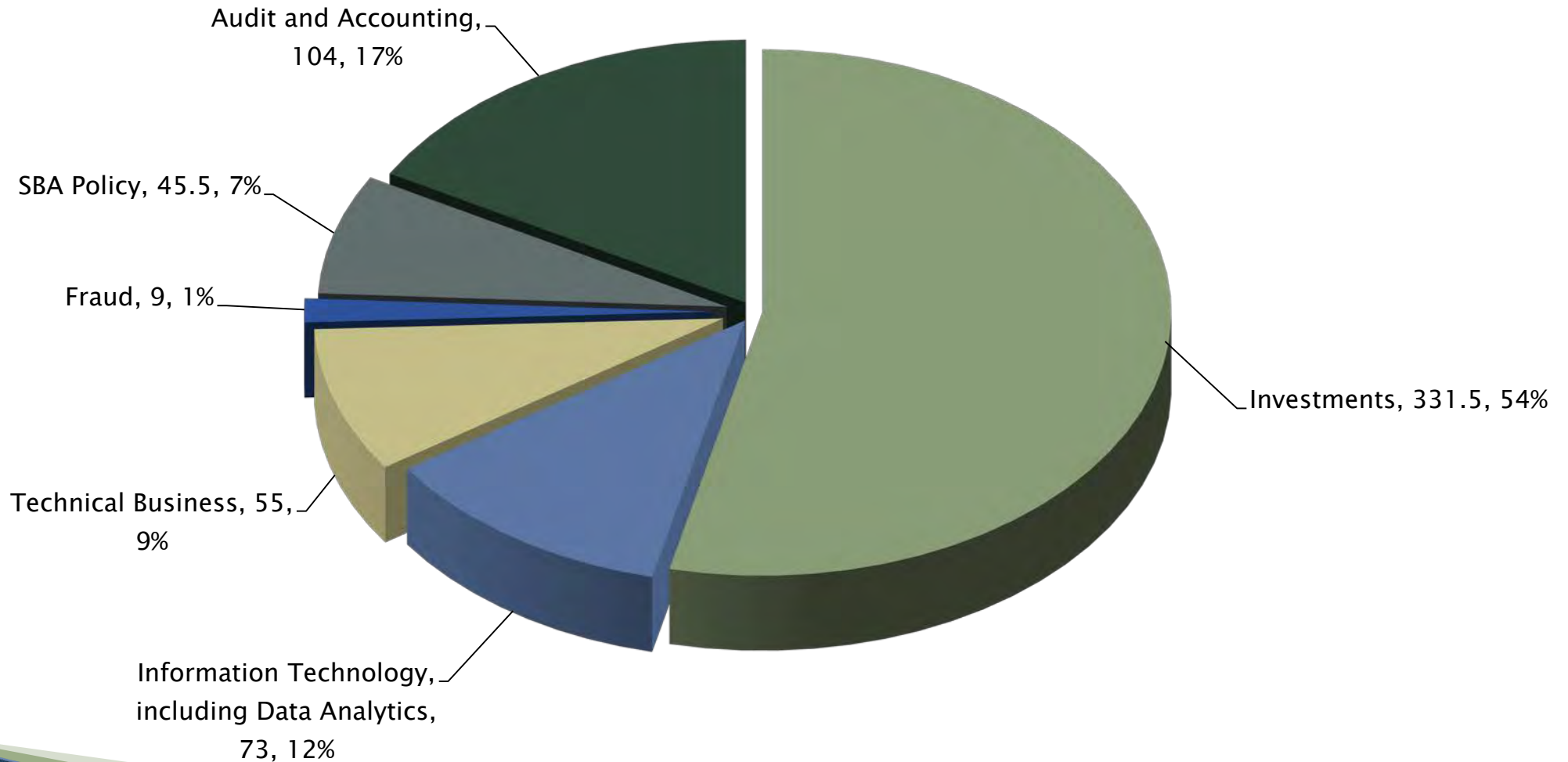
# Budget to Actual Comparison FY 2019–20

Category	Budget	Percent	Actual	Percent	Budget to Actual Over / Under	Explanation for any difference greater than 1%
Audit/Advisory Projects	4,474	35.94%	5,289	43.08%	-7.14%	Additional hours needed for advisory projects: KRI advisory and the Security Framework Advisory.
Oversight of External Auditors	471	3.78%	557	4.54%	-0.76%	
Special Projects	1,135	9.12%	1,010	8.23%	0.89%	
Risk Assessment	446	3.58%	211	1.72%	1.86%	Additional hours were incurred in July 2020 for the risk assessment to use the new Logic Manager tool.
Audit Committee Related Activities	312	2.51%	216	1.76%	0.75%	
Leave & Holidays	2,929	23.53%	2,297	18.71%	4.82%	The leave available for annual and sick leave was not taken during the year.
Continuing Education	926	7.44%	1,088	8.86%	-1.42%	Identified additional training needs during the year and working from home the team was able to take additional virtual trainings without travel.
Quality Assessment Review	159	1.28%	33	0.27%	1.01%	Additional hours were incurred in July 2020 for the QAR.
Administrative	1,596	12.82%	1,576	12.84%	-0.02%	
<b>Total</b>	<b>12,448</b>	<b>100%</b>	<b>12,277</b>	<b>100%</b>		



# Professional Staff Training FY 2018-19

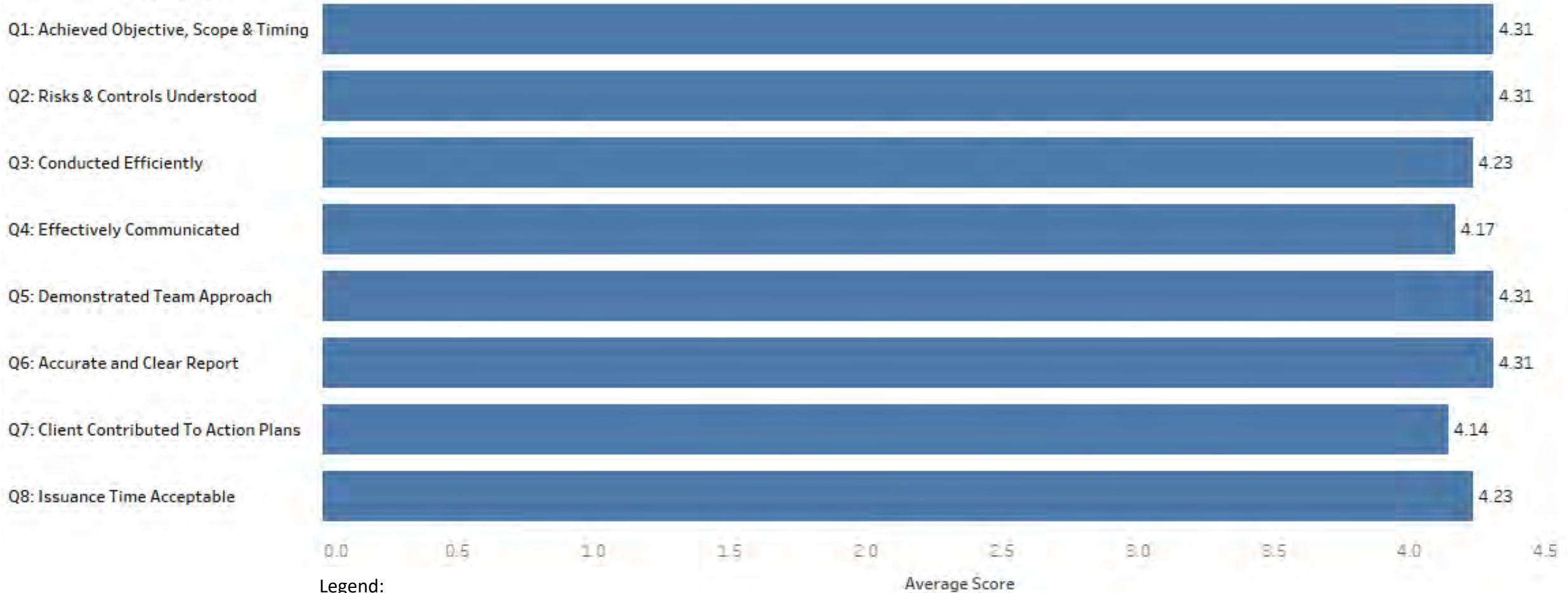
## Training Hours by Type





# 2019–20 Client Survey Results: Audit

## Questions



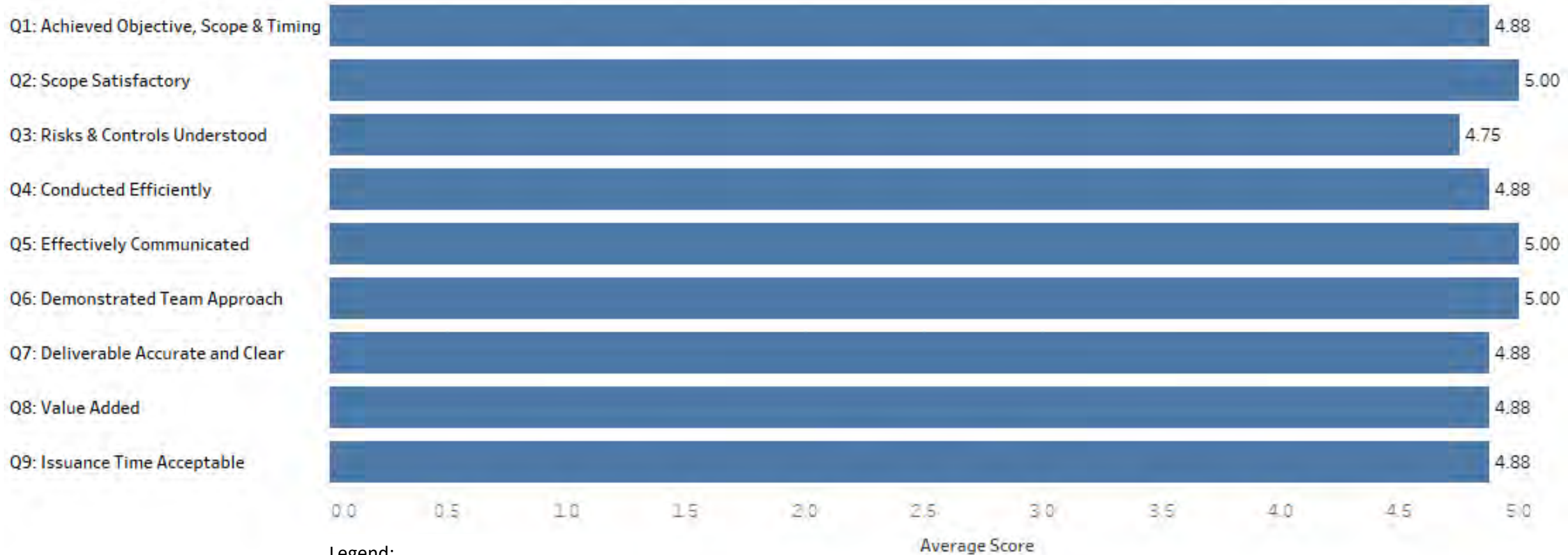
Legend:

- 5 – Strongly Agree
- 4 – Agree
- 3 – Neither Agree Nor Disagree
- 2 – Disagree
- 1 – Strongly Disagree



# 2019–20 Client Survey Results: Advisory

## Questions



### Legend:

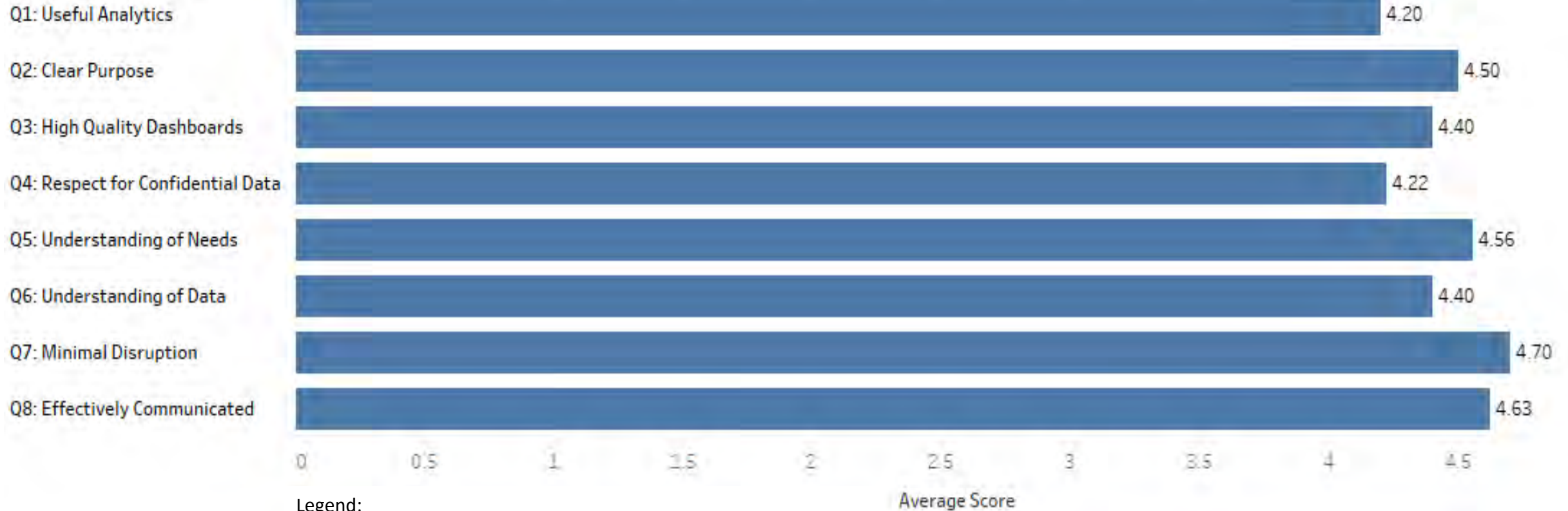
- 5 – Strongly Agree
- 4 – Agree
- 3 – Neither Agree Nor Disagree
- 2 – Disagree
- 1 – Strongly Disagree





# 2019–20 Client Survey Results: Data Analytics

## Questions



### Legend:

- 5 – Strongly Agree
- 4 – Agree
- 3 – Neither Agree Nor Disagree
- 2 – Disagree
- 1 – Strongly Disagree

Note: Surveys for all continuous analytics are sent annually in December. Continuous analytics that were put into production after completion of the annual survey will be reflected in the following year survey results.



# Other OIA Activities >>>



# Proposed OIA Department Goals FY 20–21

TOPIC	ACTIVITIES
INTERNAL AUDIT PROCESSES	Data Analytics: Use for continuous risk assessment, engagement planning, continuous monitoring and auditing, and evaluate the potential use of robotics process automation for audit projects. (Process improvement from QA Self-Assessment)
	OIA Procedures Manual: Perform annual review of the manual and add the following items identified during the QA Self-Assessment: Add remote auditing procedures due to COVID-19, update the risk assessment methodology with the use of Logic Manager, update the monitoring of audit recommendations using Logic Manager.
	Engage consultants (co-source or outsource) to assist with high risk areas relating to investments and IT audits.
	Update Internal Controls Risk Assessment template to include the alignment of engagement risks for each objective with the SBA's ERM risks.
	Update the audit program template to add results of control testing in Logic Manager and to send the client engagement survey after report issuance. (Process Improvement from QA Self-Assessment).
	Take the initiative to develop a formalized SBA data analytics workgroup.
	Update the pipeline of projects within the Annual Audit Plan on at least a quarterly basis.
USE OF TECHNOLOGY	Continue to increase automation of continuous data analytics where possible and support the SBA's use of Tableau Server and data governance.
	Request IT manpower resources (Approximately 4 weeks of assistance from applications staff) for the activities related to IIAMS and Tableau.
PEOPLE	Develop a training plan based on knowledge gaps for each member of the OIA to close those gaps.
	Have at least one team building event during the fiscal year to enhance the team.
	Continue to participate in the internship program.
	Develop a more formal competency framework using The IIA's Global Competency Framework for knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. (Process Improvement from QA Self-Assessment)



# Other Items for Discussion

- ▶ 2020 Audit Committee Meeting Dates
  - Monday, November 30
- ▶ Proposed dates for Audit Committee meetings in 2021
  - February 22, 2021
  - **May 24 or June 7, 2021 (Memorial Day is May 31)**
  - August 30, 2021
  - **November 29 or December 6, 2021 (Thanksgiving is November 25)**

# Questions / Comments





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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

**MEMORANDUM**

**To:** Ash Williams  
**From:** Michael McCauley  
**Date:** September 3, 2020  
**Subject:** Quarterly Standing Report - Investment Programs & Governance

**GLOBAL PROXY VOTING & OPERATIONS**

During the second quarter of 2020 SBA staff cast votes at 6,476 companies worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 72,390 distinct voting items—voting 80.6% “For” and 16.6% “Against/Withheld”, with the remaining 2.8% involving abstentions. The table below provides the SBA’s global voting breakdown across all major proposal categories during the second quarter of 2020.

Proxy Voting Summary								
Issue Code Category	For		Against & Withhold		Abstain		Other Votes	
	Individ..	% of To..	Individ..	% of To..	Individ..	% of To..	Individ..	% of To..
Audit/Financials	11,417	96.6%	160	1.4%	95	0.8%	141	1.2%
Board Related	32,273	80.5%	6,914	17.3%	538	1.3%	347	0.9%
Capital Management	3,948	73.7%	1,254	23.4%	46	0.9%	110	2.1%
Changes to Company Statutes	2,658	85.7%	342	11.0%	85	2.7%	17	0.5%
Compensation	5,141	63.2%	2,587	31.8%	26	0.3%	384	4.7%
M&A	374	95.7%	9	2.3%	8	2.0%		
Meeting Administration	1,216	80.5%	167	11.1%			128	8.5%
Other	881	73.0%	211	17.5%	96	8.0%	19	1.6%
SHP: Compensation	34	64.2%	19	35.8%				
SHP: Environment	27	37.5%	39	54.2%			6	8.3%
SHP: Governance	258	49.0%	247	46.9%	10	1.9%	12	2.3%
SHP: Misc			4	100.0%				
SHP: Social	87	61.3%	55	38.7%				
<b>Grand Total</b>	<b>58,314</b>	<b>80.6%</b>	<b>12,008</b>	<b>16.6%</b>	<b>904</b>	<b>1.2%</b>	<b>1,164</b>	<b>1.6%</b>

Of all votes cast, 17.3% percent were “Against” the management-recommended vote. SBA proxy voting was conducted across 73 countries, with the top five countries comprised of the United States (2,181 votes), Japan (1,051), China (653), India (28), and South Korea (13).

## **CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP**

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on June 11, 2020, and the Committee will meet next on September 28, 2020. The Proxy Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA) and other statutory investment requirements related to Israel and Venezuela.

## **KEY VOTES**

**Netflix**— At the June 4, 2020 annual meeting, the SBA abstained from supporting the three directors up for re-election due to a continued failure to implement numerous proposals that were supported by a substantial majority of shareowners. Netflix decided not to implement a 2019 shareowner proposal to eliminate supermajority voting that was approved by 87% of votes cast. For the 2020 annual meeting, results showed that one director received greater than majority opposition, and for the 2019 AGM there were four directors that received over 50% opposition by shareowners. None of the four directors were removed from the board, again raising concerns that the company is unresponsive to shareowner input.

**Amazon**— At the May 27, 2020 Amazon AGM, the SBA supported all directors with the exception of one member of the audit committee who did not meet the criteria of being fully independent (immediate family member was employed by the company). There were a large number of shareowner proposals at this year's annual meeting (12 in all), with the SBA supporting ten and voting against two. Final vote results showed no shareowner proposals receiving majority support but seven received over 30% support levels. The SBA considered reputational effects, potential increased regulation, and the need for increased disclosure in supporting shareowner proposals

- to assess Amazon's customer due diligence with respect to customer privacy, use of company products that record customer activity such as Ring, Echo, and cloud based services
- to encourage additional reporting on processes to address hate speech and sale of offensive products on company sites
- report on median gender and racial pay equity and promotions
- provide increased lobbying activity and expenditure disclosure

**Amyris Inc**—the May 29, 2020 annual meeting of Amyris, an industrial biotech firm, provided some examples of governance shortcomings in the small cap sector. The SBA withheld support for three of four directors due to insufficient board independence, low attendance at board meetings, failure to provide more than two members of the audit committee, and material weakness identified in accounting controls and procedures. In addition, votes were cast against the advisory vote on executive compensation and the requested approval of the 2020 equity incentive plan. In particular, the new equity incentive plan requested new shares representing a potential shareowner value transfer to management of 63%, vs a more typical benchmark of 5%. This represents full dilution of approximately 35% vs a GICS median dilution of 8.7% and GICS 75<sup>th</sup> percentile dilution of 11.8%.

Nevertheless, final vote results showed 90% shareowner support for the equity plan and over 90% support for all directors.

### **ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT**

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. From late June 2020 through early September 2020, SBA staff conducted engagement meetings with several companies owned within Florida Retirement System (FRS) portfolios, including Hightech Payment Systems (engaged with a large investor of the company), WalMart, and Dick’s Sporting Goods.

### **LEADERSHIP & SPEAKING EVENTS**

Staff periodically participates in investor and corporate governance conferences. Typically, these events include significant involvement by corporate directors, senior members of management, and other key investor or regulatory stakeholders. The following items detail involvement at events that occurred recently:

- In July, SBA staff was appointed to the Oversight Committee of the Best Practices Principles Group (BPPG), which is a group formed by the global proxy voting research industry. Both Glass Lewis & Co. and Institutional Shareholder Services (ISS), used by the SBA to analyze and vote on proxy issues, are members of the BPPG. The Oversight Committee will review BPPG members’ disclosures surrounding research methodology, service delivery, and operational performance. The BPPG website can be found at: <https://bppgrp.info/>

### **NOTABLE RESEARCH & GOVERNANCE TRENDS**

**Covid 19 and Poison Pills**—numerous companies have adopted new or amended shareholder rights plans (aka “Poison Pills”) during 2020, many with features that have historically been opposed by investors. Through the end of June, firms implemented 55 plans, more than three times the total plans adopted over the last three years. Most of the plans contained more restrictive features, such as “dead-hand” revocation rights whereby only incumbent directors can remove the pill, trigger thresholds below 20% (largely considered a market standard), and some provide passive investors the ability to own a larger proportion of shares compared to activist shareowners. Market pundits predict that shareowners will be increasingly critical of such features, especially when the pills are changed without investor approval. Only 14 poison pills of 104 adopted between 2013 and 2019 had separate triggers for passive and activist investors, typically based on their Schedule 13G filing exemption. Analysis from the Council of Institutional Investors (CII) indicates eight of the plans include language designed to prevent investors from acting in concert, either through direct meetings and communications, the accumulation of shares beyond a trigger threshold or change of control.

**New SEC Proxy Advisor Regulation Amendments**—on July 22, 2020, the U.S. Securities and Exchange Commission adopted final rules, Exemptions from the Proxy Rules for Proxy Voting Advice, SEC. Rel. 34-89732, in a 3-1 vote. The SEC action was designed to, “enhance transparency, improve disclosures, and increase confidence in the proxy process.” The Commission made supplementary guidance to the Commission Guidance Regarding Proxy Voting Responsibilities of Investment Advisers, Release No. IA-5325 (Aug. 21, 2019), 84 FR 47420 (Sept. 10, 2019), regarding how the fiduciary duty and rule 206(4)-6

under the Investment Advisers Act of 1940 relate to an investment adviser’s proxy voting on behalf of clients. The final rules did not contain a controversial feature initially proposed that would have required proxy advisors to provide their recommendations to companies for feedback prior to release to investor clients. However, proxy advisors will now be required to give companies access to their reports at the same time as clients, as well as include any corporate responses. The new rules also treat proxy advice as a solicitation, subjecting proxy advisors to rules involving soliciting votes, such as the disclosure of material information about analytical methodology, sources of information, and conflicts of interest.

Although the new requirements are principles-based, they are very likely to change the relationship between companies, shareowners, and proxy advisors, although to what extent is uncertain at this time. One result may be that investors vote closer to the date of the annual meeting, reducing the visibility of voting patterns for corporations. Institutional Shareholder Services (ISS), one of the two largest proxy advisors in the U.S., has filed a lawsuit challenging the SEC’s authority. Proxy advisors will have to establish new procedures and disclosure by December 2021, ahead of the 2022 proxy season.

In separate rulemaking, the Commission voted 3-1 approving new guidance on “robo-voting.” An estimated 10% of global asset managers conduct proxy voting based solely on a proxy advisor’s analysis and recommendations. Typically, a manager will maintain automated voting procedures with a proxy advisor to pre-populate voting ballots with voting recommendations to be voted by default. The SEC’s latest guidance directs investors to review and disclose their procedures for making voting decisions based on this approach, within a fiduciary perspective and using all potential sources of information. Of particular concern to some Commissioners were scenarios in which an issuer made additional filings after a proxy advisor’s research was published but robo-voting had already been conducted. One Commissioner was critical of the proposal, stating “the final rules and guidance introduce uncertainty and delays, force proxy advisors to convey management views, and effectively require consideration of those views before voting occurs.”

**DOL Proposal on ESG Investments**—on August 31, 2020, the Department of Labor (DOL) unveiled a proposal to add new language requiring ERISA plan fiduciaries to both private defined benefit and defined contribution retirement funds to select investments based on financial considerations relevant to the risk-adjusted economic value of a particular investment or investment course of action. The DOL release states investors should, “refrain from spending workers’ retirement savings to research and vote on matters that are not expected to have an economic impact on the plan.” The proposal would amend a regulation dating back to 1979 to specify that when voting proxies (and with other shareowner rights) plan fiduciaries must consider factors that may affect the value of the plan’s investment and not subordinate the interest of participants and beneficiaries to unrelated objectives. The amended regulation was primarily a response to significant changes in the way ERISA plans invest and considering recent actions by the SEC related to the proxy voting process and treatment of proxy research.

The DOL noted that many investors misunderstood the requirements of the 1988 “Avon Letter,” as well as subsequent guidance, resulting in the perception that all proxies must be voted under all circumstances to fulfill obligations under ERISA. The DOL also noted plan fiduciaries may be using external proxy research without the commensurate procedures to ensure that such research is

impartial and rigorous, which may not be compliant with the ERISA standards of fiduciary care and loyalty. The DOL outlined general duties for fiduciaries to vote a proxy when it is determined that the matter being voted upon would have an economic impact on the plan's investment. The list of fiduciary obligations when making proxy voting decisions now includes:

1. Act solely in accordance with the economic interest of the plan and its participants and beneficiaries considering only factors that they prudently determine will affect the economic value of the plan's investment;
2. Consider the likely impact on the investment performance of the plan based on such factors as the size of the plan's holdings in the issuer relative to the total investment assets of the plan, the plan's percentage ownership of the issuer, and the costs involved;
3. Not subordinate the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to any non-pecuniary objective, or sacrifice investment return or take on additional investment risk to promote goals unrelated to the financial interests of the plan's participants and beneficiaries or the purposes of the plan;
4. Investigate material facts that form the basis for any proxy vote or other exercise of shareholder rights;
5. Maintain records on proxy voting activities and other exercises of shareholder rights, including records that demonstrate the basis for proxy votes and exercises of shareholder rights; and
6. Exercise prudence and diligence in the selection and monitoring of persons selected to advise or otherwise assist with exercises of shareholder rights.

The proposal specifies that Interpretive Bulletin (IB) 2016-01 no longer represents the view of the department regarding the proper interpretation of ERISA with respect to the exercise of shareholder rights by fiduciaries. IB 2016-01 will be superseded once the final rule is adopted.

A group of investment organizations including Morningstar, Ceres, and the US Social Investment Forum, analyzed the comments received to date and found more than 90% of the respondents to the DOL's proposal indicate they are opposed to the changes—with only a single comment received supporting the new language. Large asset managers including BlackRock, Fidelity Investments, State Street Global Advisors, T. Rowe Price, and the Vanguard Group each submitted comments in opposition to the DOL proposal. According to US SIF statistics, professionally-managed assets utilizing one or more sustainable investment strategies grew by 38% from 2016-2018, with total assets more than \$12 trillion.





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ASHBEL C. WILLIAMS  
EXECUTIVE DIRECTOR & CIO

## MEMORANDUM

---

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

**From:** Maureen M. Hazen, General Counsel

*Maureen M. Hazen*

**Date:** September 2, 2020

**Subject:** Office of General Counsel: Standing Report  
For Period June 1, 2020 – August 31, 2020

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### SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 23 new agreements – including 5 Private Equity transactions, 8 Strategic Investments, 1 new Investment Management Agreement for Global Equity and 1 new Investment Management Agreement for Real Estate; (ii) 81 contract amendments, addenda or renewals; and (iii) 1 contract termination.

### SBA Litigation.

(a) Passive. As of August 31, 2020 the SBA was monitoring (as an actual or putative passive member of the class) 657 securities class actions. During the period from May 1, 2020 through July 31, 2020, the SBA collected recoveries in the amount of \$5,859,124.55 as a passive member in 20 securities class actions.

(b) Active.

In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) now pending in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). Pursuant to a plan approved in the bankruptcy proceeding, the claim was transferred to the U.S. District Court, Southern District of New York (the "Court") and consolidated with additional parallel cases for multi-district litigation. The SBA received approximately \$11 million in

connection with this leveraged buy-out. Several amended complaints have been filed in the action in which the SBA was originally served in January, 2012 (the “FitzSimons Action”). In early 2017, the Court dismissed the intentional fraudulent transfer count (the only claim applicable to the SBA), and the SBA (and other defendants) are monitoring for a possible appeal. The Plaintiffs extended a settlement offer in 2019 which the SBA rejected.

(ii) Valeant Opt-Out Action. During a previous period, the OGC recommended to the Trustees and you that the SBA file the opt-out with the group of plaintiffs being represented by Bernstein Litowitz. The SBA may have incurred more than \$62 million in recoverable damages. The Trustees approved filing of the action on November 6, 2017, and the SBA subsequently filed the Complaint. On November 29, 2017, the Court issued a stay in discovery in the case pending the conclusion of the trial in the criminal case filed by the U.S. Department of Justice. In January 2018, the criminal trial concluded with a conviction, and the stay has been lifted. The SBA recently filed its Initial Disclosures for purposes of commencing discovery. On January 28, 2019, the parties participated in a mediation but did not reach a resolution. The SBA is currently working on its objection to the document request and its response to a document request. In addition, in recent months, the class case settled in principal, and such settlement is pending before the Court. As a result, the OGC anticipates more activity on the SBA’s individual action in the future.

(iii) LIBOR Litigation. The Attorney General’s Office has commenced an investigation against several banks with respect to the alleged manipulation of LIBOR. The OGC and other SBA staff (e.g. Fixed Income, Financial Operations and Accounting) have been working with the Attorney General’s Office since September, 2012. Since then, the Attorney General (representing the SBA) and the class counsel has settled the case with Barclays Bank, Citibank, Deutsche Bank and UBS, and the SBA has recovered approximately \$25,000,000 in settlement proceeds.

(c) FRS Investment Plan. During the period covered by this report, the General Counsel’s Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the “Investment Plan”). The SBA issued 3 Final Orders, received notice of filing of 7 new cases, and continued to litigate 14 cases (including 2 appellate) that were pending during the periods covered by previous reports.

### **Other Matters.**

(a) Public Records. During the period covered by this report, the General Counsel’s Office received 25 new public records requests and provided responses to 18 requests. As of August 31, 2020, the General Counsel’s Office continues to work on 15 open requests.

(b) SBA Rule Activities. During the period covered by this report, there has been no rules activity.



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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

## MEMORANDUM

DATE: September 1, 2020

TO: Board of Trustees

FROM: Ken Chambers, <sup>KC</sup> Inspector General

SUBJECT: Quarterly Report on SBA Inspector General Activities

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The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing Investment Protection Principles (IPPs) compliance; and handling special projects as directed by the Executive Director & CIO.

### Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The on-line training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is required annually for all employees in the areas of harassment prevention, personal investment activity, insider trading, incident management framework, and use of information technology resources. For 2020, employees are also required to complete training courses for public records, confidential information and the Sunshine Law (these courses are required every other year). The deadline for completing the courses was June 30, 2020, and all SBA employees are in compliance. New employees are required to take all of the mandatory training courses (which also includes a fiduciary responsibility course) within 30 days of their start date. In addition to the annual mandatory training classes, employees are also required to complete quarterly on-line training courses concerning cyber security awareness.
- During the period from June 5, 2020 to September 1, 2020, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy.

### Investment Protection Principles Compliance

In September 2002, the Trustees of the SBA adopted IPPs for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. The IPPs are geared toward promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity, fixed income and real estate investment managers, and broker-

dealers. Additionally, annual certifications have been developed for the investment services related consulting firms engaged by the SBA. These consulting firms are required to certify their compliance with certain independence and disclosure principles.

The compliance results for the consultants and investment managers were reported in the previous quarterly report.

Certification forms for broker-dealers were disseminated to the applicable firms in April 2020. All of the broker-dealers completed and returned their IPP certification forms for the 2019 reporting period. An analysis of the 2019 certifications indicated full compliance with the IPPs by the broker-dealers.

#### SBA Fraud Hotline

Since July 2006, Navex Global has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees, service providers, and others may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA contact page. Navex Global recently upgraded the hotline service to their new Ethicspoint system, which also provides online reporting.

During the quarter, one complaint was received by the Hotline. However, the complaint concerned an issue that was not applicable to the SBA.

#### Financial Disclosure Forms

The Commission on Ethics requires certain state employees and officials who meet the reporting requirement to file an annual Financial Disclosure Form. The Financial Disclosure Forms for the year ending December 31, 2019 were due by July 1, 2020. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics.

cc: Ash Williams



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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

MEMORANDUM

DATE: September 2, 2020

TO: Ash Williams, Executive Director & CIO

FROM: Sooni Raymaker, Chief Risk & Compliance Officer *SR*

SUBJECT: Trustees Report – September 2020

---

The role of the Risk Management and Compliance (RMC) unit is to assist the Executive Director & CIO in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director & CIO and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies, and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients.

Included below is a brief status report of RMC activities and initiatives completed or in progress from June 2020 to the current period. The RMC team has been working remotely due to COVID 19 since mid-March 2020. All RMC activities, reviews, controls and processes are continuing to operate effectively and as expected during this time of remote work.

**Compliance Exceptions**

No material compliance exceptions were reported during the period.

**Enterprise Risk Management (ERM)**

The quarterly Risk & Compliance Committee (RCC) was conducted telephonically on August 20, 2020. The RCC was given an update of 3<sup>rd</sup> Party Risk Management and communication with various vendors regarding continuation of service in the remote work environment due to COVID 19. SBA 3<sup>rd</sup> party vendors include operational vendors, investment managers and trading counterparties. The meeting also included an overview of the forthcoming revisions to the SBA investment managers operational due diligence questionnaire and annual certifications to include inquiries into discrimination policy and procedures and diversity and inclusion initiatives or programs. The RCC also reviewed compliance exceptions by type and personal investment activity over the past quarter. Updates were also provided related to External Manager

Operational Risk Oversight and Trading and Investment Oversight, and plans for the upcoming enterprise risk assessment.

### **Trading Counterparty Management**

The annual trading counterparty renewal process is expected to be complete September 30, 2020. In light of the recent investment manager best practices review with respect to trading counterparty management and the current remote work environment, a trading counterparty operational risk questionnaire will be sent to all current counterparties as part of the annual review.

### **External Manager Operational Due Diligence (ODD)**

During the period, the ODD team reviewed and commented on 23 consultant operational due diligence reports on alternative investment managers as part of the investment approval process which represents over \$3 billion in potential investments. The ODD team conducted three desk reviews on external managers and noted areas of operational considerations. Follow-up onsite reviews have been postponed until travel is resumed. The ODD team also participated in the virtual manager interviews conducted by Global Equity for the International Small Cap manager search.

The ODD team telephonically conducted their quarterly meeting with all asset classes and provided an update on status of manager reviews. The meeting also included a discussion on security awareness and reporting protocol of cybersecurity issues affecting investment managers based on the recent July 10, 2020 SEC Alert – Cybersecurity-Ransomware.

The ODD team continues to develop a dynamic risk assessment and risk ranking of all SBA external managers based on criteria such as Organization, Oversight, Compliance, Violations, and Service Providers. The team is also in the process of receiving and reviewing the 2019 Annual Certifications using the Florida Asset Manager Evaluation (FLAME) system.

### **Public Market Compliance (PMC)**

The BlackRock Aladdin compliance system project is nearing completion as only a few rules remain that require further review. The Florida PRIME review is now beginning to be performed on a daily basis using Aladdin reporting. During this testing period, PMC will continue to manually perform the monthly compliance reviews until there is a determination on which system is the most accurate and efficient process for monitoring the high and low risk parameters.

PMC is working with the SBA Center of Excellence to implement a robotic process automation (RPA) of the Aladdin reporting process. The process is currently in the documentation stage of development. The automation effort is to save staff time in downloading and saving the daily compliance reports from the BlackRock Aladdin compliance system.

PMC continues to update the compliance rules matrix for new and revised IPG's, Schedule B's, and Policies. PMC is in the process of risk ranking each rule within the matrix.

### **Performance and Risk Analytics (PRA)**

The PRA database management team continues to improve the current performance dashboard by incorporating additional functionality for smaller asset composites and additional risk statistics across asset classes. The team also continues to create models to ensure data accuracy and reconcile monthly and quarterly performance data. The team is also reviewing Tableau and Power BI to migrate On-Demand reports and reconciliation files

### **Policy Activity and Regulatory Monitoring**

During the period, revisions were made to the SBA's Equal Employment Opportunity policy, resulting in corresponding updates to the Recruitment, Selection and Appointments, Harassment Prevention, and Complaints policies. Several other operational policies were updated to strengthen controls and reflect current information.

The SBA Regulatory and Collateral Management Working Group, which routinely monitors regulatory activity for potential impacts to the SBA, continues to review and keep current on the planned transition of the financial markets away from the London Interbank Offered Rate (LIBOR) and other IBOR's as benchmark reference rates, in favor of alternative, overnight risk-free rates by the end of 2021. The working group has worked with affected business units and the custodian bank to evaluate SBA exposures to LIBOR-based securities. The SBA continues to monitor guidance on LIBOR issues from industry groups, particularly that provided by the International Swaps and Derivatives Association (ISDA). Additionally, the working group continues to monitor the phased-in implementation of regulatory margin requirements for non-centrally cleared derivatives transactions, which the last phase deadline is September 1, 2021. The SBA is currently not in scope for compliance with the margin rules due to its current trading volume thresholds.

### **Personal Investment Activity**

During the period, there were 86 requests for pre-clearance by SBA employees, with one of those requests requiring additional analysis due to the updated \$20,000k/5% ownership threshold reporting requirement that became effective in February 2019. All requests were approved. There were no new employees with accounts to report during the period.



# State Board of Administration of Florida

## Major Mandate Review Second Quarter 2020

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### Table of Contents

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

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## Executive Summary

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- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending June 30, 2020.
- The Pension Plan outperformed its Performance Benchmark over the trailing one-, three-, five-, ten-, and fifteen-year periods.
  - Over the trailing five-year period, Global Equity is the leading source of value added, followed by Private Equity, Strategic Investments, and Fixed Income.
  - Over the trailing ten-year period, the Pension Plan's return ranked within the median of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark over the trailing three-, five-, and ten-year periods.
- The CAT Funds' performance is strong over both short-term and long-term periods, outperforming the benchmark over the trailing three-, five-, and ten-year periods.
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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## Pension Plan: Executive Summary

- The Pension Plan assets totaled \$160.7 billion as of June 30, 2020 which represents a \$12.6 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten-, fifteen-, twenty-, twenty-five-, and thirty-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan was in line or outperformed over the trailing three-, five-, ten-, fifteen-, twenty-five-, and thirty-year periods, and underperformed over the trailing one-, and twenty-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

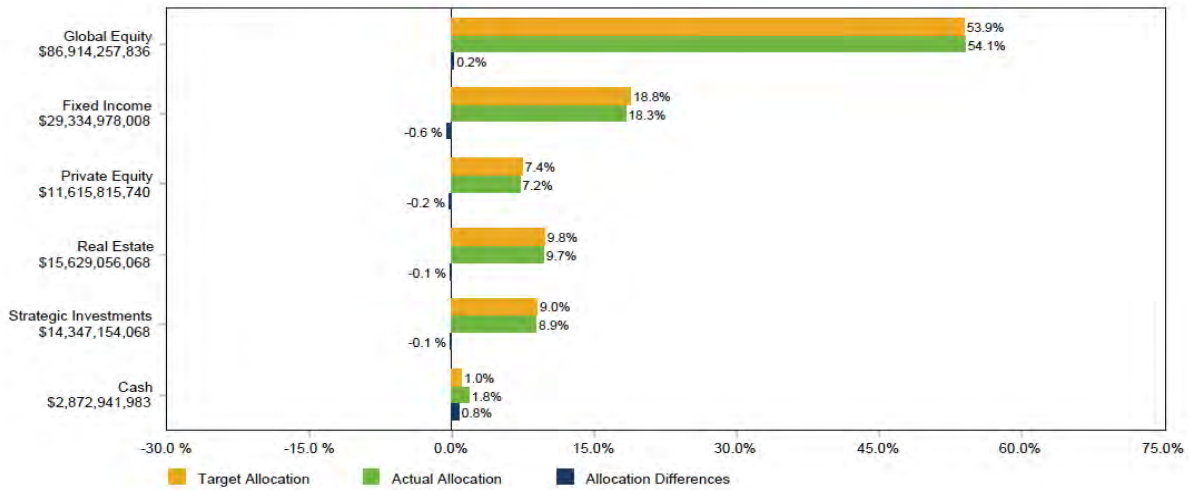
## FRS Pension Plan Change in Market Value Periods Ending 6/30/2020

Summary of Cash Flows		
	Second Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$148,114,499,286	\$163,135,205,913
<b>+/- Net Contributions/(Withdrawals)</b>	\$(1,805,052,137)	\$(7,320,569,900)
<b>Investment Earnings</b>	\$14,404,756,554	\$4,899,567,690
<b>= Ending Market Value</b>	\$160,714,203,703	\$160,714,203,703
<b>Net Change</b>	\$12,599,704,417	\$(2,421,002,209)

\*Period July 2019 – June 2020

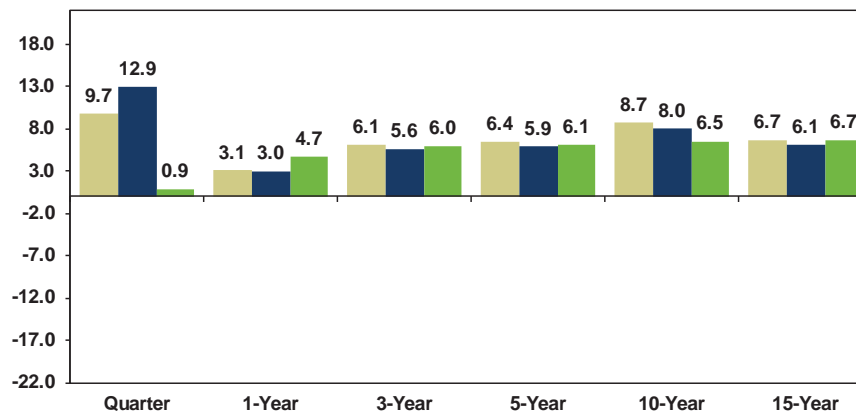
## Asset Allocation as of 6/30/2020 Total Fund Assets = \$160.7 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	160,714,203,703	100.0	100.0		
Global Equity	86,914,257,836	54.1	53.9	45.0	70.0
Fixed Income	29,334,978,008	18.3	18.8	10.0	26.0
Private Equity	11,615,815,740	7.2	7.4	2.0	9.0
Real Estate	15,629,056,068	9.7	9.8	4.0	16.0
Strategic Investments	14,347,154,068	8.9	9.0	0.0	16.0
Cash	2,872,941,983	1.8	1.0	0.3	5.0



## FRS Pension Plan Investment Results Periods Ending 6/30/2020

■ Total FRS Pension Plan ■ Performance Benchmark ■ Absolute Nominal Target Rate of Return

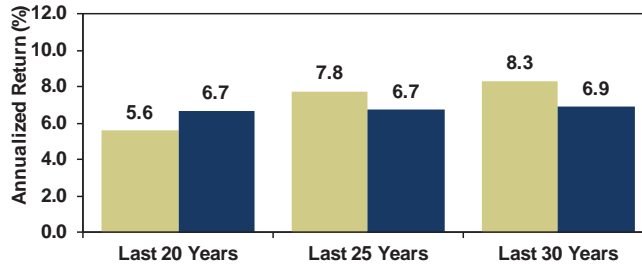


# FRS Pension Plan Investment Results

## Periods Ending 6/30/2020

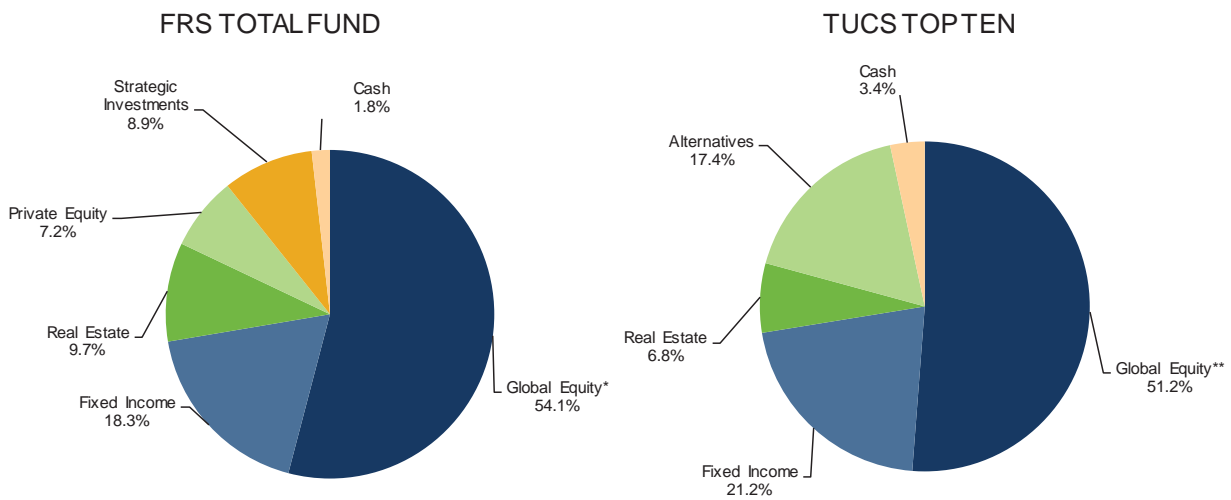
### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective

■ Total FRS Pension Plan ■ Absolute Nominal Target Rate of Return



## Comparison of Asset Allocation (TUCS Top Ten) As of 6/30/2020

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



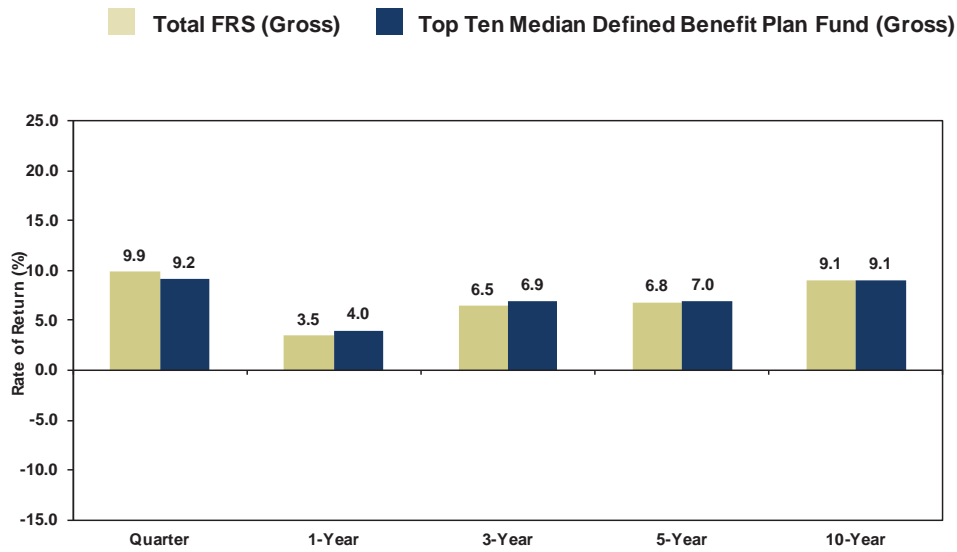
\*Global Equity Allocation: 26.6% Domestic Equities; 21.1% Foreign Equities; 5.4% Global Equities; 1.0% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 31.9% Domestic Equities; 19.3% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1,648.0 billion in total assets. The median fund size was \$155.2 billion and the average fund size was \$164.8 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 6/30/2020



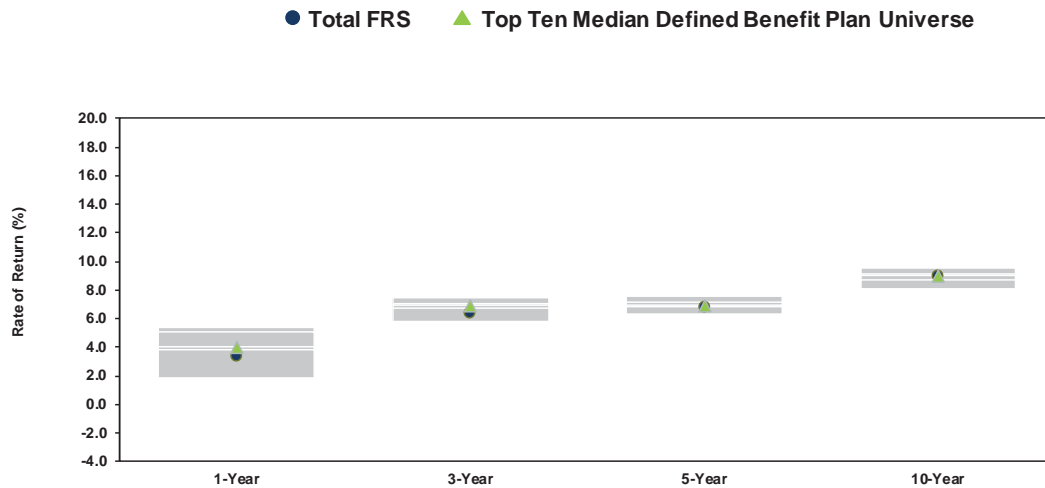
Note: The TUCS Top Ten Universe includes \$1,648.0 billion in total assets. The median fund size was \$155.2 billion and the average fund size was \$164.8 billion.

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 6/30/2020



FRS Percentile Ranking      87                      87                      75                      50

Note: The TUCS Top Ten Universe includes \$1,648.0 billion in total assets. The median fund size was \$155.2 billion and the average fund size was \$164.8 billion.

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## Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is slightly higher, on average, when compared to a defined contribution peer group and is lower than the average corporate and public defined benefit plan, based on year-end 2018 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

## Total Investment Plan Returns & Cost

### Periods Ending 6/30/2020\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>2.6%</b>	<b>5.8%</b>	<b>5.9%</b>	<b>7.5%</b>
<i>Total Plan Aggregate Benchmark**</i>	2.0%	5.3%	5.6%	7.2%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.6	0.5	0.3	0.3

### Periods Ending 12/31/2018\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>4.2%</b>	<b>0.1%</b>	<b>0.32%*****</b>
<i>Peer Group</i>	4.6	0.1	0.28
FRS Investment Plan vs. Peer Group	-0.4	0.0	0.04

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2017 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2017 Survey that included 123 U.S. defined contribution plans with assets ranging from \$93 million to \$60.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 17 DC plans including corporate and public plans with assets between \$2.3 - \$18.6 billion.

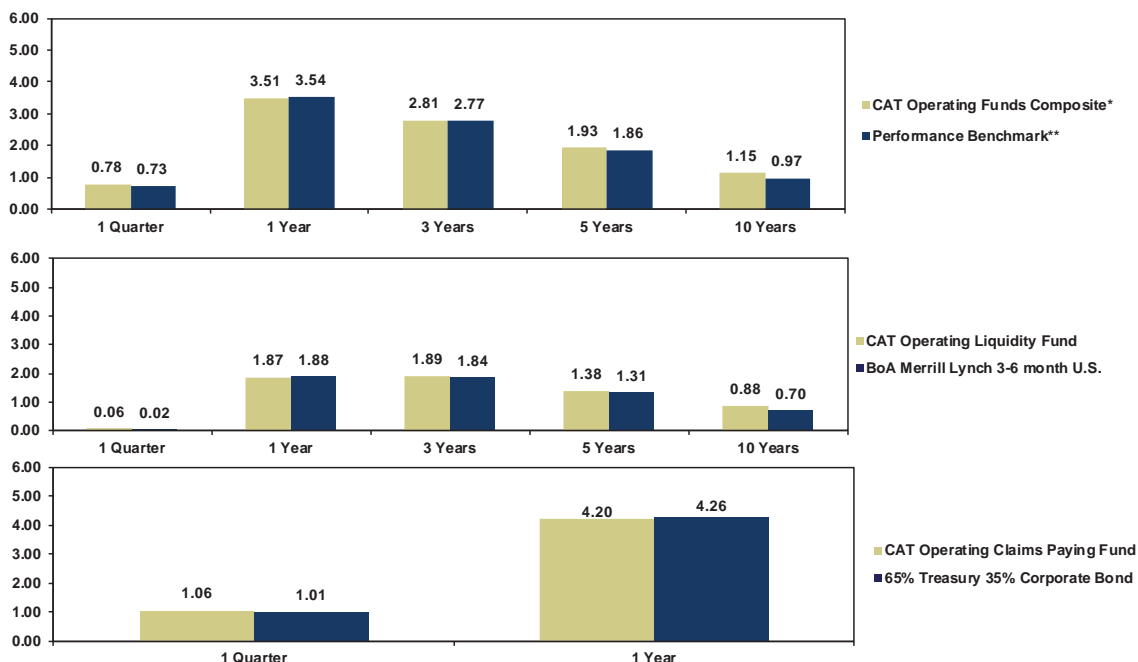
\*\*\*\*Returns shown are gross of fees.

\*\*\*\*\*The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

## CAT Fund: Executive Summary

- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- All CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.
- Over long-term periods, the relative performance of the CAT Operating Funds has been favorable as they have outperformed the Performance Benchmark over the trailing three-, five- and ten-year time periods.

## CAT Operating Funds Investment Results Periods Ending 6/30/2020



\*CAT Operating Funds: Beginning March 2008, the returns for the CAT Operating Funds reflect marked-to-market returns. Prior to that time, cost-based returns are used. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Performance for each sub fund is shown below.

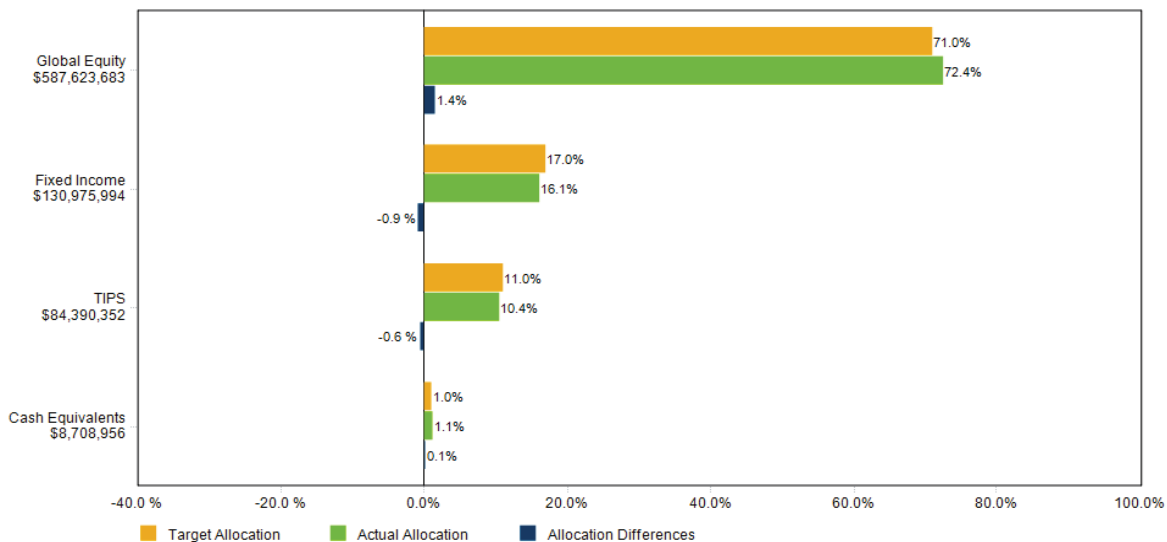
\*\*Performance Benchmark: Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Additional benchmark history can be found in the appendix.

## Lawton Chiles Endowment Fund: Executive Summary

- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$811.7 million as of June 30, 2020.
- The Endowment's return outperformed its Target over the trailing three-, five-, and ten-year time periods and underperformed its Target over the trailing one-year.

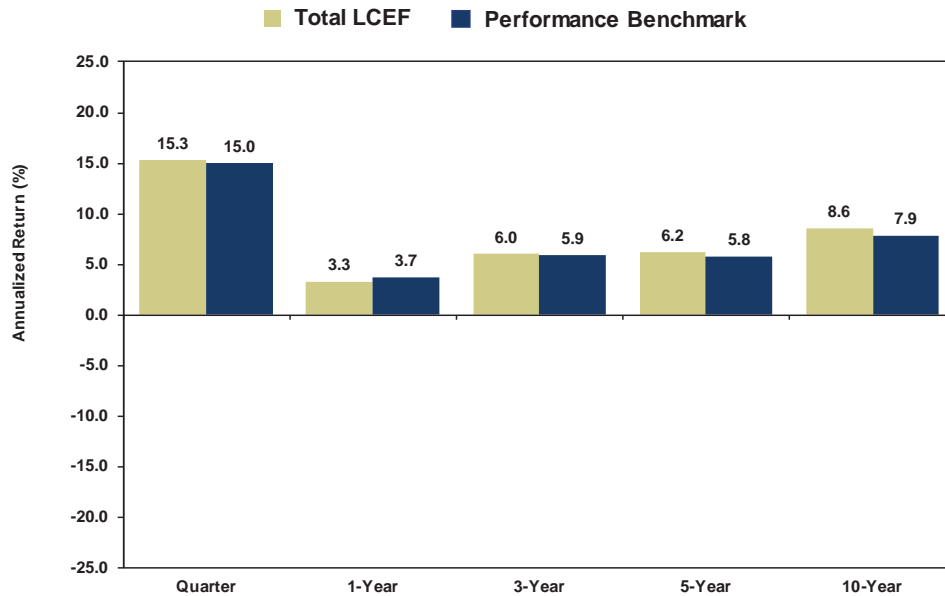
## Asset Allocation as of 6/30/2020 Total LCEF Assets = \$811.7 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	811,698,985	100.0	100.0		
Global Equity	587,623,683	72.4	71.0	61.0	81.0
Fixed Income	130,975,994	16.1	17.0	12.0	22.0
TIPS	84,390,352	10.4	11.0	6.0	16.0
Cash Equivalents	8,708,956	1.1	1.0	0.0	10.0





## LCEF Investment Results Periods Ending 6/30/2020

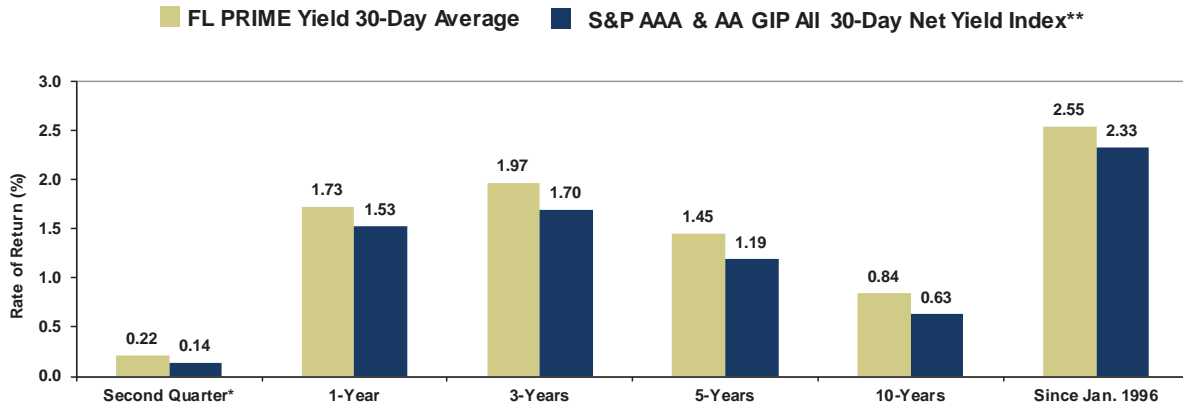


## Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of June 30, 2020, the total market value of Florida PRIME was \$13.5 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

# Florida PRIME Investment Results

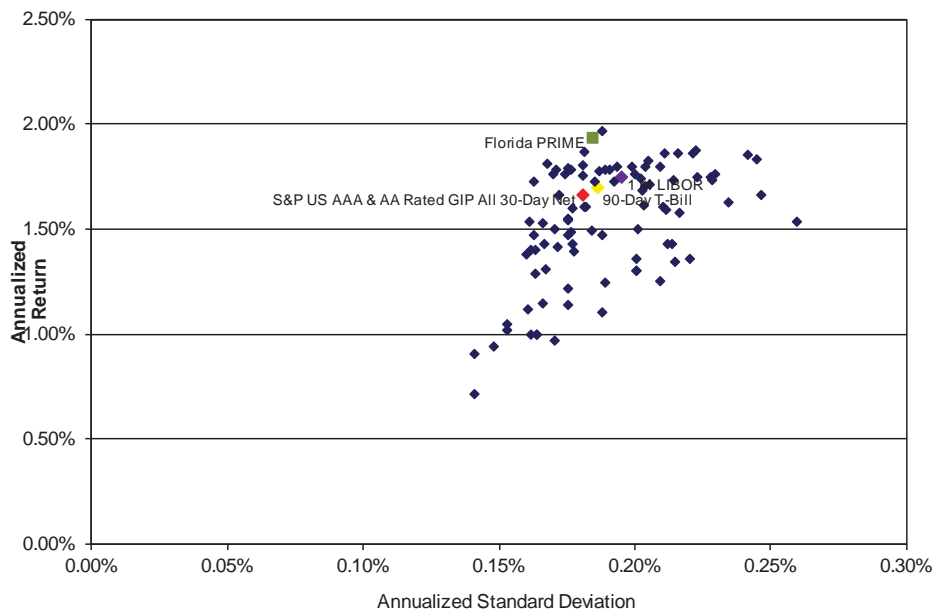
## Periods Ending 6/30/2020



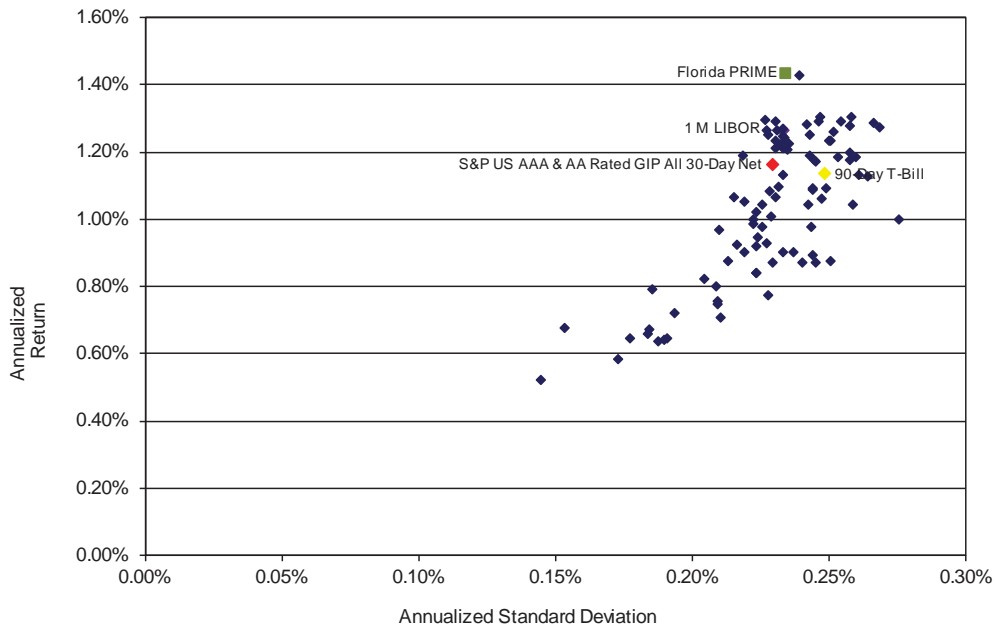
\*Returns less than one year are not annualized.  
 \*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

# Florida PRIME Risk vs. Return

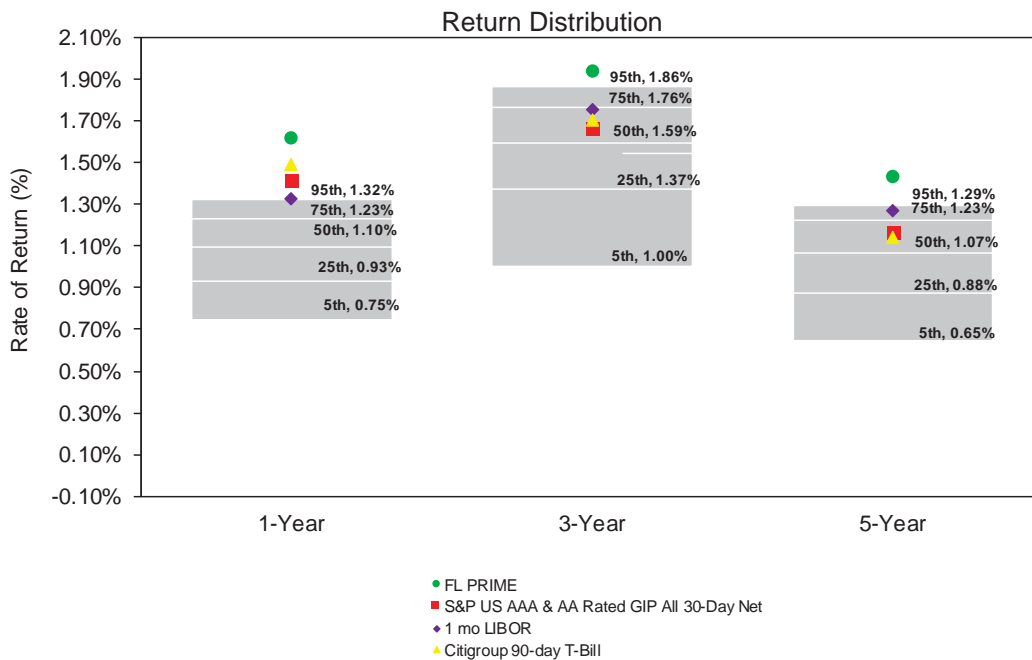
## 3 Years Ending 6/30/2020



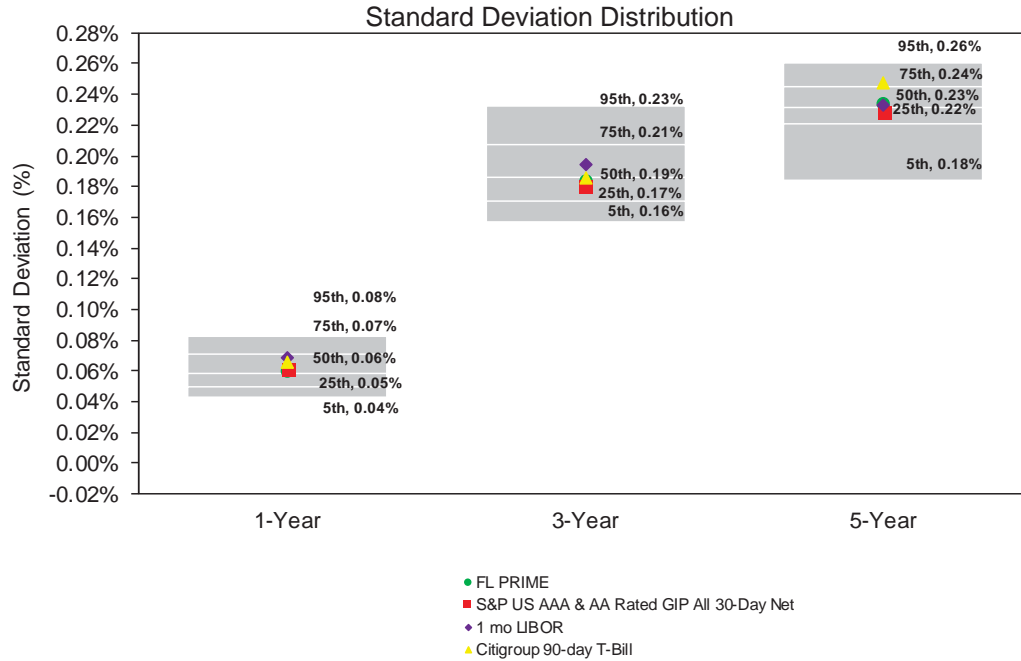
## Florida PRIME Risk vs. Return 5 Years Ending 6/30/2020



## Return Distribution Periods Ending 6/30/2020



# Standard Deviation Distribution Periods Ending 6/30/2020



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## Appendix

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## FRS Investment Plan Costs

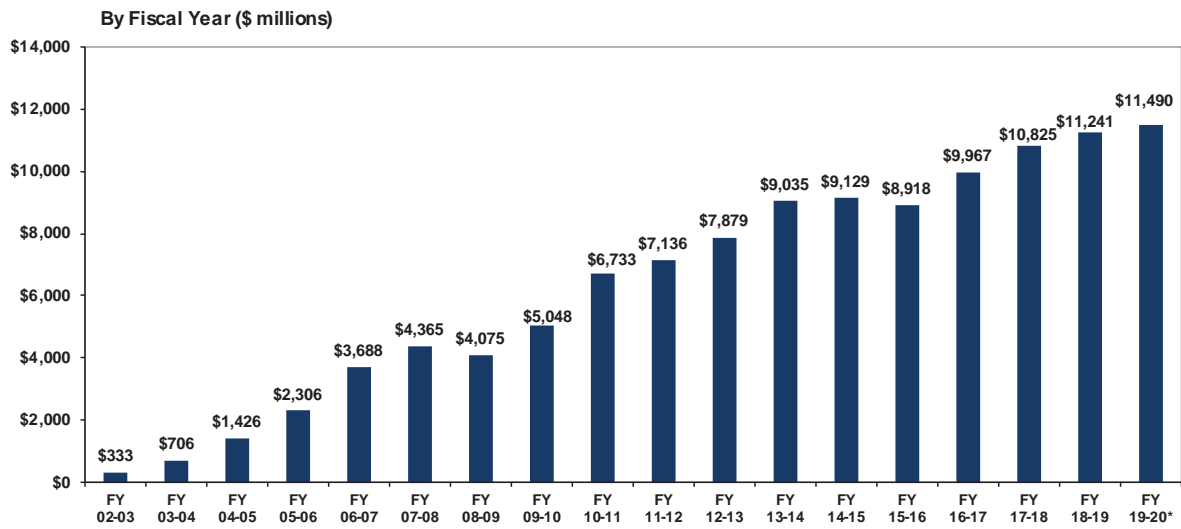
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Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.14%	0.76%
Small-Mid Cap Equity	0.58%	1.02%
International Equity	0.32%	0.89%
Diversified Bonds	0.16%	0.50%
Target Date	0.15%	0.57%
Money Market	0.06%	0.20%

\*Average fee of multiple products in category as of 6/30/2020.

\*\*Source: Aon's annual mutual fund expense analysis as of 12/31/2019.

## Investment Plan Fiscal Year End Assets Under Management



\*Period Ending 6/30/2020

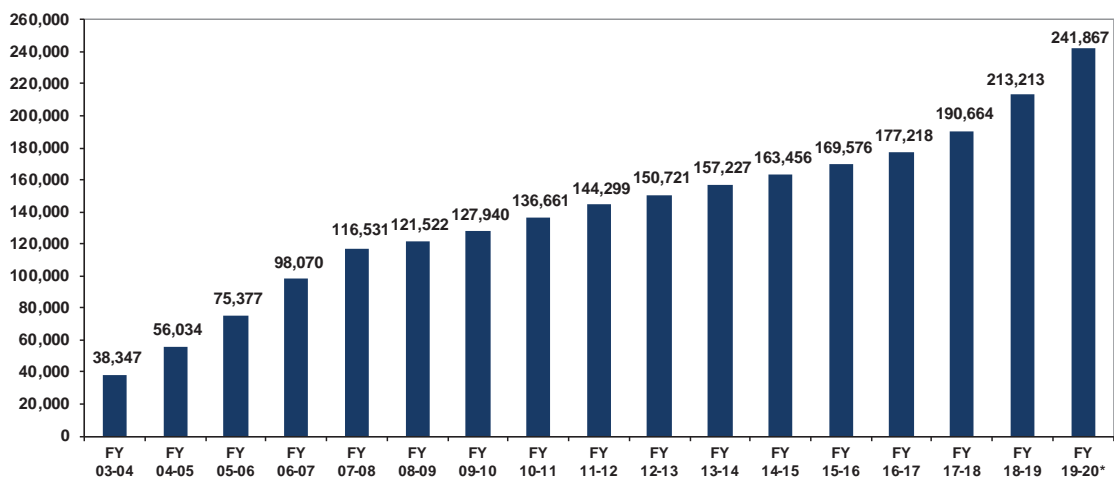
Source: Investment Plan Administrator

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## Investment Plan Membership



\* Period Ending 6/30/2020

Source: Investment Plan Administrator

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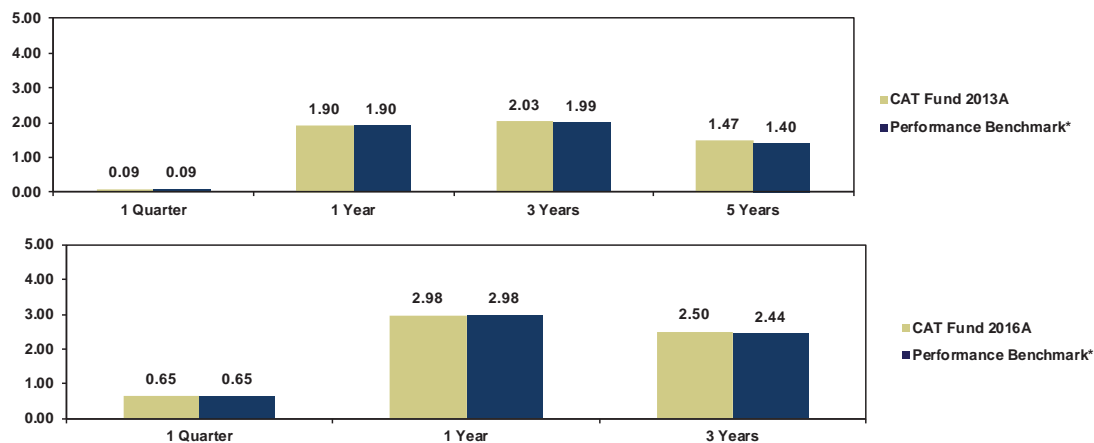
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## Florida Hurricane Catastrophe Funds Background and Details

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The CAT Operating Funds, along with CAT 2016 A Fund and CAT 2013 A Fund are internally managed portfolios.
- As of June 30, 2020, the total value of:
  - The CAT Operating Funds was \$12.8 billion
  - The CAT 2016 A Fund was \$0.7 billion
  - The CAT 2013 A Fund was \$0.04 billion
- History of the CAT Funds Benchmarks: *The CAT Operating Funds were benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr U.S. Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index.*

## CAT 2013 A and 2016 A Funds Investment Results Periods Ending 6/30/2020



\*Performance Benchmark: Beginning February 2018, the CAT 2013 A and 2016 A Funds were benchmarked to themselves.

## CAT Operating Funds Characteristics Period Ending 6/30/2020

Maturity Analysis	
1 to 30 Days	0.14%
31 to 60 Days	0.00
61 to 90 Days	3.20
91 to 120 Days	7.42
121 to 150 Days	8.98
151 to 180 Days	6.80
181 to 270 Days	0.00
271 to 365 Days	1.42
366 to 455 Days	11.50
>= 456 Days	60.54
<b>Total % of Portfolio:</b>	<b>100.00%</b>

Bond Rating Analysis	
AAA	73.64%
AA	22.48
A	3.88
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

## CAT 2013 A Fund Characteristics Period Ending 6/30/2020

Maturity Analysis	
1 to 30 Days	100.00%
31 to 60 Days	0.00
61 to 90 Days	0.00
91 to 120 Days	0.00
121 to 150 Days	0.00
151 to 180 Days	0.00
181 to 270 Days	0.00
271 to 365 Days	0.00
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>100.00%</b>

Bond Rating Analysis	
AAA	100.00%
AA	0.00
A	0.00
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>



## CAT 2016 A Fund Characteristics Period Ending 6/30/2020

Maturity Analysis	
1 to 30 Days	3.49%
31 to 60 Days	1.98
61 to 90 Days	4.75
91 to 120 Days	5.44
121 to 150 Days	7.95
151 to 180 Days	3.01
181 to 270 Days	18.66
271 to 365 Days	54.72
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>100.00%</b>

Bond Rating Analysis	
AAA	60.12%
AA	25.57
A	14.31
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

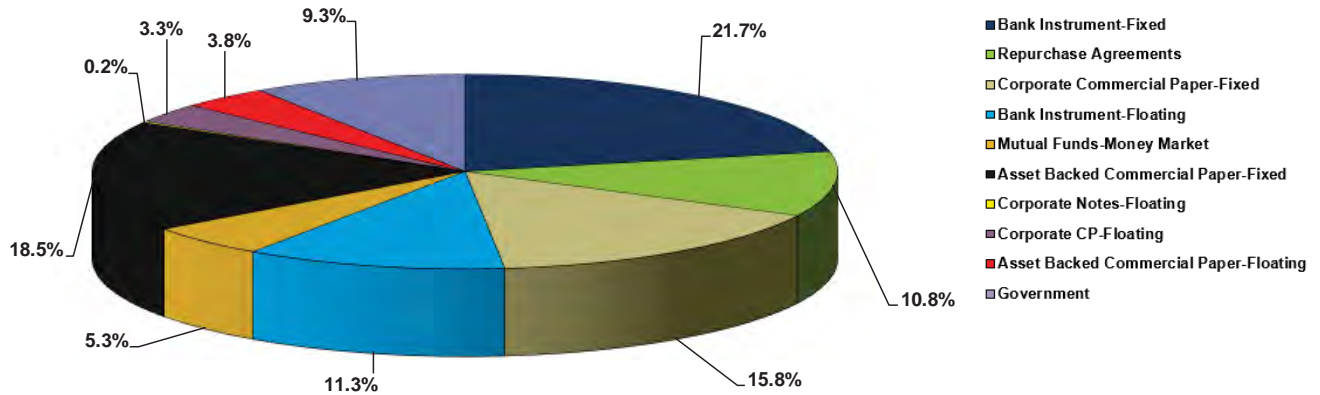
## Florida PRIME Characteristics Quarter Ending 6/30/2020

Cash Flows as of 3/31/2020	Second Quarter	Fiscal YTD*
Opening Balance	\$15,952,362,003	13,435,399,194
Participant Deposits	\$4,716,706,969	\$28,513,722,326
Gross Earnings	\$30,850,539	242,005,065
Participant Withdrawals	(\$5,539,901,099)	(\$27,027,686,489)
Fees	(\$1,227,054)	(\$4,648,739)
Closing Balance (6/30/2020)	\$15,158,791,358	\$15,158,791,358
<b>Change</b>	<b>(\$793,570,645)</b>	<b>\$1,723,392,164</b>

\*Period July 2019 – June 2020

## Florida PRIME Characteristics Quarter Ending 6/30/2020

### Portfolio Composition



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## Florida PRIME Characteristics Period Ending 6/30/2020

Effective Maturity Schedule	
1-7 Days	37.7%
8 - 30 Days	14.7%
31 - 90 Days	24.8%
91 - 180 Days	18.7%
181+ Days	4.1%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	72.8%
A-1	27.2%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

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FRS Pension Plan | Second Quarter 2020

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## Quarterly Investment Review

Visit the Retirement and Investments Thought Leadership Site (<https://retirement-investment-insights.aon.com>); sharing our best thinking.



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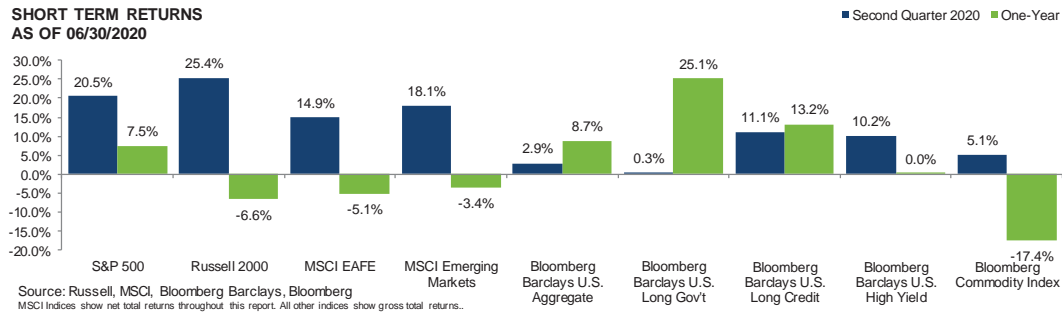
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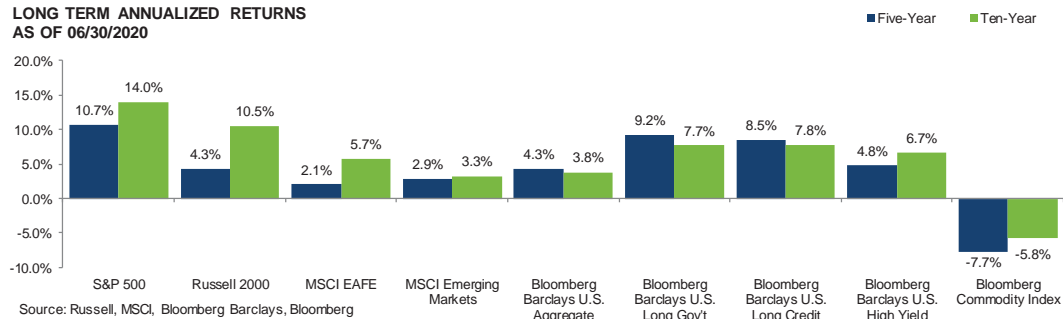
## Market Environment

## Market Highlights

### SHORT TERM RETURNS AS OF 06/30/2020



### LONG TERM ANNUALIZED RETURNS AS OF 06/30/2020



## Market Highlights

Returns of the Major Capital Markets						
	Period Ending 06/30/2020					
	Second Quarter	YTD	1-Year	3-Year <sup>1</sup>	5-Year <sup>1</sup>	10-Year <sup>1</sup>
<b>Equity</b>						
MSCI All Country World IMI	19.83%	-7.06%	1.17%	5.55%	6.11%	9.10%
MSCI All Country World	19.22%	-6.25%	2.11%	6.14%	6.46%	9.16%
Dow Jones U.S. Total Stock Market	22.09%	-3.50%	6.41%	9.97%	9.97%	13.68%
Russell 3000	22.03%	-3.48%	6.53%	10.04%	10.03%	13.72%
S&P 500	20.54%	-3.08%	7.51%	10.73%	10.73%	13.99%
Russell 2000	25.42%	-12.98%	-6.63%	2.01%	4.29%	10.50%
MSCI All Country World ex-U.S. IMI	16.96%	-11.24%	-4.74%	0.96%	2.30%	5.11%
MSCI All Country World ex-U.S.	16.12%	-11.00%	-4.80%	1.13%	2.26%	4.97%
MSCI EAFE	14.88%	-11.34%	-5.13%	0.81%	2.05%	5.73%
MSCI EAFE (Local Currency)	12.60%	-10.53%	-4.24%	1.26%	2.63%	6.86%
MSCI Emerging Markets	18.08%	-9.78%	-3.39%	1.90%	2.86%	3.27%
<b>Fixed Income</b>						
Bloomberg Barclays Global Aggregate	3.32%	2.98%	4.22%	3.79%	3.56%	2.81%
Bloomberg Barclays U.S. Aggregate	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%
Bloomberg Barclays U.S. Long Govt	0.28%	20.97%	25.14%	11.96%	9.21%	7.71%
Bloomberg Barclays U.S. Long Credit	11.08%	5.92%	13.19%	8.70%	8.51%	7.77%
Bloomberg Barclays U.S. Long Govt/Credit	6.23%	12.52%	16.91%	10.32%	8.98%	7.84%
Bloomberg Barclays U.S. TIPS	4.24%	6.01%	8.28%	5.05%	3.75%	3.52%
Bloomberg Barclays U.S. High Yield	10.18%	-3.80%	0.03%	3.33%	4.79%	6.68%
Bloomberg Barclays Global Treasury ex U.S.	2.39%	0.82%	0.87%	2.82%	3.23%	1.85%
JP Morgan EMBI Global (Emerging Markets)	11.21%	-1.87%	1.52%	3.31%	5.12%	5.82%
<b>Commodities</b>						
Bloomberg Commodity Index	5.08%	-19.40%	-17.38%	-6.14%	-7.69%	-5.82%
Goldman Sachs Commodity Index	10.47%	-36.31%	-33.90%	-8.71%	-12.54%	-8.53%
<b>Hedge Funds</b>						
HFR Fund-Weighted Composite <sup>2</sup>	9.08%	-3.43%	-0.54%	2.13%	2.33%	3.72%
HFR Fund of Funds <sup>2</sup>	7.48%	-1.97%	0.09%	2.12%	1.41%	2.75%
<b>Real Estate</b>						
NAREIT U.S. Equity REITS	11.82%	-18.71%	-13.04%	0.03%	4.06%	9.05%
NCREIF NF1- ODCE	-1.55%		2.23%	5.66%	7.31%	10.80%
FTSE Global Core Infrastructure Index	8.89%	-10.59%	-4.61%	5.49%	7.01%	9.75%
<b>Private Equity</b>						
Burgiss Private IQ Global Private Equity <sup>3</sup>			15.31%	14.78%	12.30%	13.19%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

<sup>1</sup> Periods are annualized.

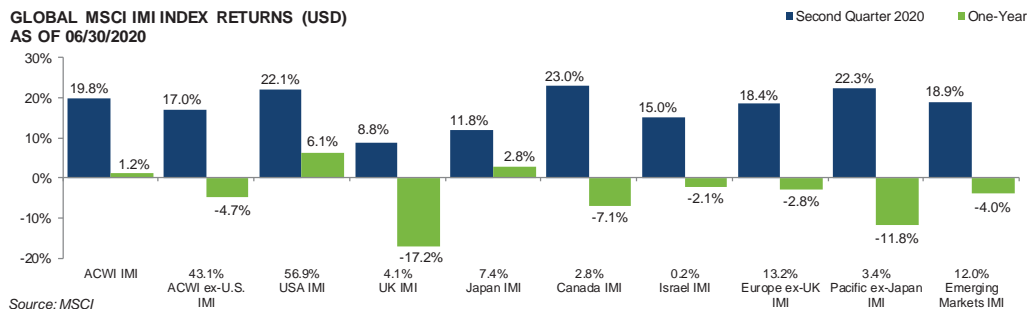
<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

<sup>3</sup> Burgiss Private IQ Global Private Equity data is as at Dec 31, 2019

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## Global Equity Markets



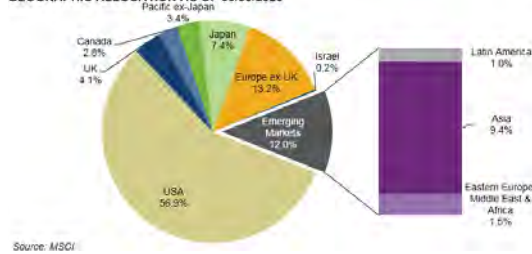
- Global equities rebounded sharply over the second quarter, recovering the bulk of losses sustained during the previous quarter's selloff. Investors appear to be willing to overlook economic data suggesting the worst recession in generations. Data on infections indicated that the "first wave" of the pandemic may have passed in many developed economies and a relatively quick re-opening of economies has boosted investor optimism. This coupled with expanding fiscal and monetary stimulus measures from governments has provided further support for markets. In local currency terms, the MSCI AC World Investable Market Index rose by 18.8% in Q2 2020. Depreciation of the U.S. dollar further pushed up the returns to 19.8% in USD terms.
- Canadian equities were the best performers with a return of 23.0% over the quarter, supported by strong returns from the Information Technology and Materials sectors.
- UK equities were the worst performer returning 8.8% over the quarter. The UK suffered the fastest monthly contraction on record as GDP plunged by 20.4% in April, the first full month of the UK's coronavirus lockdown. Meanwhile, the UK formally rejected the option to extend its post-Brexit transition period beyond the end of 2020 but did announce plans for "intensified" trade negotiations over July in a bid to break the deadlock.

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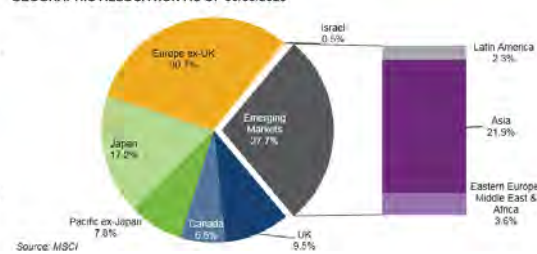


## Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 06/30/2020



MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 06/30/2020



- The two exhibits on this slide illustrate the percentage that each country/region represents of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

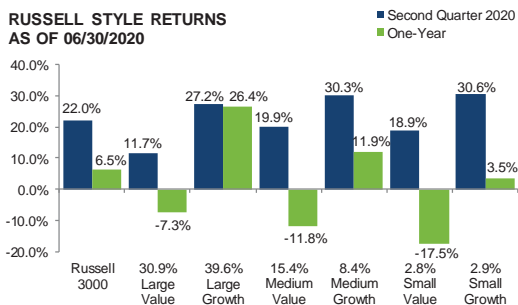
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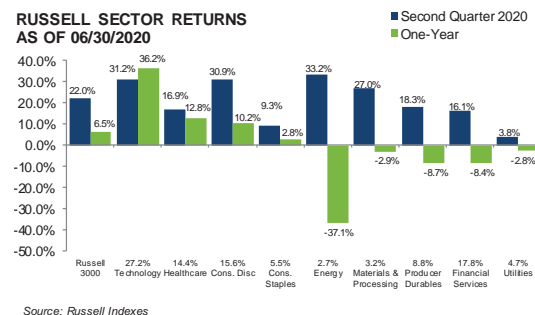


## U.S. Equity Markets

RUSSELL STYLE RETURNS  
AS OF 06/30/2020



RUSSELL SECTOR RETURNS  
AS OF 06/30/2020



- U.S. equity markets achieved significant gains over the quarter, boosted by rebounding economic data. The U.S. unemployment rate fell from April's all-time high of 14.7% to 11.1% in June, defying analysts who have been expecting the unemployment rate to peak at close to 20%. The technology and consumer discretionary sectors provided the bulk of the gains, benefiting from increased demand for technology and e-commerce services amidst social distancing measures. The Russell 3000 Index rose 22.0% during the second quarter and 6.5% over the one-year period.
- The CBOE Volatility Index (VIX), Wall Street's "fear gauge", steadily declined over the quarter from the record highs seen in Q1. It fell from 53.5 to 30.4 over the quarter, having averaged 23.8 over the previous 12 months.
- All sectors generated positive returns over the quarter. In particular, the energy sector achieved a 33.2% return on the back of rebounding oil prices, but the sector is still 37.1% down over the past 12 months.
- Large cap stocks underperformed both medium and small cap stocks over the quarter, whilst Value stocks continued to underperform their Growth counterparts in Q2 2020.

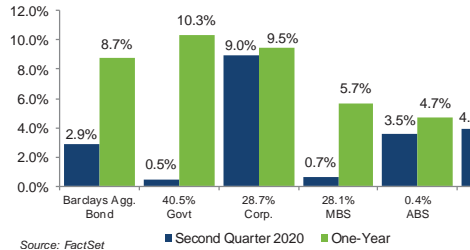
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## U.S. Fixed Income Markets

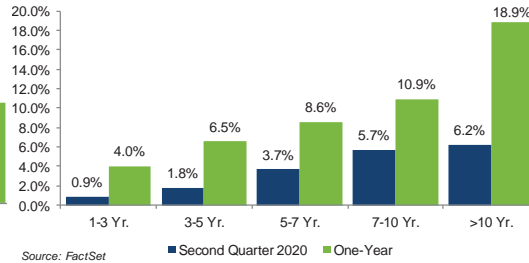
**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR AS OF 06/30/2020**



Source: FactSet

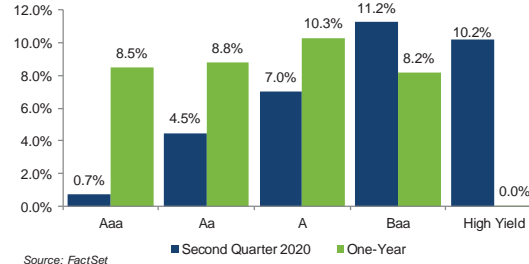
- The Bloomberg Barclays U.S. Aggregate Bond Index rose by 2.9%.
- The increase in investors' risk appetite was evident in the corporate bonds space as corporate bonds rose by 9.0%.
- Corporate bonds were also boosted by the Fed's decision to start buying individual corporate bonds on the secondary market for the first time in history through its \$750 billion corporate lending facility.
- High yield bonds rose by 10.2%. Within investment grade bonds, Baa bonds outperformed with a return of 11.2%.

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY AS OF 06/30/2020**



Source: FactSet

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 06/30/2020**



Source: FactSet

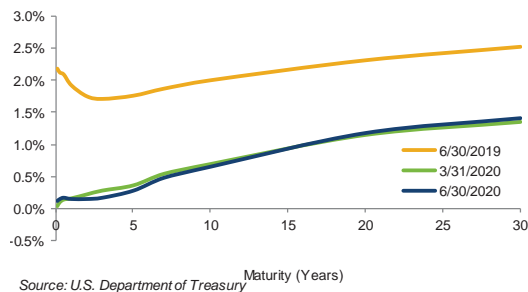
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## U.S. Fixed Income Markets

**U.S. TREASURY YIELD CURVE**



Source: U.S. Department of Treasury

**U.S. 10-YEAR TREASURY AND TIPS YIELDS**



Source: U.S. Department of Treasury

- The U.S. nominal yield curve ended the quarter broadly unchanged. The Federal Reserve forecasted that the U.S. economy will contract by 6.5% this year before rebounding by 5.0% in 2021, as Fed officials signaled that interest rates will likely remain near zero until the end of 2022.
- The 10-year US treasury yield ended the quarter 4bps lower at 0.66% whilst the 30-year yield increased by 6bps to 1.41%.
- The 10-year TIPS yield fell by 51bps over the quarter to -0.68%, whilst the 10-year breakeven inflation increased from 0.87% to 1.34%. Breakeven inflation rebounded as markets appeared to be anticipating some longer-term inflationary effects from recent monetary and fiscal stimulus measures. Meanwhile, rising oil prices and the relaxation of lockdown measures also raised near-term inflationary expectations.

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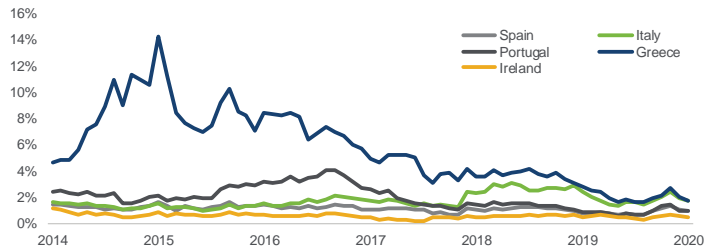
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## European Fixed Income Markets

**EUROZONE PERIPHERAL BOND SPREADS  
(10-YEAR SPREADS OVER GERMAN BUNDS)**



Source: FactSet

- European government bond spreads over 10-year German bunds narrowed across the Euro Area. The European Commission proposed a €750 billion recovery fund to be funded partly by issuing mutualized EU debt. The move towards fiscal burden sharing stabilised the spread between peripheral and core Eurozone government bonds, reducing a source of friction within the Eurozone. Meanwhile, the European Central Bank (ECB) increased the size of its asset purchases under the Pandemic Emergency Purchase Program by an additional €600 billion to €1.35 trillion and extended the program until June 2021.
- German government bund yields rose by 1bp to -0.48% over the quarter. The Eurozone recorded a quarter-on-quarter growth rate of -3.8%, the worst economic contraction since the Eurozone was formed. France, which was amongst the first European countries to be locked down, recorded a quarter-on-quarter contraction of 5.8% in Q1, its worst GDP figure since 1945, whilst the German economy contracted by 2.2%.
- Greek and Portuguese government bond yields fell by 41bps and 39bps to 1.20% and 0.47% respectively.

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## Credit Spreads

Spread (bps)	06/30/2020	03/31/2020	06/30/2019	Quarterly Change (bps)	One-Year Change (bps)
U.S. Aggregate	68	95	46	-27	22
Long Govt	1	4	1	-3	0
Long Credit	202	279	161	-77	41
Long Govt/Credit	120	151	92	-31	28
MBS	70	60	46	10	24
CMBS	132	188	69	-56	63
ABS	68	213	41	-145	27
Corporate	150	272	115	-122	35
High Yield	626	880	377	-254	249
Global Emerging Markets	393	619	282	-226	111

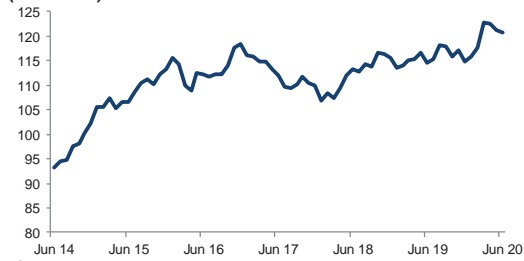
Source: FactSet, Bloomberg Barclays

- Credit assets rebounded strongly, benefiting from a broad risk asset recovery due to improving investor sentiment and reduced coronavirus fears. Credit spreads reversed much of last quarter's spike, boosted by huge fiscal and monetary stimulus measures.
- Credit spreads over U.S. Treasuries narrowed over the quarter (except MBS).
- Riskier areas of credit, such as US high yield bonds and emerging market debt also performed well. Boosted by the Federal Reserve's decision to expand its quantitative easing programmes to include some non-investment grade credit, High Yield credit spreads narrowed significantly in Q2 2020, decreasing by 254bps.

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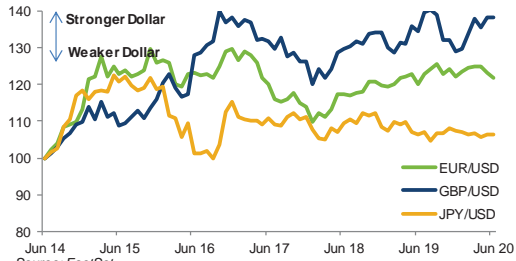
## Currency

**TRADE WEIGHTED U.S. DOLLAR INDEX  
(1973 = 100)**



Source: Federal Reserve

**U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY  
REBASED TO 100 AT 06/30/2014**



Source: FactSet

- The U.S. dollar generally weakened against major currencies over the quarter as it fell 1.6% on a trade-weighted basis. The safe haven fund flows which supported the dollar over the first quarter was partially reversed in Q2 on the back of easing coronavirus concerns. U.S. dollar depreciated against euro and yen but marginally appreciated against sterling.
- Sterling fell by 2.2% on a trade-weighted basis over the quarter. The increasing prospects of negative rates in the UK made holding sterling assets less attractive, whilst a weak economic outlook and ongoing Brexit uncertainty also weighed on sterling. Sterling depreciated by 0.4% against the U.S. dollar.
- The U.S. dollar depreciated by 2.3% and 0.1% against the euro and yen, respectively.

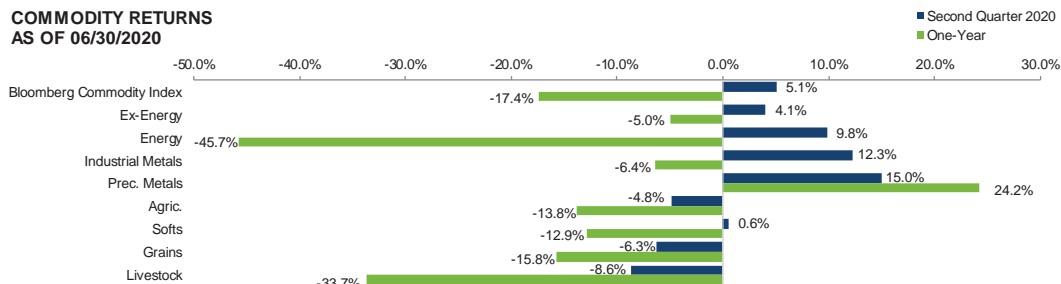
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## Commodities

**COMMODITY RETURNS  
AS OF 06/30/2020**



Source: Bloomberg

Note: Softs and Grains are part of the wider Agriculture sector

- Commodities rose over the quarter which saw the Bloomberg Commodity Index return 5.1%.
- The Energy sector rose by 9.8% over the quarter. Oil had an especially turbulent quarter as U.S oil futures prices fell into negative territory for the first time ever when the price of West Texas Intermediate (WTI) futures expiring in May closed at -\$37.63 on April 20th. Investors faced storage facility shortages and a decreasing demand, leaving them with no choice but to pay in order to not receive physical barrels. To combat the growing imbalance between supply and demand OPEC+, led by Saudi Arabia and Russia, implemented record setting production cuts in May. An increase in global travel along with the supply cuts created major tailwinds for oil later in the quarter.
- The price of Brent crude oil recovered and sharply rose by 81.0% to \$41/bbl. and WTI crude oil spot prices rose by 91.7% to \$39/bbl. On a one-year basis, the Energy sector is down by 46%.
- Livestock was the worst performing sector, falling by 8.6% in Q2 2020.

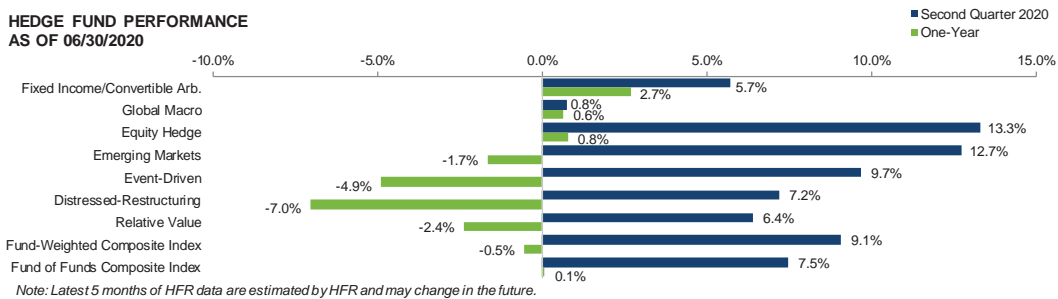
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## Hedge Fund Markets Overview

### HEDGE FUND PERFORMANCE AS OF 06/30/2020



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

Source: HFR

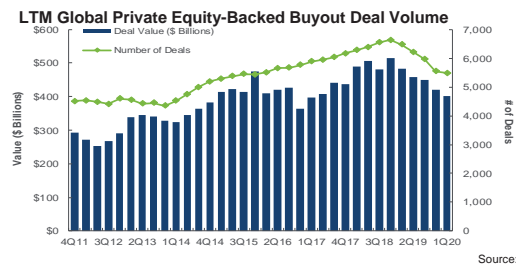
- Hedge fund performance was positive across all strategies in the second quarter.
- The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 9.1% and 7.5%, respectively.
- Equities-oriented strategies performed well amidst a broad risk assets rally. Equity Hedge and Emerging Markets strategies were the best performers over the quarter, returning 13.3% and 12.7%, respectively.

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## Private Equity Market Overview – Q1 2020



Source: Preqin

- **Fundraising:** In 1Q 2020, \$190.7 billion was raised by 373 funds, which was a decrease of 29.8% on a capital basis and 32.2% by number of funds over the prior quarter. Dry powder stood at nearly \$2.2 trillion at the end of the quarter, a modest increase compared to the previous quarter.<sup>1</sup>
- **Buyout:** Global private equity-backed buyout deals totaled \$95.0 billion in 1Q 2020, which was down 0.5% on a capital basis and up 7.5% by number of deals from 4Q 2019.<sup>1</sup> Through the end of 1Q 2020, the average purchase price multiple for all U.S. LBOs was 11.2x EBITDA, a decrease of 0.3x over year-end 2019 but higher than the five-year average (10.6x).<sup>2</sup> Large cap purchase price multiples stood at 10.9x, down compared to the full-year 2019 level of 11.4x.<sup>2</sup> The weighted average purchase price multiple across all European transaction sizes averaged 12.2x EBITDA for 1Q 2020, up significantly from the 10.9x multiple seen at the end of 4Q 2019. Purchase prices for transactions of greater than €1.0 billion increased to 12.1x at the end of 1Q 2020, a jump from the 11.2x seen at year-end 2019. Globally, exit value totaled \$76.0 billion from 496 deals during the first quarter, down from the \$84.2 billion in exits from 458 deals during 4Q 2019.<sup>1</sup>
- **Venture:** During the first quarter, 1,271 venture-backed transactions totaling \$26.4 billion were completed in the U.S., which was an increase on a capital basis over the prior quarter's total of \$23.3 billion across 1,399 deals. This was 17.5% higher than the five-year quarterly average of \$22.5 billion.<sup>3</sup> Total U.S. venture-backed exit activity totaled approximately \$19.3 billion across 183 completed transactions in 1Q 2020, down on a capital basis from the \$24.2 billion across 215 exits in 4Q 2019. 1Q 2020's U.S. exit activity represented only 7.3% of 2019's total.<sup>4</sup>
- **Mezzanine:** Six funds closed on \$2.3 billion during the first quarter. This was down from the prior quarter's total of \$3.2 billion raised by eight funds and represented 47.4% of the five-year quarterly average of \$4.9 billion. Estimated dry powder was \$48.5 billion at the end of 1Q 2020, up from the \$44.6 billion seen at the end of 2019.<sup>1</sup>

Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PwC/CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor <sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> UBS  
Notes: FY=Fiscal year ended 12/31; YTD-Year to date; LTM-Last 12 months (aka trailing 12 months); PPM-Purchase Price Multiples; Total Purchase Price ÷ EBITDA.

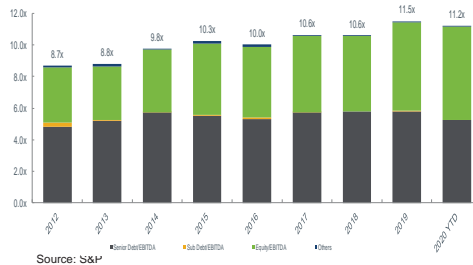
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## Private Equity Market Overview – Q1 2020

### U.S. LBO Purchase Price Multiples – All Transactions Sizes



Source: S&P

- Distressed Debt:** The LTM U.S. high-yield default rate was 2.9% as of March 2020, and was expected to increase substantially during the following quarter.<sup>5</sup> During the quarter, \$4.5 billion was raised by nine funds, lower than both the \$22.3 billion raised by 24 funds in 4Q 2019 and the five-year quarterly average of \$11.4 billion.<sup>1</sup> Dry powder was estimated at \$117.0 billion at the end of 1Q 2020, which was down slightly from the \$117.2 billion seen at the end of 4Q 2019. This remained above the five-year annual average level of \$109.4 billion.<sup>1</sup>
- Secondaries:** 12 funds raised \$20.8 billion during the quarter, up significantly from the \$5.1 billion raised by 10 funds in 4Q 2019. This was the largest amount raised since 1Q 2017 when 14 funds raised \$20.1 billion.<sup>1</sup> At the end of 1Q 2020, there were an estimated 79 secondary and direct secondary funds in market targeting roughly \$73.6 billion.<sup>1</sup> The average discount rate for all private equity sectors finished the quarter at 18.1%, significantly lower than the 9.4% discount at the end of 4Q 2019.<sup>6</sup>
- Infrastructure:** \$39.6 billion of capital was raised by 24 funds in 1Q 2020 compared to \$47.8 billion of capital raised by 38 partnerships in 4Q 2019. At the end of the quarter, dry powder stood at an estimated \$220.7 billion, up from 4Q 2019's total of \$212.1 billion. Infrastructure managers completed 603 deals with an estimated aggregate deal value of \$79.4 billion in 1Q 2020 compared to 730 deals totaling \$149.1 billion a quarter ago.<sup>1</sup>
- Natural Resources:** During 1Q 2020, six funds closed on \$4.6 billion compared to eleven funds totaling \$2.6 billion in 4Q 2019. Energy and utilities industry managers completed approximately 39 deals totaling an estimated \$5.3 billion through 1Q 2020, which represented 31.2% of energy and utilities deal value during 2019.<sup>1</sup>

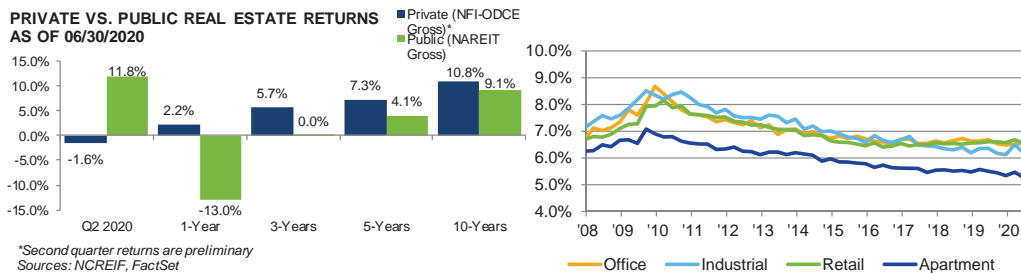
Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PwC/CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor <sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> UBS  
 Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples: Total Purchase Price ÷ EBITDA.

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## U.S. Commercial Real Estate Markets



\*Second quarter returns are preliminary  
 Sources: NCREIF, FactSet

- U.S. Core Real Estate returned -1.55%\* over the second quarter, equating to a 2.2% total gross return year-over-year, including a 3.7% income return. Shelter in place orders and social distancing practices have most severely impacted retail and hotel property sectors. Property valuations have begun to price in the loss of cash flow as a result of COVID-19. Transaction volume has contracted substantially, and price discovery continues to be limited.
- Global property markets, as measured by the FTSE EPRA/NAREIT Developed Real Estate Index, returned 10.3% (USD) in aggregate during the second quarter and experienced a cumulative decline of -20.9% YTD. REIT market performance was driven by Asia Pacific (10.8% USD), North America (11.7% USD) and Europe (4.2% USD). The U.S. REIT markets (FTSE NAREIT Equity REITs Index) returned 11.8% in the second quarter. The U.S. 10-year treasury bond yields remained flat during the quarter (0.66%).
- The coronavirus fueled market volatility and decline in the stock and bond markets has created a situation of uncertainty for private real estate pricing. Public markets are searching for the right pricing level in light of the global pandemic, and how it will affect the regional and global economies. Implied volatility continues to signal elevated levels of uncertainty concerning public market implied valuations. Considering this situation, we are recommending that investments with pre-specified assets be postponed. Private market transactions based on appraisal valuations lag the most current information, and they do not fully reflect the current market conditions.
- We are proactively evolving our investment strategy. In the post-coronavirus world, supply chains may move back to North America which will require corresponding real estate infrastructure. Demand for last mile logistics, already a key investment theme, will accelerate. Live and work preference changes will create opportunities. Interest rates are likely to remain lower for even longer, making real estate a very compelling alternative to fixed income investments.
- Blind pool funds offer a potential to have capital available when the new opportunity set presents itself. Those strategies need careful review in light of the changing market dynamics. Strategies that worked previously in a growth-oriented market may not be appropriate for what may be more opportunistic style investing. Regions, countries and property types all need to be reevaluated.

\*Indicates preliminary NFI-ODCE data gross of fees

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## Total Fund

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As of June 30, 2020

### Highlights

#### Executive Summary

- The Total Fund outperformed the Performance Benchmark over the trailing one-, three-, five-, and ten-year periods, but underperformed during the quarter.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

#### Performance Highlights

- The Total Fund outperformed the Performance Benchmark over the trailing one-, three-, five-, and ten-year periods.

#### Asset Allocation

- The Fund assets total \$160.7 billion as of June 30, 2020, which represents a \$12.6 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges and in line with the current policy at quarter-end.

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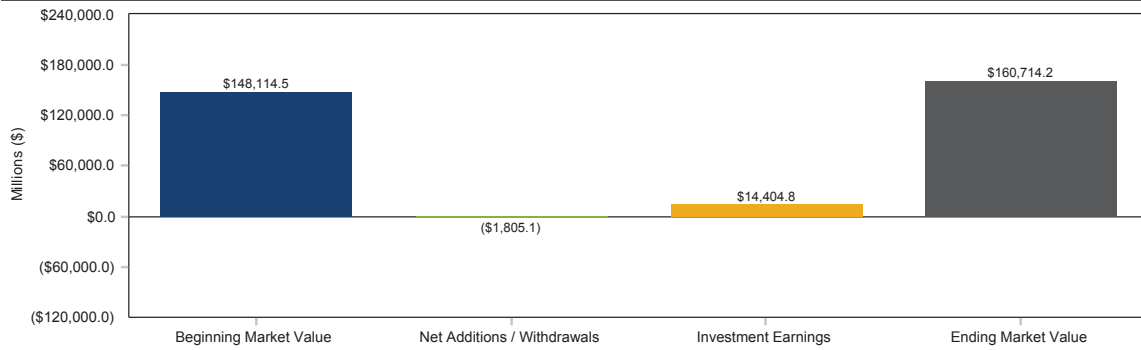


Total Fund

As of June 30, 2020

**Total Plan Asset Summary**

**Change in Market Value  
From April 1, 2020 to June 30, 2020**



**Summary of Cash Flow**

	1 Quarter	Fiscal YTD*
Beginning Market Value	148,114,499,286	163,135,205,913
+ Additions / Withdrawals	-1,805,052,137	-7,320,569,900
+ Investment Earnings	14,404,756,554	4,899,567,690
= Ending Market Value	160,714,203,703	160,714,203,703

\*Period July 2019 - June 2020

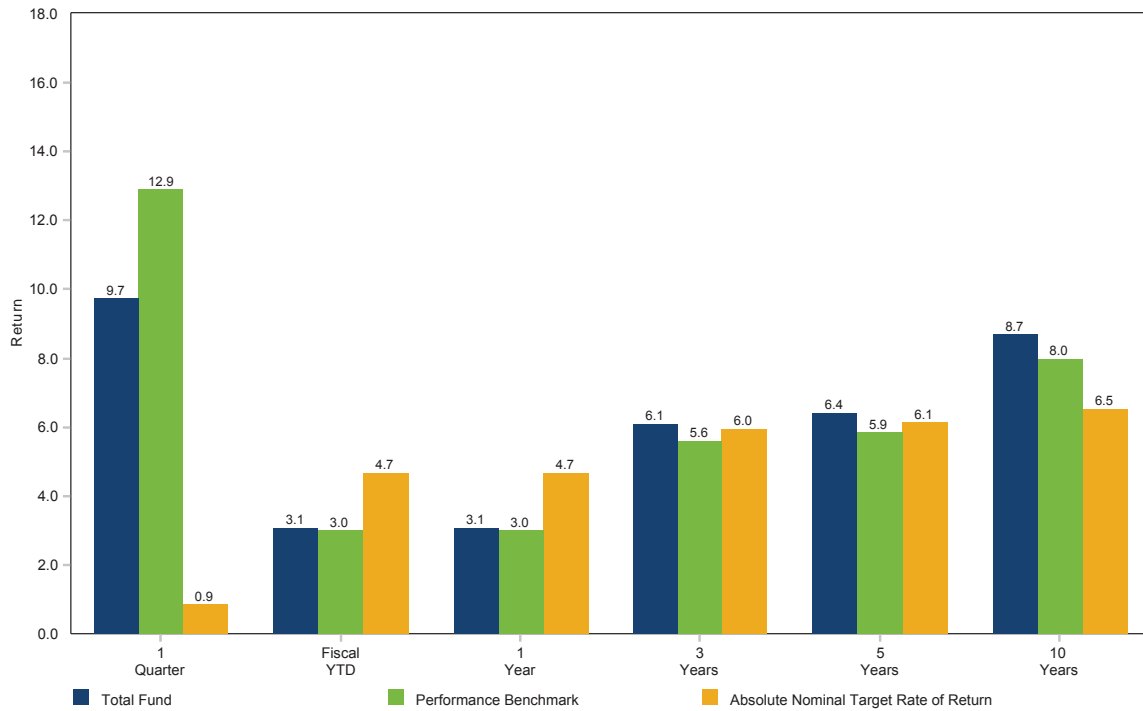


Total Fund

As of June 30, 2020

**Total Plan Performance Summary**

**Return Summary**



As of June 30, 2020

**Asset Allocation & Performance**

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	<b>160,714,203,703</b>	<b>100.0</b>	<b>100.0</b>	<b>9.7 (56)</b>	<b>3.1 (22)</b>	<b>3.1 (22)</b>	<b>6.1 (20)</b>	<b>6.4 (13)</b>	<b>8.7 (13)</b>
Performance Benchmark				12.9 (14)	3.0 (23)	3.0 (23)	5.6 (30)	5.9 (28)	8.0 (36)
Absolute Nominal Target Rate of Return				0.9 (100)	4.7 (7)	4.7 (7)	6.0 (21)	6.1 (18)	6.5 (85)
<b>Global Equity*</b>	<b>86,914,257,836</b>	<b>54.1</b>	<b>53.9</b>	<b>20.1</b>	<b>2.1</b>	<b>2.1</b>	<b>6.2</b>	<b>6.8</b>	<b>9.9</b>
Asset Class Target				19.9	1.3	1.3	5.6	6.1	9.1
<b>Domestic Equities</b>	<b>42,825,285,081</b>	<b>26.6</b>		<b>22.0 (45)</b>	<b>5.7 (22)</b>	<b>5.7 (22)</b>	<b>9.7 (19)</b>	<b>9.6 (20)</b>	<b>13.6 (20)</b>
Asset Class Target				22.0 (43)	6.5 (18)	6.5 (18)	10.0 (15)	10.0 (17)	13.7 (18)
<b>Foreign Equities</b>	<b>33,963,866,321</b>	<b>21.1</b>		<b>18.6 (29)</b>	<b>-1.9 (32)</b>	<b>-1.9 (32)</b>	<b>2.1 (37)</b>	<b>3.6 (33)</b>	<b>6.4 (26)</b>
Asset Class Target				17.0 (62)	-4.6 (59)	-4.6 (59)	1.0 (70)	2.3 (67)	5.1 (75)
<b>Global Equities Benchmark</b>	<b>8,646,476,165</b>	<b>5.4</b>		<b>17.5</b>	<b>0.7</b>	<b>0.7</b>	<b>6.1</b>	<b>6.7</b>	<b>9.7</b>
Asset Class Target				19.3	2.8	2.8	6.7	6.8	9.7
<b>Fixed Income</b>	<b>29,334,978,008</b>	<b>18.3</b>	<b>18.8</b>	<b>3.1 (87)</b>	<b>6.8 (65)</b>	<b>6.8 (65)</b>	<b>4.4 (80)</b>	<b>3.5 (93)</b>	<b>3.8 (87)</b>
Asset Class Target				2.1 (94)	6.6 (66)	6.6 (66)	4.3 (82)	3.4 (95)	3.3 (95)
<b>Private Equity</b>	<b>11,615,815,740</b>	<b>7.2</b>	<b>7.4</b>	<b>-6.6</b>	<b>3.4</b>	<b>3.4</b>	<b>12.0</b>	<b>12.0</b>	<b>13.0</b>
Asset Class Target				20.2	4.2	4.2	8.6	9.1	14.0
<b>Real Estate</b>	<b>15,629,056,068</b>	<b>9.7</b>	<b>9.8</b>	<b>-0.1 (32)</b>	<b>1.6 (71)</b>	<b>1.6 (71)</b>	<b>5.3 (67)</b>	<b>7.4 (61)</b>	<b>10.9 (21)</b>
Asset Class Target				1.7 (12)	2.3 (59)	2.3 (59)	5.4 (64)	7.2 (65)	10.3 (41)
<b>Strategic Investments</b>	<b>14,347,154,068</b>	<b>8.9</b>	<b>9.0</b>	<b>-3.4</b>	<b>0.0</b>	<b>0.0</b>	<b>4.3</b>	<b>4.9</b>	<b>8.2</b>
Short-Term Target				4.6	1.5	1.5	4.4	4.1	6.0
<b>Cash</b>	<b>2,872,941,983</b>	<b>1.8</b>	<b>1.0</b>	<b>0.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>	<b>1.2</b>	<b>0.8</b>
Bank of America Merrill Lynch 3-Month US Treasury Index				0.0	1.6	1.6	1.8	1.2	0.6

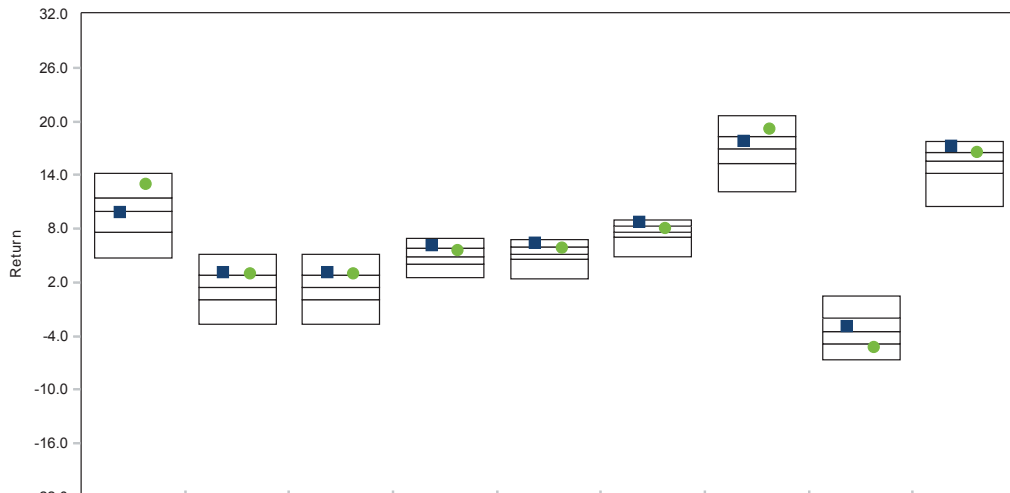
Benchmark and universe descriptions can be found in the Appendix.  
 \* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



As of June 30, 2020

**Plan Sponsor Peer Group Analysis**

All Public Plans > \$1B-Total Fund

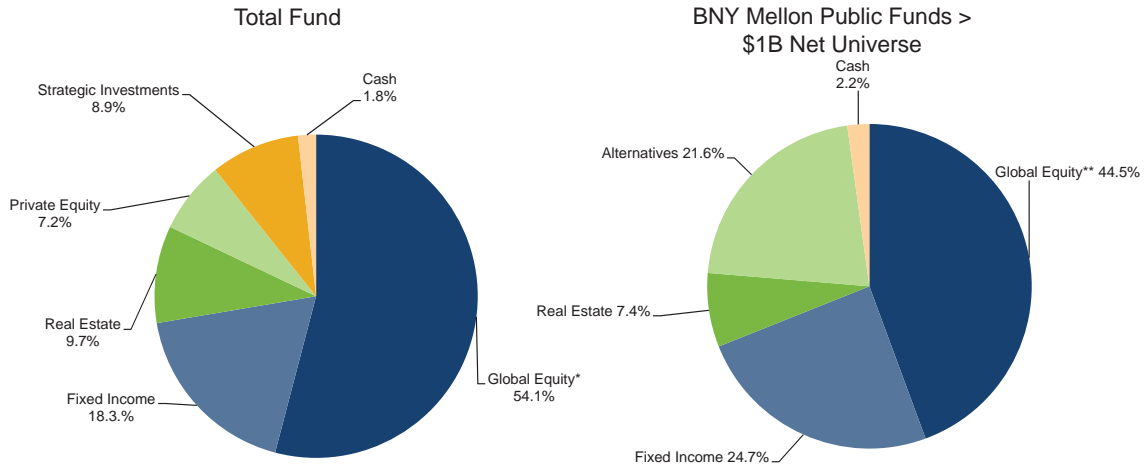


	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
<b>Total Fund</b>	9.7 (56)	3.1 (22)	3.1 (22)	6.1 (20)	6.4 (13)	8.7 (13)	17.8 (32)	-3.0 (40)	17.2 (9)
<b>Performance Benchmark</b>	12.9 (14)	3.0 (23)	3.0 (23)	5.6 (30)	5.9 (28)	8.0 (36)	19.1 (17)	-5.2 (78)	16.5 (26)
5th Percentile	14.2	5.1	5.1	6.9	6.8	9.0	20.6	0.5	17.7
1st Quartile	11.5	2.9	2.9	5.8	5.9	8.2	18.3	-1.9	16.5
Median	10.0	1.4	1.4	4.9	5.2	7.6	16.9	-3.5	15.6
3rd Quartile	7.7	0.0	0.0	4.0	4.6	7.0	15.3	-4.9	14.2
95th Percentile	4.7	-2.7	-2.7	2.6	2.4	4.8	12.1	-6.7	10.4
Population	144	143	143	141	139	132	169	130	105

Parentheses contain percentile rankings.



Universe Asset Allocation Comparison

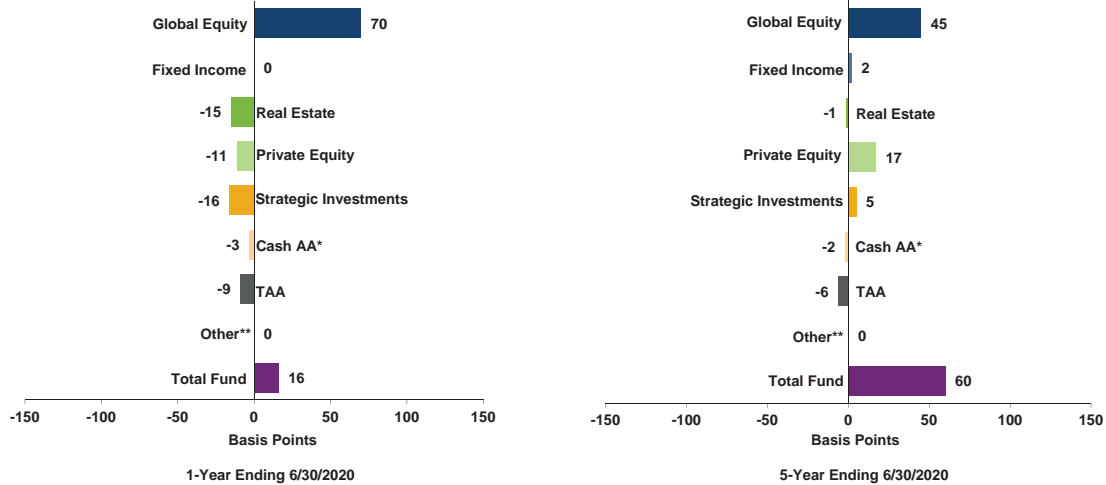


\*Global Equity Allocation: 26.6% Domestic Equities; 21.1% Foreign Equities; 5.4% Global Equities; 1.0% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 26.3% Domestic Equities; 18.2% Foreign Equities.



Attribution



\*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.

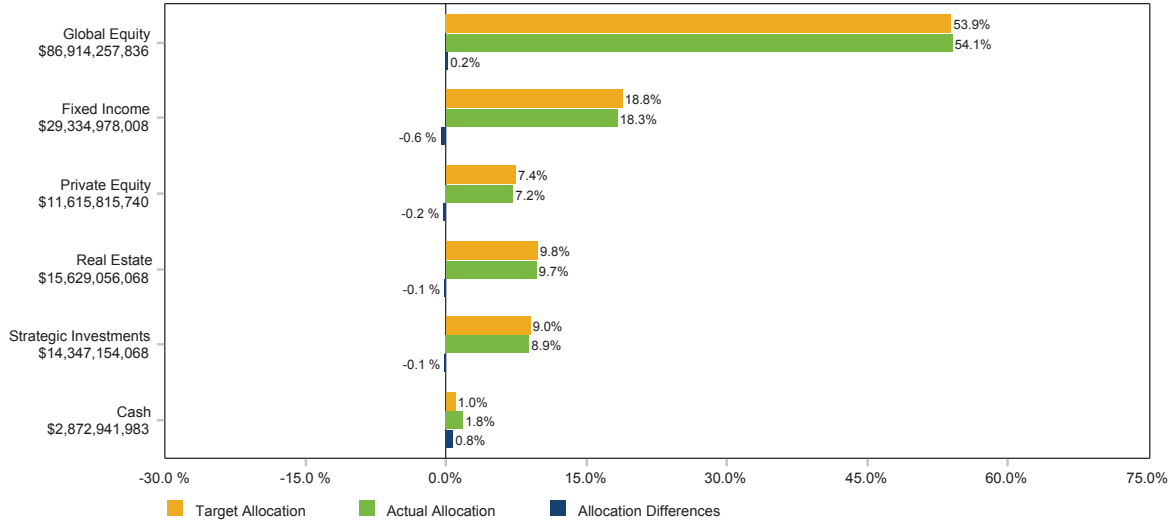
\*\*Other includes legacy accounts and unexplained differences due to methodology.





Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	160,714,203,703	100.0	100.0		
Global Equity	86,914,257,836	54.1	53.9	45.0	70.0
Fixed Income	29,334,978,008	18.3	18.8	10.0	26.0
Private Equity	11,615,815,740	7.2	7.4	2.0	9.0
Real Estate	15,629,056,068	9.7	9.8	4.0	16.0
Strategic Investments	14,347,154,068	8.9	9.0	0.0	16.0
Cash	2,872,941,983	1.8	1.0	0.3	5.0



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## Global Equity

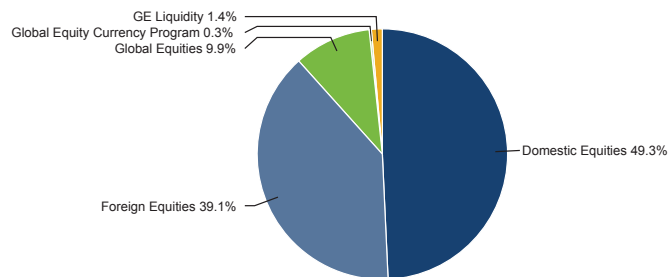
Global Equity\*

As of June 30, 2020

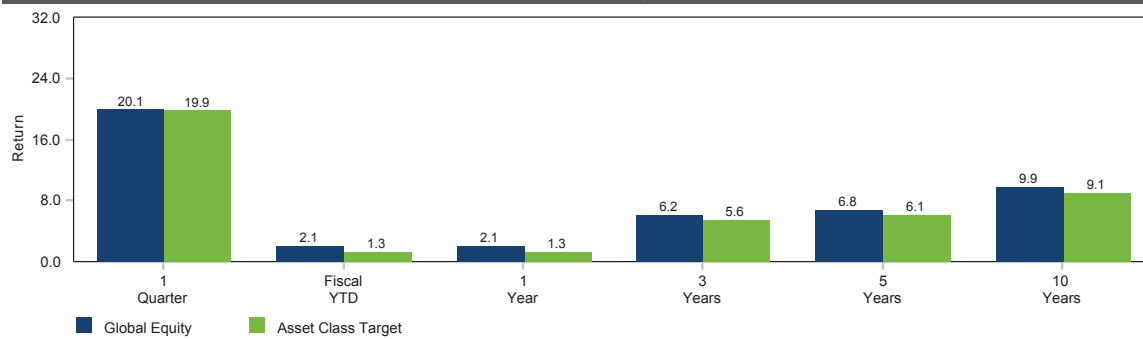
### Global Equity\* Portfolio Overview

Current Allocation

June 30, 2020 : \$86,907M



### Return Summary



\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



## Domestic Equities

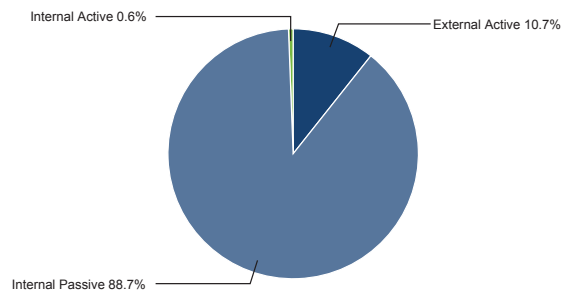
Domestic Equities

As of June 30, 2020

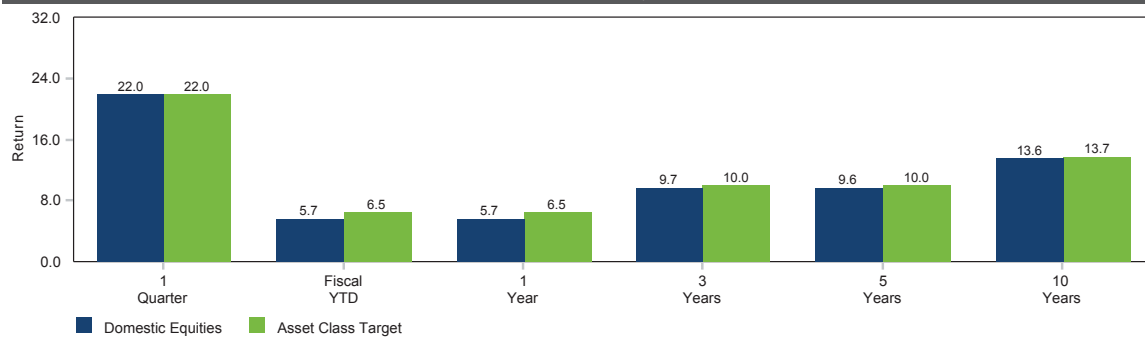
### Domestic Equities Portfolio Overview

Current Allocation

June 30, 2020 : \$42,825M

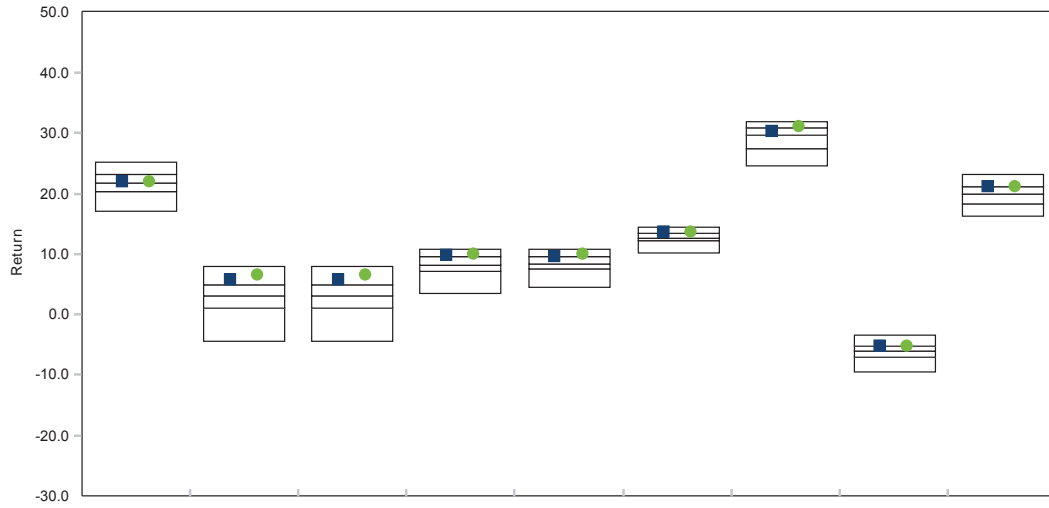


### Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Equity Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Domestic Equities	22.0 (45)	5.7 (22)	5.7 (22)	9.7 (19)	9.6 (20)	13.6 (20)	30.4 (34)	-5.2 (23)	21.2 (21)
● Asset Class Target	22.0 (43)	6.5 (18)	6.5 (18)	10.0 (15)	10.0 (17)	13.7 (18)	31.0 (23)	-5.2 (25)	21.1 (25)
5th Percentile	25.2	7.9	7.9	10.8	10.7	14.5	31.9	-3.4	23.3
1st Quartile	23.1	4.9	4.9	9.6	9.5	13.4	30.9	-5.2	21.1
Median	21.8	3.1	3.1	8.2	8.4	12.7	29.8	-6.1	19.9
3rd Quartile	20.4	1.1	1.1	7.1	7.5	12.1	27.4	-7.1	18.3
95th Percentile	17.2	-4.5	-4.5	3.5	4.6	10.3	24.7	-9.4	16.3
Population	53	52	52	48	46	31	52	53	58

Parentheses contain percentile rankings.



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## Foreign Equities

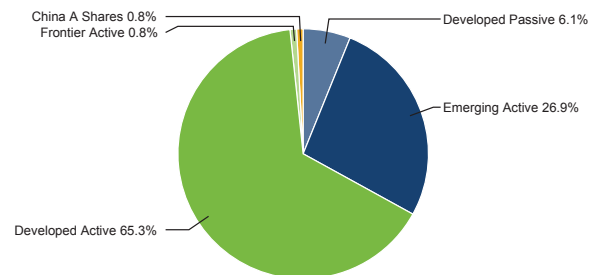
### Foreign Equities

As of June 30, 2020

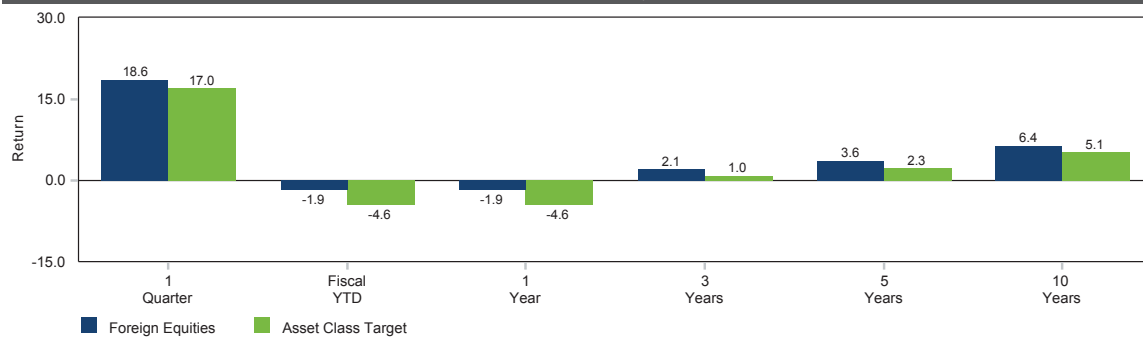
#### Foreign Equities Portfolio Overview

Current Allocation

June 30, 2020 : \$33,964M

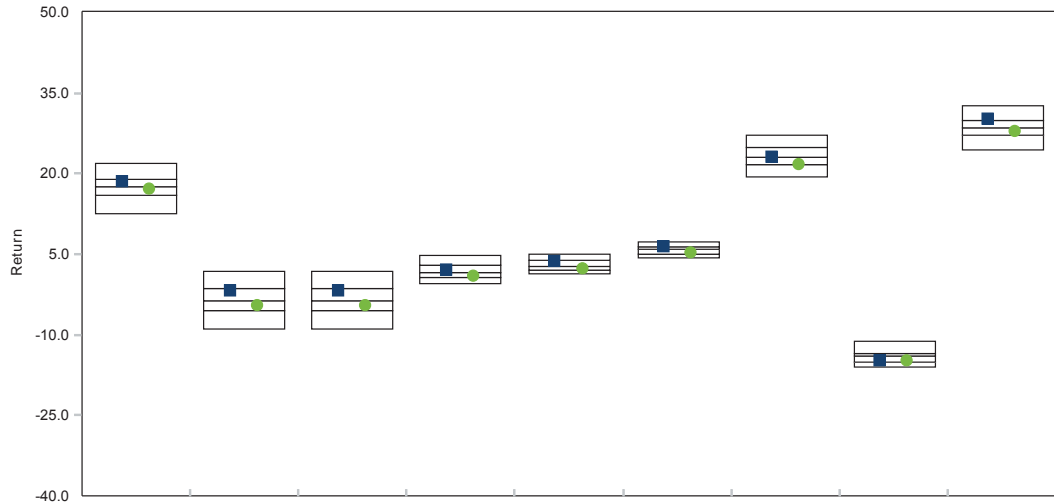


#### Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Intl. Equity Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Foreign Equities	18.6 (29)	-1.9 (32)	-1.9 (32)	2.1 (37)	3.6 (33)	6.4 (26)	23.1 (50)	-14.9 (72)	30.2 (19)
● Asset Class Target	17.0 (62)	-4.6 (59)	-4.6 (59)	1.0 (70)	2.3 (67)	5.1 (75)	21.7 (77)	-14.8 (71)	27.9 (63)
5th Percentile	22.0	1.8	1.8	4.8	5.1	7.3	27.2	-11.3	32.7
1st Quartile	19.0	-1.4	-1.4	3.0	3.9	6.4	24.9	-13.5	29.8
Median	17.6	-3.8	-3.8	1.6	2.8	5.8	23.1	-14.0	28.6
3rd Quartile	16.1	-5.6	-5.6	0.6	2.0	5.1	21.8	-15.0	27.2
95th Percentile	12.6	-8.8	-8.8	-0.4	1.3	4.3	19.4	-15.9	24.5
Population	58	54	54	52	50	32	53	55	59

Parentheses contain percentile rankings.



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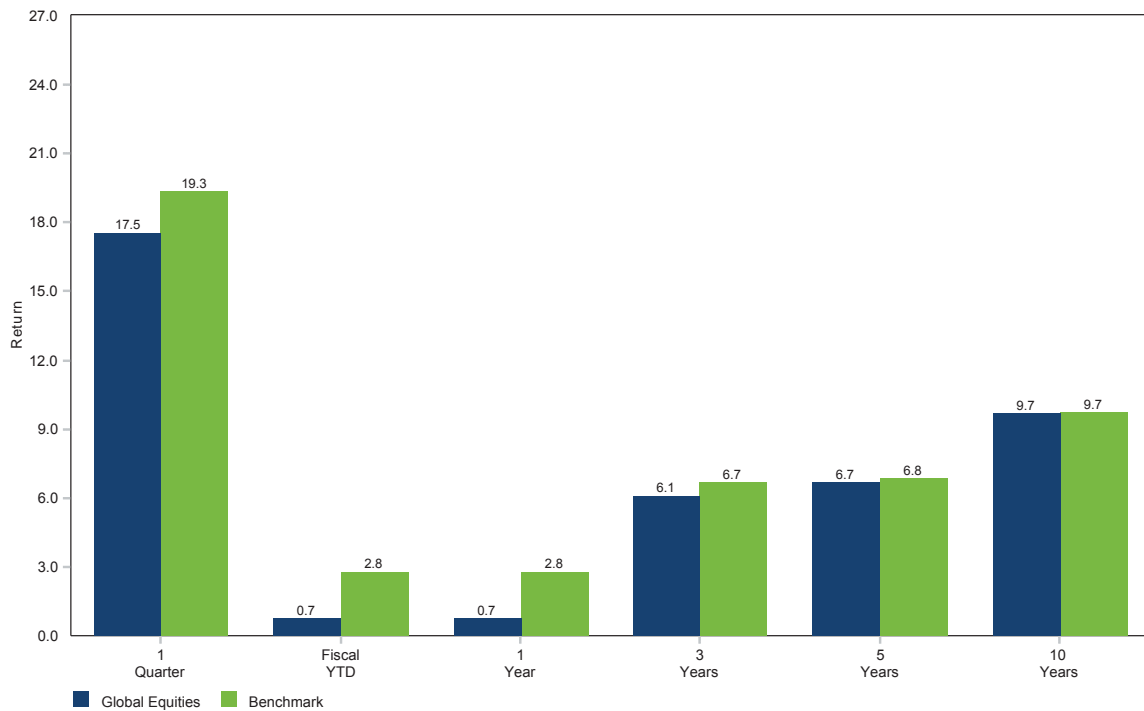
## Global Equities

Global Equities

As of June 30, 2020

### Global Equities Performance Summary

#### Return Summary





## Fixed Income

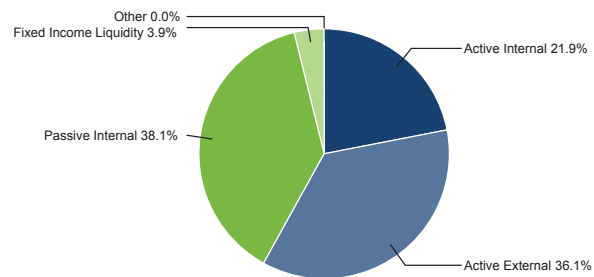
Fixed Income

As of June 30, 2020

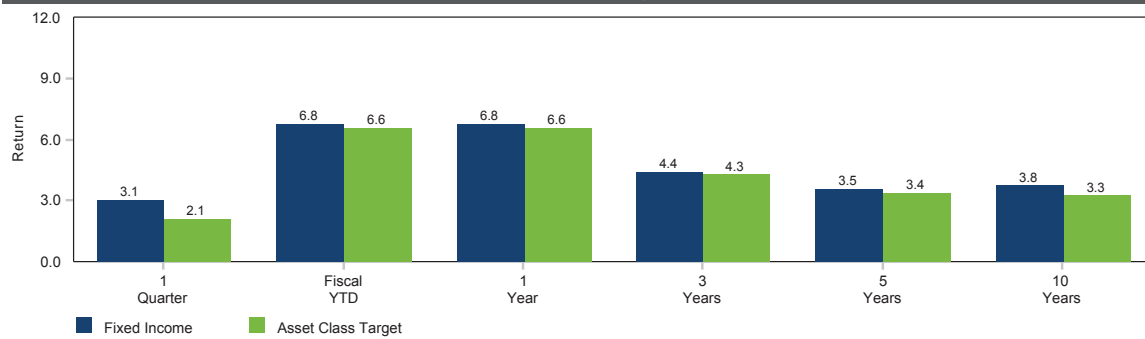
### Fixed Income Portfolio Overview

Current Allocation

June 30, 2020 : \$29,335M



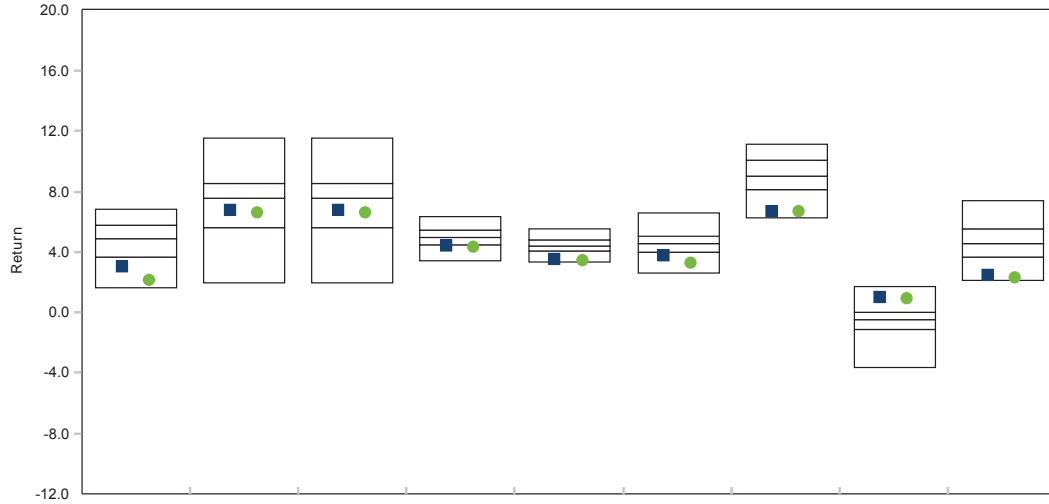
### Return Summary





Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Fixed Income Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Fixed Income	3.1 (87)	6.8 (65)	6.8 (65)	4.4 (80)	3.5 (93)	3.8 (87)	6.7 (91)	1.0 (9)	2.4 (93)
● Asset Class Target	2.1 (94)	6.6 (66)	6.6 (66)	4.3 (82)	3.4 (95)	3.3 (95)	6.7 (92)	0.9 (9)	2.3 (94)
5th Percentile	6.9	11.5	11.5	6.4	5.5	6.6	11.2	1.7	7.4
1st Quartile	5.8	8.5	8.5	5.5	4.8	5.0	10.1	0.0	5.5
Median	4.9	7.6	7.6	5.0	4.4	4.5	9.1	-0.5	4.6
3rd Quartile	3.6	5.6	5.6	4.5	4.1	4.0	8.1	-1.1	3.7
95th Percentile	1.7	2.0	2.0	3.4	3.4	2.6	6.3	-3.7	2.1
Population	56	55	55	50	49	33	53	56	61

Parentheses contain percentile rankings.



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## Private Equity

43

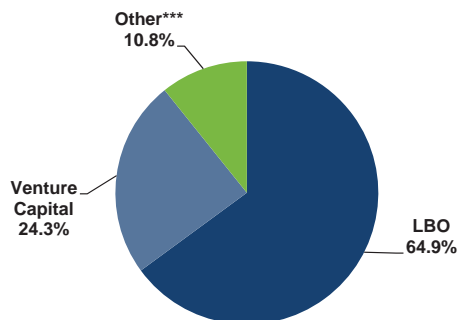


Private Equity

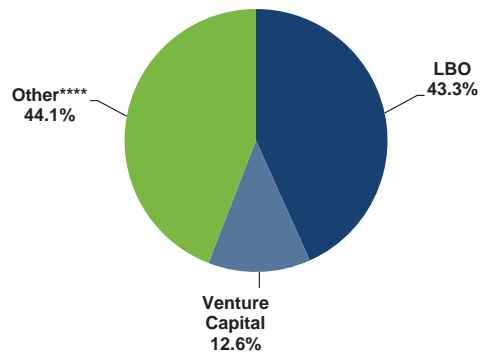
As of June 30, 2020

### Overview

**FRS Private Equity by Market Value\***



**Preqin Private Equity Strategies by Market Value\*\***



\*Allocation data is as of June 30, 2020.

\*\*Allocation data is as of June 30, 2019, from the Preqin database.

\*\*\*Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.

\*\*\*\*Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

Preqin universe is comprised of 10,000 private equity funds representing \$4.8 trillion.

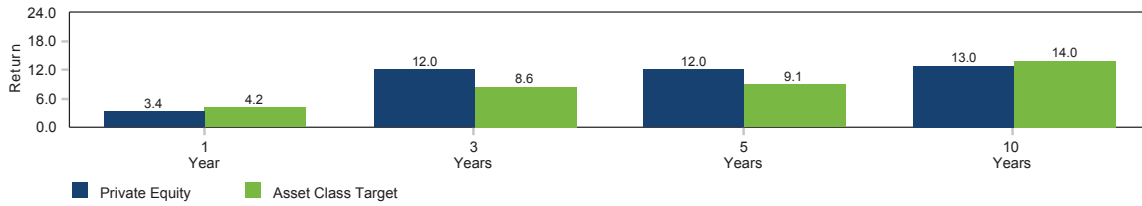
44



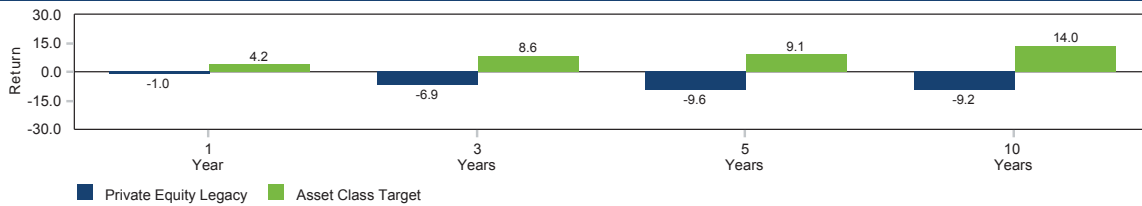
Private Equity

Time-Weighted Investment Results

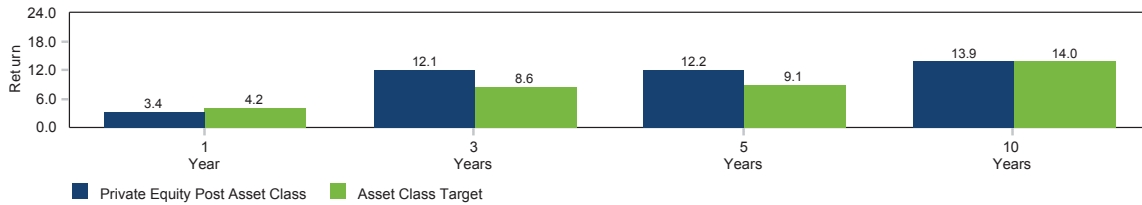
Private Equity Return Summary as of June 30, 2020



Private Equity Legacy Return Summary as of June 30, 2020



Private Equity Post Asset Class Return Summary as of June 30, 2020

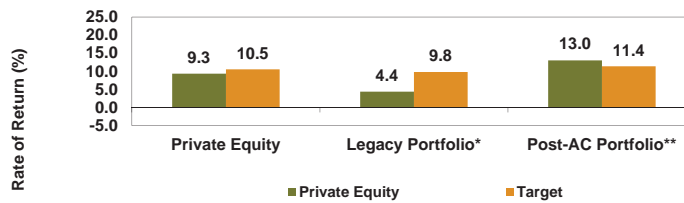


Private Equity

Dollar-Weighted Investment Results

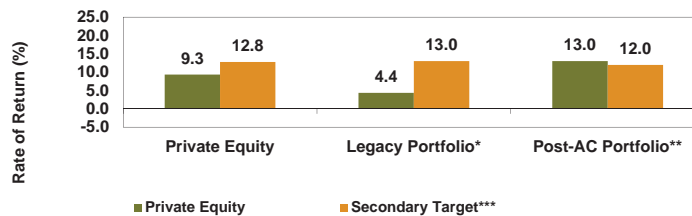
As of June 30, 2020

Since Inception



As of June 30, 2020

Since Inception



\*The Inception Date for the Legacy Portfolio is January 1989.

\*\*The Inception Date for the Post-AC Portfolio is September 2000.

\*\*\*The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.



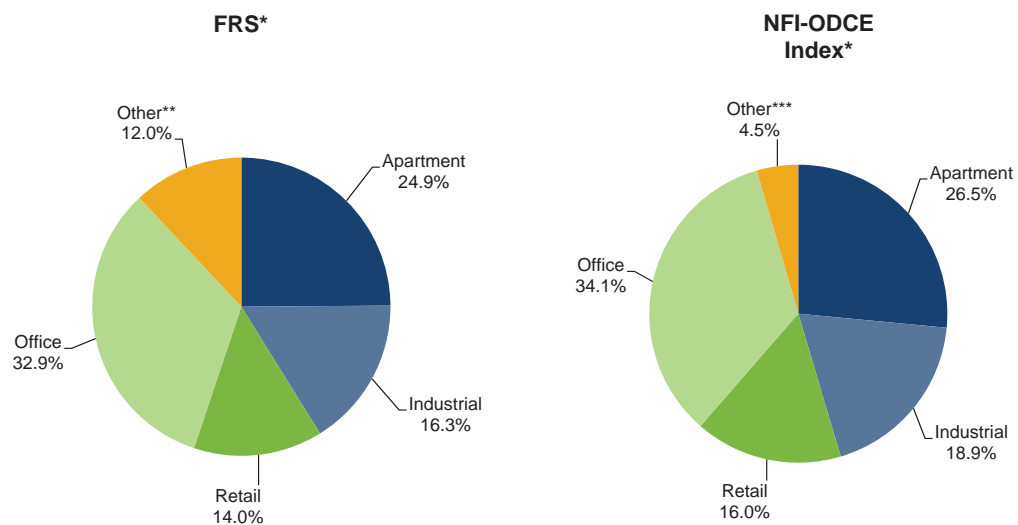


## Real Estate

Real Estate

As of March 31, 2020

### Overview



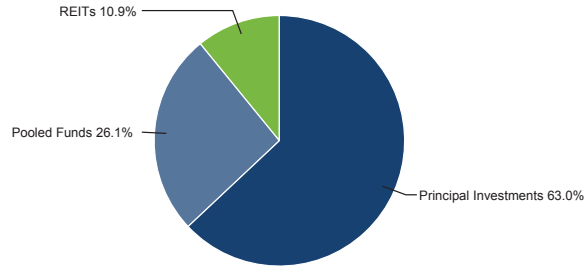
\*Property Allocation data is as of March 31, 2020. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

\*\*Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.

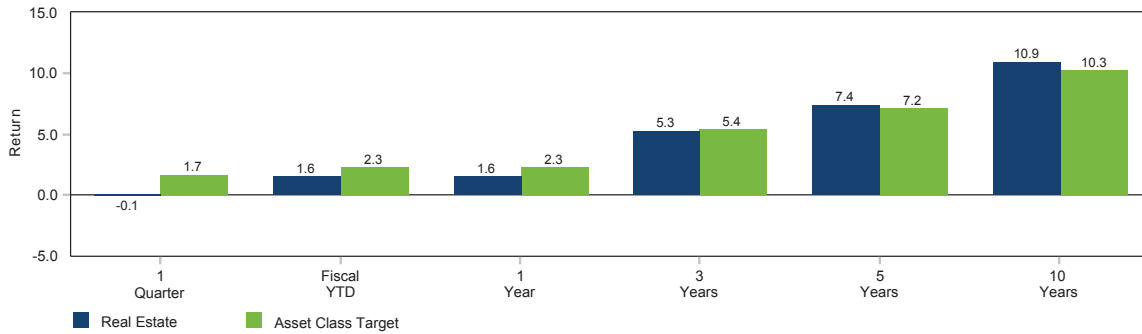
\*\*\*Other for the NFI-ODCE Index consists of Hotel, Senior Living, Healthcare, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

Real Estate Portfolio Overview

Current Allocation  
June 30, 2020 : \$15,629M

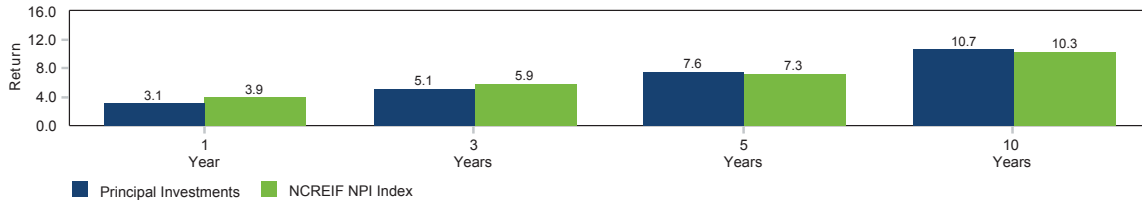


Return Summary

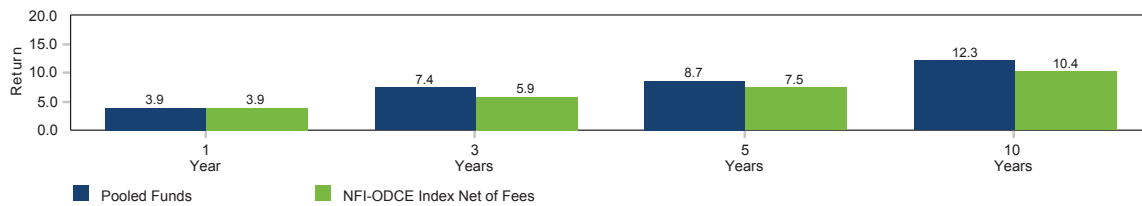


Real Estate

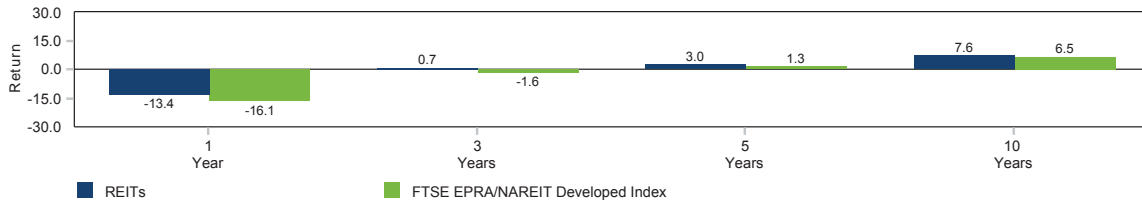
Principal Investments Return Summary as of June 30, 2020



Pooled Funds Return Summary as of June 30, 2020



REITs Return Summary as of June 30, 2020





## Strategic Investments

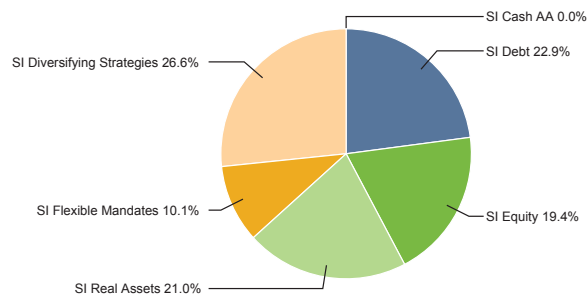
Strategic Investments

As of June 30, 2020

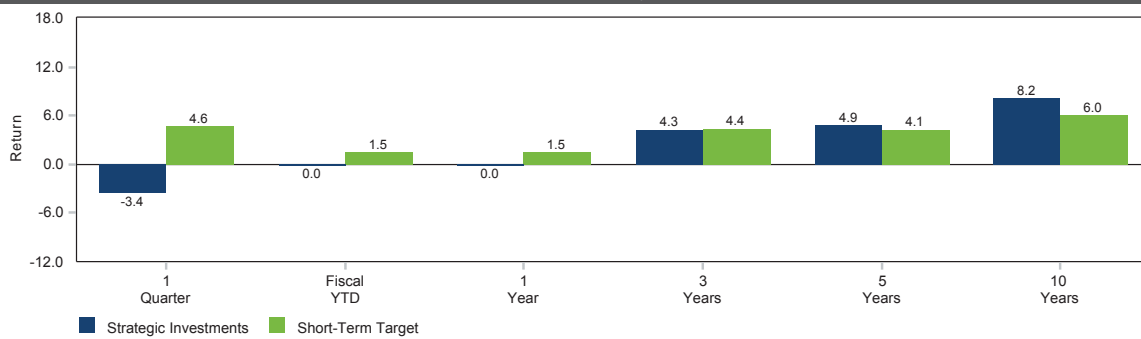
### Strategic Investments Portfolio Overview

Current Allocation

June 30, 2020 : \$14,347M



### Return Summary





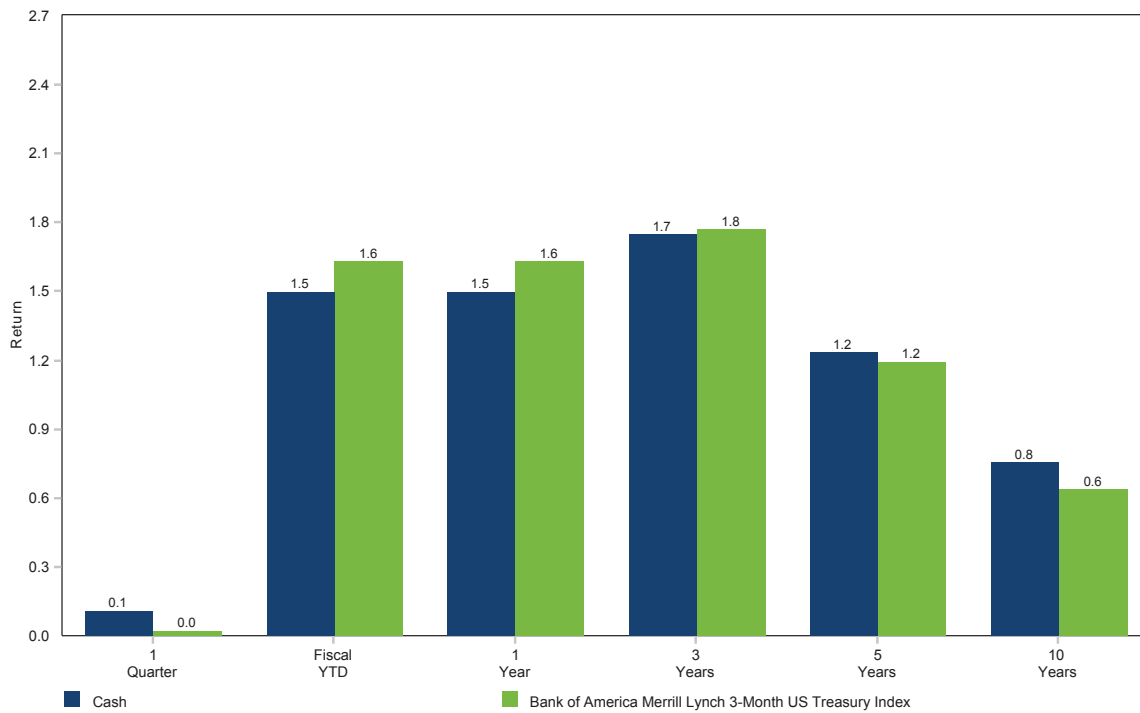
## Cash

Cash

As of June 30, 2020

### Cash Performance Summary

#### Return Summary





## Appendix

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As of June 30, 2020

### Appendix

#### Total FRS Assets

**Performance Benchmark-** A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the Bank of America Merrill Lynch 3-Month US Treasury Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

#### Total Global Equity

**Performance Benchmark-** A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

#### Total Domestic Equities

**Performance Benchmark-** The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

#### Total Foreign Equities

**Performance Benchmark-** A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

#### Total Global Equities

**Performance Benchmark-** Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).



## Appendix

## Total Fixed Income

**Performance Benchmark-** The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

## Total Private Equity

**Performance Benchmark-** The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

## Total Real Estate

**Performance Benchmark-** The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

## Total Strategic Investments

**Performance Benchmark-** Long-term, 4.0% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks. Prior to July 1, 2018, a Performance Benchmark-Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmark.

## Total Cash

**Performance Benchmark-** Bank of America Merrill Lynch 3-Month US Treasury Index. Prior to July 1, 2018 it was the iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

## Appendix

## Description of Benchmarks

Bank of America Merrill Lynch 3-Month US Treasury Index- Consists of U.S. Treasury Bills maturing in 90 days.

Barclays Capital U.S. Intermediate Aggregate Bond Index- A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Consumer Price Index (CPI)- The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index- An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

MSCI All Country World Investable Market Index- A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index- The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund- A universe comprised of 150 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$2.0 trillion as of quarter-end and the average market value was \$13.2 billion.

Domestic Equity- A universe comprised of 52 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Foreign Equity- A universe comprised of 55 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Fixed Income- A universe comprised of 55 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.1 trillion as of quarter-end and the average market value was \$19.5 billion.

Real Estate- A universe comprised of 42 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$24.1 billion.

Private Equity- An appropriate universe for private equity is unavailable.

Strategic Investments- An appropriate universe for strategic investments is unavailable.

Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance- The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph- An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis- An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.

## Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisor's investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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FRS Investment Plan | Second Quarter 2020

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## Quarterly Investment Review

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# FRS Investment Plan

1



As of June 30, 2020

## Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	11,490,238,469	100.0	14.3	-3.8	2.6	5.8	5.9	7.5
Total Plan Aggregate Benchmark			13.4	-4.2	2.0	5.3	5.6	7.2
<b>Retirement Date</b>	<b>5,179,368,430</b>	<b>45.1</b>						
FRS Retirement Fund	381,526,493	3.3	9.0 (41)	-1.1 (63)	3.6 (65)	4.8 (38)	4.4 (46)	5.6 (72)
Retirement Custom Index			9.0 (41)	-0.9 (57)	3.4 (66)	4.8 (40)	4.4 (45)	5.3 (76)
FRS 2015 Retirement Date Fund	276,277,805	2.4	9.2 (77)	-1.2 (94)	3.5 (100)	5.0 (84)	4.7 (88)	6.1 (92)
2015 Retirement Custom Index			9.2 (78)	-1.1 (91)	3.3 (100)	4.9 (89)	4.6 (89)	5.8 (93)
FRS 2020 Retirement Date Fund	547,440,026	4.8	10.2 (67)	-2.0 (94)	3.1 (92)	5.2 (77)	5.1 (76)	6.9 (68)
2020 Retirement Custom Index			10.1 (67)	-1.8 (87)	3.0 (93)	5.0 (80)	5.0 (79)	6.7 (69)
FRS 2025 Retirement Date Fund	766,214,716	6.7	11.7 (75)	-3.0 (97)	2.8 (88)	5.4 (69)	5.6 (59)	7.7 (79)
2025 Retirement Custom Index			11.8 (74)	-2.8 (96)	2.7 (90)	5.2 (76)	5.4 (75)	7.5 (81)
FRS 2030 Retirement Date Fund	711,910,742	6.2	13.0 (75)	-4.0 (82)	2.3 (83)	5.5 (75)	5.9 (63)	8.5 (64)
2030 Retirement Custom Index			13.2 (71)	-3.7 (79)	2.3 (83)	5.4 (77)	5.7 (78)	8.3 (70)
FRS 2035 Retirement Date Fund	669,186,018	5.8	14.2 (93)	-4.7 (73)	1.9 (77)	5.6 (74)	6.1 (56)	9.2 (57)
2035 Retirement Custom Index			14.4 (89)	-4.5 (71)	2.0 (76)	5.4 (76)	5.8 (72)	8.9 (71)
FRS 2040 Retirement Date Fund	601,150,843	5.2	15.3 (91)	-5.5 (69)	1.6 (67)	5.6 (71)	6.2 (64)	9.3 (62)
2040 Retirement Custom Index			15.6 (87)	-5.2 (64)	1.7 (67)	5.5 (72)	6.0 (69)	9.0 (71)
FRS 2045 Retirement Date Fund	585,673,859	5.1	16.3 (92)	-6.1 (71)	1.3 (69)	5.5 (70)	6.2 (58)	9.3 (68)
2045 Retirement Custom Index			16.5 (91)	-5.9 (71)	1.3 (68)	5.5 (71)	6.1 (64)	9.1 (82)
FRS 2050 Retirement Date Fund	363,505,465	3.2	16.9 (90)	-6.6 (70)	0.9 (71)	5.4 (73)	6.2 (67)	9.3 (75)
2050 Retirement Custom Index			17.2 (88)	-6.4 (69)	1.0 (71)	5.3 (74)	6.0 (72)	9.0 (78)
FRS 2055 Retirement Date Fund	210,517,140	1.8	17.2 (95)	-6.5 (70)	1.1 (68)	5.4 (70)	6.2 (66)	-
2055 Retirement Custom Index			17.3 (95)	-6.5 (70)	0.9 (71)	5.3 (72)	6.0 (73)	-
FRS 2060 Retirement Date Fund	65,965,323	0.6	17.3 (95)	-6.4 (69)	1.2 (67)	5.4 (70)	-	-
2060 Retirement Custom Index			17.3 (95)	-6.5 (70)	0.9 (71)	5.3 (72)	-	-

2



As of June 30, 2020

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Cash	1,090,970,806	9.5	0.2 (10)	0.6 (5)	1.7 (1)	1.9 (1)	1.4 (1)	0.8 (1)
FRS Money Market Fund	1,090,970,806	9.5	0.2 (10)	0.6 (5)	1.7 (1)	1.9 (1)	1.4 (1)	0.8 (1)
iMoneyNet 1st Tier Institutional Net Index			0.2 (9)	0.5 (16)	1.4 (17)	1.6 (18)	1.1 (18)	0.6 (19)
<b>Real Assets</b>	<b>107,793,494</b>	<b>0.9</b>						
FRS Inflation Adjusted Multi-Assets Fund	107,793,494	0.9	9.0	-5.1	-1.7	2.0	1.3	2.5
FRS Custom Multi-Assets Index			8.3	-5.8	-2.9	2.0	1.7	2.4
<b>Fixed Income</b>	<b>715,882,232</b>	<b>6.2</b>	<b>5.1 (29)</b>	<b>4.4 (25)</b>	<b>7.3 (4)</b>	<b>5.1 (1)</b>	<b>4.5 (1)</b>	<b>4.1 (1)</b>
Total Bond Index			3.8 (54)	4.7 (24)	7.4 (1)	5.0 (1)	4.3 (1)	3.9 (5)
FRS Intermediate Bond Fund	109,262,226	1.0	4.9 (24)	4.8 (38)	7.0 (25)	4.5 (13)	3.7 (6)	3.4 (17)
Bimbg. Barc. U.S. Intermediate Aggregate			2.1 (68)	4.7 (39)	6.6 (32)	4.3 (22)	3.4 (20)	3.1 (29)
FRS U.S. Bond Enhanced Index Fund	287,335,153	2.5	3.1 (1)	6.2 (72)	8.8 (61)	5.4 (39)	4.4 (35)	3.9 (35)
Bimbg. Barc. U.S. Aggregate			2.9 (1)	6.1 (72)	8.7 (61)	5.3 (44)	4.3 (36)	3.8 (35)
FRS Core Plus Bond Fund	319,284,853	2.8	6.4 (42)	3.8 (69)	7.0 (61)	5.3 (23)	4.9 (12)	5.0 (17)
FRS Custom Core-Plus Fixed Income Index			4.4 (82)	4.4 (58)	7.4 (54)	5.1 (33)	4.5 (27)	4.8 (23)
<b>Domestic Equity</b>	<b>2,893,905,165</b>	<b>25.2</b>	<b>23.5 (35)</b>	<b>-5.0 (46)</b>	<b>4.0 (45)</b>	<b>8.8 (42)</b>	<b>9.2 (35)</b>	<b>13.6 (28)</b>
Total U.S. Equities Index			22.2 (42)	-5.7 (48)	3.5 (47)	8.3 (44)	8.9 (37)	13.1 (35)
FRS U.S. Stock Market Index Fund	1,106,204,899	9.6	22.1 (41)	-3.4 (53)	6.6 (55)	10.1 (52)	10.1 (51)	13.8 (43)
Russell 3000 Index			22.0 (41)	-3.5 (53)	6.5 (55)	10.0 (53)	10.0 (51)	13.7 (43)
FRS U.S. Large Cap Stock Fund	983,235,146	8.6	25.5 (2)	-1.8 (26)	7.7 (33)	10.3 (39)	9.8 (47)	14.3 (15)
Russell 1000 Index			21.8 (21)	-2.8 (37)	7.5 (34)	10.6 (31)	10.5 (27)	14.0 (22)
FRS U.S. Small/Mid Cap Stock Fund	804,465,120	7.0	26.1 (25)	-11.5 (17)	-5.2 (14)	4.7 (13)	6.9 (8)	12.7 (4)
FRS Custom Small/Mid Cap Index			26.6 (24)	-11.1 (14)	-4.7 (13)	4.1 (15)	5.8 (18)	9.8 (54)



As of June 30, 2020

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
<b>International/Global Equity</b>	<b>683,979,606</b>	<b>6.0</b>	<b>18.4 (52)</b>	<b>-9.0 (41)</b>	<b>-2.0 (41)</b>	<b>2.8 (32)</b>	<b>3.8 (30)</b>	<b>7.1 (24)</b>
Total Foreign and Global Equities Index			17.2 (65)	-10.6 (51)	-3.9 (50)	1.7 (40)	2.9 (42)	6.1 (39)
FRS Foreign Stock Index Fund	252,403,541	2.2	17.1 (66)	-11.0 (55)	-4.4 (54)	1.3 (44)	2.6 (46)	6.1 (40)
MSCI All Country World ex-U.S. IMI Index			17.0 (67)	-11.2 (56)	-4.7 (56)	1.0 (48)	2.3 (50)	5.6 (50)
FRS Global Stock Fund	276,635,172	2.4	23.9 (24)	1.3 (21)	11.2 (19)	11.3 (16)	10.5 (11)	12.3 (16)
MSCI All Country World Index Net			19.2 (47)	-6.3 (43)	2.1 (39)	6.1 (38)	6.5 (35)	9.3 (43)
FRS Foreign Stock Fund	154,940,893	1.3	22.8 (8)	-4.8 (2)	3.2 (1)	4.8 (1)	4.9 (1)	7.5 (1)
MSCI All Country World ex-U.S. Index			16.1 (63)	-11.0 (36)	-4.8 (38)	1.1 (5)	2.4 (3)	5.3 (29)
<b>FRS Self-Dir Brokerage Acct</b>	<b>818,338,736</b>	<b>7.1</b>						

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund and Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of June 30, 2020

Asset Allocation & Performance

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FRS Investment Plan	20.5	-5.7	16.4	8.0	-0.9	4.9	15.2	10.5	0.7	10.6
Total Plan Aggregate Benchmark	20.0	-5.8	15.5	8.5	-1.3	4.9	14.6	9.7	0.9	10.2
<b>Retirement Date</b>										
FRS Retirement Fund	14.8 (39)	-3.7 (53)	10.8 (52)	6.2 (59)	-2.6 (100)	4.4 (82)	3.5 (96)	10.7 (59)	3.4 (10)	11.5 (55)
Retirement Custom Index	14.5 (42)	-3.8 (55)	10.4 (58)	6.2 (59)	-1.8 (98)	3.6 (89)	3.4 (96)	8.5 (78)	5.0 (1)	9.9 (84)
FRS 2015 Retirement Date Fund	15.1 (62)	-3.8 (54)	12.0 (39)	6.7 (44)	-2.5 (98)	4.4 (78)	5.5 (89)	11.3 (43)	2.1 (20)	11.5 (62)
2015 Retirement Custom Index	14.8 (77)	-3.9 (57)	11.2 (60)	6.5 (52)	-1.8 (90)	3.7 (92)	5.7 (88)	9.6 (88)	3.2 (1)	10.4 (85)
FRS 2020 Retirement Date Fund	16.3 (56)	-4.4 (53)	14.0 (24)	7.4 (22)	-2.1 (91)	4.4 (79)	9.6 (75)	12.4 (38)	0.6 (38)	12.2 (64)
2020 Retirement Custom Index	16.0 (60)	-4.5 (55)	13.3 (47)	7.1 (32)	-1.6 (80)	3.9 (88)	9.7 (75)	11.0 (74)	1.5 (21)	11.2 (86)
FRS 2025 Retirement Date Fund	18.2 (58)	-5.2 (46)	16.1 (26)	8.0 (14)	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)
2025 Retirement Custom Index	17.8 (67)	-5.3 (51)	15.5 (39)	7.6 (20)	-1.5 (77)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)
FRS 2030 Retirement Date Fund	19.8 (68)	-6.0 (44)	18.0 (30)	8.5 (18)	-1.3 (63)	4.5 (83)	18.1 (54)	14.6 (34)	-2.1 (50)	13.0 (86)
2030 Retirement Custom Index	19.4 (72)	-6.0 (45)	17.3 (48)	8.0 (33)	-1.5 (67)	4.4 (83)	18.2 (52)	13.8 (53)	-2.0 (49)	12.5 (91)
FRS 2035 Retirement Date Fund	21.1 (77)	-6.7 (37)	19.8 (27)	9.1 (17)	-1.4 (51)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)
2035 Retirement Custom Index	20.8 (82)	-6.8 (38)	18.9 (54)	8.3 (43)	-1.7 (67)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)
FRS 2040 Retirement Date Fund	22.5 (70)	-7.5 (39)	20.9 (28)	9.2 (17)	-1.4 (55)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)
2040 Retirement Custom Index	22.1 (82)	-7.5 (39)	20.4 (45)	8.6 (43)	-1.7 (69)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)
FRS 2045 Retirement Date Fund	23.4 (72)	-8.0 (49)	21.5 (26)	9.4 (18)	-1.5 (53)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)
2045 Retirement Custom Index	23.0 (84)	-8.0 (49)	21.2 (39)	8.9 (36)	-1.7 (64)	4.3 (83)	22.4 (60)	15.2 (58)	-3.1 (26)	13.3 (89)
FRS 2050 Retirement Date Fund	24.0 (75)	-8.4 (55)	21.6 (32)	9.5 (20)	-1.5 (60)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)
2050 Retirement Custom Index	23.6 (78)	-8.4 (55)	21.3 (52)	8.9 (37)	-1.7 (65)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)
FRS 2055 Retirement Date Fund	24.1 (80)	-8.4 (53)	21.5 (47)	9.3 (27)	-1.4 (54)	4.4 (81)	22.3 (72)	15.8 (45)	-	-
2055 Retirement Custom Index	23.7 (83)	-8.4 (53)	21.3 (55)	8.9 (33)	-1.7 (63)	4.3 (81)	22.4 (71)	15.2 (75)	-	-
FRS 2060 Retirement Date Fund	24.2 (79)	-8.3 (52)	-	-	-	-	-	-	-	-
2060 Retirement Custom Index	23.7 (83)	-8.4 (53)	-	-	-	-	-	-	-	-



As of June 30, 2020

Asset Allocation & Performance

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cash	2.4 (1)	2.2 (1)	1.2 (1)	0.6 (1)	0.2 (1)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
FRS Money Market Fund	2.4 (1)	2.2 (1)	1.2 (1)	0.6 (1)	0.2 (1)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
iMoneyNet 1st Tier Institutional Net Index	2.1 (22)	1.8 (17)	0.9 (17)	0.3 (19)	0.0 (20)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)
<b>Real Assets</b>										
FRS Inflation Adjusted Multi-Assets Fund	13.0	-5.5	8.1	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7
FRS Custom Multi-Assets Index	13.0	-5.5	8.1	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0
<b>Fixed Income</b>										
Total Bond Index	9.8 (1)	-0.1 (94)	4.4 (2)	4.7 (8)	0.3 (81)	4.7 (1)	-1.1 (84)	6.0 (36)	6.7 (1)	7.6 (30)
FRS Intermediate Bond Fund	7.5 (1)	0.7 (61)	2.4 (17)	3.1 (17)	0.9 (32)	3.4 (31)	-0.5 (43)	4.9 (39)	5.9 (35)	7.0 (24)
Blmbg. Barc. U.S. Intermediate Aggregate	6.7 (20)	0.9 (46)	2.3 (31)	2.0 (54)	1.2 (16)	4.1 (16)	-1.0 (58)	3.6 (60)	6.0 (34)	6.1 (37)
FRS U.S. Bond Enhanced Index Fund	8.7 (33)	0.0 (66)	3.6 (32)	2.7 (1)	0.7 (38)	6.2 (36)	-2.0 (17)	4.4 (13)	7.9 (67)	6.7 (48)
Blmbg. Barc. U.S. Aggregate	8.7 (33)	0.0 (66)	3.5 (32)	2.6 (1)	0.5 (46)	6.0 (37)	-2.0 (18)	4.2 (14)	7.8 (68)	6.5 (49)
FRS Core Plus Bond Fund	11.0 (12)	-0.5 (28)	5.3 (20)	5.7 (20)	0.1 (27)	4.6 (76)	0.8 (14)	11.1 (15)	4.6 (85)	10.1 (28)
FRS Custom Core-Plus Fixed Income Index	10.0 (28)	-0.4 (21)	4.2 (48)	4.9 (31)	0.2 (24)	5.1 (65)	0.8 (14)	7.8 (47)	7.6 (16)	9.1 (38)
<b>Domestic Equity</b>										
Total U.S. Equities Index	30.1 (41)	-6.5 (45)	20.8 (48)	13.7 (29)	0.7 (35)	11.5 (42)	35.2 (43)	16.9 (33)	0.3 (38)	20.4 (20)
FRS U.S. Stock Market Index Fund	30.0 (41)	-6.5 (45)	19.6 (55)	14.9 (23)	-0.5 (45)	11.1 (47)	34.0 (54)	16.5 (37)	-0.1 (41)	19.3 (27)
Russell 3000 Index	31.1 (48)	-5.2 (57)	21.2 (56)	12.9 (26)	0.6 (54)	12.6 (34)	33.6 (40)	16.5 (39)	1.0 (39)	17.1 (19)
FRS U.S. Large Cap Stock Fund	31.0 (48)	-5.2 (58)	21.1 (56)	12.7 (27)	0.5 (55)	12.6 (35)	33.6 (40)	16.4 (40)	1.0 (39)	16.9 (21)
Russell 1000 Index	28.9 (66)	-7.0 (73)	25.5 (34)	9.3 (51)	2.7 (38)	12.8 (31)	36.4 (16)	17.2 (30)	1.2 (37)	17.8 (17)
FRS U.S. Small/Mid Cap Stock Fund	31.4 (43)	-4.8 (52)	21.7 (52)	12.1 (30)	0.9 (51)	13.2 (25)	33.1 (45)	16.4 (39)	1.5 (31)	16.1 (28)
FRS U.S. Small/Mid Cap Stock Fund	29.1 (33)	-8.2 (34)	16.3 (50)	19.9 (30)	-1.1 (25)	8.6 (26)	37.1 (44)	18.7 (13)	-0.9 (28)	29.6 (25)
FRS Custom Small/Mid Cap Index	27.8 (47)	-10.0 (43)	16.8 (50)	19.6 (31)	-4.2 (63)	7.7 (34)	22.0 (100)	15.3 (60)	1.1 (17)	21.3 (94)
<b>International/Global Equity</b>										
Total Foreign and Global Equities Index	23.7 (37)	-13.5 (28)	28.6 (50)	4.5 (42)	-2.6 (49)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (74)
FRS Foreign Stock Index Fund	22.3 (46)	-14.7 (40)	28.3 (53)	5.3 (37)	-4.4 (56)	-4.5 (55)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)
MSCI All Country World ex-U.S. IMI Index	21.6 (52)	-14.8 (41)	27.8 (56)	4.4 (42)	-4.6 (56)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)
FRS Global Stock Fund	30.5 (20)	-5.6 (20)	29.3 (18)	2.2 (81)	5.6 (13)	3.7 (44)	27.1 (41)	21.0 (15)	-7.4 (46)	13.0 (55)
MSCI All Country World Index Net	26.6 (45)	-9.4 (46)	24.0 (40)	7.9 (46)	-2.4 (56)	4.2 (39)	22.8 (60)	16.3 (38)	-5.5 (35)	11.8 (60)
FRS Foreign Stock Fund	27.4 (5)	-14.9 (48)	31.2 (5)	1.0 (60)	-0.5 (20)	-2.3 (16)	20.6 (60)	19.6 (37)	-13.3 (59)	9.8 (35)
MSCI All Country World ex-U.S. Index	21.5 (55)	-14.2 (30)	27.2 (23)	5.0 (10)	-5.3 (73)	-3.4 (18)	15.8 (80)	17.4 (67)	-13.3 (60)	11.6 (20)
<b>FRS Self-Dir Brokerage Acct</b>										

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.  
Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.





## Asset Allocation

Asset Allocation as of 6/30/2020								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	56,084,394	51,506,076	125,140,690	148,795,332			381,526,493	3.3%
FRS 2015 Retirement Date Fund	42,270,504	38,955,171	88,685,175	106,366,955			276,277,805	2.4%
FRS 2020 Retirement Date Fund	102,918,725	95,254,564	159,852,488	189,414,249			547,440,026	4.8%
FRS 2025 Retirement Date Fund	190,787,464	176,229,385	203,813,115	195,384,753			766,214,716	6.7%
FRS 2030 Retirement Date Fund	214,285,133	197,199,276	165,163,292	135,263,041			711,910,742	6.2%
FRS 2035 Retirement Date Fund	230,869,176	212,801,154	131,829,646	93,686,043			669,186,018	5.8%
FRS 2040 Retirement Date Fund	232,044,225	214,009,700	94,981,833	60,115,084			601,150,843	5.2%
FRS 2045 Retirement Date Fund	243,640,326	224,898,762	68,523,842	48,610,930			585,673,859	5.1%
FRS 2050 Retirement Date Fund	157,761,372	145,402,186	29,080,437	31,261,470			363,505,465	3.2%
FRS 2055 Retirement Date Fund	91,995,990	84,838,407	15,367,751	18,314,991			210,517,140	1.8%
FRS 2060 Retirement Date Fund	28,826,846	26,584,025	4,815,469	5,738,983			65,965,323	0.6%
<b>Total Retirement Date Funds</b>	<b>\$ 1,562,657,310</b>	<b>\$ 1,441,094,681</b>	<b>\$ 1,082,438,268</b>	<b>\$ 1,027,212,848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,179,368,429</b>	<b>45.1%</b>
FRS Money Market Fund					1,090,970,806		1,090,970,806	9.5%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,090,970,806</b>	<b>\$ -</b>	<b>\$ 1,090,970,806</b>	<b>9.5%</b>
FRS Inflation Adjusted Multi-Assets Fund				107,793,494			107,793,494	0.9%
<b>Total Real Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,793,494</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 107,793,494</b>	<b>0.9%</b>
FRS U.S. Bond Enhanced Index Fund			287,335,153				287,335,153	2.5%
FRS Intermediate Bond Fund			109,262,226				109,262,226	1.0%
FRS Core Plus Bond Fund			319,284,853				319,284,853	2.8%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,882,232</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 715,882,232</b>	<b>6.2%</b>
FRS U.S. Stock Market Index Fund	1,106,204,899						1,106,204,899	9.6%
FRS U.S. Large Cap Stock Fund	983,235,146						983,235,146	8.6%
FRS U.S. Small/Mid Cap Stock Fund	804,465,120						804,465,120	7.0%
<b>Total Domestic Equity</b>	<b>\$ 2,893,905,166</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,893,905,166</b>	<b>25.2%</b>
FRS Foreign Stock Index Fund		252,403,541					252,403,541	2.2%
FRS Global Stock Fund		276,635,172					276,635,172	2.4%
FRS Foreign Stock Fund		154,940,893					154,940,893	1.3%
<b>Total International/Global Equity</b>	<b>\$ -</b>	<b>\$ 683,979,606</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 683,979,606</b>	<b>6.0%</b>
FRS Self-Dir Brokerage Acct						818,338,736	818,338,736	7.1%
<b>Total Self-Dir Brokerage Acct</b>						<b>\$ 818,338,736</b>	<b>\$ 818,338,736</b>	<b>7.1%</b>
<b>Total Portfolio</b>	<b>\$ 4,456,562,476</b>	<b>\$ 2,125,074,287</b>	<b>\$ 1,798,320,500</b>	<b>\$ 1,135,006,342</b>	<b>\$ 1,090,970,806</b>	<b>\$ 818,338,736</b>	<b>\$ 11,490,238,469</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>38.9%</b>	<b>18.5%</b>	<b>15.7%</b>	<b>9.9%</b>	<b>9.5%</b>	<b>7.1%</b>	<b>100.0%</b>	

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund and Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.  
Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

## Multi Timeperiod Statistics

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	5.76	12.05	0.38	0.58	0.80	103.58	101.44
FRS Retirement Fund	4.83	7.27	0.44	0.43	0.19	102.17	102.56
FRS 2015 Retirement Date Fund	4.97	7.54	0.44	0.46	0.27	102.51	102.51
FRS 2020 Retirement Date Fund	5.16	8.52	0.42	0.47	0.29	101.90	101.44
FRS 2025 Retirement Date Fund	5.40	9.88	0.40	0.46	0.37	101.42	100.49
FRS 2030 Retirement Date Fund	5.46	11.14	0.37	0.48	0.25	100.84	100.21
FRS 2035 Retirement Date Fund	5.58	12.25	0.36	0.53	0.27	100.76	99.99
FRS 2040 Retirement Date Fund	5.56	13.30	0.34	0.52	0.15	100.35	99.92
FRS 2045 Retirement Date Fund	5.51	14.12	0.32	0.54	0.08	100.04	99.75
FRS 2050 Retirement Date Fund	5.39	14.65	0.31	0.55	0.13	100.02	99.59
FRS 2055 Retirement Date Fund	5.43	14.75	0.31	0.54	0.24	100.31	99.61
FRS 2060 Retirement Date Fund	5.42	14.75	0.31	0.56	0.22	100.24	99.55
FRS Money Market Fund	1.94	0.17	1.29	0.07	4.09	118.73	N/A
FRS Inflation Adjusted Multi-Assets Fund	1.95	8.82	0.06	1.15	-0.05	102.95	104.61
FRS Intermediate Bond Fund	4.48	3.20	0.82	1.97	0.11	118.05	161.04
FRS U.S. Bond Enhanced Index Fund	5.36	3.31	1.07	0.16	0.26	101.37	102.80
FRS Core Plus Bond Fund	5.28	4.52	0.76	1.60	0.13	111.92	128.54
FRS U.S. Stock Market Index Fund	10.11	17.70	0.53	0.05	1.14	100.22	100.02
FRS U.S. Large Cap Stock Fund	10.27	18.90	0.52	2.34	-0.03	105.32	109.30
FRS U.S. Small/Mid Cap Stock Fund	4.73	22.52	0.24	1.51	0.43	102.87	100.96
FRS Foreign Stock Index Fund	1.28	16.34	0.05	1.20	0.28	100.89	99.35
FRS Global Stock Fund	11.30	16.50	0.62	3.07	1.56	110.32	87.09
FRS Foreign Stock Fund	4.76	16.90	0.25	3.36	1.09	112.24	95.35

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

As of June 30, 2020

Multi Timeperiod Statistics

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	5.86	10.47	0.48	0.56	0.58	102.99	101.53
FRS Retirement Fund	4.38	6.46	0.51	0.44	-0.05	101.29	102.72
FRS 2015 Retirement Date Fund	4.66	6.81	0.52	0.47	0.16	101.88	102.15
FRS 2020 Retirement Date Fund	5.11	7.76	0.53	0.46	0.25	101.88	101.62
FRS 2025 Retirement Date Fund	5.58	8.94	0.52	0.47	0.40	101.33	99.99
FRS 2030 Retirement Date Fund	5.85	10.06	0.50	0.50	0.38	101.25	100.06
FRS 2035 Retirement Date Fund	6.10	11.10	0.48	0.55	0.54	101.79	100.11
FRS 2040 Retirement Date Fund	6.16	11.94	0.46	0.56	0.32	100.75	99.67
FRS 2045 Retirement Date Fund	6.22	12.53	0.45	0.62	0.20	99.99	99.00
FRS 2050 Retirement Date Fund	6.15	12.90	0.43	0.62	0.24	100.10	99.01
FRS 2055 Retirement Date Fund	6.16	12.96	0.43	0.61	0.29	100.21	98.99
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	1.42	0.23	1.97	0.06	4.92	126.36	N/A
FRS Inflation Adjusted Multi-Assets Fund	1.26	7.82	0.05	1.47	-0.27	105.07	111.65
FRS Intermediate Bond Fund	3.70	2.84	0.87	1.57	0.20	118.13	139.91
FRS U.S. Bond Enhanced Index Fund	4.39	3.10	1.03	0.13	0.62	101.60	100.93
FRS Core Plus Bond Fund	4.88	3.99	0.91	1.32	0.33	114.15	122.51
FRS U.S. Stock Market Index Fund	10.13	15.37	0.63	0.05	1.74	100.32	99.91
FRS U.S. Large Cap Stock Fund	9.83	16.56	0.58	2.50	-0.14	105.91	113.17
FRS U.S. Small/Mid Cap Stock Fund	6.91	19.29	0.38	1.58	0.69	102.02	97.25
FRS Foreign Stock Index Fund	2.56	14.92	0.16	1.37	0.18	99.88	98.55
FRS Global Stock Fund	10.52	14.71	0.67	3.14	1.21	110.25	89.81
FRS Foreign Stock Fund	4.90	15.14	0.31	3.56	0.69	105.91	93.50

The returns for the Retirement Date Funds, Inflation Adjusted Multi-Assets Fund, Core Plus Bond Fund, U.S. Large Cap Stock Fund, and U.S. Small/Mid Cap Stock Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



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## Appendix

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As of June 30, 2020

### Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Multi-Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

FRS Custom Core-Plus Fixed Income Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

FRS Custom Small/Mid Cap Index - A monthly rebalanced blend of 25% S&P 400 Index, 30% Russell 2000 Index, 25% Russell 2000 Value Index, and 20% Russell Mid Cap Growth Index.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 24 emerging countries, excluding the U.S. market.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 47 developed and emerging countries, including the U.S. and Canadian markets.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 24 emerging countries, but excluding the U.S.

## Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Money Market Fund - A money market universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Lipper.

FRS Intermediate Bond Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Bond Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large cap blend universe calculated and provided by Lipper.

FRS U.S. Large Cap Stock Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Stock Fund - A small/mid cap universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

FRS Foreign Stock Fund - A foreign large blend universe calculated and provided by Lipper.

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Lawton Chiles Endowment Fund | Second Quarter 2020

## Quarterly Investment Review

Visit the Retirement and Investments Thought Leadership Site (<https://retirement-investment-insights.aon.com>); sharing our best thinking.

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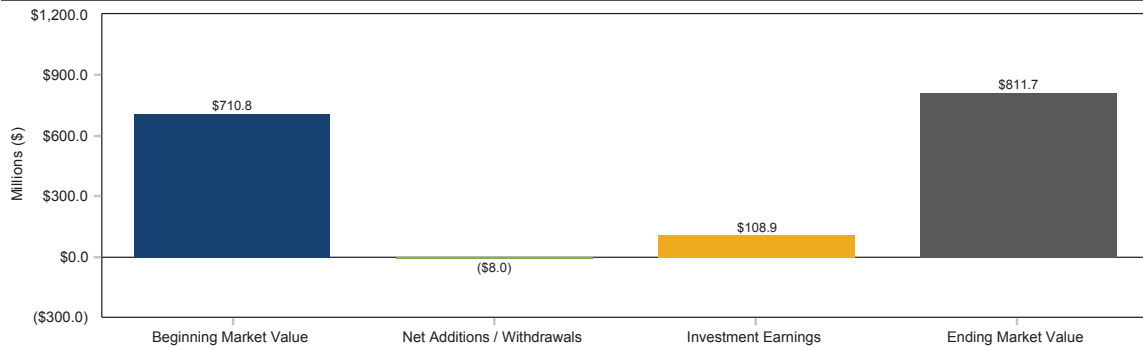


## LCEF Total Fund

---

Total Plan Asset Summary

Change in Market Value  
From April 1, 2020 to June 30, 2020



Summary of Cash Flow

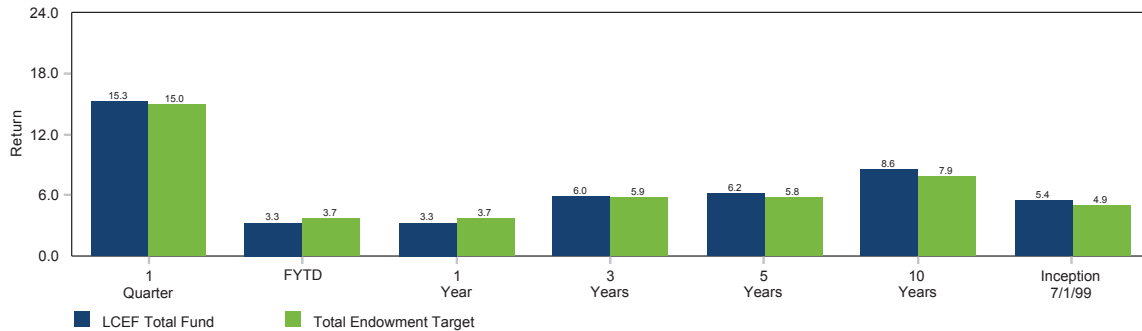
	1 Quarter	FYTD*	1 Year
Beginning Market Value	710,815,030	793,608,408	793,608,408
+ Additions / Withdrawals	-8,002,000	-8,002,000	-8,002,000
+ Investment Earnings	108,885,955	26,092,578	26,092,578
= Ending Market Value	811,698,985	811,698,985	811,698,985

\*Period July 2019 - June 2020

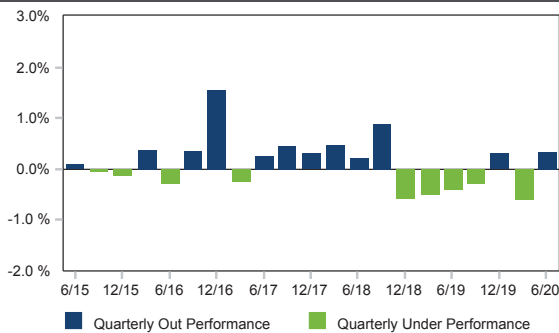


Total Plan Performance Summary

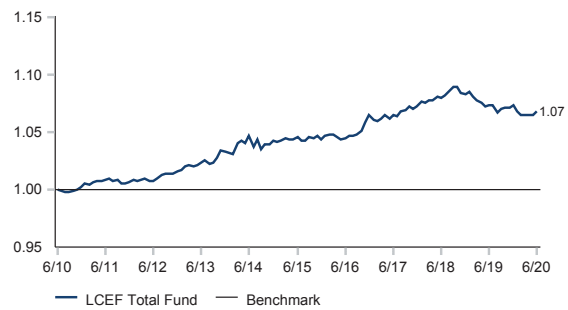
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years





As of June 30, 2020

Asset Allocation & Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
<b>LCEF Total Fund</b>	811,698,985	100.0	100.0	15.3 (14)	3.3 (29)	3.3 (29)	6.0 (14)	6.2 (8)	8.6 (7)
Total Endowment Target				15.0 (18)	3.7 (22)	3.7 (22)	5.9 (16)	5.8 (14)	7.9 (20)
<b>Global Equity*</b>	587,623,683	72.4	71.0	20.6	0.8	0.8	6.0	6.9	11.2
Global Equity Target				19.9	1.2	1.2	5.7	6.2	10.1
<b>Fixed Income</b>	130,975,994	16.1	17.0	3.0 (61)	8.9 (6)	8.9 (6)	5.4 (8)	4.4 (19)	3.9 (53)
Bimbg. Barc. U.S. Aggregate				2.9 (63)	8.7 (7)	8.7 (7)	5.3 (16)	4.3 (20)	3.8 (58)
<b>TIPS</b>	84,390,352	10.4	11.0	4.4	8.3	8.3	5.1	3.9	3.6
Barclays U.S. TIPS				4.2	8.3	8.3	5.0	3.8	3.5
<b>Cash Equivalents</b>	8,708,956	1.1	1.0	0.2	1.9	1.9	2.1	1.5	1.1
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.1	1.5	1.5	1.7	1.2	0.6

Benchmark and universe descriptions are provided in the Appendix.

\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

4



As of June 30, 2020

Calendar Year Performance

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>LCEF Total Fund</b>	20.1 (18)	-6.1 (62)	18.5 (4)	9.2 (9)	-1.4 (48)	5.2 (47)	14.7 (39)	13.2 (23)	1.9 (20)	14.0 (15)
Total Endowment Target	21.2 (11)	-7.0 (79)	17.7 (9)	7.0 (39)	-1.6 (51)	4.3 (59)	12.8 (57)	12.2 (45)	1.5 (24)	13.7 (17)
<b>Global Equity*</b>	25.0	-8.5	24.5	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0
Global Equity Target	26.4	-9.8	24.1	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1
<b>Fixed Income</b>	8.7 (24)	0.1 (48)	3.7 (34)	2.7 (60)	0.6 (32)	6.0 (17)	-1.8 (75)	4.6 (83)	7.6 (45)	7.0 (75)
Bimbg. Barc. U.S. Aggregate	8.7 (25)	0.0 (49)	3.5 (39)	2.6 (60)	0.5 (34)	6.0 (17)	-2.0 (77)	4.2 (88)	7.8 (42)	6.5 (80)
<b>TIPS</b>	8.5	-1.1	3.2	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1
Barclays U.S. TIPS	8.4	-1.3	3.0	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3
<b>Cash Equivalents</b>	2.6	2.3	1.2	0.7	0.5	0.2	0.2	1.3	0.1	2.0
S&P US AAA & AA Rated GIP 30D Net Yield Index	2.2	1.8	0.9	0.4	0.1	0.0	0.1	0.1	0.2	0.3

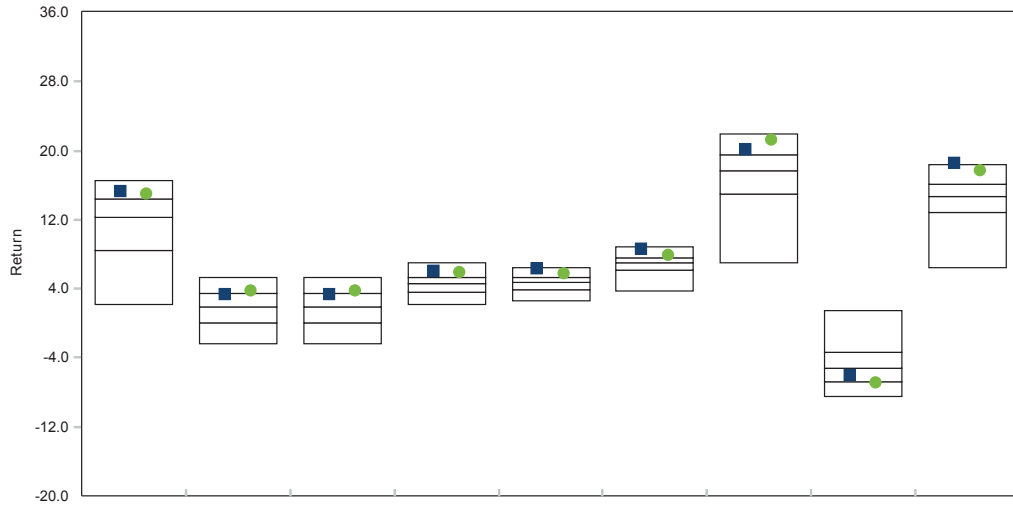
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5



Plan Sponsor Peer Group Analysis

All Endowments-Total Fund



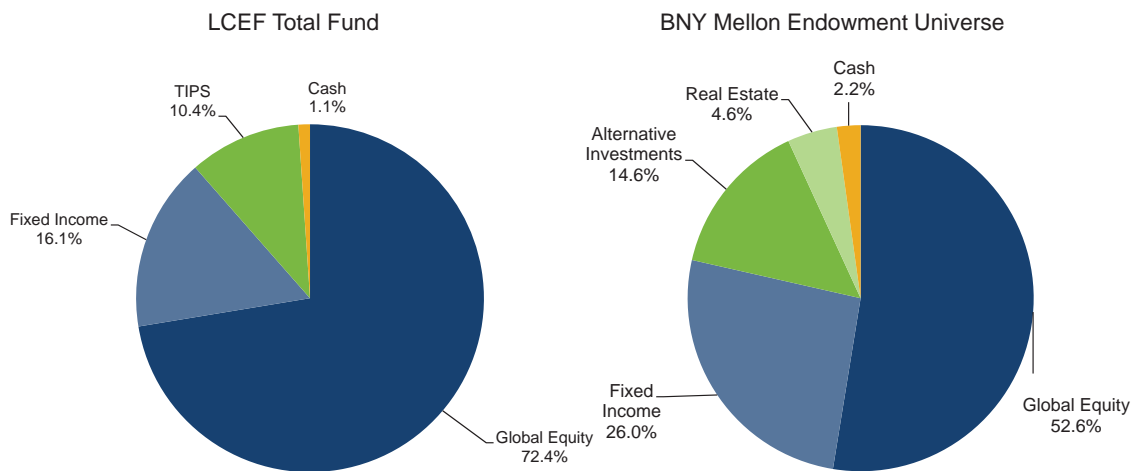
	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ LCEF Total Fund	15.3 (14)	3.3 (29)	3.3 (29)	6.0 (14)	6.2 (8)	8.6 (7)	20.1 (18)	-6.1 (62)	18.5 (4)
● Total Endowment Target	15.0 (18)	3.7 (22)	3.7 (22)	5.9 (16)	5.8 (14)	7.9 (20)	21.2 (11)	-7.0 (79)	17.7 (9)
5th Percentile	16.6	5.3	5.3	7.0	6.5	8.9	21.9	1.5	18.3
1st Quartile	14.4	3.5	3.5	5.4	5.3	7.6	19.5	-3.4	16.0
Median	12.3	1.8	1.8	4.6	4.7	7.0	17.6	-5.3	14.6
3rd Quartile	8.4	0.1	0.1	3.6	3.9	6.1	15.0	-6.8	12.8
95th Percentile	2.2	-2.3	-2.3	2.2	2.7	3.7	7.1	-8.5	6.5
Population	312	305	305	275	247	183	404	378	478

Parentheses contain percentile rankings.

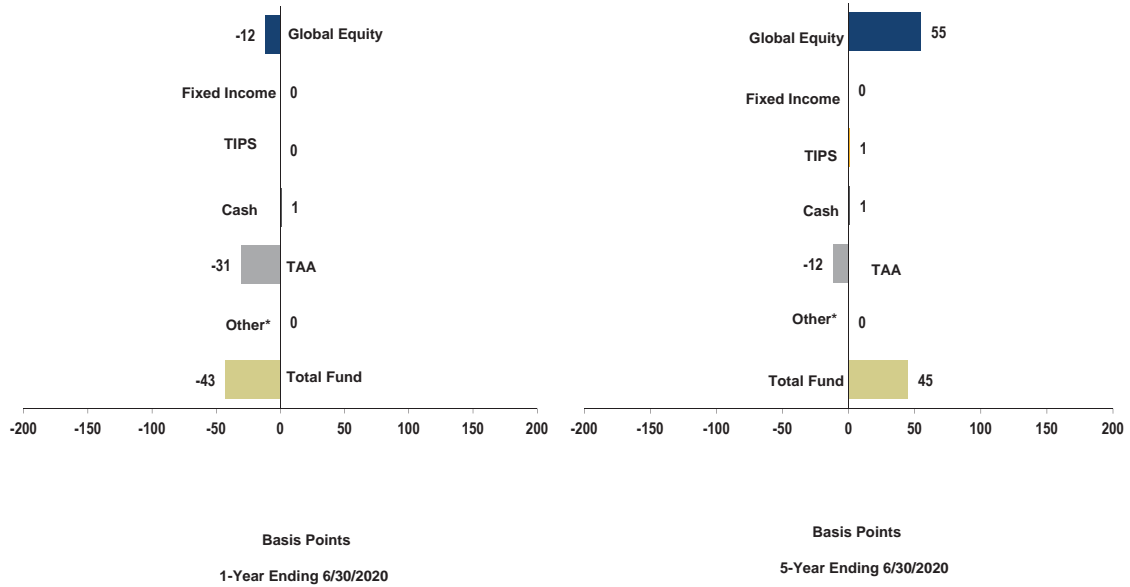


LCEF Total Fund

Universe Asset Allocation Comparison



Attribution



\*Other includes differences between official performance value added due to methodology and extraordinary payouts.



Appendix



As of June 30, 2020

## Benchmark Descriptions

### LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

### Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 7/1/2014 forward, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. From 10/1/2013 to 6/30/2014, a custom version of the MSCI ACWI IMI adjusted to reflect a 55% fixed weight in the MSCI USA IMI and a 45% fixed weight in the MSCI ACWI ex-USA IMI, and excluding certain equities of tobacco-related companies. From 9/1/2012 to 9/30/2013, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. Prior to 9/1/2012, the benchmark is a weighted average of both the Domestic Equities and Foreign Equities historical benchmarks.

### Total Domestic Equities

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

### Total Foreign Equities

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 46 countries, but excluding the United States. The index includes 23 developed and 24 emerging market countries, and excludes tobacco companies.

### Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The index also includes credit card, auto, and home equity loan-backed securities. This index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

### Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

### Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.

As of June 30, 2020

## Universe Descriptions

### LCEF Total Fund

A universe comprised of 465 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$354.4 billion as of quarter-end and the average market value was \$791.2 million.

### Total Fixed Income

A universe comprised of 42 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$260.9 billion as of quarter-end and the average market value was \$7.5 billion.

## Explanation of Exhibits

**Quarterly and Cumulative Excess Performance** - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

**Ratio of Cumulative Wealth Graph** - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

**Performance Comparison - Plan Sponsor Peer Group Analysis** - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

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IAC Meeting

IAC Meeting

September 29, 2020

Vol 1

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IAC Meeting  
September 29, 2020

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INVESTMENT ADVISORY COUNCIL MEETING

TUESDAY, SEPTEMBER 29, 2020  
1:05 P.M. - 5:32 P.M.

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HERMITAGE ROOM, FIRST FLOOR  
TALLAHASSEE, FLORIDA

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APPEARANCES  
(Participants appearing via GoToMeeting)

IAC MEMBERS:

VINNY OLMSTEAD  
PETER JONES  
BOBBY JONES  
CHUCK COBB  
GARY WENDT  
JOHN GOETZ  
PAT NEAL  
PETER COLLINS  
TERE CANIDA

SBA EMPLOYEES:

ASH WILLIAMS, EXECUTIVE DIRECTOR AND CIO  
ALISON ROMANO  
KENT PEREZ  
MIKE McCAULEY  
JOHN BRADLEY  
DANIEL BEARD  
TIM TAYLOR  
DUSTIN HEINTZ  
MEGHAN BROWN  
KATY WOJCIECHOWSKI  
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TRENT WEBSTER  
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CONSULTANTS:

KRISTEN DOYLE - (Aon)  
KATIE COMSTOCK - (Aon)  
PHIL KIVARKIS - (Aon)  
JAY LOVE - (Mercer)

1 INVESTMENT ADVISORY COUNCIL MEETING

2 \* \* \*

3 MR. OLMSTEAD: I would like to call this  
4 meeting to order. So first I would like to thank  
5 staff in orchestrating and putting this together.  
6 They are getting very good at these virtual  
7 meetings. It's fun to see all of the many, many  
8 thumbprints across the top of the screen.

9 A few quick logistical items. One is keep  
10 your -- if you wouldn't mind keeping your  
11 microphones on mute, unless you have a question  
12 or are involved in the conversation, to try to  
13 keep the background noise, dogs barking, et  
14 cetera, to a minimum. Number two, when there are  
15 questions or comments, please say your name so  
16 the court reporter and audience can follow along  
17 more easily as to who it is speaking.

18 Our first piece of business is the approval  
19 of the June 30 minutes. I'm sure everybody has  
20 had a chance, at least board members, to review.  
21 And so if there's someone that can make a --

22 MR. NEAL: So move. Pat Neal.

23 MS. CANIDA: Second. Tere Canida.

24 MR. OLMSTEAD: All in favor.

25 (Ayes)



1 MR. OLMSTEAD: Opposed?

2 MR. COBB: Aye.

3 MR. OLMSTEAD: I assume that was in favor,  
4 Ambassador. All right. So moved.

5 All right. Well, we have another robust  
6 agenda today, including our annual  
7 asset-liability review led by Aon, a review of  
8 each of our asset classes, with our feature of  
9 the global equity class today, which is our  
10 largest class. Each will review the performance  
11 in -- I think as a result of performance of Q2,  
12 but I would also ask each of the SIOs to comment  
13 on sort of Q3.

14 It's obviously a very fluid and interesting  
15 political time, so it would be good to get some  
16 color commentary, even though we are focusing on  
17 the performance of Q2. I think on behalf of my  
18 colleagues on the council here, they would love  
19 to hear some further insights.

20 So without further ado, maybe I can  
21 transition it over to Ash, our CIO and ED, and  
22 let him provide some opening remarks. Ash,  
23 you're on mute.

24 MR. WILLIAMS: Sorry. I was very carefully  
25 and studiously following the order to stay muted,

1 a little too thoroughly. Thank you all for being  
2 with us. Thank you, Mr. Chairman, for leading us  
3 and opening up the meeting today. Let's open  
4 with performance, and then I'd like to share a  
5 couple of things to set the table for the way the  
6 rest of the meeting will go.

7 As of last night's close, if we look at  
8 calendar year to date, the Florida Retirement  
9 System Trust Fund is up 2.25 percent gross.  
10 That's 94 basis points ahead of target. It puts  
11 the fund at \$168.4 billion. That's 1.3 billion  
12 below where we started the calendar year, net of  
13 distributing approximately 5 billion in benefit  
14 payments over that time.

15 Now, if you look at the composition of that  
16 plus 2.25 percent, what's interesting about it  
17 is, if you look at the performance of the various  
18 asset classes, we're all well familiar with the  
19 long story of global equity and other risk  
20 assets, private equity in particular, leading the  
21 pack in terms of returns.

22 And what's different about this series this  
23 time is that fixed income is right behind private  
24 equity. Private equity is 6.29 percent on the  
25 year. Fixed income is 5.76. Global equity

1 follows at 1.22. Real estate is off 118 basis  
2 points, and strategic investments are off 79  
3 basis points.

4 So that's interesting, because here you are  
5 in a world where interest rates have basically  
6 been the floor, and everybody has been basically  
7 fearing fixed income as an asset class that's not  
8 producing any meaningful current yield. And  
9 given where pricing has been, the idea has been,  
10 really, can there be an upside here. But lo and  
11 behold, here we are. So that's one indication of  
12 a potentially tough market going forward.

13 If we look at a few other things, I think  
14 it's worthy of note that equity prices -- and I'm  
15 going to talk U.S. for a minute. U.S. equity  
16 multiples are at the highest levels they've been  
17 since the dot-com crisis. The S&P is now, I  
18 think, at about 21X on forward earnings. I think  
19 the record on that was 24X set in 1999. So  
20 you're getting into nose-bleed territory for  
21 sure.

22 The other thing that's really interesting  
23 about U.S. equities is extraordinary  
24 concentration. You've got the five FANG stocks  
25 dominating to a degree that is in the same

1 ballpark as what we saw back in the dot-com  
2 bubble. And I'm just looking at a couple of  
3 notes I put together on this to see if there's  
4 anything specific that jumps out on that.

5 But the fact of the matter is, as we've been  
6 saying in the past several meetings, nothing  
7 around the world looks conspicuously cheap. I  
8 think U.S. valuations have some earnings  
9 challenges that they need to answer on a  
10 going-forward basis.

11 And we have a few other complications in the  
12 wind that would include, in no particular order,  
13 in addition to valuation and tremendous  
14 concentration and very, very narrow breadth in  
15 the U.S. market, you have the matter of the  
16 pandemic and the overhang for that and the way  
17 that has changed various businesses, virtually  
18 shut down others, and how long that's going to go  
19 on and whether or not there's another round of  
20 fiscal stimulus to help offset the negative of  
21 the pandemic on consumption, sales, operating  
22 costs and, by extension, bottom line of private  
23 companies.

24 In addition to that, we have a lot of  
25 uncertainty around the U.S. election in the near

1 future. And as if that's not enough, there's a  
2 lot of growing global tension, primarily between  
3 the U.S. and China. So there are variables,  
4 risks and uncertainties from here to eternity.  
5 And as we move toward October, I can't help but  
6 wonder whether we have tricks or treats in our  
7 future. Hard to stay.

8 One other thing that's worthy of note. If  
9 you look at the experience that we've had with  
10 the pandemic, we've talked before about the speed  
11 and depth of the move down and the reverse move  
12 back up. What's interesting to note is, if you  
13 look at the central bank activity and the fiscal  
14 stimulus that's been done in connection with the  
15 pandemic and you compare that to what we saw with  
16 the great financial crisis, you see 5X the  
17 aggregate stimulus that was done in the crisis  
18 done in one-fifth of the time, 5X the stimulus,  
19 one-fifth the time. And if anybody has any  
20 questions about why the V in the recovery was as  
21 strong as it was in the markets, I think that  
22 might answer it, at least in part.

23 One other thing I would offer. Just looking  
24 at some high frequency data in prep for today,  
25 the rebound in the broad economy may be better

1 than a lot of people think. And I think Florida  
2 has tried to show some leadership in terms of how  
3 our state has reopened its economy, while being  
4 mindful of things like contagion numbers,  
5 positivity of test results, health care capacity,  
6 access, et cetera. So.

7 I think Florida has been maybe a little  
8 forward of a lot of the country in terms of  
9 reopening various things. But the governor is  
10 very dialed in to day-to-day data and I think is  
11 making a real effort to calibrate his actions in  
12 a way that they're rational and not driven by  
13 some sort of just broad beliefs absent facts.

14 But bottom line is, it would appear that the  
15 economy has probably recovered on the order of 70  
16 to 80 percent from where it was. And what I'm  
17 hearing from people whose views I would have some  
18 willingness to believe are that we'll probably  
19 see unemployment continuing to come down and, by  
20 year end '21, be back in the kind of five-ish  
21 ballpark, five, five and a half, in that realm,  
22 which is way better. I mean, if you think about  
23 where we were just a few months ago, there's a  
24 lot of improvement that's gradually happened.

25 One of the other interesting things that I

1 think reflects well on America's fundamental free  
2 market nature and entrepreneurial nature is if  
3 you look at IRS filings for new businesses,  
4 filings for new businesses are hitting all-time  
5 highs right now. A lot of that is in health  
6 care. A lot of it is in service delivery, remote  
7 payments, that kind of thing.

8 But it just illustrates that any time you  
9 have changes, free economies can adapt and they  
10 will adapt. And enterprising people will figure  
11 out ways to prosper in a new environment. They  
12 will adjust, improvise and advance. And that's  
13 what capitalism and free enterprise is all about.

14 So having talked about what the broad  
15 environment is, we put a lot of time internally  
16 on the investment team into all of these areas,  
17 with two fundamental themes. Our job is to  
18 compound capital over time, which means doing two  
19 things. It means protecting capital when capital  
20 is at risk, and it means finding ways to grow  
21 capital when we're willing to go forward and put  
22 capital at risk.

23 So if I may, Mr. Chair, I'd like to ask  
24 Alison to give you a little high-level walk  
25 through the various asset classes to set the

1 stage for what you're going to hear when we do  
2 the walk through and the senior investment  
3 officers later in the meeting. And the senior  
4 investment officers will, for each of their  
5 respective asset classes, really fill in the  
6 outline that Alison will provide. So, Mr.  
7 Chairman, is that okay with you?

8 MR. OLMSTEAD: Perfect.

9 MR. WILLIAMS: Thank you. Alison, fire  
10 away, unless anyone has any questions for me.  
11 Let me stop and see if anybody has questions for  
12 me.

13 MR. WENDT: Gary Wendt has a question. Were  
14 you referring to Attachments 2A through 2E when  
15 you were speaking?

16 MR. WILLIAMS: No. I was referring to my  
17 own notes.

18 MR. WENDT: Okay, because we have opening  
19 remarks, Ash Williams, see attachments 2A to 2E.  
20 I don't know where to find those.

21 MR. WILLIAMS: Well, okay. I can explain  
22 what those are. There's a tab in the book, and  
23 on the electronic outline that we sent out, I  
24 believe that's tabbed as well. And Tab 2, what  
25 2A through 2E are are all the standing reports.

1 So that's the audit committee, the inspector  
2 general, general counsel, et cetera, all those  
3 sorts of things. And the quick takeaway from  
4 those is that the control environment is  
5 completely sound and we don't have any audit  
6 exceptions pending or any compliance issues  
7 pending.

8 MR. WENDT: Ash, excuse me. I wasn't trying  
9 to jump ahead. I just didn't know that -- I  
10 thought you were speaking to some other items,  
11 some other charts called 2A through 2E. But if  
12 2A through 2E is the audit stuff, we certainly  
13 don't need to get into that now.

14 MR. WILLIAMS: No. You're right. And,  
15 Gary, I wasn't trying to dredge it up. I should  
16 have mentioned it, and I didn't, given that  
17 reference, so thank you for reminding me. Other  
18 questions?

19 MR. WENDT: We're looking forward to  
20 listening to Alison.

21 MR. WILLIAMS: Thank you. Alison, take it  
22 away.

23 MS. ROMANO: Good afternoon. Can everybody  
24 hear me okay? Some nods? Okay. So as Ash  
25 mentioned, I'll spend a few minutes today talking

1 about what the asset classes have done to  
2 navigate this environment, which both has  
3 certainly opportunities but ongoing risks. And  
4 as segments of the equity markets have rebounded,  
5 we remain focused on returns but vigilant in  
6 evaluating risk going forward.

7 Now, if you'll bear with me, I'd like to use  
8 a bit of a sports analogy, and maybe not a  
9 football one today because that might be painful  
10 for some individuals. But really what we  
11 continue to do is we continue to play both  
12 offense and defense. So offense is finding  
13 opportunities in today's dislocated markets and  
14 taking some gains where we have them but playing  
15 defense in managing risk and diversifying our  
16 exposures.

17 So let me start with fixed income, which is  
18 really a key component to our defense. It  
19 continues, as Katy has said many times, to be our  
20 sleep at night, defensive asset class. Solid  
21 portfolio construction allowed us to navigate the  
22 turbulent times in March and April. We've had no  
23 defaults and distress to date, but we've had some  
24 downgrades. And our liquidity portfolio has  
25 served us well during those periods, and in fact

1 we've increased a little bit of our exposure to  
2 our fixed income liquidity portfolio to continue  
3 to provide us some flexibility.

4       So just because fixed income is our  
5 defensive asset class, it doesn't mean that we've  
6 stopped looking for return opportunities. Now,  
7 it was one of our strongest performing asset  
8 classes year to date, sorry, fiscal year to date,  
9 which is somewhat unusual. We don't expect that  
10 to continue, given the interest rate environment.

11       But fixed income is looking for  
12 opportunities for returns in some uncorrelated or  
13 less correlated areas, perhaps global, and  
14 continues to utilize our core-plus managers and  
15 barbell short credit and longer duration.

16       So now let's move on to global equity, which  
17 as you all know is a return-seeking asset class.  
18 That asset class likewise continues to play  
19 defense in some measures. We've taken profits  
20 from some of our strongest performing managers,  
21 who while they are leading growth managers and  
22 have had good stock selection, have also  
23 benefited from very strong growth tailwinds in  
24 this environment.

25       Now, just because global equity is ahead, it

1 is measured by the benchmark relative  
2 performance, it does not mean that we will  
3 continue to look for goals, touchdowns, whatever  
4 sport you choose, depending on -- we will  
5 continue to look for those opportunities.

6       So we've benefited from the stock selection  
7 with our growth managers, but we continue to have  
8 exposure to our value managers. We also are very  
9 active in looking for new managers that balance  
10 out our construction so that we will be able to  
11 perform in multiple environments, including when  
12 there may be a shift between growth and value.  
13 Meghan, Dustin and Tim will talk in a lot more  
14 detail about global equity.

15       So moving to strategic investments. And if  
16 you'll indulge me here, I will give one specific  
17 sports analogy, soccer. In some respects, I view  
18 strategic as our midfield. They play defense and  
19 they play offense. So they defend returns during  
20 challenging market periods, like we've seen, but  
21 they will continue to push the ball forward and  
22 generate returns when those opportunities exist.

23       And that is precisely what our strategic  
24 group is doing today. They are putting money to  
25 work, 2.5 billion in commitments to performing

1 credit and distressed. They have another  
2 1.3 billion in the pipeline of potential  
3 commitments in this space. So all in all,  
4 potentially 3 billion exposure to an area that,  
5 when there is market choppiness, as we expect  
6 there will be, or dislocation, they will be able  
7 to put that money to work over the next 12 to 18  
8 months and take advantage.

9 Now, moving to private equity -- and this is  
10 definitely an asset class that requires a  
11 long-term playbook. We can see that that  
12 playbook has really paid off for our private  
13 equity group. The changes that they implemented  
14 starting five, over five years ago to reposition  
15 the portfolio to high quality, small,  
16 sector-focused PE firms with strong reputations  
17 has put us in a position today that we navigated  
18 these this tough market. Diversified through  
19 sector, manager, stage, et cetera.

20 So going forward, we continue to be on the  
21 offense as well. So PE is positioned to take  
22 advantage of increased volatility. Over the past  
23 year, they've focused on two areas, distressed  
24 for control and secondary portfolios. Both are  
25 strategies that have historically done well

1 during recessions or coming out of recessions and  
2 in periods of increased volatility. So today for  
3 your PE asset class, over one-third of our dry  
4 powder is in this space. PE is also looking at  
5 co-investments. They enable us to take advantage  
6 of market stress in a very cost-effective manner  
7 and do so relatively quickly.

8 Finally, turning to our real estate asset  
9 class, like private equity, they need a long-term  
10 playbook. They continue to, if you will, play  
11 defense and focus on the risks that are inherent  
12 in this unusual time of the COVID pandemic. They  
13 are regularly in dialogue with partners and  
14 managers trying to understand and evaluate the  
15 risks associated with managing collections,  
16 maintaining occupancy, ensuring safety protocols,  
17 et cetera.

18 And they're also adapting to this day and  
19 age where we can't travel. So determining how to  
20 best conduct diligence, particularly in an asset  
21 class where on-site visits are important. So  
22 they use technology and other methods to address  
23 those risks as well.

24 But like our other asset classes, they are  
25 not playing defense, just defense. They are also

1 playing offense. They are looking to identify  
2 trends in this marketplace, many of which have  
3 been accelerated through the COVID pandemic, to  
4 find new areas of real estate to invest or  
5 enhance our investments to.

6 They continue to find opportunities,  
7 particularly with blind pooled funds that have  
8 enabled us to invest opportunistically a little  
9 bit more rapidly, if you will, than principal  
10 investments, and have looked to public real  
11 estate as well through REIT portfolios to  
12 identify opportunities.

13 So, again, thinking across these asset  
14 classes, we continue to be focused on managing  
15 that risk and identifying specific opportunities  
16 in this marketplace that we can take advantage  
17 of. We don't know precisely when the pandemic  
18 will end or how this will play out, but we're  
19 taking advantage of managing risk and looking to  
20 long-term returns to generate a return target.

21 Each of the SIOs, when they go through the  
22 materials, will go into more detail on each of  
23 those points, but that is the broad overview.  
24 Does anybody have any questions?

25 MR. OLMSTEAD: Great. Thank you.

1 MR. WENDT: Gary Wendt again.

2 MR. OLMSTEAD: Gary, go ahead.

3 MR. WENDT: That was a very good  
4 presentation on the offense and defense, but you  
5 didn't mention special teams.

6 MS. ROMANO: That's all the support around  
7 the SBA.

8 MR. OLMSTEAD: All right. I see the theme  
9 today obviously is going to be sports analogies,  
10 so let's hope in our next session here, the  
11 asset-liability review, we can get some similar  
12 analogies. But thank you, both Ash and Alison,  
13 for that good overview.

14 So on asset-liability, we'll turn it over to  
15 Phil and Kristen in just a moment. I do remember  
16 last year, for those who were on the committee --  
17 we have a few newer folks -- but we had a pretty  
18 robust conversation. I imagine we will end up  
19 with a robust conversation on this section again  
20 today.

21 In fact, last year I know that our chairman  
22 last year, Mr. Bobby Jones, he wrote a letter to  
23 the trustees of the Florida State Board of  
24 Administration with some guidance and input from  
25 us. So I look forward to some of that



1 conversation. We'll turn it over to the folks  
2 from Aon.

3 MR. KIVARKIS: Well, thank you for that.  
4 Hi, everyone. This is Phil Kivarkis. I'm joined  
5 by Kristen Doyle, who apparently is having some  
6 technical difficulties unmuting. Kristen, feel  
7 free to interject if you're able. But we'll dive  
8 into the asset-liability review. As you just  
9 mentioned, this is an annual exercise. And so  
10 for those that have seen these results before,  
11 you'll notice similarities year over year as we  
12 look at this year's results as compared to last  
13 year.

14 They look very similar. Slight differences,  
15 which I'll point out as we walk through the  
16 materials. For example, the trajectory of growth  
17 in the assets relative to the liabilities, very  
18 similar to last year but slightly below the  
19 trajectory of growth last year. Well, one of the  
20 reasons is the starting point for funded ratio is  
21 ever so slightly lower, 86 percent versus  
22 85 percent, for example. So year over year,  
23 changes will impact the trajectories of future  
24 growth. But by and large, very similar pictures,  
25 very familiar pictures to what we've seen before.

1 Now, the purpose of these exercises is to  
2 examine the nature of the assets relative to the  
3 liabilities and to make informed decisions as to  
4 how the assets should be invested for long-term.  
5 Now, generally speaking, these are long-term  
6 propositions. Pension funds are multi-decade  
7 obligations and with time horizons that are  
8 multi-decade in nature. They tend to have a  
9 long-term view, which tends to point towards the  
10 riskier end of the investment spectrum, if you  
11 will. So those are some of the initial thoughts  
12 before we dive in.

13 Kristen, anything you wanted to add before I  
14 dive into the presentation?

15 MS. DOYLE: Yes. Can you hear me?

16 MR. KIVARKIS: We can.

17 MS. DOYLE: Okay. Good. Sorry about that.  
18 So, yes, thanks, everyone. Great to be with you  
19 this afternoon. Phil did a good job on the  
20 intro. I was going to make a couple of comments.  
21 One is, there are a few new IAC members. So just  
22 for purposes of introducing Phil, who many of  
23 you, I know, have seen before, but he leads our  
24 investment policy services team at Aon  
25 Investments, and that team really owns these

1 asset-liability studies across our client base.

2 And Phil is going to elaborate more on this,  
3 but I did just want to kind of set the stage for  
4 the asset-liability study. We do it annually for  
5 the SBA. And I just want everyone to remember or  
6 recall that the main purpose of this study is to  
7 determine that optimal mix between what we refer  
8 to as return-seeking assets and risk-reducing  
9 assets. And the risk-reducing asset in the SBA's  
10 portfolio is the fixed income asset class, and  
11 then all of the other asset classes fall under  
12 return-seeking.

13 So, again, just to set the stage, we believe  
14 that looking at assets in light of the SBA's  
15 liabilities is a really critical component to  
16 setting the long-term investment policy and asset  
17 allocation for the pension plan. And obviously  
18 that's one of the main responsibilities of the  
19 IAC and of the board. So with that, sorry about  
20 my technical difficulties. Phil, I'll kick it  
21 back over to you.

22 MR. KIVARKIS: All right. Thank you. I'll  
23 walk through the contents. We've previewed this  
24 analysis with staff, and so we reviewed the  
25 results with staff. Staff had some requests for

1 follow-up, which we intend to follow up with in  
2 the coming days. So I'll point those things as  
3 we go through the material.

4 I'll start with the executive summary, just  
5 a very high level of what we found and why we  
6 found it. And then I'll dive into the analysis.  
7 So we'll start with the executive summary, but  
8 then we'll move into the various stages of  
9 analysis, things like the analysis of the  
10 portfolio and the analysis in terms of  
11 asset-liability projection results, liquidity  
12 analysis, et cetera. And then we'll end where we  
13 started.

14 Now, just to set the stage, Ash summarized  
15 it well. These are challenging times for pension  
16 funds. We recognize most pension funds are  
17 underfunded these days. Public pension funds,  
18 the average funded ratio is something on the  
19 order of 70 percent or so. Eighty-five percent  
20 is your funded ratio. That's the top quartile.  
21 It's a fantastic result.

22 But we recognize underfunded plans, which  
23 will require contributions to fill those  
24 shortfalls, those contributions aren't certain.  
25 We recognize that governmental revenue sources

1 are strained these days, and as a result, it's a  
2 challenging time today in going forward. And  
3 it's a challenging time with uncertainty, as Ash  
4 articulated; election year, you know, COVID, the  
5 potential for a second wave and things like that.  
6 It's an certain time. And so all those things  
7 implicate what happens to the pension fund today  
8 and going forward.

9 Now, one of the things that we can do to  
10 manage or mitigate some of the uncertainty is the  
11 construct of the portfolio. And so we'll examine  
12 different ways to structure the portfolio to  
13 potentially smooth out the pattern of risky asset  
14 performance along the way.

15 Now, in this study you'll see an evaluation  
16 of the financial implications of a variety of  
17 different potential strategies, that being  
18 strategies from across the risk spectrum, from  
19 low risk to high risk and everything in between.  
20 But you can examine those trend lines that I  
21 mentioned and examine what the funded ratio might  
22 look like with strategy A versus strategy B  
23 versus strategy C, and not just in the expected  
24 case but in the expected case as well as  
25 optimistic investment cases.

1 Next slide. So the 30-year look, as I  
2 mentioned, it's a 30-year analysis. It's a  
3 long-term proposition. The study is long-term in  
4 nature, and so we'll study risk and reward within  
5 that context.

6 Next slide, please. All right. So here's  
7 the very high-level summary. Now, I'll  
8 articulate the three key phases of analysis; the  
9 investment analysis, the asset-liability  
10 projection analysis and liquidity analysis.

11 Now, for starters, with the investment  
12 analysis, we've analyzed the existing portfolio.  
13 We generally like the construct of the existing  
14 portfolio. It's well-diversified, 81 percent  
15 allocated to what we call return-seeking assets,  
16 that being risky assets, things like stocks, with  
17 an eye towards growth. And as we mentioned  
18 earlier, these public pension funds, being  
19 long-term propositions, tend to be focused on the  
20 riskier end of spectrum, of the risk spectrum.

21 Equity risk premium is 5.15 percent. That's  
22 the assumption that's used in the 2020 study.  
23 Last year that equity risk premium assumption was  
24 3.88 percent. So there's a fairly large increase  
25 in the equity risk premium. I'll talk about how

1 we developed that assumption and why it increased  
2 from year to year as we work through the  
3 analysis. But that is an interesting tidbit.  
4 And then finally, the asset returns for the  
5 existing portfolio, expected 6.46 percent  
6 long-term asset return, not expected to keep pace  
7 with the actuarial assumed rate of return,  
8 7.2 percent. Well, that's important as well, and  
9 so that will have implications in the projected  
10 results, as we'll examine.

11 So those are the three key tidbits when it  
12 comes to the investments analysis. Now, when we  
13 looked at the asset-liability projection  
14 analysis, these are long-term analytics. And  
15 what we found was that the longer the time  
16 horizon, the more incentivized you are and public  
17 pension plans in general are in taking risk. So  
18 these being long-term time horizons, generally  
19 speaking riskier asset allocations tend to model  
20 more favorably.

21 Now, there is going to be the balance of  
22 your long-term desire for growth with your  
23 short-term concern about downside risk. And so  
24 weighing those, both the long-term and the  
25 shorter-term concern, will be important as you

1 examine where on the spectrum you might want to  
2 be.

3 Finally, as it relates to the liquidity  
4 analysis, you know, oftentimes when we examine  
5 portfolio builds, there is a quantitative method  
6 to diversification. And when we examine  
7 diversification, it's oftentimes diversifying  
8 into other risky asset sources, things other than  
9 stocks, for example, real estate, private equity,  
10 et cetera, that tends to diversify risky asset  
11 sources, tends to smooth out the pattern of  
12 performance over time and have a more favorable  
13 risk-reward characteristic.

14 Well, the issue with diversification, which  
15 tends to be quantitatively a free lunch, is that  
16 diversification tends to move into less and less  
17 liquid sources of investment. So, for example,  
18 real estate is less liquid than public equities.  
19 And so as a result, it's very important to  
20 examine whether the plan can withstand the  
21 additional illiquidity you might have if you were  
22 to push further into diversifying assets. We  
23 studied that as well.

24 The good news is we found you have plenty of  
25 room, you have plenty of liquidity built into the

1 plan. We stress tested it quite a bit. And  
2 we'll show you the results of that stress test.  
3 And it was an important finding, because if  
4 there's room for additional illiquidity premium  
5 capture, you might benefit from contemplating  
6 additional diversification in the fund. So we'll  
7 examine that.

8 All right. So that's it at a very high  
9 level. If I may, Mr. Chair, ask if there are any  
10 questions right off the top before I dive into  
11 the analysis that supports each of these three  
12 key facets of the analysis.

13 MR. OLMSTEAD: I'm sure there will be some  
14 questions soon, but why don't we go through that  
15 piece of it, and then we'll come back and open up  
16 with some dialogue, especially around the asset  
17 return expectations.

18 MR. KIVARKIS: By all means. Thank you. So  
19 let's continue forward then. Next slide, please.  
20 Okay. So we'll start at the starting point for  
21 the analysis. Now, here's a history of the  
22 assets versus the liabilities. The green line  
23 represents the assets over the last 20 years.  
24 The blue line represents the liabilities.

25 And you'll see there is steady growth in the

1 liabilities over the last 20 years. The green  
2 line represents the asset growth. And there was  
3 a crossover point that occurred in fiscal '09.  
4 Well, that was the global financial crisis. You  
5 can see the asset return bar was negative for  
6 your plan, as it was for all of my clients.

7 So what occurred there was assets moved  
8 south. Liabilities continued north. Liabilities  
9 were unresponsive to market movements. And so  
10 there was a shortfall that opened up post global  
11 financial crisis. Subsequent to that, there were  
12 a few years of funding that were strained because  
13 the revenue sources were strained post global  
14 financial crisis. Fairly common, and as a  
15 result, the trajectory of the assets was slowed  
16 relative to the liabilities.

17 Now, you'll notice that that's picked up in  
18 recent years, but you'll notice that that  
19 crossover started in '09, widened ever so  
20 slightly. Now those lines are going to be  
21 trending largely together. More on that in just  
22 a moment.

23 Next slide, please. All right. So here's  
24 the starting point. This was as of July 1 of  
25 2019. This was the latest and greatest actuarial

1 valuation report, which was used for the starting  
2 point of this analysis. You can see the upper  
3 left-hand corner shows the asset-liability  
4 snapshot at the starting point, 163.6 billion of  
5 assets, 191.3 billion of actuarial liability,  
6 85.5 percent funded on that basis.

7 Now, as we examine the bottom left-hand  
8 corner, you can see the liability growth rate,  
9 8.56 percent. And that's the sum of 7.2 percent  
10 of discount cost, which is the interest rate used  
11 by the actuary, and another 1.36 percent of  
12 normal cost, that being about \$2.6 billion of new  
13 benefit accrual that accrue to your people for  
14 one additional year of service, et cetera.  
15 \$16.4 billion is the liability's growth rate  
16 every year.

17 That's 8.56 percent of 191 billion of  
18 liability. But because the assets are funded 85  
19 cents on the dollar, if you will, as a rate  
20 relative to the assets, we call that the asset  
21 hurdle rate, is about 10 percent. That's  
22 important because the assets need to grow  
23 10 percent to keep pace with your liabilities  
24 growth over the course of time.

25 We studied as a snapshot what the asset

1 growth rate is today or expected to be today and  
2 going forward, and we find that it's just shy of  
3 9 percent, 8.84 percent. That's the summation of  
4 6.46 percent of expected investment returns and  
5 another 2.38 percent due to contributions coming  
6 in, just around \$4 billion over the year, 3.9 to  
7 be exact.

8 So 6.46 plus 2.38 is 8.84 percent asset  
9 growth. So if your hurdle rate is 10 percent but  
10 your asset growth rate is expected to be  
11 9 percent, in that first year projection, if your  
12 liabilities -- your liabilities will be outpacing  
13 your assets, which means we would expect that  
14 funded ratio to decline in year one of the  
15 projection period by about a percent. That's  
16 that hurdle rate shortfall of 1.17 percent, which  
17 will indicate that the funded ratio or trajectory  
18 will point south, for starters.

19 Now, the good news is this. Over the course  
20 of the projections, what we'll find is we expect  
21 those contributions to more than double over the  
22 course of time, from 4 billion or thereabouts  
23 today to something close to 10 billion over the  
24 next 20 years. And so what will happen is the --  
25 if the liabilities hurdle rate is something on

1 the order of 10 percent, the expected asset  
2 growth might be something closer to 11. So where  
3 you have a hurdle rate shortfall of about  
4 1 percent today, you should have a hurdle rate  
5 surplus of around 1 percent over the next 20  
6 years.

7 And so what you'll see in the trajectory of  
8 funded ratio, in the expected case anyway, you'll  
9 see largely sideways movement, but it will  
10 actually be a bit of a flat U, where the results  
11 tick lower for the first -- call it the first  
12 half of the projection, before they tick higher.  
13 And that's as a result of the contributions,  
14 which slowly but surely are going to be doubling  
15 over the course of the next two decades.

16 I'll cover that in more detail as we go.  
17 The last thing I'll cover is the target asset  
18 allocation, 81 percent of what we call  
19 return-seeking assets, 19 percent risk-reducing  
20 assets. That's what we show on the bottom  
21 right-hand corner of the page. You can see the  
22 81 percent is made up to 53 percent global  
23 equity, 6 percent to private equity, 10 percent  
24 to real estate, 12 percent to the strategic  
25 allocation, the other 19 percent being in

1 generally investment grade fixed income.

2 All right. Next slide, please. Okay. This  
3 page just covers that the hurdle rate is related  
4 to the funded ratio. As the funded ratio  
5 increases, the hurdle rate declines. And so you  
6 would expect that, as your funded ratio moves, so  
7 to will the hurdle.

8 By and large, your funded ratio is expected  
9 to move largely sideways. So we would expect  
10 that that hurdle rate would be a fairly  
11 consistent 10 percent. It will ebb and flow over  
12 the course of the projection period in the  
13 expected case, but by and large around  
14 10 percent. But as that funded ratio moves north  
15 of 85 percent, you would expect that that hurdle  
16 rate would decline. Next slide, please.

17 MR. COLLINS: Mr. Chairman, could I ask a  
18 question?

19 MR. OLMSTEAD: Please.

20 MR. COLLINS: Phil, Peter Collins. Does the  
21 hurdle rate include what the legislature is  
22 putting in, or is it just the investment return?

23 MR. KIVARKIS: It's both. It's the  
24 contributions and the investment performance.  
25 It's the summation of contributions and

1 investment returns.

2 MR. COLLINS: Okay. And so the -- you would  
3 say that the hurdle rate less the contributions  
4 is what our performance bogey is.

5 MR. KIVARKIS: Yes, thereabouts,  
6 thereabouts, yes.

7 MR. COLLINS: Okay.

8 MR. KIVARKIS: And that would be the bogey  
9 needed to tread water effectively, right? That  
10 would be the bogey needed for the assets to keep  
11 pace with the liabilities.

12 MR. COLLINS: Right.

13 MR. OLMSTEAD: But it won't close the gap.  
14 It will just keep us liquid enough to keep up  
15 with our liabilities, correct?

16 MR. KIVARKIS: Exactly. That's exactly  
17 right. And we call it the hurdle because you  
18 would need to have that or more in order to start  
19 closing the gap, exactly right.

20 MR. WILLIAMS: And this is important  
21 table-setting, obviously.

22 MR. COLLINS: What's that?

23 MR. WILLIAMS: I said this is important  
24 table-setting for the exercise that we're about  
25 to go through on the 8th of October, which the

1 IAC was very helpful with last year, where we  
2 discuss what the inputs to the actuarial  
3 valuation of the plan should be for the fiscal  
4 year ended June 30, 2020, as the legislature sets  
5 contribution rates on a going-forward basis.

6 And there are a number of variables in here,  
7 but clearly what you're seeing is there are  
8 meaningful headwinds in terms of what we've got  
9 to bring in to cover the nut of our liabilities  
10 net of our outflows. And every element of this,  
11 including the return assumption, the inflation  
12 assumption, et cetera, matters. So just wanted  
13 to say --

14 MR. COLLINS: Last year, Ash, we reduced the  
15 return assumption, right? The legislature -- we  
16 were effective in getting them to reduce the  
17 return assumption.

18 MR. WILLIAMS: Yes. Last year, you'll  
19 recall the IAC engaged on this subject very  
20 thoroughly and very enthusiastically and sent a  
21 letter to the trustees. That registered, and  
22 during the actuarial estimating conference  
23 last -- this time last year, the governor's  
24 office advocated pretty vigorously to lower their  
25 return assumption.



1 It was lowered by 20 basis points, which may  
2 sound like a modest lowering, given that we were  
3 100 basis points above what we thought it should  
4 be, but it was twice as much as had been done in  
5 the prior number of years. So it was progress in  
6 the right direction. The letter did make a  
7 difference, and the governor totally showed  
8 leadership on it.

9 Keep in mind this isn't within his  
10 discretion. He's one of three votes basically,  
11 and the other two are the speaker and the  
12 president, of the House and Senate respectively.  
13 So it's an important process. And, you know,  
14 funding of public pension funds is the number one  
15 thing that goes wrong that leads to problem  
16 funds. It's not commonly investment mishaps,  
17 although those can happen, and it's not commonly  
18 platinum-plated benefits either. It's usually  
19 funding.

20 And if you look at the states that have the  
21 most extreme pension crises in terms of unfunded  
22 liability and unsustainable funds, places like  
23 Kentucky, New Jersey, Illinois, what they all  
24 share in common is going for years and years  
25 without making any contributions or with making

1 hardly any contributions.

2 MS. CANIDA: Ash, this is Tere. Phil, can  
3 you walk me through the growth in the  
4 contributions from 4 to 10 billion, the  
5 assumptions in that?

6 MR. WILLIAMS: I think if we let Phil and  
7 Kristen proceed with their presentation --

8 MS. CANIDA: Okay.

9 MR. WILLIAMS: -- that will come out and  
10 come out in the right context.

11 MS. CANIDA: Okay. Thank you.

12 MR. KIVARKIS: Yes, absolutely. And I fully  
13 intend to share that projection analysis with  
14 you, if I may defer on that question for just a  
15 few moments.

16 All right. So why don't we move forward  
17 then to the assumption developments. I mentioned  
18 the assumptions changed year over year. The SBA  
19 approach to assumption developments is one that  
20 takes the average of several investment advisers.  
21 Three investment advisers were averaged for this  
22 year's study. That was Aon Investments, us, as  
23 well as Mercer and Wilshire's capital market  
24 assumptions.

25 Callan had been previously included in this

1 averaging process, where there used to be four  
2 constituents, but was removed starting last year  
3 because their assumptions were stale relative to  
4 the as of date of the other three constituents.  
5 And so because their assumptions were stale at  
6 the time of the study, they weren't used because  
7 this was apples and oranges. So we excluded  
8 Callan. The other three remain. And so I'll  
9 show you what that averaging process looks like  
10 and where that takes us.

11 Just to set the stage, we use a building  
12 block approach in the development of the  
13 assumptions. So we'll start with things like  
14 inflation and interest rates, and we'll build up  
15 from there other risk asset returns, things like  
16 equities, et cetera. And so that's how we'll  
17 build the market expectations for various asset  
18 classes and thus the expectations for growth on  
19 your portfolio.

20 Next slide, please. All right. So here is  
21 the display. You can see the four constituents  
22 across the top and the average, of course Callan  
23 being excluded this time. So you'll see Aon,  
24 Mercer and Wilshire's capital market assumptions,  
25 the as of date June and July for all three of us.

1 And what we've done here is examine the equity  
2 return assumption, the bond return assumption and  
3 the equity risk premium, which is the return for  
4 equities over and above bonds.

5 And so, for example, just reading the  
6 information in the first column, that is, the Aon  
7 assumptions, 7.1 percent assumed rate of return  
8 for equity, 1.6 percent assumed rate of return  
9 for bonds, means a 5.5 percent global equity risk  
10 premium assumption built into our assumptions.

11 Now, you'll see Mercer's assumptions and  
12 Wilshire's assumptions there as well. Equity  
13 risk premium for Mercer, 4.77, Wilshire, 5.20.

14 You take the average of those three equity  
15 risk premiums, and you get 5.15 percent. And  
16 that was the assumption that was used in this  
17 study. So these aren't just Aon assumptions.  
18 Rather, there's an averaging process. The intent  
19 of that averaging process is to remove biases of  
20 any one individual firm.

21 Now, you can see how that equity risk  
22 premium for the 2020 study compares to the 2019  
23 study, 5.15 percent this year, 3.88 percent last  
24 year, so a large change. 1.27 percent was the  
25 change from 2020 versus 2019. If you'll notice,

1 if you look at prior years, at your equity risk  
2 premium, it tended to be in the high threes. So  
3 last year was the norm. It's this year that  
4 tends to be the anomaly.

5 And the next slide will shed some light on  
6 what's happening this year. Next slide, please.  
7 So here you can see, you know, it's interesting,  
8 the trend line for equities is pointing lower.  
9 And generally speaking, it was -- you know, if  
10 you look at four or five years ago, low sevens,  
11 and that trended towards high sixes for equity  
12 growth assumptions.

13 What's interesting is what's happened to  
14 bond return expectations, 3.28 percent in 2016.  
15 And you can see what's happened. That's trended  
16 right around 3 percent for the last several  
17 years. It fell off a cliff for the 2020 study.  
18 And what happened there, well, interest rates  
19 dropped off a cliff. And that was post-COVID.

20 And so if your as of date is June, July, the  
21 interest rate environment in June, July was very  
22 low. And interest rates are the number one  
23 factor in the determination of bond return  
24 expectations going forward. So if those bonds  
25 are offering lower yields, then the expected

1 return on those bonds is presumably lower.

2 So what you're seeing is this increase from  
3 3.88 percent to 5.15 percent isn't the result of  
4 higher equity return expectations but rather of  
5 lower bond return expectations. So there is an  
6 interesting anomaly there.

7 MR. GOETZ: Phil, this is John Goetz. Could  
8 I just ask you a question about the equity part?  
9 I think that the expectation drop from bonds is  
10 understandable, right? The interest rates have  
11 dropped over a percent, and so we're stuck at  
12 that lower expectation level.

13 For equities, could I ask a question about  
14 the methodology there? As Ash noted earlier,  
15 there's this massive concentration in the equity  
16 market today, particularly in market cap. And if  
17 you looked at a doubling of a stock, I would say  
18 up to the last 12 months, you would expect the  
19 expected return to drop more. Right?

20 But I'm just wondering, you know, it only  
21 dropped slightly, to 6.68 from 6.80 last year.  
22 Do you go into the equity market to build it up  
23 by region or by growth versus value, et cetera,  
24 or is this just a really high level of global  
25 equity projection?

1 MR. KIVARKIS: So two perspectives on that.  
2 First is, what you're looking at here is the  
3 averaging of three different constituents. And  
4 so I can speak to the Aon methodology, but recall  
5 that we're averaging with Wilshire and Mercer,  
6 and I can't speak to their methodologies, but I  
7 suspect they're similar to ours.

8 If you look at how Aon builds these  
9 assumptions, it is region -- you know, built up  
10 from the regions. We use consensus earnings  
11 expectations and a dividend discount model and  
12 solve for implied equity market returns.  
13 Effectively it becomes algebra.

14 If you were to look at the  
15 quarter-by-quarter progressions -- and here we're  
16 looking at annuals, annual progressions, but if  
17 you were to look at the quarter by quarter, you  
18 would see exactly I think as you're suspecting,  
19 which is at 3/31, our assumption for equity  
20 growth was higher than it was at 12/31 of '19.

21 And the reason for that is because equity  
22 prices had declined, and therefore there was more  
23 growth built in, all else equal. And of course  
24 there were earnings consensus changes as well.  
25 But by and large, our equity return assumption

1 was higher at 3/31 than it was at 6/30, and it  
2 was also higher than it was at 12/31. So that's  
3 a result of our model being responsive to  
4 (inaudible). And I suspect, although I don't  
5 know how the sausage is made at Mercer and  
6 Wilshire, I suspect it's similar there.

7 MR. COLLINS: May I ask one more question  
8 about that, Mr. Chairman? To keep -- is this a  
9 rolling number for -- it just seems like that's a  
10 pretty drastic change for one year. And if we go  
11 to the legislature and say, Hey, the return is  
12 down 100 something -- the return assumption is  
13 down 100 and something basis points, it just  
14 seems like it lends itself to being a little bit  
15 more volatile than maybe it should over the long  
16 period. I'm just wondering if you're rolling  
17 that, or is that just a number every year and  
18 that's how you do it.

19 MR. KIVARKIS: So our number didn't -- the  
20 number didn't change, it didn't drop 100 points  
21 year over year. Looking at the assumed market  
22 return of 6.46 percent, that number is a little  
23 bit lower than it was last year but not a lot  
24 lower than it was last year. So that -- I think  
25 that might be part of your question.

1 And then in terms of the -- you know, how  
2 that assumption is developed, it is developed,  
3 you know, using a blend of where markets are  
4 today and how we project the markets to move  
5 forward from today. And, you know, imagine this  
6 kind of lower, lower for longer kind of  
7 environment. But we also have a long-term  
8 blending with the short-term and then the  
9 longer-term mean, if you will, there being some  
10 mean reversion at the longer end of the  
11 projection period.

12 So there is, you know, a starting point,  
13 where return expectations are lower at the start  
14 and then trending towards the mean over the  
15 course of the 30 year projection period.

16 MR. COLLINS: Okay. Thanks.

17 MR. KIVARKIS: You bet.

18 MR. GOETZ: John Goetz. Just one more  
19 question. You're weighing these different  
20 returns in different geographies, et cetera, by  
21 market cap weighted. Is that how you do it?

22 MR. KIVARKIS: Yes. So the global equity --  
23 the basis for the global equity return assumption  
24 is the All Country World Index, which is  
25 (inaudible).

1 MR. GOETZ: Thank you.

2 MR. KIVARKIS: You bet. All right. Hearing  
3 no additional questions, let's continue forward.

4 Next slide, please. All right. This is  
5 just a display which shows year by year and how  
6 the average has changed year over year in terms  
7 of that equity risk premium. You can see the  
8 blip in 2020. By and large, the constituents  
9 tend to move roughly together, and they tend to  
10 cluster around the average. But they do ebb and  
11 flow as market conditions and return expectations  
12 change over time.

13 Next slide, please. All right. So that was  
14 the assumption build-up. Now I'd like to shift  
15 gears and examine the portfolio analytics. Next  
16 slide, please. All right. And just to say,  
17 there's a new wrinkle in this year's analysis,  
18 which is, we examined the existing portfolio and  
19 a spectrum of potential solutions between low  
20 risk and high risk and everything in between. So  
21 in other words, we examined zero percent  
22 return-seeking, 100 percent return-seeking  
23 portfolios and everything in between. And so we  
24 studied that again, and I'll share the results of  
25 that analysis with you.

1 We also studied the Aon model portfolios and  
2 the spectrum of those portfolios, where you  
3 have -- examples are the model portfolios 1, 2  
4 and 3, where they're increasingly diversified, if  
5 you will. And so we've overlaid that model  
6 portfolio analysis on the standard efficient  
7 frontier analysis. And I'll share that with you  
8 on the next slide.

9 Next slide, please. Okay. Back one,  
10 please. Okay. So here's the efficient frontier  
11 analysis. Now, the top half of the page shows a  
12 graph. And the vertical axis on the graph is the  
13 expected return on assets. The horizontal axis  
14 is the volatility of those returns. Standard  
15 risk-reward analysis with efficient frontiers.

16 You can see that this -- that there's a line  
17 or a curve that represents the frontier  
18 portfolios with varying degrees of return-seeking  
19 assets. And so you can see on the bottom left,  
20 that's the lower risk, lower reward portfolio; in  
21 this case, 60 percent return-seeking. We also  
22 show 70 percent return-seeking, 80 percent  
23 return-seeking, 90 and 100 percent  
24 return-seeking. Of course, 100 percent  
25 return-seeking portfolio with the highest

1 expected return and the highest risk.

2 And you can see where the current policy  
3 lies. Eighty-one percent return-seeking has an  
4 expected return -- I'm just reading the numbers  
5 off the table down below -- 6.46 percent expected  
6 return, expected volatility of 12.69 percent,  
7 Sharpe ratio of .423. And you can see the  
8 construct of the portfolio off to the right,  
9 53 percent allocated to global equity, et cetera,  
10 as we scan across the page.

11 Now, it's interesting. We've overlaid the  
12 hurdle rate. So the red dotted line -- I think  
13 that's a red dotted line -- is the hurdle rate  
14 for the plan. That's the 7.2 percent. It's the  
15 actuarial interest rate assumption. You'll  
16 notice that only the 100 percent return-seeking  
17 portfolio lies above that line.

18 So interestingly -- and this has important  
19 characteristics as we examine the projection  
20 results, the asset-liability projection results.  
21 The only way to meet the 7.2 is to be 100 percent  
22 return-seeking. You're currently 81 percent  
23 return-seeking. And so the results will be  
24 intuitive to you as we examine them in just a few  
25 slides.

1 Now, you can see that the range of potential  
2 returns, reading down below, the current  
3 frontier, a 60 percent return-seeking portfolio  
4 has an expected return of 5.40 percent, so quite  
5 a bit below the actuarial interest rate. The  
6 100 percent return-seeking, 7.36 percent expected  
7 return.

8 And you can see the makeups of the  
9 portfolio. Effectively, what we've done is we've  
10 progressively shifted the allocation between  
11 return-seeking and risk-reducing assets. And  
12 then what we've added this time is the model  
13 portfolios. So you'll see these colored dots,  
14 efficiency and then model portfolios 1, 2 and 3,  
15 which progressively shift from the southeast to  
16 the northwest.

17 And so what are those portfolios doing?  
18 Well, they're effectively becoming more and more  
19 diversified and displaying additional benefits of  
20 diversification. You can read the numbers off  
21 the table down below. For example, the  
22 efficiency portfolio, which has a lower expected  
23 return than the existing portfolio, that's  
24 essentially a simple portfolio, largely liquid,  
25 largely simple investments, things like public

1 equities and real estate.

2 And then model portfolio 1, 2 and 3, which  
3 become increasingly diversified, increasingly  
4 illiquid and increasingly complex. And so you  
5 can see, for example, model portfolios 1, 2 and 3  
6 have increasing allocations to private equity,  
7 increasing allocations to liquid alternatives,  
8 private debt, real estate and infrastructure.

9 And so there are aspects of these model  
10 portfolios which demonstrate the value of  
11 diversification. Now, the diversification comes  
12 at a cost of liquidity. And so one of the things  
13 that we needed to study, if we're going to  
14 examine moving down this path, was whether there  
15 was sufficient liquidity built into the plan. We  
16 believe there is. I'll show you that analysis in  
17 just a moment.

18 So this is the analysis at a very high  
19 level. Now, what we're going to do is examine  
20 the portfolios from the curve, from an  
21 asset-liability perspective. So we're going to  
22 examine whether the portfolios have trajectories  
23 or trend lines that are pointing in the right  
24 direction or not. As you might suspect, the  
25 portfolios towards the right end of the risk

1 spectrum will have higher growth trajectories  
2 than the portfolios to the lower or left end of  
3 the risk spectrum. So we'll show you that  
4 result.

5 And I mentioned I would mention one of the  
6 follow-ups. One of the follow-ups with staff was  
7 they wanted to dive deeper into the model  
8 portfolio analysis. So forthcoming is some  
9 follow-up with staff on exactly the model  
10 portfolio build-ups and doing a deeper dive into  
11 that. So I wanted to put that out there as well.  
12 We intend to do a deeper dive into the question  
13 of diversification, the question of moving into  
14 illiquids, dive into some of the technicals  
15 there. So that's still forthcoming.

16 Nonetheless, that's how the numbers shake out.  
17 I'm going to focus then on the gray curve  
18 for the remainder of this discussion. Next  
19 slide, please. So this demonstrates what happens  
20 with the existing portfolio at the varying time  
21 horizons, 5 year, 10 year, 15 and 30, as I read  
22 across the page. And you can see the  
23 distributions of outcomes from the 5th percentile  
24 to the 95th percentile and everything in between.

25 The black diamond represents the central

1 expectation for cumulative asset performance over  
2 the respective periods. I'm just looking at the  
3 30 year -- current policy 30 year numbers. You  
4 can see 6.46 percent is the central expectation.  
5 Fifth percentile outcome is around 2 percent,  
6 whereas the 95th percentile outcome around  
7 10 percent, quite a range of outcomes.

8 We're studying this not just in one track  
9 but rather it's stochastically with 5,000  
10 independent economic trials. And so you'll see a  
11 range of outcomes in all sorts of metrics, funded  
12 ratio, contributions, et cetera. So we'll  
13 examine those trend lines. We'll examine the  
14 central expectation, but also the tails, so that  
15 you can really compare a risk versus reward of  
16 the various strategies.

17 Next slide, please. So whereas the previous  
18 page was nominal returns relative to the  
19 actuarial interest rate, here we're looking at  
20 real returns, that being returns over and above  
21 inflation relative to the real return target.  
22 Real return expected to be about 4.3 percent.  
23 Actually higher than the real target, real return  
24 target, which is 4 percent, of course with the  
25 range of outcomes described previously.



1 Next slide, please. All right. So that was  
2 the portfolio analysis. Now what I'd like to do  
3 is move forward into the asset-liability  
4 projection analysis. And by the way, this is the  
5 section that includes the funded ratio  
6 projections but also the contribution  
7 projections, where there was a question earlier.

8 Next slide, please. This page is a  
9 pictorial of how we produce these stochastic  
10 Monte Carlo simulation analytics. You can see  
11 what we do is we take a single simulation and we  
12 run that 5,000 different times. We'll get 5,000  
13 different trials for economic states. And those  
14 economic states will have an implication on the  
15 projection of assets and even the projection of  
16 liabilities. And from there, we can get things  
17 like funded ratios, contributions, et cetera.  
18 And so you can see this. So we call the single  
19 simulation becomes a cloud of simulations, if you  
20 will. And then we'll translate that to a  
21 distribution of outcomes and percentile trends.

22 The black dotted line is the central  
23 expectation, that being the 50th percentile or  
24 median outcome. The dark blue line represents in  
25 this example what we call the worst case

1 scenario, that being the fifth percentile. The  
2 dark green line represents the 95th percentile,  
3 what we call the best case. The light blue and  
4 light green represent the 25th and 75th  
5 percentile.

6 All right. Next slide, please. Okay. So  
7 this page represents the projections of funded  
8 ratio. And there are five pictures on the page,  
9 if you will. As I move from left to right, you  
10 can see that we're examining the projection for a  
11 60 percent return-seeking, a 70 percent  
12 return-seeking, the current policy, which is  
13 81 percent return-seeking, 90 percent  
14 return-seeking and 100 percent return-seeking  
15 portfolios.

16 And just to focus on the current policy for  
17 a moment, you'll notice that the projections  
18 start at around 85 percent funded, where you are  
19 today. And you'll notice that they move lower  
20 for the first half of the projections. You can  
21 look at the black dotted line. It trends  
22 slightly lower before it trends higher. And so  
23 that's that flat U that I described earlier,  
24 largely sideways movement in the expected case.  
25 We actually expect to end where we started,

1 around 85 percent funded.

2 But we expect that to move slightly south  
3 before it moves slightly north. And the reason  
4 for that being the initial hurdle rate shortfall  
5 of about 1 percent, with the funded ratio down  
6 1 percent for starters. Over time, as  
7 contributions rise, we would expect that that  
8 trajectory would flip from slightly south to  
9 slightly north. And that's why you see the  
10 subtle U shape.

11 Of course, that's in the expected case. If  
12 things are better than expected, then the results  
13 can be substantially higher than that. In fact,  
14 in an optimistic case, you could be fully funded  
15 in ten years or so, on the light green line. Ten  
16 years from now, you could be 100 percent funded.

17 Or things could be worse than projected.  
18 So, for example, you can see the dark blue and  
19 the light blue lines, which represent funded  
20 ratios which fall toward 50 percent or even below  
21 in the most extreme. So quite a range of  
22 outcomes. Of course, a lot will be dictated by  
23 how markets treat us over the next couple of  
24 years. But the trajectory is moving largely  
25 sideways.

1 As we examine going from left to right on  
2 the page, it is noteworthy. As you examine the  
3 60 percent return-seeking portfolio, well, you  
4 can see what happens with that central  
5 expectation. The trajectory is quite south,  
6 pretty much stays south. In other words,  
7 60 percent return-seeking portfolio doesn't  
8 deliver enough growth to tread water, and it  
9 starts to head south.

10 The flip side of that is the 100 percent  
11 return-seeking portfolio, which is actually the  
12 only portfolio strategy on the page that gets to  
13 100 percent funded in the projection period. Of  
14 course, in order to do that, you'd have to take  
15 considerable downside risk to do that. You can  
16 see the dark blue line at the initial phases in  
17 the first five years takes the -- you know, in  
18 the most pessimistic of cases, takes a sharp  
19 downward turn.

20 So the question becomes, well, you know, how  
21 much risk tolerance do you have. The 81 percent  
22 is a pretty moderate approach. There are cases  
23 to be made for more risk. Less risk probably  
24 undershoots the mark. But, you know, there are  
25 cases, pros and cons, for staying where you are

1 or perhaps eying the heavier risk allocations  
2 over the course of time.

3 Again, these are 30 year projections rather  
4 than one year looks. There are pros and cons to  
5 the long-term versus the short-term look. We'll  
6 actually look at not just these 30 year  
7 trajectories but also what might happen in  
8 shorter spans, that being a five year look.

9 MR. OLMSTEAD: Hey, Phil, this is Vinny real  
10 quick. This is fascinating and I want you to  
11 continue, but you have a huge number of slides  
12 left, and we will soon be far behind. So if  
13 perhaps you can speed it up a little bit, and  
14 then for the purposes of the committee, help us  
15 focus in on what are the important things  
16 especially that we can impact.

17 I think we're pretty comfortable with the  
18 fact that Aon is a reputable firm and that your  
19 processes and actuarial foundations, et cetera,  
20 are in good shape, but help us -- you know, help  
21 us focus so we can have some dialogue around  
22 those things that we can make recommendations on  
23 and/or impact, if that's okay.

24 MR. KIVARKIS: Absolutely, happily. And so  
25 thank you for that. Then if I may, let's

1 accelerate, if I may ask that we move two slides  
2 forward. I did want to -- I did want to mention  
3 the contributions. And so the contributions  
4 here, you can see what's happening to those  
5 contributions over the next 30 years. At 20  
6 years the contribution rises in the expected  
7 case, that being, if I'm examining the black  
8 dotted line, rising from 4 billion towards  
9 10 billion or so, before falling off over 20  
10 years.

11 The global financial crisis led to some  
12 amortizations that are built into the  
13 contributions which fall off after 20 years. So  
14 contributions are expected to rise for the next  
15 20 years before falling off a little bit and  
16 stabilizing over the course of time.

17 This pattern, by the way, where  
18 contributions are gradually coming in, is what  
19 leads to that funded ratio trajectory, that it  
20 starts south, then eventually reverses course and  
21 starts moving back. I wanted to raise the  
22 contributions issue. That's the contribution  
23 expectation. Of course, things could be better  
24 or worse than projected.

25 Let's continue on in the interest of time.

1 Next slide, please. All right. So this is a net  
2 outflow analysis. Here's the critical question.  
3 We're expecting 4 to 5 percent net outflows, if  
4 I'm looking at that black dotted line, the  
5 current policy. Ten percent is where it starts  
6 to get worrisome. In no cases are you at  
7 10 percent, even in the worst case scenario. And  
8 for that reason, little worry regarding net  
9 outflows. So in the interest of time, let's  
10 continue forward.

11 All right. Economic analysis, which changes  
12 if you look at the risk-reward characteristics.  
13 The slope is changing, depending on the time  
14 horizon at play. Shorter time horizons, which  
15 mean a relatively flat curve. A longer time  
16 horizon means a more steep curve. Well, what  
17 does that tell us? It tells us you're getting  
18 more reward per unit of risk taken the longer the  
19 time horizon.

20 So the question becomes, well, what is the  
21 time horizon at play, and if it is in fact  
22 long-term, you should probably consider being  
23 towards the heavier end of the risk spectrum as  
24 you're more incentivized for risk. Think of it  
25 this way. If you're investing for one day,

1 you're probably putting your money in the bank  
2 and just keeping it safe. If you're investing  
3 for 100 years, it's almost like you can't afford  
4 to not take risk.

5 And so there's -- there's an interplay  
6 there. But the longer the time horizon,  
7 generally speaking, the more incentivized you are  
8 to take risk, the more reward you're getting per  
9 unit of risk, which is why most public pension  
10 funds are at the riskier end of the risk  
11 spectrum.

12 Next slide, please. And here we stress  
13 tested that equity risk premium assumption. As  
14 you might expect, the equity risk premium,  
15 heavier equity risk premiums incentivize even  
16 more risk taking. It becomes an even steeper  
17 curve as equity risk premiums become higher, and  
18 it's a flatter curve as equity risk premiums  
19 become lower. And so the interplay of those,  
20 again, points more towards equity risk if the  
21 time horizon is long and the assumptions are  
22 higher.

23 Next slide, please. The last thing, then,  
24 in this section has to do with the shortfall  
25 analysis over a five year period. You know, I

1 mentioned that the 100 percent funded -- the  
2 100 percent return-seeking portfolio, which looks  
3 favorable relative to the current when we're  
4 looking at a 30 year time horizon because it gets  
5 to 100 percent funded, well, the implication is  
6 that, you know, you have a higher risk of falling  
7 below 50 percent funded, for example. Whereas  
8 the current strategy has an 8.6 percent  
9 probability of falling below 50 percent funded,  
10 there's an even greater risk if you're  
11 100 percent return-seeking.

12 And so there's the interplay. You can dial  
13 up your return-seeking allocation for a higher  
14 trajectory of growth, but of course you risk the  
15 downside. The question then becomes, well,  
16 what's the proper balance of long-term  
17 perspective with short-term concern. Again, most  
18 public pension plan sponsors, as you, have  
19 decided to be towards the riskier end of the  
20 spectrum, albeit not all the way to 100.

21 Next slide, please. All right. And then I  
22 wanted to conclude with the liquidity analysis  
23 just to say we stress tested the liquidity of the  
24 fund and found adequate liquidity, just to  
25 demonstrate the point. The next slide, please.

1 And why don't we advance two more slides in the  
2 interest of time. All right. So we examined  
3 what happens to the assets in the base case and  
4 the recessionary scenario and the black skies  
5 scenario, black skies scenario being a 99th  
6 percentile stressed market event. Think of three  
7 years of pronounced downturn with no recovery  
8 thereafter.

9 And so you can see what happens to the  
10 assets. They decline. And the illiquid assets  
11 are the orange and the, what is that, beige and  
12 then dark blue. Those are the illiquids in the  
13 portfolio. Base case, you know, everything is  
14 smooth, you know, smooth growth, steady as she  
15 goes.

16 The recessionary scenario, you can see, you  
17 start eating into your liquids. And in the black  
18 skies, you eat into your liquids even more on a  
19 dollar basis, which is the top half of the page.  
20 Percentage basis, on the bottom half of the page,  
21 which shows that you start slanting the  
22 percentages towards the illiquids. And that's  
23 again in the 99th percentile bad outcome. It's a  
24 1 percent chance of occurring within the next ten  
25 years.

1 Even in that case, even in the black skies  
2 scenario, while the asset allocation becomes  
3 strained, right, it tilts towards illiquids, it's  
4 still a fully functional situation, assuming full  
5 actuarial contributions. And so the black skies  
6 event by itself isn't enough to break the model,  
7 if you will. There are some of our clients that  
8 do break the model, where they become swamped by  
9 illiquids. You're nothing of the sort, assuming  
10 full actuarial contributions.

11 Now, what we did is we stressed not only the  
12 market scenarios but also what happens to  
13 stressed actuarial contributions coming in. So  
14 if I may ask you to advance the slide. All  
15 right. What happens if instead of 100 percent  
16 contributions, you're getting 80 percent of your  
17 actuarial contribution or in this case, the most  
18 stressed case -- I'm actually glad you landed  
19 here -- 50 percent actuarial contribution?  
20 You're getting half contributions for five years.  
21 What happens then?

22 So imagine we had a stressed event and the  
23 market is stressed and then there's a subsequent  
24 governmental revenue strain, where your  
25 contributions are compromised for five years,

1 you're getting half contributions. This is the  
2 most strained scenario that we have. Even in  
3 this scenario, the bottom right-hand corner shows  
4 the asset allocation, which does tilt towards  
5 illiquids but remains fully operable. In other  
6 words, while the assets are strained, they become  
7 the -- they become still fully functional.

8 All right. So that's the liquidity  
9 analysis. Our finding here is that there is  
10 sufficient liquidity in the fund to explore  
11 additional illiquidity premium capture through  
12 additional diversification, that being a question  
13 that we will continue to examine with staff.

14 All right. So that's the conclusion on the  
15 liquidity analysis. Now, the next section I  
16 don't intend to cover, but it is some peer  
17 analysis. And just the highlights of the peer  
18 analysis include things like your funded ratio  
19 being in the top quartile of peers, asset  
20 allocation being pretty similar, pretty similar  
21 to peers, a slightly higher allocation to  
22 equities, slightly lower to fixed income, but by  
23 and large pretty similar to peers in that regard.

24 And contributions, kudos to you, which have  
25 of late been full, in other words, 100 percent

1 contributions. There was that period I mentioned  
2 earlier in the early teens that had contributions  
3 post global financial crisis below 100 percent of  
4 the actuarial contribution, but that was a short  
5 period, which has since never recurred.

6 With that, if I may ask, let's flip all the  
7 way to the final conclusions. So let's  
8 fast-forward through the peer analysis. This is  
9 what I was articulating earlier. All right. And  
10 on to the summary results and the summary  
11 conclusions. Here we go, perfect. So back where  
12 we started. Three facets of analysis that I  
13 mentioned, the investment analysis, the  
14 asset-liability projection analysis and the  
15 liquidity analysis.

16 On the investment analysis, we like the  
17 current construct of the fund. It's  
18 well-diversified, 81 percent return-seeking. So  
19 there's a lot to like in this portfolio.  
20 Additional diversification, examination I think  
21 is warranted, but by and large, a lot to like  
22 with the existing portfolio, and it's served you  
23 well.

24 The assumptions, I mentioned, changed quite  
25 a bit, so that being largely driven by interest

1 rates, asset returns below the 7.2 actuarial  
2 assumption. The projection analysis, which tends  
3 to be a longer time horizon in nature and tends  
4 to point towards a heavier end of the risky asset  
5 spectrum. And then finally on the liquidity  
6 analysis, as I just mentioned, there seems to be  
7 sufficient liquidity even in highly stressed  
8 scenarios, which might warrant contemplation of  
9 further diversification.

10 And with that, I will pause and see if there  
11 are any additional questions, Mr. Chair.

12 MR. OLMSTEAD: I will open it up to my  
13 colleagues at first, if there are any questions  
14 or clarifications. Okay. If not, you know, Ash,  
15 maybe you can quickly comment on a couple of  
16 things. So if I try to summarize this, which  
17 Phil did nicely on this page, we're fine from a  
18 liquidity standpoint. Diversification at  
19 81 percent makes sense. Maybe, Ash, you can  
20 comment on, you have all this analysis and where  
21 you and your team stand on that.

22 And to me, it seems like the place we may  
23 have a conversation, which is, you know, the  
24 actuarial assumed rate of return, where it's  
25 7.2 percent, but in reality we think it's more

1 like 6.46 percent, and that has implications on  
2 contributions, and so what do we do there.

3 And so, Ash, two things, which is comment on  
4 the 81 percent and then maybe comment on the  
5 assumed rate of return. And it may make sense,  
6 in a minute or less, to maybe just, because we  
7 have some new members here, help us understand  
8 what that means in regards to how you get  
9 contributions and how you're funded.

10 MR. WILLIAMS: Sure. Thank you,  
11 Mr. Chairman. So back to basics for a sec for  
12 the benefit of our new members. There are three  
13 variables in the well-being of any pension plan.  
14 The first is reasonable benefits. The second is  
15 responsible funding, and the third is prudent  
16 investment.

17 The part that we at the SBA and our trustees  
18 are responsible for and have a high degree of  
19 control over is the prudent investment side. And  
20 that's why we spend a lot of time talking about  
21 portfolio composition here and the relative risk  
22 of various asset mixes and how that relates to  
23 the liquidity and solvency of the pension plan  
24 and its funding ratio over time.

25 The other two variables, the responsible

1 benefit part, was set by the legislature. And I  
2 think the benefits in the Florida Retirement  
3 System are responsibly set up and have been  
4 largely consistent since the plan was created  
5 back in the seventies, with a few adjustments.  
6 But understand that the liabilities are a  
7 consequence of benefits that vested years ago  
8 and -- or are vested now among former and current  
9 employees. And there's nothing we can do to  
10 change that, so we don't have a control option.

11 The third thing is funding. That's up to  
12 the Florida Legislature, just like the benefits  
13 are. And we don't have any control over that.  
14 That's totally over the legislature, as they make  
15 the relative judgments on spending every year, on  
16 where to put the dollars they have available,  
17 consistent with Florida's requirement  
18 constitutionally for a balanced budget.

19 So the closest we can have to influence on  
20 anything we can really change to protect the  
21 funding status of the fund really probably is  
22 having some input to the funding process, because  
23 there's nothing anyone can do retroactively to  
24 change the liabilities. And as we've just seen,  
25 if we take more risk in the investment portfolio



1 in hopes of taking on more return to match, the  
2 downside of that approach is that you increase  
3 the consequence of an extended period of bad  
4 market experience that could in turn affect the  
5 liquidity of the fund and certainly its funded  
6 ratio.

7 So really in the short-term, the thing that  
8 is most prudent to adjust probably is funding,  
9 and there's room for improvement there on two  
10 levels. One, the primary one is the investment  
11 return assumption itself, as you touched on,  
12 Mr. Chair. The other is the actuarial treatments  
13 that are used within the annual evaluation of the  
14 Florida Retirement System Trust Fund, because  
15 just like accounting assumptions, which  
16 provisions you use actuarially have a bearing on  
17 the outcomes that you get.

18 It's worthy of note that last year there  
19 were positive moves made by the legislature, both  
20 on actuarial techniques and on funding, so we are  
21 going the right way in terms of making  
22 improvement. And I think the question all of us  
23 would look at might be, well, if it's possible to  
24 accelerate the movement in the right direction  
25 from a fiduciary perspective, we would urge doing

1 so.

2 Now, the tension around that seemingly  
3 simple admonition is the following. For every  
4 five basis points that one reduces the actuarial  
5 return assumption, the mathematics are that that  
6 translates to about a \$90 million change in  
7 contribution to the Florida Retirement System.  
8 And obviously every dollar that goes into the  
9 retirement system is a dollar that doesn't go  
10 somewhere else. So the judgment has to be made  
11 by the legislature at a policy level, where do we  
12 really want to put our marginal dollar.

13 And I think the issue you're going to see  
14 surfacing in state legislatures and local  
15 governments around the country over the next year  
16 or so is that a lot of state and local government  
17 balance sheets have really suffered because of  
18 the pandemic and interruptions in revenues due to  
19 sales taxes tailing down or other revenue sources  
20 being impacted by temporary economic closures.

21 Now, obviously, Florida has been on the  
22 leading edge of trying to get its economy  
23 reopened, and we've also been the beneficiary of  
24 some federal assistance that I think has helped  
25 offset things. But it would not surprise me,

1 based on what I'm seeing about revenue  
2 projections for the Florida Legislature's working  
3 budget process this year, I think they're going  
4 to be under pressure. So I think there are going  
5 to be a lot of different potential uses of state  
6 funding, and we are competing with a lot of other  
7 things that that money might be allocated to.

8 MR. OLMSTEAD: Thank you and helpful. Any  
9 questions?

10 MR. WENDT: Gary Wendt has a question. He's  
11 almost afraid to ask it, after all this stuff.  
12 But, Ash, you did mention that the liabilities  
13 are fixed. But we had a change a few years ago  
14 where people were given the option to go from --  
15 the term right here, it's fixed obligation to  
16 fixed return or -- those are the wrong terms, but  
17 where people had the right to manage their own  
18 portfolio but they are not guaranteed a certain  
19 pension amount.

20 But I just wondered if in this analysis, you  
21 had included that change that took place and how  
22 much affect it would have. I mean, if we could  
23 get everybody to go to a -- not that we have  
24 anything to do about this. But if the State  
25 passed a law that said everybody get a fixed

1 return or -- what's the term for that?

2 MR. WILLIAMS: Defined contribution.

3 MR. WENDT: They have to invest their own  
4 thing, their own money, take care of it  
5 themselves, we would have a much smaller  
6 (inaudible) wouldn't we?

7 MR. WILLIAMS: Well, no. But let me  
8 explain. You're on the right track. And let me  
9 correct your terminology for you. The  
10 traditional pension plan in which one is paid a  
11 retirement benefit that is a function of how long  
12 they worked and how much money they earned during  
13 the average of their highest five years of  
14 compensation and the annual accumulation factor  
15 that they earned as a function of what type of  
16 employee they are, elected officials and judges  
17 get the highest proportion of credit per year,  
18 followed by special risk, which is police and  
19 fire commonly, and then you have what are called  
20 senior management employees, and then you have  
21 regular class. And the range from regular class  
22 to elected officers is 1.6 percent per year  
23 credit to 3.3. So that will give you the range.

24 Now, everybody who is already vested in the  
25 defined pension plan, which is the traditional

1 defined benefit plan just described, putting  
2 every new employee in another plan does not  
3 change the existing liability for those existing  
4 employees and prior employees who are already  
5 retired.

6 What we did do a couple of years ago, we  
7 recommended and Governor Scott advocated, too,  
8 was to change the default, which meant that when  
9 an employee had a choice between defined benefit,  
10 which is the traditional pension plan, and  
11 defined contribution, which is the one you were  
12 referring to where the employee chooses their own  
13 investments or they put it in direct target date  
14 funds that map their investments for them based  
15 on their age and years to retirement, under the  
16 old law, if an employee did not make a choice,  
17 they were automatically put in the traditional  
18 pension fund.

19 That was changed a couple of years back so  
20 that now, if they don't make a choice, they go  
21 into the defined contribution fund, which avoids  
22 growing the long-term liability that you were  
23 referring to. The exception to that is the  
24 legislature found that police and fire, or those  
25 in the special risk category because of the

1 nature of their employment, should be given a  
2 traditional pension plan. The default for them  
3 remained in the defined benefit plan.

4 So the effect of that has been, it has very  
5 dramatically shifted where the -- where new  
6 employees are going. And 70 percent of new  
7 employees are in fact going into the defined  
8 contribution plan. So I think we could say that  
9 short of the legislature simply closing the  
10 defined benefit plan in its entirety, I think I  
11 would use the phrase "soft close" now, because  
12 the vast majority of new employees are electing  
13 to go into the defined contribution plan.

14 I think they like the portability. They  
15 like the shorter vesting, and they're concerned  
16 that -- you know, a lot of young people today  
17 can't envision being in any one job for eight  
18 years, which is when the vesting currently is for  
19 the defined benefit. So they move toward the  
20 defined contribution as an alternative.

21 MR. WENDT: Okay. But what I'm trying to  
22 get to is the fact that from this point forward  
23 or two or three years ago forward, we are not all  
24 defined benefit. We are some defined  
25 contribution. And does that in any way change

1 all of these numbers that we just looked at?

2 MR. WILLIAMS: It does not change the  
3 numbers that we just looked at, but what it does  
4 is change the way these numbers will change in  
5 the future. So I would say, with the growth of  
6 the defined benefit plan down by half, which it  
7 is -- it used to be 60 percent of new employees  
8 went into the defined benefit plan. Now that  
9 number is 30 percent.

10 So the growth of the DB and the growth of  
11 this long-term liability is been cut in half from  
12 what it was a few years ago. So in that regard,  
13 we are progressing in exactly the direction you  
14 suggest. But the analysis that Aon just went  
15 through contemplates actual liabilities for the  
16 plan. So, yes, it reflects where we are now.

17 MR. WENDT: Thank you.

18 MR. COBB: Mr. Chairman, this is Chuck Cobb.  
19 I have a comment, I guess, and maybe a question.

20 MR. OLMSTEAD: Please.

21 MR. COBB: If asked to vote whether we were  
22 to support this Aon study and send it to the  
23 trustees, I would vote yes. I mean, I think it's  
24 a very comprehensive study and a very thoughtful  
25 study, and I don't want to criticize it.

1 My problem is that I don't believe, with  
2 today's high multiples that Ash has talked about  
3 before that are only exceeded by 1999 price  
4 earnings multiples, and with the many trillions  
5 of dollars in dry powder looking for private  
6 equity, I don't believe that risk assets are  
7 going to make 6.68 percent or almost 7 percent  
8 during the years ahead. I just don't believe  
9 that.

10 And so, therefore, I don't believe there is  
11 a 5.15 risk premium to invest in risk assets,  
12 particularly illiquid risk assets. But that's  
13 just one person's opinion. And I suspect, if you  
14 poll this nine-person board, we would all have a  
15 different view of that.

16 But my conclusion, therefore, is that the  
17 challenge for the Florida pension fund -- so if  
18 asked by the chief financial officer, who has  
19 asked me to sit on this board, or the governor or  
20 anyone else, a legislator, I would say, I think  
21 the challenge for Florida to properly this fund  
22 and to stay above 80 percent is greater than this  
23 Aon study says. I think it's more challenging  
24 because I think the fundamental 6.68, which is an  
25 average of those three firms, including the 7.1

1 for Aon, is just too optimistic for today's  
2 market. It's frothy.

3 So that's just one person's opinion. I  
4 don't know whether -- so my question is, are we  
5 supposed to have such opinions or are we supposed  
6 to just listen to this report and say this has  
7 been a good report? Which it's been a very good  
8 report. I don't see any fallacy in the logic  
9 train of the report. So I think that it's an  
10 excellent report. But I do have a concern with a  
11 couple of the assumptions. So I guess that's for  
12 you, Ash. Are we supposed to express an opinion  
13 here or just support it and be quiet?

14 MR. WILLIAMS: Mr. Chairman, may I respond  
15 to that?

16 MR. OLMSTEAD: Please.

17 MR. WILLIAMS: Thank you. Well, first of  
18 all, obviously, I share your trepidation about  
19 future returns, and I am certainly not a fan of  
20 doubling down on risk at this point. I think  
21 that would be a fool's errand by any measure. I  
22 do, however, have some confidence in the quality  
23 of the firms whose future return numbers we're  
24 using here.

25 And I will comment also that on the equity

1 risk premium number, the equity risk premium  
2 number is comprised really of two things. It's  
3 comprised of conceptually the notion that you  
4 would pay more -- you would be paid more for  
5 taking equity risk. But that's a contextual  
6 concept, and the context is relative to not  
7 taking risk.

8 And when you're in a negative -- a flat to  
9 negative interest rate real world, then that  
10 distorts the equity risk premium and makes it  
11 look richer than it really is, which I think  
12 comports with the point you're making,  
13 Ambassador. I think the other thing --

14 MR. COBB: Except just to clarify my point,  
15 price earnings ratio is an inverted interest rate  
16 message. So when the market is at 21 times  
17 earnings, which you point out it hasn't been  
18 since '99, it's signaling an earnings yield today  
19 of less than 5 percent.

20 Now, there will be growth, but there's also  
21 economic challenges, et cetera, et cetera, et  
22 cetera. The price earnings ratio is signaling to  
23 the market and signaling to me that 6.7 percent  
24 is probably too optimistic. That's all.

25 MR. WILLIAMS: That may be. And, Mr. Chair,

1 if I can continue for just a sec. I think,  
2 Ambassador, on your most fundamental question,  
3 which is are we here to have opinions, I think  
4 the answer is of course. You're here for the  
5 exact reason that you're qualified to have  
6 informed opinions. I think the trustees want the  
7 value of your perspective.

8 I would offer one other thing. Go back to  
9 what I said about what can we control and what  
10 can we not control and what would be prudent for  
11 us to turn the dial on, if we could. Well, I  
12 think what we're all discussing here is none of  
13 us feels comfortable with turning the dial upward  
14 on risk in the investment portfolio. It simply  
15 doesn't meet the test of prudence.

16 We are not in a position to turn down the  
17 dial on our liabilities. The one variable that  
18 leaves is the funding. And I think we've all  
19 said or perceived to varying degrees that for  
20 reasons of actuarial treatments, somewhat  
21 optimistic return assumptions, et cetera, the  
22 funding has not been quite as robust as it might  
23 have been, although the Florida Legislature's  
24 long-term history on funding is excellent  
25 compared to the vast majority of other states.

1 It's been a relative chapter in profiles in  
2 courage compared to its peers.

3 But I would say this. At the end of the  
4 day -- Ambassador, you're a fan of peer  
5 comparisons I know. It came up the other day.  
6 And if you look at a peer comparison of where  
7 Florida's pension contributions are for member  
8 employers and where they are for beneficiaries,  
9 the beneficiary contribution is roughly  
10 50 percent of the national average, and the  
11 member employer contribution is roughly  
12 30 percent below the national average.

13 So, I mean, the fact of the matter is, on a  
14 relative basis -- and you can argue the merits of  
15 whether a pension system at any price is good to  
16 have, but most governments have them, most states  
17 have them. I think all states have them. Ours  
18 is a relative bargain compared to any other,  
19 which could imply that there would be headroom  
20 for modestly larger contributions and you'd still  
21 be a relative bargain compared to the  
22 marketplace.

23 MR. COLLINS: So, Ash, how much did we  
24 reduce the return -- were we effective at  
25 reducing the overall return assumption last year?

1 MR. WILLIAMS: 20 basis points.  
2 MR. COLLINS: How much?  
3 MR. WILLIAMS: 20 basis points.  
4 MR. COLLINS: And so what does that equate  
5 to in new dollars getting contributed?  
6 MR. WILLIAMS: About 300 million, as I  
7 recall.  
8 MR. COLLINS: 300 million.  
9 MR. WILLIAMS: I think that's about right.  
10 MR. COLLINS: So 20 basis points is  
11 300 million.  
12 MR. WILLIAMS: The rule of thumb is every 5  
13 BPs is about 90 million. Mr. Benton, how am I  
14 doing on my numbers here?  
15 MR. BENTON: Ash, this is John. Yeah,  
16 you're correct. Every five basis points is 90  
17 million, but I believe 20 basis points would be  
18 around 360 million.  
19 MR. WILLIAMS: There's your answer.  
20 MR. COLLINS: So if we were going to do  
21 the -- I think all of us -- I don't want to speak  
22 for everybody, but I certainly agree with  
23 Ambassador Cobb. And I think that all of us knew  
24 that when we got the return assumption or helped  
25 to get the return assumption lowered last year,

1 that it was probably still too high even last  
2 year.  
3 And so I think all of us would -- I know I  
4 would sign up to send another letter and let's go  
5 after another 20 BPs, or even more. But I think  
6 anybody over 7 today is certainly out of touch,  
7 and you could argue that anybody over -- I won't  
8 go as low as the ambassador said, but I think  
9 anybody over 6.5 is certainly fooling themselves  
10 over the next few years.  
11 So if we are here to comment, which we are,  
12 and if we are here to try to persuade, which I  
13 think we should be on matters like this, then I  
14 think, Mr. Chairman, it would be good for us to  
15 do something similar to what we did last year and  
16 maybe even be a little bit more aggressive than  
17 we were last year, because as Ambassador Cobb  
18 says, it's not getting better.  
19 MS. CANIDA: This is Tere Canida. I would  
20 agree. I agree both with Ambassador Cobb's  
21 comments and Ash's comments about this is not the  
22 right time to double down on risk, so we have to  
23 look at the other possibilities to bring this  
24 more into line. So I would agree with all of  
25 you.

1 MR. OLMSTEAD: Any other members? I concur  
2 and am happy with the conversation, and I agree  
3 with Ambassador Cobb. You know, the construct is  
4 a different conversation, but I think that, you  
5 know, getting to 7.2 is not all that realistic,  
6 and I know we have 6.46, which may not be -- it  
7 may be a higher hurdle than anticipated.

8 So I think the recommendation by Peter makes  
9 sense, which is for us to draft a letter that we  
10 can share with the group and send to the trustees  
11 of the Florida State Board, not dissimilar to  
12 last year, with maybe a little more emphasis on  
13 our concern with the overall financial market and  
14 that 6.46 or that 7.2.

15 Do we need to bring that to a motion, or is  
16 that just a --

17 MR. WILLIAMS: It might be procedurally that  
18 the best way to do this would be to do it as a  
19 motion and then perhaps, depending on what the  
20 committee's comfort with it is, maybe delegate to  
21 the chair to compose an appropriate letter and go  
22 from there, because what we don't want to do is  
23 get in any kind of problem with the public  
24 meeting law about trying to approve a letter by  
25 email or something of that nature. I'll defer to

1 Lamar on the legalities of that, but I think that  
2 process might get us where we want to go.

3 MR. COBB: So, Mr. Chairman, I would move  
4 that it's the sense of this board that the  
5 7.2 percent that the State of Florida has been  
6 using for assumed rates of return is too high.  
7 And while we appreciate that they reduced it by  
8 20 basis points last year, we think it needs to  
9 be reduced further, and that we, as the  
10 committee, delegate to you, the chair, working  
11 with Ash and management to draft such a letter.

12 MR. NEAL: Second.

13 MS. CANIDA: I second.

14 MR. NEAL: Pat Neal.

15 MR. OLMSTEAD: All in agreement?

16 (Ayes)

17 MR. WENDT: Yes. And I am in agreement  
18 also, but one thing I'm going to have a question  
19 on, when you write the letter, is since you sent  
20 them the letter last year and said we need to  
21 change and go down and we're coming back one year  
22 later, how are you going to justify, rationalize  
23 the fact that year after year, you're going down?  
24 What did you miss last year?

25 MR. WILLIAMS: If I may, Mr. Chairman, I



1 think there's a wonderful answer to that  
2 question.

3 MR. OLMSTEAD: Please.

4 MR. WILLIAMS: I'm reminded of John Maynard  
5 Keynes who said, When the facts exchange, sir, I  
6 change. And I think that's our answer. And the  
7 facts that have changed here are the market has  
8 rocketed upward. Interest rates have gone  
9 further down. And the challenge -- and we've had  
10 a pandemic, none of which was on the radar when  
11 we did this last year. The low rates were. The  
12 pandemic wasn't. And all of these things  
13 together, together with the attenuated  
14 international tensions make the environment  
15 tougher than it was before.

16 So I think we're in a very legitimate place  
17 to say this. And I think it also should be noted  
18 Florida continues to be a real leader in fiscal  
19 responsibility. We're a AAA credit. And the  
20 reason we're a AAA credit is this state has made  
21 policy judgments in lots of areas, including the  
22 pension fund and the CAT Fund and its debt  
23 reserves and its debt policies and its balanced  
24 budget, that have been prudent. And I think  
25 Governor DeSantis appreciates that AAA, just as

1 Governor Scott did. And as you all know,  
2 Governor Scott put a lot of work in that AAA.  
3 And I think it's interesting (inaudible). So I  
4 don't think anybody will be offended by us coming  
5 forward with this.

6 MR. COLLINS: So, Ash, didn't we ask -- did  
7 we ask for a specific number last year, or did  
8 we -- I don't think we got all of what we asked  
9 for last year, which would be another question or  
10 another answer.

11 MR. WILLIAMS: I don't think we asked for a  
12 specific number, and I don't think we should. I  
13 think we should put out there what the  
14 recommendation is. And if there was sentiment,  
15 as Ambassador Cobb voiced, that even that number  
16 may be ambitious, but to the extent the  
17 recommended number is ambitious, then what we  
18 actually have now is really ambitious.

19 And so prudence dictates more is better than  
20 less. But I would avoid being too presumptive,  
21 because then it can become a binary response.  
22 Better to ask an open-ended question and get what  
23 you can.

24 MR. OLMSTEAD: And last year all we did was  
25 point out the Aon recommendation and their return

1 assumption. And so I think, consistent with what  
2 you said there, Ash, I think that's probably a  
3 prudent way to make our recommendation. I doubt  
4 they're going to get from 7.2 to 6.46 anyway, but  
5 I think pointing it out --

6 MR. WILLIAMS: And keep in mind, the  
7 trustees don't control this anyway.

8 MR. OLMSTEAD: Right.

9 MR. WILLIAMS: They, through the governor,  
10 the advocates in this process. But at the end of  
11 the day, two-thirds of the votes are the House  
12 and the Senate.

13 MS. DOYLE: Mind if I make one follow-up  
14 comment? This is Kristen Doyle from Aon.

15 MR. OLMSTEAD: Please.

16 MS. DOYLE: Just along the line of what  
17 Peter and Ash were saying, some context here,  
18 too, is we've been talking about lowering the  
19 expected return assumption for years, right? And  
20 the actual estimating committee has chosen to  
21 very slowly but prudently and incrementally lower  
22 that return.

23 So I don't think, because we've had this  
24 conversation year over year and we've had this  
25 gap between our expected return on assets and the

1 expected actuarial rate of return, now that gap  
2 has sort of been slowly coming in. But I think,  
3 again, it's just been an ongoing conversation, so  
4 it doesn't feel like we didn't ask for the right  
5 thing last time and we're coming back again.

6 MR. OLMSTEAD: Thanks for that perspective.

7 MR. WENDT: Gary Wendt would like to just  
8 add this. He's still in favor of doing this. I  
9 voted for it and I'm for it. But what we will do  
10 by doing this is put more pressure onto the  
11 government that's supposed to fund us at a time  
12 when they probably don't have a lot of extra  
13 resources to fund us.

14 And if that is the case, then our percentage  
15 of -- what's the term? The percentage that we  
16 have of what we should have will go down, and I  
17 don't know that that helps our AAA. There will  
18 be consequences to doing this, and I'm all in  
19 favor of the consequences.

20 MR. NEAL: Mr. Chairman, this is Pat Neal.  
21 May I comment just a little bit?

22 MR. OLMSTEAD: Please do.

23 MR. NEAL: Thirty-eight years ago I was the  
24 appropriations chairman of the state Senate. I'd  
25 just like to point out that this isn't an easy

1 decision for the chairs or the presiding officers  
2 to make. On a practical basis, you get an  
3 allocation from the revenue estimating  
4 conference. Oddly, in the early eighties, we  
5 made up our own revenue and our own  
6 appropriations, but now there's 23 members of the  
7 legislative staff who do the revenue estimate.

8 So you're really asking the presiding  
9 officers and the chairs of the respective  
10 committees, in this case, to take \$360 million  
11 off the table and out of the allocations. They  
12 actually have to do it without the, I'll say  
13 knowledge or consent of the members. At no time  
14 in the legislature did they really debate, except  
15 with the implementing bill, what the retirement  
16 contributions are.

17 So I'm guessing -- I'm trying to say what  
18 Mr. Wendt says, which is I wouldn't expect,  
19 notwithstanding that this letter is a good thing  
20 and I support it, I wouldn't necessarily expect  
21 any action in the year 2021. And I think we, as  
22 an advisory committee, need to keep focusing on  
23 ways to resolve the gap between that which has  
24 been promised and that which we have.

25 Actually, contrary to Ambassador Cobb, I

1 think I would -- over the course of time, I think  
2 we're going to have to find not only an increase  
3 in the contributions but some other way to narrow  
4 the gap, even at the risk of a slightly higher  
5 risk profile over the long-term.

6 I actually thought the consultant from Aon  
7 was leading us to a slightly higher ratio of  
8 return-seeking assets in its proper time, which  
9 is not this time. I'd like to discuss that with  
10 Ash and try to revisit this issue. I recognize  
11 this is an annual review, but as this is my  
12 second meeting, I don't think I'm ready to depart  
13 from the wisdom expressed by Ambassador Cobb.

14 Short version, we should support the Cobb  
15 motion, if you've not already taken the vote,  
16 Mr. Chair, but we shouldn't expect any result  
17 from the trustees or the legislature this year.  
18 My opinion.

19 MR. OLMSTEAD: Thanks for your observations,  
20 Pat. And if there aren't any meaningful more  
21 comments, we are significantly behind, and I  
22 think we've exhausted this important  
23 conversation. But go ahead, Ash.

24 MR. WILLIAMS: At the risk of being smited  
25 for stretching out the behind schedule thing,

1 there is one element of this thing that is worth  
2 considering. And that is, when we talk about  
3 contributions, contributions come from two  
4 places. They come from employers and they come  
5 from employees. And the legislature sets both.  
6 I'll just leave it at that.

7 MR. NEAL: Ash, again, Pat Neal, Mr.  
8 Chairman, just for one more 30 seconds?

9 MR. OLMSTEAD: Please.

10 MR. NEAL: Of course, Governor Scott made a  
11 huge increase in employee contributions,  
12 sustained a series of lawsuits from state  
13 employee unions and prevailed, and my expectation  
14 is that changed things a lot. That might be the  
15 easier place to go, would be not only change the  
16 actuarial assumption -- the assumption on the  
17 investments, but make a recommendation in our  
18 decision-making that employee contributions  
19 should be on the table, too.

20 Ash said that we were in the -- didn't you  
21 say the 30th percentile or 50th percentile in  
22 employee contributions? Pretty low.

23 MR. WILLIAMS: Our employee contribution is  
24 50 percent below the national norm and our  
25 employer contribution is 40 percent below. Now,

1 there's a historical footnote that's relevant  
2 here. And that is, when Governor Scott  
3 recommended that employee contributions go from  
4 zero to 5 percent of gross pay, the legislature  
5 settled on 3 percent, that was sold to the  
6 employees as them participating in ensuring the  
7 health of their own pension system. In fact,  
8 what happened was the legislature put on that  
9 contribution and then reduced the government's  
10 contribution dollar for dollar and didn't  
11 strengthen the pension fund at all.

12 So that's an issue that has to be looked at.  
13 We've responded to the Senate on some inquiries  
14 they made of us about some possible changes to  
15 increase the sustainability of the pension  
16 system, and we talked about some things there  
17 that would address that issue. But particularly,  
18 given where we are on time, I don't think this is  
19 the time or place to get into that detail.

20 MR. OLMSTEAD: Okay. For the record, we did  
21 vote and we are moving forward, and we'll do that  
22 expeditiously and with full understanding of the  
23 comments. Thank you.

24 Okay. So next up is Tim Taylor, Meghan and  
25 Dustin. I think Mercer will also -- Jay Love

1 from Mercer, who is here at least annually, will  
2 also be commenting. So I will, in an effort to  
3 try to make some time, no breaks, let's push  
4 forward. And Tim and team, if you can perhaps  
5 close us out in 45 minutes or less in order to  
6 make up some time, that would be great, and focus  
7 on those aspects of your presentation that are  
8 what we need to know and what we need to know in  
9 order to maintain constructive feedback or make  
10 decisions.

11 So I'll hand it over to you, Tim. And by  
12 the way, thank you, Aon, Phil and Kristen, for  
13 your comprehensive report and time here.

14 MR. TAYLOR: Thank you, Mr. Chairman. This  
15 is Tim Taylor with global equity. Just to set  
16 the stage for our normal presentation, I'll give  
17 you an update through last evening's close.  
18 Global equity, since the start of our fiscal  
19 year, which began July 1st, our managed return is  
20 up 8.19 percent. Our benchmark is up 7.89. So  
21 we've added about 30 basis points of positive  
22 alpha since the end of the quarter, almost  
23 through the entire quarter at this point in time.

24 The factors -- and Alison and Ash both  
25 alluded to this earlier. The factors of growth,

1 momentum and quality have notably outperformed  
2 value. How do you measure value? Price to book,  
3 price to sales, price to free cash flow, however  
4 you measure it, momentum quality growth has done  
5 well for an extended period of time.

6 And we all know market leadership did not  
7 change once the pandemic took hold. In fact,  
8 growth stocks who had done better than value in  
9 that spread between growth and value, growth  
10 accelerated its outperformance, as several  
11 disruptive stocks saw an incredible amount of  
12 demand, future demand.

13 Many of the best performers have been the  
14 largest cap stocks, clearly, Apple, Microsoft.  
15 This has further increased the concentration of  
16 U.S. benchmarks. Asset management struggled in  
17 the U.S., and in many cases can be explained  
18 simply by being underweight to these mega cap  
19 growth stocks.

20 Despite the tremendous run, many of these  
21 growth stocks are not arguably expensive. I  
22 think this is different than in 1999 and the TMT  
23 bubble. These are excellent businesses, and  
24 they're trading at reasonable forward valuations.  
25 I think these stocks are going to continue to do

1 relatively well. However, overall market  
2 leadership should begin to broaden to include  
3 other areas of the market.

4 One area of the market that might begin to  
5 do well are those stocks in the value camp whose  
6 businesses haven't been permanently or too  
7 temporarily impaired by the pandemic. These  
8 stocks are among the strongest in their industry.  
9 They're weathering the storm. They perhaps will  
10 even come out on the other side with stronger  
11 competitive positions.

12 This is an area where global equity wants to  
13 ensure that we have sufficient exposure so that  
14 we can benefit once things begin to stabilize,  
15 return to, quote unquote, normal and some type of  
16 value outperforms. That said, we're still  
17 cautious with respect to lower quality companies.  
18 Those stocks might do well in a low quality  
19 rally. Our preference is to maybe minimize  
20 those.

21 And some of the things we're doing, an  
22 example, a couple of years ago we did a search  
23 for value managers in the developed standard  
24 ex-U.S. aggregate. This was at a time when there  
25 was very limited interest in value due to

1 performance struggles, due to an out of favor  
2 style.

3 Now, still those managers are struggling  
4 performance. Their style is even more out of  
5 favor now, two years later. But at that time, it  
6 was a good opportunity to identify excellent  
7 organizations to fund while negotiating very  
8 attractive fees. They were very happy and  
9 excited to get our phone call. Not many people  
10 were doing value searches at that time. So we  
11 have the ability within global equity to perhaps  
12 move and emphasize those managers a little bit  
13 more than what we're currently now.

14 We're going to continue to use liquidity  
15 events as opportunities to perhaps take profits  
16 from managers who have done very well. They've  
17 benefited not just from good stock selections,  
18 but they've probably benefited from favorable  
19 factor tailwinds, growth, momentum. I don't view  
20 this taking money from managers who have done  
21 incredibly well as a penalty on good performance.

22 These managers generally are not going to be  
23 tapped for liquidity during difficult times. I  
24 equate that to we're generally leaving value  
25 managers alone and leaving them out of liquidity,

1 if we still have confidence in them going  
2 forward.

3 So those, Mr. Chairman, are my comments to  
4 kind of set the stage for our review of global  
5 equity today.

6 And today we do have the opportunity to  
7 provide additional information about the global  
8 equity asset class. I'm happy to be joined, as  
9 the chairman said, by two of my colleagues,  
10 Dustin Heintz and Meghan Brown. They're both  
11 senior portfolio managers that I work with in  
12 global equity.

13 The page that you see in front of you is the  
14 exact one I want to begin on. Our presentation  
15 is divided into three sections, an overview of  
16 the asset class, policies and objectives, global  
17 equity's role in the total fund, including its  
18 historical characteristics and structural  
19 details. Finally, a review of the performance of  
20 the asset class, and we'll dig down a little bit  
21 into the active aggregates that we oversee. And  
22 we're also going to spend just a little time  
23 focusing on the process that we follow when we  
24 conduct investment manager searches.

25 Now, we're happy to be interrupted at any

1 time with questions or comments that you have.

2 Once Meghan, Dustin and I have concluded our  
3 presentation, as the chairman said, Mercer plans  
4 to share some slides and comments with you about  
5 our asset class.

6 So if we can go to the next page, please.  
7 Thank you. I've had the opportunity in previous  
8 IAC meetings to present very good performance  
9 numbers and discuss notable accomplishments of  
10 our group. I think it's very important, as we  
11 begin, to highlight and emphasize that all of the  
12 individuals on this page have contributed to our  
13 success. But even more importantly, these are  
14 the individuals who will contribute to our future  
15 success. It's always our objective to continue  
16 to grow, work together and recognize that there's  
17 always something more to learn, something that  
18 will make us better investors and make us more  
19 effective workers on behalf of our beneficiaries.

20 We're informally organized into four groups,  
21 as you can see here, administration, internal  
22 management and trading, risk and analytics and  
23 external manager oversight. That said, we share  
24 ideas across the group. Many staff members have  
25 responsibilities that reach outside of their

1 focus and into other groups. And that's with  
2 intent. We want that to happen.

3 For example, an internal strategy portfolio  
4 manager may be responsible for overseeing a group  
5 of active external managers. By managing money  
6 ourselves, that allows us to be better reviewers  
7 and overseers of external investment managers.

8 I also want to state that global equity  
9 success is reliant upon many others at the SBA.  
10 We receive vital support from all of those groups  
11 listed at the bottom of the page. My only fear  
12 in listing them all is I don't want to miss  
13 somebody. But we're all in this together. All  
14 these groups and all these folks contribute to  
15 our success.

16 Next page, please. Thank you. The Florida  
17 Retirement System's investment policy statement  
18 mandates that global equity achieve or exceed the  
19 return of the benchmark over a long period of  
20 time. We should be well-diversified. We should  
21 rely on low-cost passive strategies, while  
22 striving to provide positive alpha in areas of  
23 inefficiencies in the market, with a risk budget  
24 of 75 basis points. We always in global equity  
25 need to be ready to efficiently provide funds

1 when called upon to meet liquidity requirements.

2 Next page, please. And I'll continue  
3 talking as we move on to the next page. Our  
4 investment policy benchmark is a custom version  
5 of MSCI All Country World Investable Market  
6 Index. It's customized to reflect provisions of  
7 Protecting Florida's Investment Act legislation.  
8 This prohibits investment in certain companies  
9 doing business in Iran and Sudan and those that  
10 boycott Israel. And so our custom benchmark  
11 excludes those names that are on our prohibited  
12 list. And that's a fair thing to do.

13 Our benchmark includes over 45 countries and  
14 almost 9,000 securities. At the end of June, the  
15 U.S. -- and I've got to wrong slide in front of  
16 me, if you could move on to the next slide,  
17 please. Thank you. Our benchmark includes over  
18 45 countries and almost 9,000 securities. At the  
19 end of June, the U.S. was the largest country  
20 weight in our benchmark, 57 percent. The largest  
21 sector weight, as you can see there at the bottom  
22 of the page, were information technology,  
23 financials and health care.

24 Next page, please. Now, this is our actual  
25 asset class. These are some very general things



1 to share with you. At the end of June, we held  
2 greater than 10,000 securities across 73  
3 countries. We managed seven strategies  
4 internally, and we engaged external managers for  
5 60 mandates. The lower left graph indicates that  
6 almost 49 percent, almost a full half of our  
7 assets are internally managed, driven by notable  
8 passive management in the U.S. and other  
9 developed markets.

10 The upper right graph shows that we are  
11 almost 50-50 in terms of an active-passive split.  
12 We'll also opportunistically invest outside of  
13 our benchmark, examples being an absolute return  
14 currency program and U.S. microcap exposure.

15 The next page is pretty straightforward with  
16 respect to our objectives. And I understand I am  
17 not pausing. I'm trying to catch us up a little  
18 bit, Mr. Chairman. But certainly, if anyone  
19 wants to interrupt, please do so.

20 Straight forward with respect to our  
21 objectives. Global equity should provide the  
22 equity market return, manage costs, be  
23 diversified in our pursuit of alpha, maintain a  
24 low level of active risk, be selectively  
25 opportunistic and be a provider of liquidity.

1 Next page, please. While pursuing these  
2 objectives, we strive to avoid becoming a large  
3 index fund. We don't want to pay high active  
4 management fees for alpha that could be  
5 inexpensively obtained. We want to ensure that  
6 active managers are skillful above and beyond  
7 naive factors such as value or quality.

8 We want to be diversified across process.  
9 So we have fundamental managers. We have  
10 qualitative managers. We also want to be  
11 diversified by style. We have value managers, as  
12 I mentioned earlier. We have growth managers.

13 We try to add alpha where the probability of  
14 success is highest. We try to spend our risk  
15 budget in the highest probability areas of  
16 success. At the same time, we're always very  
17 aware of our important role as a liquidity  
18 provider. It's consistently factored into our  
19 structuring decisions.

20 The next page, I'd like to highlight just a  
21 couple of things. First of all, the title, when  
22 you see it, 2020's Dynamic Market Environment, I  
23 acknowledge that doesn't seem sufficient to  
24 describe what we've all been dealing with this  
25 year. China's growth in importance in the global

1 markets has accelerated. It's been growing over  
2 the years, and this year it's accelerated even  
3 more.

4 It now -- China now represents over  
5 40 percent of the MSCI emerging markets  
6 benchmark. China is now the third largest market  
7 in many investors' benchmark, behind only the  
8 U.S. and Japan. So think of that. The U.S.  
9 used -- it used to be the U.S., Japan and the  
10 United Kingdom. It is now the U.S., Japan and  
11 China. Third largest market in many investors'  
12 targets.

13 Growth continued to overwhelm, as I  
14 mentioned, value during our last fiscal year.  
15 This outperformance accelerated like a rocket  
16 during the pandemic. Market leadership didn't  
17 change. A number of stocks were negatively  
18 impacted by countries closing their economies.  
19 Volatility, that had been so historically low for  
20 a long time, surged in the first half of 2020.

21 Page 12, the next page, please. This shows  
22 some of the actions that we took in fiscal year  
23 2020. Within diversified sources of alpha, you  
24 can see we funded two new emerging market  
25 managers and two dedicated China A share funds.

1 We also launched a new internally managed passive  
2 strategy benchmarked to the Russell 2000 growth  
3 index.

4 And we continue to research and try to  
5 identify strategies that we can internally  
6 manage. There are notable efficiencies to  
7 internal management. And there at the bottom of  
8 the page you can see that we raised \$5 billion  
9 from July 2019 through June 2020 for liquidity  
10 requirements of the FRS, \$5 billion. So, again,  
11 we always keep liquidity in mind with any  
12 decision that we make.

13 Next page, please. Going forward -- and  
14 this is the last page I'll cover before I turn it  
15 over to my colleagues. Going forward, we'll  
16 continue to support the development of our most  
17 important component for future success, our  
18 employees. We'll consistently monitor and  
19 evaluate our external manager relationships. An  
20 important objective is to continually enhance and  
21 improve our analytics and reporting capabilities,  
22 and we're going to use liquidity draws, as I  
23 mentioned, to address structural biases that we  
24 might have in the aggregate.

25 And with that, I will turn it over to my

1 colleague Meghan Brown to cover the next section.

2 Thank you, Mr. Chairman.

3 MS. BROWN: Thank you. I'm excited to be  
4 here today to share some of the key metrics that  
5 quantify some of the things that Tim mentioned  
6 and illustrate how we adhere to policies and meet  
7 those important objectives. Starting with the  
8 top down look on the next slide, it's really kind  
9 of proof statement and shows GE's role in the  
10 total fund. It shows how we meaningfully  
11 contribute, shows the active total return of the  
12 plan, while also raising a substantial amount of  
13 cash to support the fund requirements. We  
14 accomplish this critical goal while all making up  
15 just a small portion of the total risk that's  
16 taken by the fund.

17 In the last three years, almost 70 percent  
18 of the total excess returns of the plan were  
19 generated from global equity, and 84 percent of  
20 the cash for fund obligations were sourced from  
21 our asset class. We talked a lot about liquidity  
22 today. That 84 percent translates to  
23 \$17.8 billion, which is a meaningful amount. And  
24 we constantly keep those obligations in mind as  
25 we balance the risk and opportunity set that we

1 have in the market.

2 We really want to make sure that this slide  
3 looks the same in five, ten, however many years  
4 down the road, and we accomplish that by making  
5 sure that we have a diversified portfolio that  
6 can continue to do well in lots of different  
7 market conditions, and it's diversified not only  
8 by the risk that we're taking but the alpha  
9 sources that we have working for us.

10 Tim spoke about our objectives and  
11 initiatives, how we focus on the advantages that  
12 we have to implement a low-cost strategy  
13 internally where it's appropriate and that we  
14 remain really selective when we hire active  
15 managers. We do not make tactical calls on the  
16 market, but we are really tactical with how we  
17 deploy the risk budget that we're given. And I  
18 think the next page illustrates a few key points  
19 about that activity.

20 We are charged with providing a low risk  
21 exposure to the equity markets, which is measured  
22 by beta and tracking error, which are shown at  
23 the top there. We stayed within the policy range  
24 for the active management exposure. And we've  
25 been able to provide beta exposure using less of

1 the risk budget than what's been allocated to us.

2 Institutional plans and money managers who  
3 often use information ratio, or IR, to quantify  
4 the alpha that's gained for each incremental risk  
5 taken over an index, it helps to measure the  
6 consistency and the volatility of the positive  
7 returns.

8 The graph on the bottom left is the IR for  
9 our asset class. In the last three years our  
10 number is 1.67. I think it's good to keep in  
11 mind here that .5 is good. One is great. So  
12 1.67 is a number that we're really proud of.  
13 You'll also notice that beginning in 2019, that  
14 number has steadily increased. And that's a  
15 result of some of the things that Tim mentioned,  
16 where we've been moving assets in-house and  
17 making changes or additions to certain exposures,  
18 which have all worked together to enhance our  
19 returns and reduce the volatility of the  
20 portfolio.

21 Simply put, we are rewarded for deviating  
22 from the index in certain markets, like the  
23 international and global that's shown on the  
24 bottom right. So our tracking error is higher in  
25 those areas.

1 The next slide, information ratio is just  
2 one way to demonstrate consistency, but this  
3 slide really kind of shows it in a way that most  
4 of us are accustomed to seeing it. So this shows  
5 the rolling one year period. And there's 108,  
6 and out of the 108, our asset class has  
7 outperformed in 103. And we can tell by the red  
8 dots that when we've underperformed, it hasn't  
9 been by meaningful amounts.

10 When we evaluate our portfolio and our  
11 performance, we also break it down on a monthly  
12 basis, which is represented on the next slide,  
13 and we look at our batting average based on  
14 different market conditions. So you can see  
15 here, in up markets, we've outperformed  
16 58 percent of the time; in down markets,  
17 90 percent of the time. The portfolio also does  
18 really well when growth is beating value and when  
19 minimum volatility is leading the market. When  
20 the U.S. beats the rest of the world, we also  
21 perform really well at 76 percent.

22 When value is leading the market, that's our  
23 lowest batting average, with just 40 percent. We  
24 spend a lot of time thinking and talking and  
25 analyzing our value exposure. I think it's good

1 to keep in mind here that this is a one month  
2 number, and so it captures the quick returns to  
3 value that are often led by lower quality stocks,  
4 which we would typically not keep up in these  
5 markets. But I think, as the previous slide  
6 shows, over longer periods of time, that's  
7 mitigated and the portfolio outperformed.

8 The following page shows diversification of  
9 the portfolio through another lens. It shows  
10 that we're diversified not only by geography and  
11 active and passive exposures but, most  
12 importantly, by the investment philosophy and the  
13 process. So whether our strategy is fundamental,  
14 quantitative or focused on a specific style, each  
15 carries its distinct advantages, which we want,  
16 but it also brings inherent blind spots, which we  
17 really have to be aware of and mindful of.

18 So our job is to put them all together in a  
19 way where we believe they'll outperform in any  
20 market condition because they're diversified by  
21 those investment philosophies, by their  
22 investment approach, as well as the type of risk  
23 that they're bringing and the sources of alpha.

24 The last page shows a more detailed breakout  
25 of that diversification, just specifically for

1 the active strategies. Here they're grouped by  
2 geography. And you'll notice that they continue  
3 to remain the most active in areas where tracking  
4 error is rewarded with outperformance, like  
5 emerging markets and international small cap.

6 Overall we continue to critically evaluate  
7 the strategies that we have, both active and  
8 passive, and remain thoughtful and tactical about  
9 how we use that risk budget to ensure that we  
10 continue to have a well-rounded portfolio that  
11 supports the total plan by providing that market  
12 exposure, the active returns and support for  
13 those liquidity needs.

14 Dustin is going to talk more about how we do  
15 that. But if there aren't any questions, I'll  
16 turn it over to him.

17 MR. OLMSTEAD: Great. Moving on.

18 MR. WILLIAMS: Dustin, I think you're muted.

19 MR. COBB: Tim, while we have this  
20 mechanical problem, let me ask a question. So I  
21 understand our benchmark has us at about  
22 43 percent international. Is our actual  
23 portfolio pretty close to the benchmark? That's  
24 my first question. And the follow-up question  
25 is, how would that relate to the other major

1 pension funds, the top ten pension funds in the  
2 country? Is that a higher -- by following the  
3 benchmark, do we have a higher percentage  
4 internationally?

5 MR. TAYLOR: The answer, Ambassador, to your  
6 first question is, yes, we do try to remain  
7 fairly neutral relative to our target in terms of  
8 region. And that includes, of course, U.S. and  
9 non-U.S. I'm not positive. I can't answer with  
10 confidence what other -- our peers would be  
11 doing. So when I can't answer with a certain  
12 level of confidence, I won't answer.

13 I will say that our plan several years ago  
14 adopted a global equity benchmark. That was to  
15 address home country bias, to more appropriately  
16 consider the global investment opportunity set.  
17 A lot of pension plans and other investors in the  
18 U.S. have a home country bias, meaning they have  
19 more in the U.S. than represented by the  
20 investment opportunity cost.

21 I think that's probably still generally the  
22 case. Some U.S. plans probably still have more  
23 U.S. But, again, Mr. Ambassador, I'm not  
24 positive.

25 MR. COBB: Thank you.

1 MR. TAYLOR: You're welcome.

2 MR. HEINTZ: Is my audio --

3 MR. OLMSTEAD: We hear you, Dustin.

4 MR. HEINTZ: You can hear me this time? All  
5 right. Sorry. It was trying to pick up my  
6 monitor instead of my laptop microphone. I don't  
7 know where the presentation went. John, do we  
8 have the presentation up?

9 MR. COBB: We have it in front of us.

10 MR. HEINTZ: okay. I'm not showing it on  
11 mine. On page 22, we can go ahead and --

12 MR. OLMSTEAD: Could you just tell us the  
13 title? Because sometimes the page numbers are  
14 not perfectly aligned.

15 MR. HEINTZ: So page 22 is the performance  
16 of the total global equity, and it's going to  
17 show the return performance across the middle.

18 MR. OLMSTEAD: Thank you.

19 MR. HEINTZ: What you'll notice here is, in  
20 the second quarter, the benchmark return was  
21 almost 20 percent, which after the first quarter,  
22 it was down almost 22 percent. So almost all the  
23 performance in the second quarter -- and as Tim  
24 mentioned, the quarter today is up another  
25 8 percent. So we actually made back all the

1 performance and are positive on performance.

2 At this point, in the second quarter, we  
3 were up 26 basis points. So we actually  
4 outperformed, which is actually somewhat rare for  
5 us. We do outperform when the markets are up  
6 significantly, which is more than 5 percent. We  
7 outperform about 60 percent of the time. And so  
8 the fact that we outperformed in this quarter was  
9 a pretty solid performance relative to the first  
10 quarter, when we also outperformed. And so we've  
11 had a good year to date.

12 And so as you look across all these periods,  
13 in the second quarter, calendar year to date, the  
14 one year, three year, five year, we actually  
15 outperformed the benchmark in all these periods.  
16 A lot of this has to do with the way, as Tim  
17 described, the way we set up our allocation, the  
18 way that we (inaudible), where we want to take  
19 our risk and where we want to try and get the  
20 most passive exposure and just replicate the  
21 index exposure. And so it looks like we've  
22 outperformed in all periods. We have  
23 outperformed in all periods. It looks great, and  
24 everybody -- Tim was mentioning the growth being  
25 a good tailwind.

1 One thing I would say, when you look across  
2 these, is it kind of hides a little bit about the  
3 fact that we do have a diversified portfolio. So  
4 when we look at the number of strategies that we  
5 have to have for the performance record, there's  
6 50 of them. Twenty-seven of them have  
7 outperformed. Twenty-three of them have  
8 underperformed in that three-year period, and yet  
9 we still are adding 55 basis points above the  
10 index performance. So a lot of that is the  
11 diversification, kind of looking for and having  
12 products that can work in all time periods.

13 And so with that, we can turn to page 23.  
14 You can see the way that we break it out. You  
15 can see the passively managed strategies, about  
16 50 percent. Actively managed is about  
17 50 percent. Our (inaudible) have outperformed  
18 and the (inaudible) strategies over the long-term  
19 have outperformed (inaudible) basis points in the  
20 three year and 14 basis points in the five year,  
21 slightly trailing in the one year.

22 When we break it out by region, it looks a  
23 little bit different. You can see the U.S. has  
24 underperformed, which we talk about in the next  
25 slide in a little bit more detail. A lot of this

1 is passive performance, but the underperformance  
2 comes from our active management. Our foreign  
3 managers have outperformed. This is what's  
4 considered an inefficient area of the market. So  
5 we put most of our active performance here.

6 So the active performance up top and the  
7 foreign performance in the middle kind of  
8 coincide with each other. And then the global  
9 performance, this comes from being a little bit  
10 more defensive and value focused, is still  
11 vertically and have been tailwinds or headwinds  
12 to those managers over the last few years.

13 So page 24, I think there are probably  
14 (inaudible) when you look at, there are some red  
15 numbers, which are --

16 MR. OLMSTEAD: Can I comment real quick? If  
17 you go back a page and you look at U.S. large  
18 cap, which seems to be a significant portion of  
19 our portfolio, any insights on the -- you always  
20 look at the extreme outliers to the right, you  
21 look to the left, and if you look at this one, it  
22 looks like U.S. large caps were sort of in the  
23 red there. So any further insights on that or  
24 approaches to closing that gap? It seems like  
25 that would have a significant impact to the

1 overall return.

2 MR. HEINTZ: So to start with, I would start  
3 actually at the top, in the middle, you look at  
4 the foreign developed standard and emerging  
5 markets, the weight of the active aggregate is  
6 almost 33 percent. So when we're about  
7 50 percent active, 33 percent is coming from  
8 those two.

9 When you look at the U.S. large cap, it is a  
10 large red number and it is significant  
11 underperformance there. But I would remind you,  
12 it's only 3.6 percent of the overall portfolio.  
13 It is part of what is kind of causing the  
14 underperformance. The fact that we have more  
15 quantitative managers there, they are more value  
16 focused, and even our U.S. large cap growth  
17 managers are underweight to the bank stocks. So  
18 they're not holding more exposure to Facebook, to  
19 Apple, to Netflix, to Google, to any of those  
20 high-flying stocks that have done very well.  
21 They tend to be in maybe the slightly smaller,  
22 more mid cap type stocks. And they also have a  
23 little bit of a value tilt even within the growth  
24 area.

25 So we've been underexposed to those five



1 names that have done really, really well. And  
2 that has caused significant pain in the one year  
3 and the three year return, as you can see. But I  
4 would remind you, it is only 3.6 percent of the  
5 overall aggregate.

6 I think the other thing to look at, the  
7 dedicated global has also underperformed. It's  
8 7.5 percent of our overall aggregate. It's  
9 underperformed almost 3 percent. This is another  
10 one where we've had defensive managers in there.  
11 And so in particular the most recent quarter  
12 where the performance has been up strong, they  
13 have struggled.

14 And we also have -- one of our managers  
15 there focuses on dividend yield, and that has  
16 been a significant headwind to their process, as  
17 they have been exposed to more utilities, REITs  
18 and other things that are interest rate  
19 sensitive, and they have underperformed recently  
20 as well.

21 So there are a couple of managers that have  
22 kind of underperformed in the way that we've  
23 built these aggregates, and we're aware of these  
24 issues and are seeking ways to maybe mitigate  
25 some of the challenges going forward on the

1 diversification within these few areas.

2 Are there any other questions on the drivers  
3 of performance? I think we can move forward  
4 then, if there are no questions on performance,  
5 and talk a little bit about our search and  
6 selection process. I won't take too much time  
7 here, but I think it's a good chance to kind of  
8 outline the way that we think about where our  
9 needs are and how we address those needs.

10 So the first idea is how to identify a need.  
11 Sometimes it is defining diversification and what  
12 don't we have or what maybe has struggled and  
13 where can we kind of increase the overall  
14 diversification within one of the buckets.

15 And the other times when we typically need  
16 to do a manager search and selection is obviously  
17 for manager replacement. So if somebody is  
18 underperforming or if we have a need to walk away  
19 from a relationship for any reason whatsoever,  
20 then we know what the opportunity is, we know  
21 what the need is. And so then we develop a  
22 search criteria. And this will tend to be  
23 focused on those needs, but we try and make sure  
24 that the criteria that we're looking for is  
25 broad-based enough that we're not only going to

1 be able to identify two or three target managers  
2 but we can find plenty of managers who maybe can  
3 fill that need to give us the kind of broad-based  
4 manager to look at and consider for replacement.

5 So then once we develop that list of  
6 managers, we look at external databases,  
7 including investment, style analytics. There are  
8 a number of different databases that we can look  
9 at. We work with Mercer and their talented team  
10 of consultants and analysts and try to identify  
11 which managers maybe will do what we need based  
12 on the search and selection criteria.

13 Once we've identified a shorter list of  
14 managers, we typically try and get this to five,  
15 10, 15 or so, we will send out a detailed  
16 questionnaire, asking them to provide us with  
17 plenty of information that we can help determine  
18 whether or not the fund, the team, the firm,  
19 everything is of good quality and that the  
20 process is going to be able to identify what we  
21 are looking for and maybe fill specific needs.

22 Once we've looked at the questionnaires,  
23 we're able to think about, you know, which ones  
24 do we think is going to have the best process in  
25 place, is going to be able to outperform the

1 market over long periods of time. And once we've  
2 kind of identified those managers, the -- we can  
3 go to page 26.

4 You'll see the next step seems a little bit  
5 out of place, but we actually view it as being a  
6 pretty important part, where we negotiate the  
7 contract. We're not negotiating the contract to  
8 sign it, but we give them a copy of our contract,  
9 and we want to make sure that they understand  
10 we're a state pension plan. There's a lot of  
11 things that we have to abide by that may be  
12 legislatively ruled.

13 So we want to make sure there's no  
14 deal-breakers in there before we waste everyone  
15 else's time and spend a lot of time doing the  
16 interviews and a lot of negotiations. So we talk  
17 about fees and make sure that the managers are  
18 able to come to us in a reasonable fee level.

19 And once we've kind of gotten through all of  
20 this and we've identified the managers that we'd  
21 like to have interviews with, I think a lot of  
22 times in the asset management business, they walk  
23 into a room and they're given 15 minutes to pitch  
24 to a board or pitch to people, you know, here's  
25 what we want and here's why we think that we can

1 meet what your needs are.

2 We prefer to take a much longer time. So  
3 we're usually spending two, two and a half hours  
4 with each of these asset managers, because we  
5 really want to know, you know, what are their  
6 processes, what are their teams like, what is the  
7 risk that we're taking with choosing this  
8 manager, what are the benefits that we're going  
9 to be able to get from having this relationship  
10 going forward.

11 So once we've spend that time with all these  
12 managers, we are looking to make a decision on  
13 which manager to hire, it is not always just  
14 strictly based on who's the best, but sometimes  
15 it's who's the best fit, who's going to diversify  
16 away from other managers that we have in the  
17 aggregate. And so, when it all comes together,  
18 we're looking to identify the right managers to  
19 fit into each bucket with the other managers,  
20 provide alpha over long-term, diversify the risk.

21 And so then at that point, we do the  
22 contract. We look to do due diligence on site.  
23 It maybe not a requirement to be on site prior to  
24 hire, but typically we are requiring at least  
25 Mercer or somebody to be on site. Most of these

1 managers are very large institutional quality  
2 managers, so that helps mitigate some of the  
3 organizational risk or operational risk.

4 And then once we have gotten through  
5 contract and gotten through all of the due  
6 diligence, we'll finish with the transition, and  
7 then the performance period begins. So that is  
8 the process we use to identify and select  
9 managers and kind of turn over any issues or add  
10 any diversifying managers to our list.

11 Are there any questions on any performance  
12 or the manager selection?

13 MR. OLMSTEAD: Just real quick. This is  
14 sort of a chapter from Mr. Ambassador Cobb's  
15 questions at times. But when you look at  
16 benchmark versus peer group -- and I couldn't  
17 find anything on how we performed versus peer  
18 group as opposed to benchmark, but any commentary  
19 on that. And then if there is a delta, is there  
20 something in the policy, in our investment policy  
21 benchmark that should be (inaudible)?

22 MR. TAYLOR: Mr. Chair, this is Tim Taylor.  
23 I think actually Jay Love from Mercer will be  
24 covering some performance relative to peers, so  
25 perhaps we'll defer to him for that, maybe a

1 discussion of the question that you have, if that  
2 sounds good.

3 MR. OLMSTEAD: Sounds good. I thought I  
4 thought it somewhere. That's probably where I  
5 saw it. So very good.

6 MR. LOVE: Okay. So this is Jay Love from  
7 Mercer. I'll take over next. Can you guys hear  
8 me?

9 MR. COLLINS: Can I ask one question before  
10 you take over, Jay? Mr. Chairman?

11 MR. OLMSTEAD: Please.

12 MR. COLLINS: So we talked -- I think Meghan  
13 talked a little bit about the information ratio  
14 for the overall portfolio. Anybody -- do you  
15 have -- I know you don't do names in here for  
16 obvious reasons. But is there anybody that's on  
17 a watch list for you guys at this time, Tim, from  
18 a performance standpoint, relative to what you  
19 thought you should be getting out of them?

20 MR. TAYLOR: Well, I always make the  
21 comment -- thank you for the question. I always  
22 make the comment that all of our managers are  
23 essentially on watch all the time. And we have  
24 to remain diligent, not become complacent,  
25 regardless of past performance. We work in a

1 dynamic industry where people can leave an  
2 organization. There could be potential  
3 operational control or risk that -- you know, we  
4 always have to, as much as possible, remain on  
5 top and watch everybody.

6 You know, it's not surprising, with 60  
7 managers, that there are some of our managers  
8 where we have very robust discussions within the  
9 group as to, you know, are they delivering what  
10 we thought they would deliver. More often than  
11 not, we can continue to have confidence in a  
12 manager if we know it's been a difficult  
13 environment for them and if they've stuck to  
14 their discipline and not deviated from it. That  
15 doesn't mean they shouldn't change things  
16 periodically and maybe make enhancements to the  
17 process.

18 But to be honest, it's probably not  
19 surprising to anybody, there are some managers  
20 perhaps that are more -- more concern, that maybe  
21 the performance hasn't been exactly what we  
22 thought, be it good or bad. There's been --  
23 several organizations are under a lot of  
24 pressure. There's been a great move to passive,  
25 to ETF, to factor investing. Revenues have

1 declined notably in some cases. And that's not  
2 just with our managers. That's definitely across  
3 the industry.

4         So, yeah, as best as I can to answer your  
5 question, yes, there are some that we have more  
6 frequent discussions about, even though all are  
7 continually on watch. I hope that's helpful.

8         MR. COLLINS: Yeah. And the last question  
9 is, how many managers have you terminated in the  
10 last couple of years?

11         MR. TAYLOR: In the last couple of years?  
12 And please don't hold me to this number. My best  
13 guess would be about eight to ten. I think  
14 probably roughly one every quarter. We've had a  
15 couple of terminations this year. So I would say  
16 eight to ten in the last couple of years. In  
17 some cases we've replaced a manager. In some  
18 cases we've not. We've allocated to existing  
19 managers, or we perhaps have taken some of the  
20 assets in our internal strategy.

21         MR. COLLINS: Thank you, Tim.

22         MR. TAYLOR: You're welcome. Thank you.

23         MR. LOVE: Okay. Just to keep us moving,  
24 this is Jay Love. If you can hear me, I will go  
25 ahead and start my review, if we can go there.

1 There we go. So Mercer's primary role with the  
2 SBA is to act as an external resource for manager  
3 research. So we work both in fixed income and  
4 equity areas consulting with your teams to  
5 provide support in researching managers. So when  
6 they go through those two-hour-plus, three-hour  
7 interviews of potential managers, we have a team  
8 there that supports that, and we provide a lot of  
9 research for your manager research as well.

10         But periodically annually we step in and do  
11 what I'll call kind of this best practice review.  
12 We give you an update on how your program overall  
13 stacks up against peers, and what we see is any  
14 kind of best practices that might be improved or  
15 things that might be changed. So that's what  
16 this review is.

17         So I'm going to start. In the interest of  
18 time, I'm going to jump ahead to page 4 of my  
19 presentation, if you could, and just give you  
20 kind of the big picture overview of the results.  
21 So overall, we would say the SBA program is one  
22 of the largest programs in the world in terms of  
23 managing global equity. We also do think it is  
24 one of the best run overall.

25         So the program, we definitely think it's

1 managed in a very prudent and risk-controlled  
2 fashion. You have a very knowledgeable and  
3 experienced staff that I think is very targeted  
4 on your objectives of first of all producing  
5 market returns, delivering that overall equity  
6 risk premium that you were talking about earlier,  
7 but also doing it in a way that adds some value,  
8 tries to outperform where it makes sense, without  
9 taking any more risk than is appropriate.

10 So we can get into details, but your program  
11 is comprised of both kind of risk control  
12 strategies that are delivering a slight premium  
13 to the markets, and it has some more higher risk,  
14 more active strategies that are trying to deliver  
15 higher returns. It's a good blend of those and  
16 are put together in a way that I think delivers  
17 consistent -- fairly consistent alpha over time,  
18 with very controlled risk overall.

19 Now, you do make a good deal of use of  
20 passive management, so there are areas of the  
21 markets that are very efficient and active  
22 management is very challenging and expensive. In  
23 those places you've largely moved to passive  
24 management, so that's very effective. That has  
25 the effect of keeping your overall costs low for

1 your program. And that's very important. The  
2 one sure thing in investment, as we all know, is  
3 the fees. You know you're going to have negative  
4 return when you pay those fees. So keeping those  
5 low is very important.

6 You do make a good deal of use of internal  
7 staff. Given a program of your size, that makes  
8 a lot of sense. And in our view, you're using  
9 that staff where it is most effective, so doing  
10 the passive management and then in some more  
11 quantitative strategies, where you use more  
12 formulaic approaches. So I think overall the  
13 internal management is very effective.

14 And then just looking at results overall,  
15 I'll show you some details in a moment, but your  
16 performance versus your peers is quite good. So  
17 I think overall our evaluation of the SBA program  
18 is positive. You're doing most things in a very  
19 solid manner.

20 On the next page, just some quick stats,  
21 because there have been some questions on peer  
22 groups. So this is data from an annual survey  
23 that's done by a group called CEM, and this data  
24 is actually as of 12/31/18. They haven't quite  
25 released their most recent results yet.

1 But in terms of passive management, you can  
2 see that the FRS uses about 43 percent internal  
3 passive management versus peers -- this is very  
4 large public plans -- at about a little under  
5 28 percent. So you use about 30 to 40 percent  
6 more internal passive management than your peers,  
7 so that's a very cost-effective approach.

8 Your peers do use a bit more external  
9 passive management, but they don't have your  
10 internal support. And then your use of external  
11 active management is also higher than your peers  
12 overall. So generally you're making use of  
13 passive management and internal passive  
14 management at a bit higher rate than your peers.

15 I'm going to skip ahead two pages, just to  
16 keep things moving, to page 8, if we could.  
17 There we go. So some of your questions were on  
18 regional allocations. So this is looking again  
19 at that CEM survey from the end of 2018. So the  
20 numbers have evolved some since then. But the  
21 comparisons to other very large plans and then to  
22 the overall U.S. public plan universe are going  
23 to be largely similar now as they were at the end  
24 of '18. The far right-hand column is for the  
25 benchmark, and that's more current data, so it's

1 not directly comparable.

2 So relative to your peers, you do have a  
3 little bit higher allocation to U.S. equity than  
4 other large plans and versus the largest U.S.  
5 public plans. And you can see the breakdown over  
6 here. The one place that you tend to be a little  
7 bit lower is using global equity mandates, so  
8 hiring managers whose benchmark is the ACWI or  
9 MSCI World. So you do have a little bit lower  
10 allocation there.

11 That has something to do with the fact that  
12 you do make use of passive management in a  
13 dedicated way in the U.S. And what you allocate  
14 to global equity managers, a portion of that  
15 portfolio is obviously the U.S. equities, which  
16 you've identified or the SBA has identified as  
17 being more efficient and less likely to yield  
18 positive results. So you tend to make more use  
19 of active management in non-U.S. equities  
20 probably than your peers and then have a lower  
21 allocation to global equity for the same or  
22 similar reason.

23 So on the next page, it's just a bit more  
24 details on use of passive versus active. And  
25 this is kind of consistent with what I was just

1 saying. So relative to your peers, you have more  
2 U.S. passive management and a little bit less  
3 active management in the U.S. So as you'll see  
4 in a minute, that's actually been a positive for  
5 you. Your performance has actually been better  
6 than your peers in U.S. equity, even though  
7 you're largely passive. It just goes to show why  
8 it's tough to be active in the U.S.

9 Outside of the U.S., you have very little  
10 passive management. That's one of the main  
11 places you use active. And again, as you saw  
12 before, that's been very effective and  
13 successful. And then in the global area, you  
14 don't have a large allocation to global mandates,  
15 but you're largely active there. So that is a  
16 place where you're doing that because you think  
17 managers can add value by choosing the various  
18 regions in addition to choosing from a wide array  
19 of securities across the globe.

20 So going to the next page, looking at  
21 overall results, performance is largely in line  
22 with your -- with peers over the trailing five  
23 years. So I mention that, in U.S. stocks in  
24 particular, your overall return over the five  
25 years ended '18 is actually higher than your

1 peers, at about a 7.8 percent return versus 7.2  
2 for the U.S. public average and 7.4 for large  
3 public funds.

4 In the other areas you're kind of similar.  
5 In this five year period, EAFE, developed  
6 non-U.S., was a little behind the peer group  
7 average, and then emerging markets was pretty  
8 much in line, as was global stocks. So  
9 interestingly, U.S. stocks, where you're largely  
10 passive, is where you were adding a fair bit of  
11 value relative to your peers, because they're  
12 trying to outperform and it's a difficult place,  
13 whereas you decided discretion is the better part  
14 of valor there and are largely passive.

15 Now, that's that CEM survey, and it's  
16 through 2018. Let me jump ahead two pages to  
17 page 12. So page 12 has more recent information.  
18 It's a bit more detailed. There's a lot of  
19 numbers on this page. But this is showing your  
20 U.S. equity, developed non-U.S. equity and then  
21 global equity portfolios relative to the  
22 investment metrics peer group universe of public  
23 funds, of large public funds greater than a  
24 billion dollars.

25 So there's a number of columns on this page.



1 That's year to date through June, one, three and  
2 five year and then since inception. All these  
3 are telling largely a similar story, though.  
4 There's a little percentile, a little number in  
5 parentheses out to the right at the top line of  
6 each of these boxes.

7 So there's the FRS U.S. equity, and then  
8 there's a -- that number in parentheses is your  
9 percentile rank relative to the peers. So for  
10 the five year number, for example, where it says  
11 your return was 9.63 percent, that 27 means  
12 you're in the 27th percentile, where you were  
13 outperforming about 73 percent of your peers in  
14 U.S. equity.

15 So we've got that peer group ranking there  
16 for your return, and we've also got your  
17 information ratio peer group ranking. But that  
18 number is a bit more interesting because, because  
19 your portfolio is run in such a low tracking  
20 error manner, any underperformance relative to  
21 the benchmark ends up showing. You know, the  
22 information ratio is your excess return divided  
23 by your tracking error. Your tracking error is  
24 so low that that information ratio ends up  
25 looking like a big negative number, like a fairly

1 poor rank.

2 I think that's a bit of a superfluous or an  
3 incorrect indication, so I'll suggest that you  
4 not pay too much attention to that, because as  
5 you can see, your excess return, your total  
6 return relative to your peers is actually higher.  
7 You're outperforming your peers in U.S. equity.

8 Now, non-U.S. equity is the place where  
9 your -- you use mostly active management. And,  
10 again, your peer group rankings there are very  
11 strong. So you're generally outperforming.  
12 You're in the top third or so of the peers. So I  
13 think overall, for such a large program run with  
14 such low active risk, you're having very  
15 efficient and very effective results.

16 There, you can see the information ratio  
17 flips in the opposite direction because, again,  
18 you do have very controlled active risk, but  
19 you're outperforming by a fairly meaningful  
20 amount. You show up at the very top of the heap  
21 in terms of your overall information ratio.

22 And then even in global equity, where your  
23 results are closer to the peer median, I think  
24 overall results are fairly strong. Again, this  
25 is a blend of active and passive for you. So

1 you're showing in the top half of the peer group  
2 for global equity. And, again, that's somewhere  
3 where you have a smaller allocation. It's  
4 necessarily the main focus of your active  
5 portfolio. I think overall results are fairly  
6 good.

7 So because there were a number of questions  
8 here, I'll pause for a second and see if there's  
9 any follow-up.

10 MR. COLLINS: So just so we're clear, so in  
11 the dedicated global equity, the parentheses,  
12 where it says 41, we're in the top 41 percent?

13 MR. LOVE: Right, correct. Yeah.  
14 Investment performance is presented upside down  
15 from the way statistics are everywhere else. So  
16 you're in the top 41 percent.

17 MR. COLLINS: It's interesting, because we  
18 have other presentations that do it the opposite  
19 way.

20 MR. LOVE: Yeah, I know. It gets confusing.

21 MR. COLLINS: So do we know where our  
22 underperformance is -- does it go back to FANG on  
23 the U.S. equity? Is that the sole story?

24 MR. LOVE: For the U.S. equity? I think Tim  
25 would have to address that. This survey doesn't

1 get into the relative results relative to peers  
2 in that manner.

3 MR. TAYLOR: Yeah, Peter, that -- I mean,  
4 within U.S., we have some active, as you know.  
5 Small cap we've been relative successful, and  
6 U.S. large cap, that's where active management  
7 relative to the benchmark has been most  
8 challenged.

9 And it's really -- it's an aggregate of four  
10 investment managers to growth, to value. They  
11 all, Dustin mentioned earlier, have an element of  
12 valuation in their process. When you consider  
13 the sheer outperformance of mega cap and growth  
14 and the FANG, the benchmark concentration, it's  
15 really -- performance has been dictated by your  
16 position relative to very, very few names.

17 And our position in U.S. large cap active  
18 has been underweight those names. So they've  
19 struggled, and their performance even lately has  
20 been worse on a relative basis. I think that's  
21 evidence that the growth and momentum in the mega  
22 cap is really at an extreme.

23 We might -- I would suspect we would start  
24 to -- those managers, that aggregate would start  
25 to do a little bit better if things change, if

1 investors' appetite for anything but what's been  
2 working turns elsewhere. So again, to answer  
3 your question, U.S. underperformance has been  
4 driven by really our U.S. large cap active  
5 aggregate.

6 Now, that said, according to what's on the  
7 Mercer slides, relative to our peers, because  
8 we've been predominantly passive in the U.S.,  
9 we've actually been doing fairly well relative to  
10 peers.

11 MR. COLLINS: How many peers are in this  
12 review? So if we're in the top 27 percent in  
13 U.S. equity, what number are we? I know we  
14 compare some things to the TUCS Top 10, but how  
15 many are in this -- and I'm assuming it's greater  
16 than 1 billion. So how many are there?

17 MR. LOVE: I don't have the public fund  
18 number pulled up in front of me, but I'm going to  
19 guess it's probably north of 100.

20 MR. WILLIAMS: There may be some information  
21 in Aon's presentation later on that touches on  
22 that.

23 MR. COLLINS: I'm not a statistics guy, but  
24 I don't know how we can be in the top 27 percent  
25 but -- are we in the top 88 percent on the

1 negative information ratio? I don't understand  
2 that.

3 MR. LOVE: No. You rank poorly on  
4 information ratio.

5 MR. COLLINS: Yeah. So we're in the top 27  
6 in performance, but we're in the bottom 12 on the  
7 information ratio?

8 MR. LOVE: Yeah. So a typical public equity  
9 portfolio's tracking error is going to be more --  
10 instead of .3, it's going to be more like 2 --

11 MR. COLLINS: Right.

12 MR. LOVE: -- 2 to 3. So if you were  
13 dividing by 2 or 3, your information -- that  
14 number would -- instead of being negative 1.2, it  
15 might be negative .3. And that would move you up  
16 in that ranking.

17 MR. COLLINS: Okay.

18 MR. LOVE: That one is a little upside down,  
19 a little confusing to look at, but it's because  
20 the divisor of the ratio is so small, it's  
21 boosting the ratio.

22 MR. COLLINS: Yeah. No. I understand the  
23 simple math behind it. I just don't understand  
24 how we can be in the top 27 percent but be in the  
25 bottom 88 percent when you measure it relative to

1 the benchmark.

2 MR. LOVE: Yeah.

3 MR. COLLINS: Okay.

4 MR. LOVE: So that was the main things I  
5 wanted to cover. There's a little more detail in  
6 terms of kind of the overall ratings, Mercer's  
7 ratings of the managers that you use. And I'll  
8 mention that your equity team does collaborate  
9 with our research team quite extensively. So  
10 generally your managers are highly rated by  
11 Mercer. We agree on a lot of them. There are  
12 some areas where we don't quite agree, where  
13 Mercer has a little bit lower rating, and some  
14 where the opposite happens.

15 This isn't, unfortunately, an exact science,  
16 and there is judgment involved. So I don't think  
17 there's any -- I don't think there's any managers  
18 where we would vehemently disagree on any  
19 particular points. It's just that we do  
20 occasionally come to slightly different  
21 conclusions. But, again, I'll reiterate overall  
22 that your team does very thorough research of  
23 their managers, and I think their views are very  
24 well-founded.

25 So, Mr. Chairman, that's what I wanted to

1 try and cover with you.

2 MR. OLMSTEAD: Okay. Any other questions  
3 for Jay?

4 MR. GOETZ: Mr. Chairman, this is John  
5 Goetz. I have a question for Jay. I saw your  
6 last slide. You didn't reference it. I'm on  
7 page 15, but the recent activities including the  
8 value search. Given the disparity in the  
9 performance that Tim highlighted several times in  
10 his presentation and the high multiples for the  
11 market that Ash mentioned at the outset, is  
12 Mercer -- have you taken a position on some  
13 reallocation, within global equity, value to  
14 growth, or not?

15 MR. LOVE: Well, Mercer's -- I mean, our  
16 general advice is going to be to maintain kind of  
17 a balanced exposure to different types of  
18 managers. So effectively, particularly in the  
19 U.S., that means rebalancing from growth to  
20 value. And that does happen -- that does occur  
21 outside of U.S. as well. So our kind of outlook  
22 is more positive for growth than value, so we  
23 have a slight bias towards -- we would recommend  
24 a slight bias towards value. But of course  
25 that's been a challenging move to make. So it's

1 kind of measured by the risk there. But overall  
2 we do recommend a slight tilt to value.

3 MR. GOETZ: Okay. Thank you. And, Tim, if  
4 I could just go back to you. We see your search  
5 list here on page 15. I'm just interested on  
6 behalf of the whole committee. You made some  
7 pretty strong comments at the outset. Can you  
8 give us a little feeling for what you think is  
9 the most prudent thing to do, again, starting  
10 with the fact that, as Ambassador Cobb said, the  
11 expectation for a 6.5 percent even might seem  
12 difficult, given the run in certain portions of  
13 the equity market?

14 MR. TAYLOR: Thank you. Thank you, John.  
15 You know, we've benefited very much from the  
16 growth and momentum. We've been positioned well.  
17 We've had some managers who have done incredibly  
18 well. They've done so incredibly well, it  
19 actually scares me a little bit. And I think  
20 it's that point in time you have to look and see,  
21 well -- I think, as I mentioned in the comments,  
22 the bigger stocks that have done well, they're  
23 still positioned to do well. And I don't think  
24 they're ridiculously valued. They are good,  
25 strong business franchises, and people are

1 continuing to demand the services they offer in  
2 the environment that we're all facing right now.

3 Those stocks -- now, we've sold of a little  
4 bit this last month, through September. But I  
5 will say, you know what? We've actually -- in  
6 global equity, we're up about 20 basis points for  
7 this month. That provides me some comfort that  
8 we have exposure to other areas of the market  
9 that haven't been working particularly well, so  
10 even if growth and momentum give back some  
11 performance, we have some other areas that will  
12 step up.

13 I think, John, what we're focused on are, do  
14 we have enough exposure to some under-owned,  
15 underappreciated, good companies that have --  
16 just have not done very well at all. They've  
17 maybe perhaps been penalized along with  
18 everything else that's not mega cap growth,  
19 momentum.

20 We have some excellent managers, and we have  
21 good account sizes with them. And so I think  
22 we're wanting to make sure, do we have sufficient  
23 exposure to what has not worked but might work as  
24 market leadership, I think, will start to  
25 broaden.

1 And it's not going to be just the names that  
2 have worked for so long. It's going to start  
3 spreading out, I think, to good companies that  
4 have been underappreciated. They're weathering  
5 the storm. They're not, you know, dynamic type  
6 companies, but they're weathering the storm.  
7 They make good decisions. They're selling at  
8 attractive valuations, and they could benefit as  
9 the economies start to open up. I think you do  
10 have to have an element of quality there. I  
11 think you just can't buy something that's called  
12 value just because it's called value. I think  
13 you do need to have a bit of a quality element  
14 there.

15 So, John, that's what we're trying to focus  
16 on. The last, I don't know, three, six months  
17 we've been making sure we have proper exposure  
18 that will benefit if market leadership changes or  
19 begins to broaden out.

20 Now, during the liquidity every month, we  
21 have a look. We may sell managers who have done  
22 really well. You know, we may do that, take some  
23 profits at the margin. So those are the types of  
24 things we've been thinking about. We've made  
25 some manager changes as well over the last year.

1 So we're active on those types of things and will  
2 continue to be so.

3 MR. GOETZ: I heard you say that at the  
4 outset, so I was -- when I got to this last page,  
5 I saw the developed -- international developed  
6 value equity search. I was just wondering what  
7 other actions you were contemplating and how big  
8 a shift this might be. But, you know, that may  
9 be beyond the scope of this meeting.

10 MR. TAYLOR: And I'm always -- thank you.  
11 Those are things that are largely complete, were  
12 completed.

13 MR. GOETZ: Okay.

14 MR. TAYLOR: If I were to mention things  
15 that we're thinking about or actively doing, I  
16 would probably get 100 emails by tomorrow at 5:00  
17 from prospective managers. But what I will tell,  
18 as I tell all prospective managers, make sure  
19 Mercer knows who your organization is, that they  
20 know your strategy. Make sure you populate the  
21 eVestment Alliance database, so if we do  
22 anything, you will be considered for any  
23 potential mandate that we might have an eye to.

24 MR. GOETZ: Well, where I was going --  
25 actually, Tim, where I was going on this is, is

1 that I think that the bifurcation in the market  
2 or the exceptional run, just taking Ambassador  
3 Cobb's viewpoint, if a stock doubles, you have to  
4 expect that your expected return has declined  
5 after it's doubled.

6 And on behalf of the State of Florida,  
7 putting more money to work where you have more  
8 prospect for return, you know, that is the  
9 mission that we all have, and there is a  
10 tremendous separation in the market, you know,  
11 today. So that was my comment on behalf of the  
12 other members of this committee.

13 MR. OLMSTEAD: Okay. If there are no other  
14 questions, I think we should begin the other SIO  
15 updates. All right. And I think we're kicking  
16 off with Katy.

17 MS. WOJCIECHOWSKI: Okay. John, can you  
18 hear me, first of all? Shoot. Can you guys hear  
19 me?

20 MR. OLMSTEAD: Yes.

21 MS. WOJCIECHOWSKI: I dialed back in. You  
22 can hear me?

23 MR. COLLINS: We were all on mute. We  
24 couldn't respond to you quick enough.

25 MS. WOJCIECHOWSKI: Okay. John, I hope

1 you'll drive for me. I've been having trouble  
2 with my laptop. I will be brief as usual and  
3 always. But 12-month returns for fixed income,  
4 we had, as Ash mentioned way back at the  
5 beginning of this afternoon, pretty strong year  
6 to date through fiscal year end, and still  
7 looking strong.

8 Fiscal year to date this year so far, we  
9 were up 81 BPs, and that's 36 basis points over  
10 the benchmark. We're almost a quarter in at this  
11 point. Yet that is still lagging the agg by  
12 about 20 basis points. But, again, our benchmark  
13 is the intermediate agg, which is a shorter  
14 duration benchmark. If you could -- and we have  
15 outperformed, by the way, over all time periods.

16 John, if you could flip forward to the next  
17 page, please. So I mention this frequently. I  
18 just mentioned that the agg leads the  
19 intermediate agg. It's about a two year longer  
20 duration. So over all periods it leads in  
21 absolute returns. On a risk-adjusted basis,  
22 we're about the same.

23 So we are generally, as I say, the sleep  
24 well at night benchmark. We certainly had a  
25 quarter where we were not sleeping well or a

1 couple of months where we were not sleeping well.

2 But performance has rallied right back.

3 We really didn't change our portfolios a  
4 lot. We were comfortable with all of them. What  
5 we did do in March and April was probably  
6 actually grab a little bit more from disjointed,  
7 dislocated assets. But we had a very short time  
8 before the Fed stepped in and backstopped  
9 everything. And they continue to backstop  
10 everything. So as you'll see later on, we're  
11 kind of playing that playbook right now, because  
12 that's what we see for the foreseeable future.

13 If you would flip forward to the next page  
14 for me, John, please. This is one thing I want  
15 to note. We had great performance -- in my  
16 opinion, we had great performance over the last  
17 12 months. And it is what you have the insurance  
18 for, right, because you had a good time when  
19 equities struggled a bit more.

20 Real rates, though, where we are right now,  
21 we are negative. And that is not exciting in  
22 anybody's playbook. If you think the Fed wants  
23 to get 2 percent inflation, and hopefully they  
24 will, that means we are in negative territory.  
25 The agg is yielding 1.18 as of today, and

1 intermediate agg, which is our benchmark, 89

2 basis points. So we don't see a lot of  
3 excitement there.

4 And if we have an even small move up in  
5 rates, which we're not anticipating, but I  
6 certainly don't have perfect foresight, and  
7 sometimes I don't have perfect hindsight, we  
8 could wipe out our carry in just a very small  
9 move. So that leads us to be a little bit more  
10 conservative in certain areas.

11 Alison mentioned also way back at the  
12 beginning of this afternoon, we're looking at  
13 kind of some diversifiers, things that maybe  
14 don't look like fixed income but also don't look  
15 like equities. That's tough to do in this world  
16 where we're kind of global.

17 If you flip forward to the next page, John,  
18 I just want to make one quick note on this, and  
19 I've said it before and I'll say it again. This  
20 is the -- the left-hand graph shows the negative  
21 yielding debt. And that's absolute, not real  
22 rate, absolute. Debt stock, it's like a huge  
23 number at this point, and it did go back up over  
24 the quarter.

25 At the same time, the Fed at the end of this



1 year is going to own about 40 percent of our  
2 universe. And so that leaves us -- we really  
3 don't have much choice but to follow the Fed.  
4 And that usually plays out pretty well. And so  
5 we are overweight spread products.

6 If you flip to the next page, John, it will  
7 show where we stand currently. And you'll see  
8 we're overweight spread products in all areas.  
9 We've become a little bit more conservative.  
10 We've always been a little bit conservative on  
11 our CMBS, our commercial real estate holdings, a  
12 little bit overweight asset-backed products,  
13 overweight credits.

14 What we have done -- and I mentioned it in  
15 the past -- we have barbelled a short credit  
16 manager with a full agg manager. And that gets  
17 you back to roughly the duration of an  
18 intermediate agg but with a better profile of  
19 returns. And that has worked out, although it  
20 was a little bit painful back in March and April.  
21 But it, again, came rolling right back.

22 You'll see on the right-hand side our  
23 annualized active risk popped up a little bit, no  
24 surprise. So within -- in bounds. We think that  
25 we have some room to run. We've done some

1 scenarios where, you know, if we hit a 50 year  
2 flood, we'll be fine. If we hit another 100 year  
3 flood, we'll probably pop right up above. So we  
4 feel fairly comfortable with our position, but we  
5 have a little bit of room to run to expand some  
6 risk.

7 And that doesn't mean necessarily expand  
8 absolute risk by either increasing duration or  
9 going down in credit or we would never -- we do  
10 not use leverage in this portfolio. So we don't  
11 use those levers, per se. We have gone and done  
12 a bit in credit, but more just opportunistic with  
13 our debt. And that's why we like to give our  
14 best managers as many tools as possible, either  
15 through emerging markets or things like that that  
16 don't look like U.S. debt.

17 And that really just leaves the last page.  
18 If you look, it's really nothing new. This is an  
19 ongoing -- John, if you can just flip forward to  
20 the very last page. This is ongoing and it  
21 really hasn't changed much. We are expanding  
22 some of our tools. I never thought I would  
23 invest in an ETF. We invested in an ETF this  
24 year, a couple of times, and we continue to do  
25 that. We have looked at the value between CBS

1 derivatives and ETFs, and we found some places  
2 where that makes some sense. That's not our  
3 core, but it is what we do, and we're looking for  
4 places to expand that and maybe to expand some  
5 one-off manager opportunities.

6 That's about it. Did I miss anything or can  
7 I answer any questions?

8 MR. COLLINS: I have a couple of questions,  
9 Mr. Chairman.

10 MR. OLMSTEAD: Please.

11 MR. COLLINS: So, Katy, how long has it  
12 been, has it been three or four years, probably  
13 five years since we switched to the intermediate?

14 MS. WOJCIECHOWSKI: I think we're at five,  
15 actually.

16 MR. COLLINS: So five. And so I think you  
17 would agree we would (inaudible) and we paid for  
18 it for probably the first year or so.

19 MS. WOJCIECHOWSKI: We've paid about 90  
20 basis points, actually, a year.

21 MR. COLLINS: Yeah.

22 MS. WOJCIECHOWSKI: That's the cost of the  
23 reduced volatility.

24 MR. COLLINS: If we are looking at two more  
25 years of these interest rates, of negative rates,

1 does it pay in the short-term to revisit that  
2 intermediate versus longer-term bias?

3 MS. WOJCIECHOWSKI: I think it's something  
4 that we should certainly consider. And as I  
5 said, we've employed actually a full agg mandate.  
6 We take that risk. We've manage the duration  
7 back to the intermediate agg, but to take  
8 opportunities with long credit. You know, like I  
9 said, if you have any move up in rates at all,  
10 you can wipe out your carry in a heartbeat. So  
11 we don't want to get too far afield, but I think  
12 that we should discuss it with Mercer. Maybe we  
13 could come back to you on that. We've certainly  
14 looked at it.

15 MR. COLLINS: Yeah, I just wondered. It's  
16 been a while, and certainly the outlook isn't  
17 great over the next two or three years. And so I  
18 just wonder if we're handicapping you.

19 MS. WOJCIECHOWSKI: Right. Now, don't  
20 forget, we haven't just taken that risk off,  
21 taken that volatility off and not done anything  
22 with it. We did at the time, when we changed the  
23 benchmark, it gave the rest of the spread assets,  
24 strategic investments in particular, the  
25 opportunity to spend those dollars. So we

1 haven't just been sitting on the sidelines.

2 MR. COLLINS: Okay.

3 MR. OLMSTEAD: Okay. Thank you. Again,  
4 very efficient. And next up, I believe, is  
5 Steve, which real estate should be an interesting  
6 conversation.

7 MR. SPOOK: Thank you, Mr. Chairman, and  
8 good afternoon. (Inaudible) then have a  
9 discussion of the current real estate market  
10 conditions. (Inaudible). John, if you could go  
11 to the first slide. You'll see most of the  
12 information is as of March 31st. That's just a  
13 function of real estate appraisals and the lag  
14 (inaudible), so I apologize for that.

15 So you'll see the real estate allocation as  
16 of 3/31 was 10.3 percent. The target allocation  
17 is 10 percent. We were a little bit over because  
18 of the denominator effect, which was in effect as  
19 of 3/31. Global equities had a big drawdown.  
20 Today we're at about 9.4 percent (inaudible).  
21 We're at 9.4 percent today (inaudible), mainly  
22 because global equities had a rebound. Again,  
23 the denominator effect. I would expect as real  
24 estate values start to come in in the future,  
25 that they'll probably come in lower and that 9.4

1 percent will probably come down.

2 Let's talk about leverage. John, if we  
3 could go to the next page. The next two pages  
4 deal with leverage. The crisis has solidified a  
5 lower and longer interest rate environment,  
6 leading to unprecedented borrowing opportunities.  
7 For example, recently, a 2.3 percent agency seven  
8 year buyout multifamily loan. Also recently we  
9 rate-locked on a 2.27 percent (inaudible) ten  
10 year buyout multifamily loan. Having said that,  
11 you can see from the slides that we have capacity  
12 to take on new debt, which given the incredibly  
13 good terms available, we're likely to take  
14 advantage of.

15 (Inaudible) shut down due to shelter in  
16 place, and the result is now that (inaudible),  
17 and we are going to be the beneficiaries of that.  
18 Banks, on the other hand, have pulled back some.  
19 The balance sheets are encumbered with PPP loans.  
20 They're still working through those.  
21 Construction loans are still available, however,  
22 (inaudible). Private debt funds are filling the  
23 void left by banks and provide mezzanine,  
24 preconstruction (inaudible) albeit at a cost.

25 John, if you could turn the page. Here we

1 have performance as of 3/31/2020. Principal  
2 investments -- I'm sorry. Total real estate was  
3 under benchmark for one year, outperformed in all  
4 other periods. Going to the next page, John.

5 The principal investments performance, slightly  
6 underperformance for year and three years. I'm  
7 happy to say, with the Q2 numbers that came in,  
8 those have improved somewhat. (Inaudible)

9 Go to the next page, John. The externally  
10 managed portfolio (inaudible). I have to  
11 apologize. The numbers on the slide are correct.  
12 The numbers in the book are incorrect. We  
13 corrected them on the slide. You can see for all  
14 time periods the externally managed portfolio has  
15 outperformed its custom benchmark. John, if you  
16 could go to the next slide. So the next two  
17 slides are just graphics. (Inaudible). Next  
18 slide, John. If y'all have any questions  
19 (inaudible).

20 Next slide. Recent activity, very muted, as  
21 you would expect in the environment that we're  
22 living in with COVID. We had a medical office  
23 acquisition that was in process prior to COVID  
24 hitting. Medical office is also one of the  
25 property types least affected from COVID. So we

1 went ahead and closed on that.

2 Dispositions, we sold a retail property.  
3 Again, that property was under contract prior to  
4 COVID. We fulfilled all the conditions of the  
5 sale, so fortunately we were able to complete  
6 that sale. Same with the senior housing.

7 On financing, we're in loan refinance.  
8 That's one of the very low, low rates that I  
9 mentioned, 2.27 percent rate, \$79 million. We  
10 did not make any new commingled fund commitments.

11 So then I'd like to go on to the current  
12 environment. I did not provide any slides on  
13 that because these slides were due about a month  
14 ago. The environment was changing at that time.  
15 I didn't feel comfortable putting down slides for  
16 what was going to be happening today. But let's  
17 talk about it.

18 So the shutting down of the economy has had  
19 an unprecedented effect on property (inaudible).  
20 How big a negative? It's what we're still trying  
21 to figure out. Since COVID arrived, real estate  
22 transactions have been remained largely frozen.  
23 The few transactions that are occurring are on  
24 those properties that are largely unaffected by  
25 COVID. That has created a valuation issue.

1           So let's talk about valuations. The biggest  
2 (inaudible) real estate valuations is comparable  
3 transactions. So how are properties (inaudible)  
4 in the absence of comparable transactions? Most  
5 value adjustments are being made with short-term  
6 cash flows, such as rental rates, (inaudible)  
7 rates, occupancy rates, et cetera. As a result,  
8 those adjustments are fairly minor.

9           On the other hand, capital market  
10 assumptions, such as cap rates, discount rates  
11 remain mostly unchanged other than retail  
12 properties. The result is fairly modest value  
13 adjustments to date, at least until we see more  
14 transactions.

15           The hunt for yield continues. The Fed has  
16 made it clear that we're in for a lower for  
17 longer rate environment. This environment should  
18 be favorable to real estate values because real  
19 estate appears cheap versus most fixed income  
20 yields. Spreads are historically wide. Also, as  
21 discussed earlier, the low interest rate  
22 environment is creating low-cost borrowing  
23 activities, making real estate more attractive.

24           Low transaction volume, but there is  
25 evidence that values may be down 10 percent

1   sector-wide. This evidence is largely anecdotal  
2 and is very dispersed. The range of outcomes is  
3 wide, not only between property types but within  
4 property types.

5           So I'll hit on four of the main property  
6 types real quick. Apartments, observations  
7 include collections. In our portfolio,  
8 industry-wide, 90 percent plus, very good.  
9 Values, again largely anecdotal and based on very  
10 few trades, down 3 to 8 percent. Dense,  
11 mass-transit-oriented cities are faring worse.  
12 Cities such as San Francisco and New York, both  
13 experiential with their living experience and are  
14 experiencing high work-from-home levels  
15 (inaudible) given the technology.

16           Anecdotally -- and it's anecdotal because  
17 leasing volume in San Francisco and New York has  
18 dropped to almost none. Anecdotally, we're  
19 hearing lease transactions occurring 20 to  
20 30 percent down from pre-COVID. Sometimes that  
21 can be misleading because you'll hear space rents  
22 that are down maybe 10 percent. That doesn't  
23 always include pre-rent and (inaudible).

24           Higher taxes in response to the fiscal  
25 emergencies that many cities are experiencing and

1 crime may also play a factor in where people live  
2 in the future. Suburban, less dense, sunbelt  
3 markets may (inaudible). The big disconnect with  
4 multifamily is (inaudible) values are down on the  
5 private side maybe 3 to 8 percent. REIT pricing  
6 remains down 34 percent. Big disconnect from the  
7 public and the private markets.

8 Office (inaudible) in our portfolio and the  
9 industry, 90 plus percent. Values are down maybe  
10 about 10 percent. Again, a disconnect with the  
11 public market. REITs are down, office REITs,  
12 33 percent.

13 There's great uncertainty about future space  
14 needs, which is lowering leasing new properties.  
15 And again, the well-discussed effect of work from  
16 home has yet to be -- we have yet to feel the  
17 full effects of that, but the extent to which  
18 that's going to take hold or some hybrids will  
19 take effect, and so which is the more likely.

20 The problems that co-working is experiencing  
21 in the office space is also going to have pretty  
22 dramatic effect, at least in the near term, on  
23 office occupancies and rates. Multifamily, dense  
24 mass-transit-oriented cities with (inaudible)  
25 seem to suffer the most.

1 Industrial, collections again excellent,  
2 90-plus percent. Values are actually up  
3 slightly, both in private and public markets,  
4 reflecting the fact that industrial is  
5 (inaudible).

6 Now, retail is the flip side of industrials.  
7 Industrial's gain is retail's loss. Collections  
8 are low, 70 percent. Our portfolio is around  
9 70 percent, which is better than the industry  
10 averages. That's a testament to the quality of  
11 our retail properties. COVID has accelerated  
12 these trends and is expressed in the number of  
13 retail bankruptcies in a very short time.

14 Requests for rent deferral and abatement is  
15 widespread. We've been mostly offering deferral,  
16 but abatement is mostly reserved for smaller  
17 local food, beverage and entertainment tenants.  
18 Where we are offering abatements, it's usually in  
19 conjunction with value enhancing lease  
20 (inaudible).

21 Retail, values are down (inaudible). Retail  
22 REITs are down (inaudible). As far as our retail  
23 going forward, we plan to continue much as we did  
24 prior to COVID once transaction activity resumes.  
25 COVID, as mentioned earlier, accelerated existing

1 trends. So we're looking to continue our  
2 investment focus on industrial, multifamily and  
3 select alternative (inaudible). We're facing  
4 (inaudible) real estate industry.

5 The (inaudible) portfolio is very  
6 well-positioned to withstand the uncertainties,  
7 although we know there will be bumps along the  
8 way. That's all I have for now. I'm happy to  
9 take any questions at this time.

10 MR. WENDT: Gary Wendt has a question, I  
11 think, Steve. First of all, it was a little  
12 difficult to hear your presentation, so if you've  
13 already answered this question, I apologize. But  
14 my question was, are you actively trying to sell  
15 anything in either your retail or your office  
16 portfolio?

17 MR. SPOOK: (Inaudible). We're sellers for  
18 particularly retail assets. We're realistic.  
19 Right now is not the time to get (inaudible).

20 MR. COLLINS: We're having a hard time  
21 hearing you.

22 MR. SPOOK: While we had assets for sale  
23 before COVID hit (inaudible), technically, some  
24 of those properties may remain (inaudible). We  
25 don't expect any sales activity for some time to

1 come until we're able to stabilize the assets and  
2 the market stabilizes.

3 MR. WENDT: Thank you.

4 MR. COLLINS: How much retail do we own,  
5 Steve, in terms of value before -- value today?

6 MR. SPOOK: Well, we have 14 percent retail,  
7 15 billion.

8 MR. COLLINS: One-six, one-seven, one-seven?

9 MR. SPOOK: Yeah. And that's mostly gross  
10 asset value, Peter, because the one area of our  
11 portfolio that we really (inaudible) is the  
12 retail portfolio, because we realize it's the  
13 most volatile.

14 MR. COLLINS: And so what would our retail  
15 be today? Is it ground floor in A office  
16 buildings in Manhattan? Is it big box retail in  
17 suburban California? What would our retail be  
18 best categorized as today?

19 MR. SPOOK: So we have two power centers.  
20 On the other hand, you know, power centers are a  
21 very bad word nowadays, but they are hybrid power  
22 centers. So both of them are (inaudible). We  
23 have, for the most part, single tenant buildings.  
24 So a retail building in San Francisco and Union  
25 Square that is, say, 80 percent occupied by

1 (inaudible).

2 We have lifestyle centers, one lifestyle  
3 center that is heavily occupied by apparel  
4 retail, which is not a good thing nowadays. We  
5 have grocery anchored. So we're (inaudible).  
6 And we have High Street retail. What we do not  
7 have, thankfully, because it's the worst of all  
8 retail, is malls.

9 MR. COLLINS: Is what?

10 MR. SPOOK: Malls.

11 MR. COLLINS: Yeah.

12 MS. CANIDA: Steve, this is Tere Canida. Do  
13 you see any potential attractive distressed  
14 opportunities in the hospitality sector looking  
15 forward?

16 MR. SPOOK: I think there's going to be a  
17 lot of hospitality in distressed. It is not an  
18 area that we play in on a direct basis. And,  
19 frankly, we don't play in it in the commingled  
20 fund area on a dedicated basis. In other words,  
21 we don't have any funds that really do hotels.  
22 (Inaudible), Blackstone, I'll just use them as an  
23 example, Starwood I'll use as an example, that  
24 invest in hotels. And I do expect the funds like  
25 that will be taking advantage of distressed in

1 the hospitality industry.

2 MS. CANIDA: Okay. Thank you.

3 MR. SPOOK: You're welcome.

4 MR. OLMSTEAD: Any other questions? Great.  
5 John Bradley, I'm sure this will be quick, and  
6 then Trent.

7 MR. BRADLEY: Okay. Thank you, Mr.

8 Chairman. I will start down at the bottom two  
9 bullets here on this page and skip with the --  
10 the market review. Our PE portfolio is down  
11 9 percent for Q1. Our overweight to technology  
12 has been a big tailwind for us and, as you will  
13 see, a driver of our outperformance.

14 I'll also try to give us some color on  
15 second quarter and third quarter performance here  
16 in a couple of slides. And then lastly, on this  
17 slide, our cash flows continue to remain strong.  
18 The asset class is currently cash flow positive,  
19 to the tune of \$300 million so far this year. We  
20 continue to see strong distributions come out of  
21 the portfolio, and we could see this year being  
22 one of our best in terms of liquidity.

23 Move to the next slide, John. Here we see  
24 our portfolio sector and geographic exposures.  
25 Technology remains our largest overweight



1 relative to both our Cambridge benchmark and our  
2 public market benchmark. The portfolio remains  
3 heavily tilted towards North America. However,  
4 we do continue to add exposure in Europe and  
5 Asia, and we should see those geography  
6 weightings continue to grow.

7 Move to the next slide, John. Here we see  
8 performance. This is as of Q1. Performance  
9 remains strong across all measurement periods.  
10 Now, using a March 31st end date for our public  
11 benchmark obviously helps, and we should see that  
12 gap in outperformance compress when we roll  
13 forward to June 30, but positive absolute and  
14 relative performance nonetheless.

15 We are now just in the process of receiving  
16 and processing the last of our outstanding 6/30  
17 financials. And so with about 75 percent of our  
18 funds reporting, it looks like our second quarter  
19 performance should be in the neighborhood of up  
20 12 percent for the quarter. And so -- and while  
21 I can't speak to third quarter performance yet, I  
22 can say that we continue to see impressive exits  
23 from our GPs, all at multiples above what the  
24 companies were carried at the quarter prior, and  
25 our portfolio has participated meaningfully in

1 the largest IPOs in the third quarter, so  
2 companies including Snowflake, Unity, GoodRX and  
3 tomorrow's direct listing of Palentir. And so  
4 the third quarter is looking like it's going to  
5 shape up to be a good quarter as well.

6 Can you move to the next slide? Quickly  
7 here, we just see performance by sub-strategy.  
8 Our growth assets continue to outperform. If we  
9 look at our one year return, to me at least, it  
10 really highlights the strength of the venture  
11 program that we have put together and its value  
12 to the overall portfolio. Venture has been both  
13 a short- and long-term driver of performance,  
14 along with our U.S. growth equity portfolio.

15 Go to the next slide, please. And then  
16 lastly I'll end with our commitment activity.  
17 Through the third quarter, we've committed  
18 1.5 billion to 14 funds, which is right on track  
19 with our pacing target. We see 1.3 billion was  
20 committed to 11 buyout funds and 170 million to  
21 three venture funds.

22 And that's all I have, Mr. Chairman. I'm  
23 happy to take any questions or turn it over to  
24 Trent.

25 MR. OLMSTEAD: Okay. Without any questions,

1 let's go to Trent.

2 MR. WENDT: Gary Wendt has a quick question.

3 MR. OLMSTEAD: Sorry. Go ahead, Gary.

4 MR. WENDT: Given the fact that activity is  
5 down a lot, are your -- the proposals you're  
6 making, your commitments, are they at the same  
7 level they were a year ago?

8 MR. BRADLEY: They are, Gary. So our  
9 pacing -- our pacing target is somewhere between  
10 1.5 to 2 billion, and so this year we should hit  
11 that target the same as we did last year. So we  
12 haven't seen a drop in our commitment taking.

13 MR. WENDT: I guess one would have to say  
14 that these private equity guys are going to have  
15 to pay up some big prices to get that money  
16 invested.

17 MR. BRADLEY: Possibly.

18 MR. WENDT: That was a comment, not a  
19 question.

20 PETER JONES: This is Peter Jones. John,  
21 these are great results, since they're almost  
22 across the board outperforming your benchmarks in  
23 the different asset classes. The only one that  
24 didn't was non-U.S. growth equity. So I thought  
25 I'd just ask you, any commentary there? Just

1 because it stood out as the only one not  
2 outperforming.

3 MR. BRADLEY: Peter, it's a great question.  
4 So that's really driven by, actually, our first  
5 two commitments in non-U.S. growth equity. So  
6 two early Asian funds that we committed to and  
7 that just frankly underperformed. And so since  
8 then, we have kind of reconstructed that  
9 portfolio. We've exited out of those two  
10 managers and started to put money back into  
11 non-U.S. growth equity.

12 And so, unfortunately, just given how IRRs  
13 work and performance works, that's going to be  
14 with us for a while, but that portfolio is  
15 actually starting to perform a lot better.

16 PETER JONES: Okay. Well, thank you. These  
17 are terrific results, so good job.

18 MR. COLLINS: I have one question,  
19 Mr. Chairman. So, John, on the performance  
20 chart -- and we've talked about this before, the  
21 benchmark. We've had three different benchmarks.  
22 You said the private equity benchmark is  
23 currently the Custom Iran- and Sudan-free ACWI  
24 IMI plus 300 basis points. For the -- from  
25 July 2010 through June 2014, the benchmark was

1 the Russell 3000 plus 300 basis points. And then  
2 prior to July 2010, the benchmark was the Russell  
3 3000 plus 450 basis points.

4 I love beating a benchmark. But we seem --  
5 we're changing it quite a bit, and I don't know,  
6 given the risk in equities today, is 300 basis  
7 points enough?

8 MR. BRADLEY: So I guess, you know, it's a  
9 good question. I would think -- you know, we've  
10 gone through this two or three years ago, kind of  
11 looking at that premium. I think as we looked at  
12 it, we were actually on the higher end of our  
13 peers. And so what we're seeing from our peers  
14 in the market is 100 basis points, 200 basis  
15 points, and I think a few of our peers have gone  
16 to no liquidity -- the no liquidity premium.

17 And so I guess what I would say is, we're  
18 doing great today. It's no guarantee that we  
19 will continue that level of outperformance, and  
20 we're on the higher end, you know, with that 300  
21 basis point premium.

22 MR. COLLINS: So if you're not going to  
23 change it, I would at least get rid of the second  
24 sentence in the note. When you're outperforming  
25 the benchmarks like this, you shouldn't say that

1 the benchmark IRRs are provided by you, because  
2 it's really -- it's not you. You know, I don't  
3 know if it's the State Board that does this, but  
4 I would leave it as it's the Iran- and Sudan-free  
5 ACWI plus 300 basis points. It just looks bad  
6 when you say, Well, we do our own benchmark.

7 But, look, I don't understand the -- I don't  
8 understand -- especially today, getting rid of a  
9 liquidity premium on a private equity index.  
10 Right? You wouldn't be in favor of that.

11 MR. BRADLEY: We would not be. I think,  
12 when we discussed it a few years back, we thought  
13 that the 300 basis points was appropriate.

14 MR. COLLINS: Ash, any desire to look at  
15 that again or any thoughts on looking at that?

16 MR. WILLIAMS: If you're talking about  
17 eliminating the liquidity premium, no. In terms  
18 of what the performance premium should be for the  
19 liquidity in private equity, we worked on this.  
20 I'd say give it a little more time and grade  
21 where we are. I mean, we're hitting the notes so  
22 far. Mr. Wendt made an appropriate point about  
23 valuations going forward, things that may  
24 threaten the ability to continue to deliver. But  
25 I think for the time being we're okay here. I'll

1 defer to John Bradley and see what he thinks.  
2 What do you think, John?  
3 MR. BRADLEY: Yeah, I would agree. I  
4 think -- I can try and pull it up, too. But last  
5 time we reviewed this, I think there was a paper  
6 done looking at the Cambridge benchmark, a  
7 Hamilton Lane benchmark and a few others that  
8 showed the average private equity fund  
9 outperformed, I think it was 250, 280 basis  
10 points. And so, obviously, we think we should do  
11 better than average, but I think that kind of  
12 pointed us in that direction, that the 300 basis  
13 points was appropriate.  
14 MR. OLMSTEAD: Okay. Thank you, John. And  
15 let's go over to Trent.  
16 MR. WEBSTER: Can you hear me, first of all?  
17 MR. OLMSTEAD: Yes.  
18 MR. WEBSTER: Okay, good. Okay. We're an  
19 hour behind schedule, so I'll try to be quick.  
20 For the newer members of the IAC, strategic  
21 investments is the alternative, everything else  
22 asset class. And we classify our portfolio into  
23 five broad strategies and 21 sub-strategies. The  
24 blue part of that pie is debt. The pink is  
25 equity. Green is real assets. Purple is

1 diversifying strategies, and orange is what we  
2 call flexible mandates.  
3 This graph has not changed very much from  
4 quarter to quarter, but it does change, and I  
5 would expect over the next two, three, four years  
6 that we will see the blue part of the pie start  
7 to expand again. That has been being reduced  
8 over the last five years, but we like the  
9 opportunities in credit. We think that spreads  
10 have widened, that terms are tightening, that  
11 loan to value is falling. And so -- and  
12 obviously there's a fairly large distressed  
13 opportunity that is occurring now. So we would  
14 expect that to grow over time.  
15 John, could you flip to the next slide? All  
16 right. So when we had this slide last IAC  
17 meeting, when you saw the quarterly performance,  
18 that looked almost the opposite. We were  
19 dramatically outperforming. And I cautioned  
20 everybody at the time that that would not be the  
21 case this quarter for a couple of reasons. First  
22 of all, its the quirk in our reporting. We close  
23 the books before most of our capital account  
24 statements come to the board, which means we saw  
25 a lot of zeros at the end of March. That gets

1 reported in April. And you had big rallies in  
2 risk markets in April and May. And so we were  
3 reporting March numbers in April.

4 You also have seen a big rally in credit  
5 markets, in liquid credit markets. Our managers,  
6 for the most part, have been pretty conservative  
7 at marking up their books. So even though the  
8 high yield index is pretty much back to its  
9 all-time highs and the (inaudible) is almost back  
10 to its all-time highs, we have not seen, at least  
11 in the near term, our managers marking up their  
12 positions. We think they are being conservative  
13 on that. So we always caution people, one  
14 quarter, one year isn't really an appropriate  
15 framework to look at us, more like three years  
16 and five years is a better gauge.

17 John, can you go to the next slide? Thanks.  
18 So we have been extremely busy keeping our  
19 lawyers and accountants and our new deputy CIO  
20 very busy over the last several months. We have  
21 closed in this fiscal year, as in fiscal year  
22 2021, \$1.8 billion in commitments. And we're  
23 trying to get something over the line today or  
24 tomorrow that would put us at 2 billion, so we  
25 have a \$2 billion quarter. So that is extremely

1 busy, because we tend to do somewhere between two  
2 and two and a quarter billion dollars in a given  
3 year.

4 The last two fiscal years have been our  
5 busiest years on record. This will also be one  
6 of our busiest years on record. We did just  
7 under 4 billion in 2020, and we will get close if  
8 not surpass that this year. But then what you'll  
9 see happen is that you'll see a marked decline in  
10 activity over the next 12, 18, 24 months.

11 John, could you go to the next slide,  
12 please. So this is our pipeline. Again, this is  
13 a little dated. This is always a little dated.  
14 But we continue to be active in debt and real  
15 assets. And, John, could you go to the next  
16 slide, please. So when I did this last time, it  
17 was all distressed all the time, which prompted  
18 about three dozen or more phone calls from  
19 managers who saw this. So we were busy taking a  
20 lot of meetings this quarter.

21 But we think the distressed opportunity will  
22 probably play out in a series of mini cycles over  
23 the next 24 to 36 months. So we've got a lot of  
24 firepower for that. We like the credit market  
25 because it's tightening. We like insurance. So

1 when you see your home insurance prices go up, go  
2 way up, you can have the good feeling of knowing  
3 it's going to the pensioners in the state of  
4 Florida. So we appreciate that. Thank you very  
5 much.

6 We're seeing opportunities in aircraft. As  
7 you know, travel is very stressed. And you're  
8 seeing some very high quality credits in the  
9 airline business, doing sale-leasebacks and being  
10 able to get those at pretty attractive prices.  
11 So we think that's interesting. And as well we  
12 think there's a commodity boom coming. It's not  
13 around the corner, but we think somewhere in the  
14 middle of the decade, you will see energy prices  
15 and metal prices go way up, because there's not a  
16 lot of money going into the ground for these  
17 things, and commodity markets behave in a certain  
18 way, and we think that you're going to see a big  
19 opportunity in these things this decade.

20 And that's -- oh, and this here, this is the  
21 last one. Again, when I showed this last  
22 quarter, there's a whole bunch more managers and  
23 a whole bunch more color on this. That's just to  
24 show you that the response to the COVID  
25 opportunity is being closed, and so most of this

1 will be gone by the end of the year. Any  
2 questions?

3 MR. OLMSTEAD: Okay. Thank you. And I know  
4 that in our next meeting, we may have to beef up  
5 a couple of these last few, as we're trying to  
6 catch up on some time, but thank you to all the  
7 SIOs. Let's move over to Daniel Beard on the  
8 defined contribution program.

9 MR. BEARD: Thank you. Good afternoon.  
10 Quickly, I'm just going to go over a few figures  
11 just currently. The investment plan snapshot,  
12 assets, currently we have 12.5 billion. That was  
13 as of August 31st. And we're up to about 247,000  
14 members. That's 174 active and then another  
15 73,000 inactive.

16 Next slide, please. If we go to the next  
17 slide, again, we're up to about 12.5 billion. I  
18 will point out that what you'll see here is that  
19 over half or almost half of our assets are in the  
20 retirement date fund, which is our default fund  
21 if they don't make a selection.

22 The next slide, again, this is performance  
23 as of June 30th. The only thing I'll mention  
24 here is that, of course, for the year, we were  
25 at -- fiscal year, we were at 2.58, which was

1 above a benchmark of 2.01. If we go to the next  
2 slide, again, I went over the membership. And  
3 then the last slide, that's just the MyFRS  
4 Financial Guidance Program. The only thing that  
5 sticks out there, it's been the case for the last  
6 few quarters, is that chats, our members like to  
7 use the chat feature that we offer. And as you  
8 can see, that went up 102 percent. Glad to  
9 answer any questions you may have. Thank you.

10 MR. OLMSTEAD: Any questions? Okay. Well,  
11 we'll move along. That was helpful. We'll move  
12 along to Michael.

13 MR. McCAULEY: Thank you, Mr. Chairman.  
14 Good afternoon. I will be brief as well. So we  
15 had proxy voting levels during the fiscal year  
16 were, not unlike everything else, were impacted  
17 by COVID and the quarantine. And it essentially  
18 caused hundreds of U.S. companies to hold  
19 virtual-only shareowner meetings. You had a  
20 handful that did like hybrid, where they had a  
21 small physical presence, but most of them were  
22 completely online.

23 You had many others that were kind of forced  
24 to push the date of their annual meetings from  
25 the second quarter to typically the third quarter

1 or even the fourth quarter of 2020. And to date  
2 we've had -- approximately 600 annual meetings  
3 have been canceled or postponed, with kind of a  
4 corresponding spike, like I said, in the number  
5 of virtual meetings.

6 And the latest numbers that we have through  
7 the end of July show -- these are just U.S.  
8 meetings -- about 60 percent of the annual  
9 meetings that have been conducted were virtual.  
10 And this compares to about 326 in all of 2019.  
11 So a huge amp up in the number of virtual  
12 meetings. And the shift towards the virtual  
13 meetings, I think my own view and I think the  
14 market perception is that it's likely to be a  
15 permanent change and kind of usher in a new  
16 normal for not only U.S. annual shareowner  
17 meetings but also some of the global markets in  
18 Europe and Asia.

19 And, you know, therefore, as a result of  
20 some of these shifts, the SBA proxy voting levels  
21 declined by close to 9 percent for the whole  
22 fiscal year. At the bottom of the slide, you  
23 kind of see the dashboard graphic there. And we  
24 had corresponding reductions in the number of  
25 voted ballots and total individual vote counts.

1 And because of the shift from essentially  
2 the first half of the year to the second half of  
3 the year and the bifurcation between the fiscal  
4 years, we would expect the fiscal year  
5 '21 numbers to be much, much higher than average.  
6 But we'll have to kind of wait and see.

7 And I had prepared remarks on kind of the  
8 three primary regulatory actions that have  
9 occurred over the last few months, but given the  
10 time, the proxy adviser, proxy advice regulation  
11 that we actually spoke a little bit about in the  
12 first quarter was finalized in late July. That's  
13 detailed in the standing report, alongside a  
14 still pending Department of Labor proxy voting  
15 ESG guidance. So I won't cover those in any  
16 detail, but those were fairly significant  
17 regulatory changes at the SEC and DOL.

18 And a second change that just occurred last  
19 week, which I'll just -- I'll briefly cover,  
20 dealt with the SEC's Rule 14a-8, which is the  
21 rule that governs how shareowner resolutions are  
22 submitted. So on September 23rd, the SEC amended  
23 the 14a-8 rule to essentially put tighter limits  
24 on investor eligibility to submit and also  
25 resubmit proposals. The changes increased both

1 the value of the shares that proponents are  
2 required to hold before making the proposals as  
3 well as raising their resubmission support  
4 thresholds for proposals made in consecutive  
5 years.

6 And the current regulations and what is now  
7 the older regulations had thresholds of 3, 6 and  
8 10 percent in years one, two and three  
9 respectively. So the support, they changed it  
10 from 3, 6 and 10 to support from at least 5, 15  
11 and 25 in those same consecutive three years.

12 So what that means, under the new rules, a  
13 proposal must get at least 5 percent of the  
14 voting support in its first year of submission  
15 rather than the old, you know, 3 percent  
16 requirement, before it can resurface in the  
17 following year, and similarly increasing voting  
18 support requirement for future sequential years.  
19 So that last third year is the one that was  
20 probably the most -- the highest uptick in  
21 support thresholds and will probably be the most  
22 impacted, honestly, going forward.

23 So the resubmission -- excuse me, the  
24 submission and resubmission thresholds from a  
25 voting support level were changed. Also they



1 amended the ownership requirement. So  
2 shareowners owning \$2,000 worth of company stock,  
3 to hold those investments for at least three  
4 years is the new requirement, before they can  
5 submit an initial proposal. It was just a one  
6 year requirement under the old law.

7 So shareowners holding stock for less than  
8 three years will now have to meet higher  
9 ownership thresholds, and it will be 15,000 for  
10 at least two years of ownership and 25,000 for at  
11 least one year. And the commission essentially  
12 indicated that they'll phase that first year in.  
13 So if you own \$2,000 worth of stock now, it won't  
14 just immediately bump up to a higher level.  
15 There will be a transition period for shareowners  
16 that will be still eligible under the prior one  
17 year requirement, as long as they continue to at  
18 least maintain their current holdings, so they  
19 have to continue the ownership through the  
20 submission date and the date of the next annual  
21 meeting.

22 They also have to -- it's a little bit of a  
23 quirky requirement. They also have to agree to  
24 meet with or make themselves available, is the  
25 language used, for a meeting with the target

1 company. They didn't go into a lot of detail of  
2 what exactly that meant, but I think it's aimed  
3 at fostering engagement on the part of a  
4 proponent.

5 And then, lastly, as far as this new 14a-8  
6 revamp, they eliminated the ability for an  
7 investor to aggregate their shares to meet the  
8 ownership requirements, which was fairly commonly  
9 done by investors that co-filed resolutions. So  
10 they would kind of piggyback off of one another's  
11 ownership stakes in order to meet either the year  
12 requirement or the dollar requirement. So that  
13 will be gone from the new regulation.

14 A lot of people, you know, are kind of  
15 scratching their heads, you know, what will the  
16 impact of the new rule be. A lot of stakeholder  
17 groups have done kind of back testing and just  
18 analysis with respect to what the impact will be.  
19 One of the better ones was done by the Council of  
20 Institutional Investors a few months back. And  
21 they looked at historical periods but also at the  
22 actual 2020 experience.

23 And what they found, their analysis showed  
24 that the new rule will lead to a lower number of  
25 proposals, especially among those that received

1 greater than 50 percent support. So they looked  
2 at, for example, those that are -- that passed in  
3 2020, and they found that 9 of the 15 or about  
4 60 percent of those proposals that passed this  
5 year that were approved by shareowners would not  
6 have been even submitted under the new SEC rules.

7 So it's likely to have a fairly significant  
8 impact on the volume of resolutions and the  
9 pacing from which resolutions are submitted and  
10 voted on. We'll see what the future will hold.  
11 For larger institutional investors, it probably  
12 won't impact them significantly. It wouldn't,  
13 you know, prohibit the SBA, for example, from  
14 submitting resolutions. We don't do that a whole  
15 lot, but we have done that in the past. These  
16 new requirements would not inhibit ourselves from  
17 doing that on behalf of the FRS, but it will have  
18 kind of an indirect impact on the volume and type  
19 of proposals that we actually vote on, even  
20 though we're not the proponent.

21 So litigation in the queue. CII submitted a  
22 brief on behalf of Institutional Shareholder  
23 Services, which is -- they had pursued litigation  
24 at the outset before it was even finalized.  
25 That's kind of ongoing. So who knows what the

1 ultimate result will be. But it kind of remains  
2 to be seen what the ultimate future effect will  
3 be on future proxy seasons.

4 And then the next slide, if we can just go  
5 to the next slide, John. Can you go back one,  
6 the summary? No. One back. There we go.  
7 Thanks. I won't cover all these, in the interest  
8 of time, but I just wanted to highlight maybe  
9 this first bullet. They're pretty  
10 straightforward.

11 Board diversity has been a huge issue the  
12 last several years. The lack of board gender  
13 diversity specifically became a significant  
14 driver of some of the failed director votes in  
15 2020 for the first time. So you've got, among  
16 directors being elected to the Russell 3, for  
17 boards -- over boards within the Russell 3000  
18 index, median support for those nominees was  
19 about 98 percent in the first half of 2020.  
20 That's on par with historical statistics.  
21 There's a high level of support.

22 Female directors across that same index,  
23 Russell 3, now stand at about 21.1 percent. And  
24 it had been making fairly significant gains over  
25 the last several years. It's starting to slow,

1 though and plateau. And concurrent to that,  
2 you've had many investors which are now more  
3 explicitly and formally incorporating board  
4 diversity in their voting policies.

5 So that's beginning to translate, and what  
6 you've seen this proxy season is there were about  
7 a dozen or so directors, typically the nominating  
8 committee chair, that failed to receive majority  
9 support. So that's a fairly big outlier from a  
10 director voting perspective. Most directors get  
11 well over 90 percent. If you get anything below  
12 70 or 80, it's a huge red flag, and then to not  
13 even get, you know, a majority, it's a very  
14 material change in some of the voting patterns.

15 And there are still about 191 boards in the  
16 Russell 3000 with all male membership and all  
17 male constituency. Many of those companies, I  
18 would even say maybe all of them, are taking  
19 steps to correct that when they go for succession  
20 planning and board refreshment activity and that  
21 sort of thing. That's one of the things  
22 investors are looking towards boards to do.

23 But, again, you've got this kind of  
24 combination of the slowdown in the gains from  
25 gender diversity that are starting to creep into

1 the market, alongside a more aggressive voting  
2 approach, by specifically some of the large  
3 passive institutional asset managers. So that  
4 combination has led to higher levels of dissent  
5 from that director cohort.

6 And then some of the other bullet points  
7 just cover some of the ongoing issues. I won't  
8 go into detail on any of these. It was a fairly  
9 stable proxy season, apart from the massive  
10 number of canceled meetings and deferred meetings  
11 and virtual-only meetings.

12 And just to wrap up, as we normally do,  
13 we've included a couple of voting statistics in  
14 the appendix for those slides, as well as several  
15 dashboard views attached to the standing  
16 quarterly report. So I'll stop there. Happy to  
17 answer any questions.

18 MR. OLMSTEAD: Any questions? All right.  
19 Good overview. Thank you very much. All right.  
20 I believe next up on our agenda is the major  
21 mandate review by Kristen and Katie, who are very  
22 good at this and quick talkers, so we will look  
23 forward to their review.

24 MS. COMSTOCK: Good afternoon, everyone.

25 MS. DOYLE: We'll be fast, and I'll turn it

1 over to Katie. Sorry, Katie. Go ahead.

2 MS. COMSTOCK: No problem. Good afternoon,  
3 everyone. So I will just hit very quick  
4 highlights on performance of each of the five  
5 major mandates. Starting on page 8 with the  
6 pension plan, if I can get there. You can see  
7 for the quarter the pension plan was up  
8 9.7 percent, driven by the strong recovery in  
9 global equity markets, though you will notice  
10 there was some relative underperformance. As you  
11 heard from some of the SIOs, largely this  
12 underperformance for the quarter was due to some  
13 of the timing differences with valuations in the  
14 illiquid market asset classes.

15 A large part of that was private equity,  
16 which is benchmarked to a public equity asset  
17 class, which was up about 20 percent for the  
18 quarter. And so over time, we will see the  
19 deviation in performance even out over time. I'm  
20 sorry. I'm trying to get back to page 8 of our  
21 presentation. I'm not sure what's going on, but  
22 I'll keep talking.

23 So over the one year, the total pension plan  
24 returned 3.1 percent. The good news was it was a  
25 positive investment return despite everything

1 that happened over the one year period, though  
2 obviously shy of the actuarial assumed rate of  
3 return.

4 It did impact trailing three and five year  
5 returns, but longer term, over the ten year  
6 period, the portfolio has earned an 8.7 percent  
7 annualized return. Now, on a relative basis,  
8 looking at these trailing time periods, the  
9 portfolio has outperformed both the performance  
10 benchmark as well as the absolute nominal target  
11 rate of return over all of these trailing time  
12 periods. And that absolute nominal target rate  
13 of return is now CPI plus 4 percent.

14 I'm going to try flipping ahead two pages to  
15 some of the peer information that I did want to  
16 touch on, since there were some questions on it.  
17 We look at the FRS portfolio relative to the TUCS  
18 top ten universe, which is the top ten defined  
19 pension plans, defined benefit plans in the  
20 United States. And we first looked at the asset  
21 allocation relative to the FRS, and similar to  
22 quarters past, the most notable difference is a  
23 greater allocation to global equity relative to  
24 the peer group.

25 MR. COLLINS: Are you showing the right

1 slide?

2 MR. KUCZWANSKI: Katie, I'll take care of  
3 it.

4 MS. COMSTOCK: Okay. I'm on slide 10 of our  
5 presentation, I think 216 of the longer deck.

6 MR. KUCZWANSKI: Are we on this one here?

7 MS. COMSTOCK: Yes. Thank you. So as you  
8 can see on the left-hand side, the FRS total fund  
9 has about 54 percent to global equity at the end  
10 of June and, relative to the TUCS top ten median  
11 plan, is about 51.2. But within that, given that  
12 the FRS has an allocation in line with the global  
13 opportunity set, which is approximately  
14 55 percent to the U.S., relative to peers, the  
15 FRS has a slight overweight to foreign or  
16 international equities. And so this is when we  
17 are looking at the total public equity exposure  
18 that the FRS has relative to peers. So I wanted  
19 just to kind of touch on that, given that that  
20 was brought up earlier.

21 And then some of the other small deviations  
22 relative to the other asset classes, slightly  
23 less to fixed income relative to peers, mostly in  
24 the alternatives, which we would bucket private  
25 equity and strategic into.

1 If you flip ahead one slide, here we can  
2 look at the performance of the FRS relative to  
3 the peer group. And so over the quarter,  
4 outperformance. And we don't have full  
5 transparency into what is driving this, but  
6 likely, given the greater allocation to public  
7 equities and the rally that we saw, likely that  
8 is driving the relative performance for the  
9 quarter.

10 You will notice for the trailing time  
11 periods there was some modest underperformance  
12 relative to the median plan in this universe, and  
13 likely driving that is that slightly greater  
14 allocation to international securities, which did  
15 not hold up relative to U.S. equities, as well as  
16 for some period, the slightly lower allocation to  
17 fixed income. And as you heard earlier, fixed  
18 income was actually one of the -- the best  
19 performing asset class over that one year period.

20 So when we look at ranks, through the end of  
21 June, the FRS has ranked below median, but this  
22 does fluctuate over time, and especially when we  
23 see some volatile performance. Are there any  
24 questions on the FRS or the pension plan  
25 performance? This is through the end of June as

1 well.

2 Great. If you could flip ahead to -- I'll  
3 quickly touch on the other major mandates that we  
4 cover -- to the investment plan. It is our slide  
5 14. One more slide, please. In aggregate is  
6 when we look at where participants are allocating  
7 their dollars. For the one year trailing period  
8 through the end of June, the investment plan  
9 earned 2.6 percent, looking at the top table  
10 there. And the numbers that we really want to  
11 look at are on the bottom row, which shows how  
12 the investment plan has performed relative to the  
13 investment option benchmark.

14 And you can see over across all of these  
15 trailing time periods, the total aggregated  
16 allocation has outperformed. Equities have done  
17 extremely well. Fixed income has been in line,  
18 and real assets actually also outperformed. So  
19 strong outperformance from your actively managed  
20 options within the plan over all of these  
21 trailing time periods. That bottom table is peer  
22 data. It is relatively stale. We do expect the  
23 updated information in the next month or so, and  
24 so we'll cover that at the next meeting.

25 If we flip ahead really quickly to the

1 hurricane catastrophe fund, I'm on page 16. I  
2 think it's two slides ahead. As you all know,  
3 these are invested in very high quality liquid  
4 short-term bonds. And so obviously the returns  
5 here are going to be somewhat muted, as we have  
6 seen over the past several years, though relative  
7 performance continues to be strong. The CAT  
8 Funds have outperformed their benchmarks over the  
9 trailing time periods, the three, five and ten  
10 year periods.

11 And, John, that's two pages ahead. I'm not  
12 sure if you can flip there. I will keep going in  
13 the interest of time. The Lawton Chiles Fund,  
14 which is on page 19 of our report, as you all  
15 know, there's about 72 percent allocated to  
16 global equities. And given that high allocation,  
17 that portfolio for the quarter returned  
18 15.3 percent, so very strong quarterly return.  
19 The one year return was 3.3 percent. Some modest  
20 underperformance, which is a result of some  
21 underperformance during the first quarter, when  
22 we saw the markets sell off. But if we look  
23 longer term, three, five and ten years, the  
24 portfolio has outperformed the benchmark by a  
25 notable margin.

1 And then the last major mandate is the  
2 Florida PRIME portfolio on page 21. Again, a  
3 portfolio invested in highly liquid short-term  
4 high quality bonds, and so low absolute results.  
5 However, if you look relative to the benchmark,  
6 which is (inaudible) of peer type funds, very  
7 strong outperformance relative to this group over  
8 all of these time periods.

9 And that wraps up the major mandates. I  
10 apologize for the quick comments and the slides  
11 moving all over. But are there any questions or  
12 anything that I can go back into further detail  
13 on?

14 MR. OLMSTEAD: Thank you. Very efficient,  
15 and I appreciate both of your time. All right.  
16 I think, if I am not incorrect, we have one more  
17 item, then we have our closing audience questions  
18 and comments, which is the compensation  
19 subcommittee. So I will -- as I get double duty  
20 as both IAC chair and the compensation  
21 subcommittee chair, I will narrate this part of  
22 it. And for double duty, they opted to double my  
23 pay. So I'm very excited about that. Two times  
24 zero is still zero. Having some fun there.

25 But real quick, I think as we did last year

1 and do this year, there's a subcommittee for the  
2 compensation explicitly for Ash. Those committee  
3 members include Peter Collins, Gary Wendt and  
4 Ambassador Cobb and myself. Peter Jones also  
5 attends and contributes to those conversations,  
6 along with staff and Mercer.

7 We had a meeting on September 24th, and it  
8 was a very productive, long, constructive  
9 meeting, and I'll get into that in a second. On  
10 the positive side, this group that is part of the  
11 subcommittee have been together for the past  
12 three years, so good continuity and understanding  
13 of a plan that's been put in place, I think way  
14 back in 2012.

15 Gary Wendt and Ambassador Cobb have been  
16 great because they've seen a good portion of the  
17 development of this plan, along with Mercer, who  
18 has been part of the process since inception.  
19 And part of my comments are here for the new  
20 members. So I just wanted to provide some pieces  
21 of information on that. So a group that sort of  
22 knows each other and knows the plan, which makes  
23 it pretty good and efficient and lets us get to  
24 substantive conversation versus superficial.

25 So, again, a couple of things for the new

1 members. The compensation subcommittee is  
2 charged with compensation for the executive  
3 director/CIO exclusively. Again, a quick review.  
4 The ED's compensation is basically composed of a  
5 base pay and incentive pay. The incentive pay is  
6 broken down into two components, organizational,  
7 which is formulaic based on performance. It's  
8 blended. It takes into account, though, I think,  
9 the previous three years, making certain that  
10 it's benchmarked -- it's tracked against its  
11 overall performance and exceeding the  
12 performance. So that's formulaic.

13 The second part of it is individual, which  
14 is a subjective review administered by a third  
15 party, Mercer. And the committee, the  
16 subcommittee all provides written response  
17 directly to Mercer, anonymous, so that we can  
18 give feedback to Ash.

19 So although we discussed a lot of things,  
20 overall plan, retention and how well the plan is  
21 working, which has been good, the plan for the  
22 other folks who are involved, the charge of this  
23 group is basically the two components, which is  
24 make a recommendation on base pay and make a  
25 recommendation on the individual incentive, and

1 then the organizational or formulaic will come  
2 later in the year after the audit is done. So,  
3 again, for this group, it's focused on base pay  
4 and individual incentive.

5 For those, again, on the board, I sent out a  
6 quick memo yesterday afternoon, which I assume  
7 everyone has had an opportunity to review, and it  
8 gave hopefully a comprehensive, at least a couple  
9 page comprehensive view of the conversation that  
10 we had. And, again, I'm trying to go through a  
11 succinct overview here and look forward to  
12 questions in a second.

13 But to fast-forward, this committee agreed  
14 unanimously that on the base pay piece of it,  
15 that we would grant Ash and recommend to grant  
16 Ash, to the trustees, a modest 3 percent base  
17 increase. I think it's important to note that  
18 this is -- the total compensation that Ash gets  
19 is really below most of his peers, not by a --  
20 it's a range, but it's a pretty significant  
21 percentage.

22 And even though we are being benchmarked and  
23 have obviously a significantly large pension fund  
24 and not only is Ash the ED but he's the CIO,  
25 which is only a very few out there, so a lot of



1 folks are paying for two and only one, so I think  
2 we felt very comfortable with the modest  
3 3 percent base pay this year. And, again, in its  
4 entirety, 17,000 -- approximately \$17,250.

5 But in its entirety, if you look at Ash's  
6 total, he is significantly below many -- most  
7 others but performing very well. So that was the  
8 one recommendation that we're making to the  
9 broader IAC board, who will then memorialize that  
10 up to the trustees.

11 With regards to the incentive pay, as noted,  
12 this is subjective, and it's comprised of  
13 15 percent of his total incentive and went  
14 through the Mercer process. And Ash scored  
15 extremely high on his four areas of review, which  
16 was overall mission, people, efficiencies and  
17 operations and individual.

18 And so after you've added those all up and  
19 took a look at all the comments, he scored very  
20 high, 3.75 out of 4. So, again, this group  
21 concluded all together that he should meet his  
22 maximum target. And that subjective component is  
23 \$41,344.

24 So I know I went through that fairly  
25 quickly. Hopefully, the memo that went out to

1 the rest of the committee members provided some  
2 good input. I know they all had an opportunity  
3 to look at the other information. But I want to  
4 see if there's any questions, and then we can  
5 talk about the two recommendations, which is the  
6 increase in the base pay and the top threshold  
7 with regards to the incentive piece. I will  
8 pause and see if there are any questions.

9 MR. COLLINS: I don't have any questions. I  
10 just have one comment. And we talked a little  
11 bit about this in our committee meeting the other  
12 day. Whenever we're benchmarking Ash's salary,  
13 or whoever leads the State Board of  
14 Administration's salary, it's a little unique in  
15 Ash's position because he functions -- he serves  
16 two roles. He serves as executive director and  
17 he serves as chief investment officer.

18 And in many of our peers, public pension  
19 funds, you have two separate people in those  
20 roles, and those people are sometimes earning  
21 very similar each what Ash is earning, and Ash is  
22 doing two roles. So whenever we're talking about  
23 benchmarking, from a personal standpoint, I think  
24 about that. But I don't have any other comments  
25 than what you did, Mr. Chairman.

1 MR. WENDT: Gary Wendt has a question, of  
2 course. We did yesterday -- at this subcommittee  
3 meeting, we did say 3 percent raise in base  
4 salary. We did say full 15 points for the  
5 non-financial part of the management, of the  
6 bonus. But what did we say for the 85 percent  
7 part? Are we just waiting for the audited  
8 financials?

9 MR. OLMSTEAD: Yeah. And to clarify there,  
10 Ash, I'll take a shot at this, and you can  
11 clarify if you would like. We wait until the  
12 year end audit is complete in order to make  
13 certain that -- that's purely a formulaic number  
14 that comes out. And they either, I think, either  
15 make it or don't make it. And we will wait until  
16 the audited financials are complete.

17 MR. WENDT: So is it a one number or all, or  
18 are there several criteria that the mathematical  
19 part is based on? I've forgotten. I should  
20 know.

21 MR. OLMSTEAD: I believe there are three  
22 levels, which are threshold -- I know it's  
23 threshold, maximum and the one in the middle that  
24 I'll pull up, and there are numerical outcomes  
25 that drive whether it's zero, threshold, the

1 middle one and maximum.

2 MR. WENDT: Thank you.

3 MS. CANIDA: Hello. This is Tere Canida.  
4 At the end of the memo, you said that Mercer is  
5 going to review this, am I correct, to make  
6 further recommendations? Because I agree that,  
7 when you look at the total compensation compared  
8 to other plans, it seems like it's on the low  
9 end, so --

10 MR. OLMSTEAD: Yeah. Tere, that's a good  
11 question. And Mercer has been involved along the  
12 way, and they were part of our subcommittee  
13 meeting, and they presented on a number of items.  
14 Not to go very deep in, but the way that Mercer  
15 was looking at it and the way we were looking at  
16 it was sort of separate, which is the variable or  
17 incentive piece separate from the base.

18 And they did a nice job of going back and  
19 providing us sort of the total comp, which is  
20 bluntly and frankly the way I think we should be  
21 looking at this and not disaggregating those two  
22 components. And when Mercer did do the studies  
23 on that behalf, it did come out, on any way that  
24 you slice it, that the executive director is  
25 below what his peers are.

1 And we've taken a look primarily at 75th  
2 percentile. And so Mercer did provide that  
3 information, and I think Mercer agreed with --  
4 overall, I think Mercer agreed with our  
5 recommendations, which is similar to what their  
6 recommendations were in this environment. But  
7 over time, I think we need to take a look at the  
8 plan as a whole, not only for Ash but more  
9 broadly.

10 And so other conversation in our meeting  
11 was, you know, I think it's been five years since  
12 a deep review and that we will indeed this year  
13 take a look at a review of the comp plan, which  
14 is, I believe, prudent to do. Ash concurs, and  
15 the committee certainly did concur.

16 MS. CANIDA: Thank you. I agree. It's very  
17 important. So thank you.

18 MR. OLMSTEAD: Okay. Well, with that, I  
19 think we will -- we should put this to a motion.  
20 So if there's somebody that can make a motion on  
21 both the base increase and the incentive piece,  
22 I'd appreciate that.

23 MS. CANIDA: I move.

24 MR. OLMSTEAD: And a second?

25 MR. BOBBY JONES: Second.

1 MR. OLMSTEAD: All in favor?

2 (Ayes)

3 MR. OLMSTEAD: Opposed? Okay. Great. So  
4 that one, congrats, Ash and team, who all have  
5 done a superb job by beating benchmarks and  
6 producing retention and attracting great people.  
7 So we really appreciate that.

8 MR. WILLIAMS: Thank you, and thank you for  
9 the recognition.

10 MR. OLMSTEAD: Ash, I think we are -- I  
11 don't know if there are any audience comments.

12 MR. WILLIAMS: I think we're okay on that.  
13 John Kuczwanski, did we resolve that? We had  
14 some folks who earlier might have wanted to  
15 comment, and then when they realized we had sold  
16 the fund that they were interested in, I think  
17 their interested (inaudible).

18 MR. KUCZWANSKI: I have not received any  
19 messages from the folks as instructed. I'd like  
20 to give them a couple of minutes, if we could,  
21 just in case.

22 MR. OLMSTEAD: So why don't we come back to  
23 that and take care of the other --

24 MR. WENDT: You know, technology is great,  
25 but sometimes it doesn't work very well. As

1 Peter Collins will remember, we used to be able  
2 to say, I've got to catch a plane, I have to  
3 leave now. We can't do that anymore.

4 MR. COLLINS: No.

5 MR. OLMSTEAD: That is funny.

6 MR. WILLIAMS: We can still say it. It's  
7 just less credible.

8 MR. WENDT: Well, that would match my other  
9 comments.

10 MR. OLMSTEAD: All right. Meeting dates for  
11 2021, I assume there's no comments on that. But  
12 for the record, we have those here. And then,  
13 John, when you're -- once you're comfortable that  
14 there are no questions, we will move to adjourn  
15 this longer than typical --

16 MR. COLLINS: Just so I'm clear, did we put  
17 that down for four hours next time and then we  
18 can still go over, are we going to try for three  
19 hours next time?

20 MR. OLMSTEAD: The new incentive  
21 compensation plans will include a subjective area  
22 of whether or not folks finish on time.

23 MR. WILLIAMS: It will be like a late  
24 construction penalty, you know, a per-minute fee.

25 MR. COLLINS: We call that liquidated

1 damages.

2 MR. COBB: Vinny, this is Chuck Cobb again.  
3 I thought we agreed at our meeting that we, as a  
4 committee, were going to recommend to this board  
5 that the board immediately start the process on  
6 updating our incentive plan.

7 MR. OLMSTEAD: Ambassador Cobb, thanks for  
8 reminding me. Ash, do we need a motion for that,  
9 or is that a different process?

10 MR. WILLIAMS: Well, I think you made a  
11 comment that one of the things the group wanted  
12 to do, that the IAC wanted to do was go ahead and  
13 review the plan. If you need to put a sentiment  
14 to that, in that direction on the record, that  
15 would be fine, and then you could include it in a  
16 communicate to the trustees down the road.

17 MR. OLMSTEAD: Ambassador, thanks for that  
18 clarification. So, again, rest of the committee,  
19 we did want to review the plan, which is prudent  
20 every five years. As Tere commented, it makes  
21 sense. So let's just quickly -- you know,  
22 someone make a motion. Let's quickly get that  
23 done.

24 MR. COBB: So I'll make the motion that this  
25 board concur with our compensation committee that

1 our compensation plan should be updated. And  
2 I'll just use one example. The maximum bonus for  
3 Ash is 52 percent, which is very low compared to  
4 our competitors.

5 So the plan needs to be updated, and I think  
6 it's the unanimous view of our committee and  
7 hopefully it will be the unanimous view of this  
8 board that our compensation plan should be  
9 updated.

10 MS. CANIDA: I second that.

11 MR. OLMSTEAD: All right. All in favor?

12 (Ayes)

13 MR. OLMSTEAD: So moved. All right. Great.

14 John, are we okay on questions?

15 MR. KUCZWANSKI: I am comfortable that we  
16 can finish the meeting.

17 MR. OLMSTEAD: So let's officially adjourn.

18 Thank you all.

19 (Thereupon, the meeting concluded at 5:32  
20 p.m.)

21

22

23

24

25

1 COURT CERTIFICATE

2

3 STATE OF FLORIDA

4 COUNTY OF LEON

5

6 I, JO LANGSTON, RPR, certify that I was  
7 authorized to and did stenographically report the  
8 foregoing meeting, and that the transcript is a true  
9 and complete record of my stenographic notes.

10 Dated this 11th day of October 2020.

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JO LANGSTON, RPR



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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TALLAHASSEE, FLORIDA 32308  
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CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**ASHBEL C. WILLIAMS  
EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

Date: November 30, 2020  
To: Board of Trustees  
From: Mark Thompson, Audit Committee Chair   
Subject: Quarterly Audit Committee Report

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The State Board of Administration's Audit Committee met on November 30, 2020. Please see the attached agenda for the items discussed. Also please see the attached Office of Internal Audit Quarterly Report presented to the Audit Committee at the meeting.

**STATE BOARD OF ADMINISTRATION**  
**Audit Committee Open Meeting**  
**Agenda**  
**November 30, 2020**  
**9:30 A.M. – Noon**

1. Call to Order
2. Approval of the minutes of the open meeting held on August 3, 2020
3. SBA Executive Director & CIO status report
  - SBA Update: investment performance, risks, opportunities and challenges
4. Presentation on the results of the SBA Local Government Surplus Funds Trust Fund (Florida PRIME)
5. Presentation by the Auditor General on the results of the Florida PRIME and Information Technology GC Operational Audit
6. Presentation on the results of the following 2020 financial statement audits:
  - KPMG
    - i. Florida Hurricane Catastrophe Fund (FHCF)
  - Crowe
    - i. Florida Retirement System Trust Fund
    - ii. Florida Retirement System Investment Plan Trust Fund
7. Presentation by OIA and ITCI on the results of the Real Estate Direct Owned Audit
8. Chief Risk & Compliance Officer Quarterly Report
9. Office of Internal Audit Quarterly Report
10. Office of Inspector General Quarterly Report
11. Other items of interest
  - Tentative dates for 2021
12. Closing remarks of the Audit Committee Chair and Members
13. Adjournment



# Office of Internal Audit (OIA) Quarterly Report to the Audit Committee

November 30, 2020





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	• External Engagement Oversight	5
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	• Details of open items – Audit Projects	9
	• Details of open items – Advisory Projects	10
<b>Other items</b>	• Status of Department Goals for FY 2020-21	12
	• Proposed dates for 2021 Audit Committee Meetings	13
<b>Appendices</b>	Open Audit Recommendations and Action Plans	Appendix A
	Periodical Follow-up Audit	Appendix B

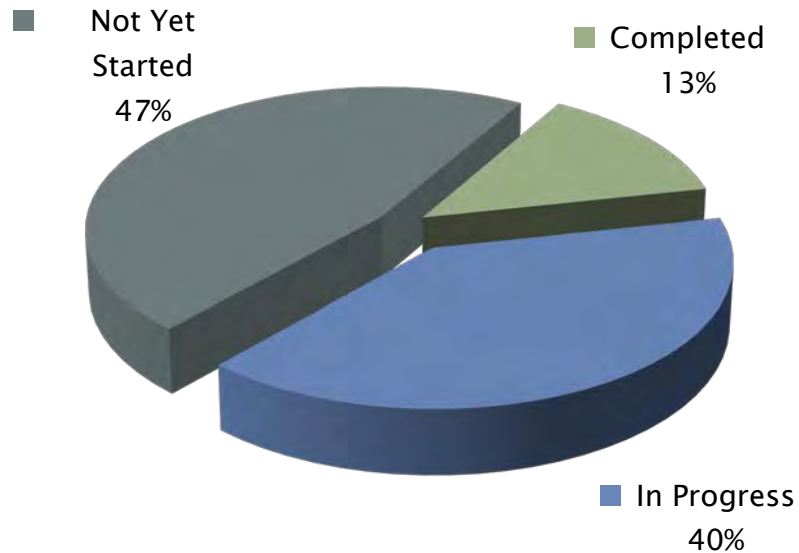


# Status of the FY 2020–21 Annual Audit Plan



# Status of the FY 2020–21 Annual Audit Plan

## Internal Audit and Advisory Engagements

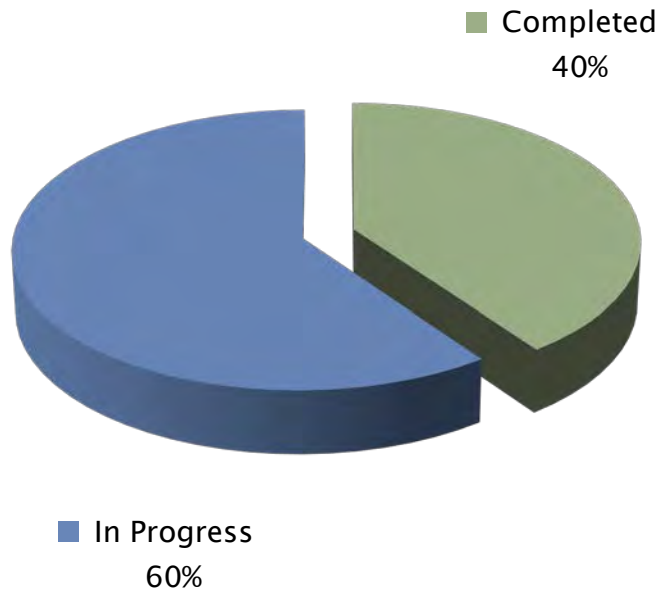


Highlighted: Completed since prior quarterly report.

<u>Projects Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
Real Estate - Direct Owned	OIA Operational Audit	Q1
Periodic Follow-up Audit	OIA Follow-up Audit	Q1-Q2
<b>In Progress</b>		
Continuous Monitoring - General	Continuous Monitoring	Ongoing
Data Analytics - Strategy	Data Analytics	
Action Plan Monitoring	Project Management	
Investment Policy & Asset Allocation – Liquidity Mgmt	OIA Operational Audit	Q1-Q2
Business Continuity/Disaster Recovery Audit	OIA Operational Audit	Q1-Q2
<b>Not Started</b>		
Proxy Voting Phase 3	OIA Advisory	Q1-Q2
FHCF Examination Process	OIA Advisory	Q2-Q3
Continuous Risk Assessment	Data Analytics	Q3
Private Equity	OIA Operational Audit	Q3-Q4
Identity and Privileged Access Management Advisory	OIA Advisory	Q3-Q4
Security Configuration & Vulnerability Patch Management	OIA Advisory	Q2-Q3
Periodic Follow-up Audit	OIA Follow-up Audit	Q3-Q4
Contract Management	Continuous Monitoring	Q4

# Status of the FY 2020–21 Annual Audit Plan

## External Engagement Oversight

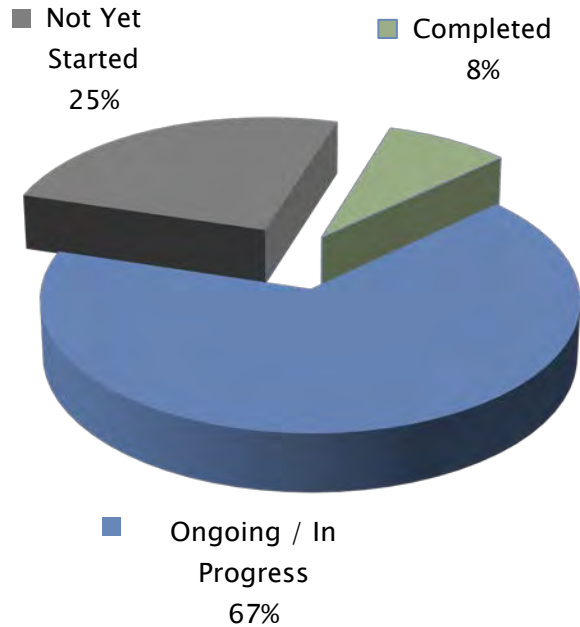


Highlighted: Completed since prior quarterly report.

<u>Project Status</u>	<u>Service Provider</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>			
Florida Retirement System (FRS) Trust Fund	Crowe	External Financial Statement Audit for FY19-20	Q1/Q2
FRS Investment Plan Trust Fund	Crowe	External Financial Statement Audit for FY19-20	Q1/Q2
Florida PRIME	Auditor General	External Financial Statement Audit for FY19-20	Q1/Q2
AG PRIME and ITGC Operational Audit	Auditor General	External Operational Audit	Q1/Q2
<b>In Progress</b>			
Florida Hurricane Catastrophe Fund	KPMG	External Financial Statement Audit for FY19-20	Q1/Q2
Network Security, outsourced	BDO	External IT Assessment	Q1/Q3
Part of the Statewide CAFR	Auditor General	External Financial Statement Audit for FY19-20	Q2/Q3
FMR and DC Investment Plan	Auditor General	External Operational Audit	Q1/Q3
Florida Growth Fund Initiative	OPPAGA	External Review	Q1/Q2
Biennial Review	OPPAGA	External Review	Q1/Q2
<b>Not Started</b>			
None			

# Status of the FY 2020–21 Annual Audit Plan

## Special Projects, Risk Assessments, and Other Activities



Highlighted: Completed since prior quarterly report.

<u>Project Status</u>	<u>Type</u>	<u>Planned Timing</u>
<b>Completed</b>		
RFQ for Financial Close Solution	Part of Evaluation Team	Q1
<b>Ongoing/In Progress</b>		
Integrated Risk Management Solution Enhancements	OIA Special Projects	Q1-Q4
Robotics Process Automation Assistance	OIA Special Projects	Q1-Q4
Data Analytics Tools Enhancements - Tableau	OIA Special Projects	Ongoing
Complimentary User Entity Control Testing Validation	OIA Special Projects	
Special requests from SBA management and/or Audit Committee	OIA Special Projects	
WorkSmart Portal Enhancements	OIA Special Projects	
Audit Committee Related Activities	OIA Audit Committee	
OIA process improvement initiatives, including QAR identified initiatives	OIA Quality Assurance	
<b>Not Yet Started</b>		
Annual Quality Assessment Review - Self-Assessment	OIA Quality Assurance	Q4
Annual Risk Assessment	OIA Risk Assessment	Q4
Annual Audit Plan	OIA Risk Assessment	Q4



# Status of Management Action Plans / Recommendations



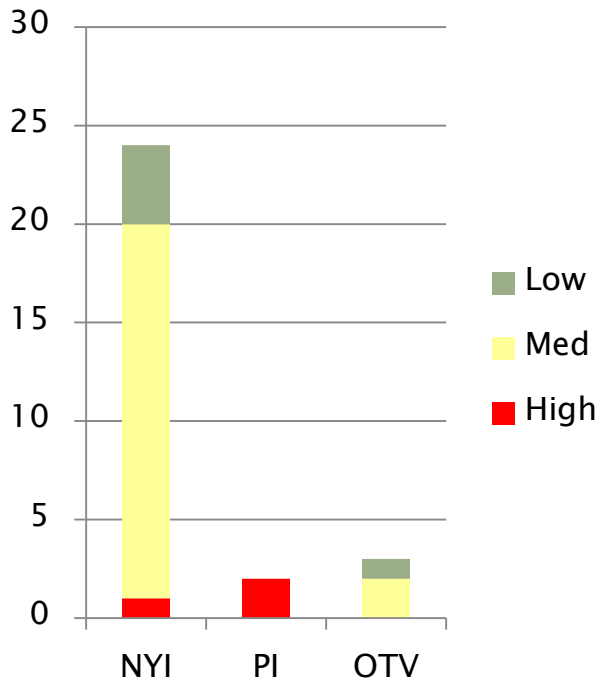


# New/Closed Action Plans & Recommendations

## Audit and Advisory Engagements

# of Recs	Source	
<i>New action plans and recommendations:</i>		
1	Real Estate Direct-Owned Operational Audit (See Tab 7)	
7	Auditor General ITGC and PRIME 2020 Audit (See Tab 5)	
8	Total action plans/recommendations added to the database	
<i>Closed action plans and recommendations:</i>		
(9)	Auditor General IT Operational Audit 2017	Closed or replaced by Auditor General (See Tab 5)
(1)	Fixed Income Trading Activities Operational Audit	Closed as a part of OIA's periodic follow-up (See Appendix B to this report)
(2)	Internally Managed Derivatives Operational Audit	
(2)	Externally Managed Derivatives Operational Audit	
(1)	Incentive Compensation Program Operational Audit	
(2)	Performance and Risk Analytics Operational Audit	
(2)	Procure to Pay Operational Audit	
(19)	Total action plans/recommendations closed in the database	
(11)	Total change for both audit and advisory action plans/recommendations	

# Status of Management Action Plans–Audits



For details, see [Appendix A](#).

Report Title	Report Date
Global Equity Internal Trading Operational Audit	1/18/2017
AG - Operational Audit 2017	11/13/2017
Incentive Compensation Program Operational Audit	4/10/2018
Strategic Investments Operational Audit	8/19/2019
Procure to Pay Operational Audit	6/30/2020
Real Estate Direct Owned Operational Audit	10/6/2020
AG – ITGC and PRIME 2020	10/16/2020
AG – ITGC and PRIME 2020 Confidential	10/16/2020

Risk Rating				Status			
High	Med	Low	Total	NYI	PIRP	OTV	Total
1			1		1		1
	1	1	2			2	2
	1	1	2	2			2
2			2	1	1		2
	11	3	14	13		1	14
	1		1	1			1
	2		2	2			2
	5		5	5			5
3	21	5	29	24	2	3	29
10%	72%	17%		83%	7%	10%	

**Legend:**

- NYI - Not Yet Implemented
- PIRP - Partially Implemented and the Remainder is in Progress
- OTV - OIA to Verify

*Management Action Plans relating to findings from audits performed by internal or external auditors. The OIA monitors and performs follow-up procedures on the management action plans in accordance with the IIA Standard 2500. A1. In certain cases, follow-up procedures are performed by external auditors.*





# Status of Recommendations – Advisory Projects

Report Title	Report Date	Status			
		NYI	PI	IMP	Total
Governance, Risk Management, and Compliance Assessment (Funston) <sup>1</sup>	1/15/2018	7	19		26
Network Security Assessment 2018 (BDO) <sup>2</sup>	11/15/2018	5			5
Network Security Assessment 2019 (BDO) <sup>2</sup>	11/21/2019	103		1	104
CIS CSC Framework Gap Assessment Advisory <sup>1</sup>	3/19/2020	20			20
		135	19	1	155

**Legend:**

- NYI - Not yet implemented
- PI - Partially Implemented, as represented by SBA management
- IMP - Implemented, as represented by SBA management
- PIRN - Partially Implemented, as represented by SBA management, and the remainder will not be implemented
- NA - Not accepted by SBA management

*Advisory Recommendations made by OIA or external consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1.*

<sup>1</sup>At the advice of the Audit Committee, the OIA closes Advisory Recommendations that management represented as “complete” once the OIA has considered those in the annual risk assessment.

<sup>2</sup>Recommendations will be reviewed for remediation and closure by BDO as part of the 2019 Network Security Assessment.



# Other OIA Activities >>>

# Status of OIA Department Goals FY 20–21



TOPIC	ACTIVITIES
INTERNAL AUDIT PROCESSES	Data Analytics: Use for continuous risk assessment, engagement planning, continuous monitoring and auditing, and evaluate the potential use of robotics process automation for audit projects. (Process improvement from QA Self-Assessment)
	OIA Procedures Manual: Perform annual review of the manual and add the following items identified during the QA Self-Assessment: Add remote auditing procedures due to COVID-19, update the risk assessment methodology with the use of Logic Manager, update the monitoring of audit recommendations using Logic Manager.
	Engage consultants (co-source or outsource) to assist with high risk areas relating to investments and IT audits.
	Update Internal Controls Risk Assessment template to include the alignment of engagement risks for each objective with the SBA's ERM risks.
	Update the audit program template to add results of control testing in Logic Manager and to send the client engagement survey after report issuance. (Process Improvement from QA Self-Assessment).
	Take the initiative to develop a formalized SBA data analytics workgroup.
	Update the pipeline of projects within the Annual Audit Plan on at least a quarterly basis.
USE OF TECHNOLOGY	Continue to increase automation of continuous data analytics where possible and support the SBA's use of Tableau Server and data governance.
	Request IT manpower resources (Approximately 4 weeks of assistance from applications staff) for the activities related to IIAMS and Tableau.
PEOPLE	Develop a training plan based on knowledge gaps for each member of the OIA to close those gaps.
	Have at least one team building event during the fiscal year to enhance the team.
	Continue to participate in the internship program.
Develop a more formal competency framework using The IIA's Global Competency Framework for knowledge, skills, and other competencies required of internal auditors to effectively carry out their professional responsibilities. (Process Improvement from QA Self-Assessment)	



# Other Items for Discussion

- ▶ Proposed dates for Audit Committee meetings in 2021
  - February 22
  - May 24 (Memorial Day is May 31)
  - August 30
  - November 29 (Thanksgiving is November 25)
  
- ▶ Report format for Appendix A will be changing in future meetings due to Logic Manager

# Questions / Comments





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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

## MEMORANDUM

**To:** Ash Williams  
**From:** Michael McCauley  
**Date:** December 3, 2020  
**Subject:** Quarterly Standing Report - Investment Programs & Governance

### GLOBAL PROXY VOTING & OPERATIONS

During the third quarter of 2020, SBA staff cast votes at 1,449 companies worldwide, voting on ballot items including director elections, audit firm ratification, executive compensation plans, mergers & acquisitions, and a variety of other management and shareowner proposals. These votes involved 12,161 distinct voting items—voting 78.8% “For” and 17.9% “Against/Withheld”, with the remaining 3.4% involving abstentions. The table below provides the SBA’s global voting breakdown across all major proposal categories during the third quarter of 2020.

Proxy Voting Summary								
Issue Code Category	For		Against & Withhold		Abstain		Other Votes	
	Individu..	% of Tot..	Individu..	% of Tot..	Individu..	% of Tot..	Individu..	% of Tot..
Audit/Financials	1,830	95.2%	54	2.8%	4	0.2%	34	1.8%
Board Related	3,914	73.5%	1,264	23.7%	75	1.4%	72	1.4%
Capital Management	1,331	81.7%	263	16.1%	5	0.3%	30	1.8%
Changes to Company Statutes	517	75.6%	57	8.3%	94	13.7%	16	2.3%
Compensation	916	68.5%	375	28.0%	6	0.4%	41	3.1%
M&A	202	95.7%	5	2.4%			4	1.9%
Meeting Administration	425	84.8%	58	11.6%			18	3.6%
Other	402	83.9%	65	13.6%	9	1.9%	3	0.6%
SHP: Compensation			3	75.0%	1	25.0%		
SHP: Governance	33	56.9%	25	43.1%				
SHP: Misc			1	100.0%				
SHP: Social	6	66.7%	3	33.3%				
Grand Total	9,576	78.7%	2,173	17.9%	194	1.6%	218	1.8%

Of all votes cast, 18.8% percent were “Against” the management-recommended vote. SBA proxy voting was conducted across 61 countries, with the top five countries comprised of the China (2,155 votes), United States (1,721), United Kingdom (1,314), Japan (520), and Canada (275).

### CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) occurred on September 28, 2020, and the Committee will meet next on December 17,

2020. The Proxy Committee continues to review ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA) and other statutory investment requirements related to Israel and Venezuela.

#### **LEADERSHIP & SPEAKING EVENTS**

Staff periodically participates in investor and corporate governance conferences. Typically, these events include significant involvement by corporate directors, senior members of management, and other key investor or regulatory stakeholders. The following items detail involvement at events that occurred recently:

- In September, SBA staff participated in the Council of Institutional Investors' (CII) fall virtual meeting speaking on a panel about governance reforms and shareholder derivative litigations.
- In November, SBA staff participated in PLI's Annual Institute on Securities Regulation virtual meeting speaking on a panel covering the investor viewpoint of important aspects in proxy filings.
- In December, SBA staff participated as a speaker on a corporate governance panel at the 2020 Responsible Investor (RI) Americas virtual conference.

#### **ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT**

The SBA actively engages portfolio companies throughout the year, addressing corporate governance concerns and seeking opportunities to improve alignment with the interests of our beneficiaries. From early September 2020 to early December 2020, SBA staff conducted engagement meetings with several companies owned within Florida Retirement System (FRS) portfolios, including Amgen, Johnson & Johnson, Telefonica, Intel, and Regions Financial.



# Statistics and Overview

Individual Meetings	1,449
Individual Ballots	3,100
Individual Proposals	12,161
Percent Votes "For"	78.7%
Percent Votes "Against"/"Withhold"	17.9%
Percent Votes Not Voted	1.3%
Percent Ballots Not Voted	1.0%
Proxy Paper ID	1,377
Issue Descriptions	180
Companies	1,272
Portfolios	66
Country of Origin	61
Percent Votes Against Management Recommendat..	18.8%
Percent Votes in Favor of Directors	72.3%
Percent Votes in Favor of Auditors	99.5%
Percent Votes in Favor of Merger/Acquisition Items	97.1%
Percent Votes in Favor of Compensation Items	68.5%
Percent Votes in Favor of SHP Governance Issues	56.9%
Percent Votes in Favor of SHP Environmental Issues	

Top 5 Countries by # of Individual Proposals	
Country of Origin	
China	2,155
United States	1,721
United Kingdom	1,314
Japan	520
Canada	275

Select a Measure  
# of Individual Proposals

Top N Countries  
5

Proxy Voting Summary								
Issue Code Category	For		Against & Withhold		Abstain		Other Votes	
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SHP: Social	6	66.7%	3	33.3%				
Grand Total	9,576	78.7%	2,173	17.9%	194	1.6%	218	1.8%

- Vote Decision
- Null
  - 1 Year
  - 3 Years
  - Abstain
  - Against
  - For
  - Mixed
  - Take No Action
  - Unvoted
  - Withhold

Meeting Date  
7/1/2020 to 9/30/2020

Fiscal Year  
 FY 2017  
 FY 2018  
 FY 2019  
 FY 2020  
 FY 2021

Ballot Vote Status  
All

Region  
All

Country of Origin  
All

Meeting Level  
All

Meeting Type  
All

Percent Changes from Previous Fiscal Year	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	% Difference in Proxies from the Previous FY		5.70%	3.55%	-9.12%
% Difference in Individual Meetings from the Previous FY		4.61%	3.25%	-8.73%	-86.08%
% Difference in Individual Proposals from the Previous FY		0.36%	5.09%	-5.60%	-88.05%
% Difference in Votes in Favor of Directors from the Previous FY		-0.87%	-0.28%	2.39%	-9.08%
% Difference in Votes in Favor of Auditors from the Previous FY		0.23%	0.31%	0.23%	0.77%
% Difference in Votes in Favor of Merger/Acquisition Items from the Previous FY		-10.33%	15.94%	-1.42%	2.41%
% Difference in Votes in Favor of Compensation Items from the Previous FY		7.95%	0.05%	1.31%	2.93%
% Difference in Votes in Favor of SHP Governance Issues from the Previous FY		42.82%	2.19%	-8.70%	19.11%
% Difference in Votes in Favor of SHP Environmental Issues from the Previous FY		-7.81%	-20.83%	-9.34%	#####
% Difference in Votes in Favor of SHP Social Issues from the Previous FY		70.24%	26.07%	0.22%	8.91%
% Difference in Votes in Favor of All SHP Issues from the Previous FY		40.21%	4.57%	-5.86%	9.20%
% Difference in Votes "For" from the Previous FY		1.76%	-0.39%	1.97%	-1.84%
% Difference in Votes "Against"/"Withhold" from the Previous FY		-0.64%	-1.61%	-6.07%	4.11%

Note: The calculation for change since previous fiscal year uses the most recent date and compares to prior fiscal year.  
The last fiscal year displayed may not yet include all quarters.





# Contested Votes

## Drill-down of Contested Votes by Issuer

[Click a company below for further drill-down & meeting details.](#)

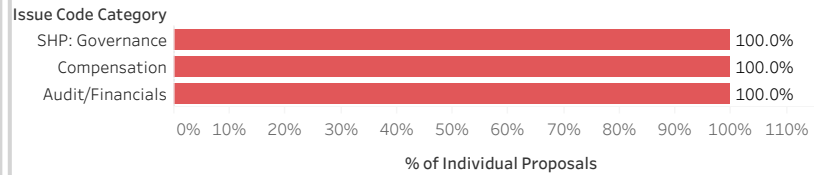
Issuer Name	Meeting Date	For	Against	Withhold
Gamestop Corporation	6/12/2020	12	1	2
Mack-Cali Realty Corp.	6/10/2020	10	0	0

0 5 10  
Distinct count of Individ..

**Vote Decision**  
 Withhold  
 Against  
 For

## With or Against Management

All Votes for Company/Date Selected: \*



None

Meeting Date: None      Meeting Type: None  
 Record Date: None      Proxy Contest: None  
 Region: None      Agenda Type: None  
 Country: None      Number of Proposals: None

## Detailed Vote Information (None)

**With Or Against Management**  
 Against Management

**Ballot Vote Status**  
 NotCounted  
 Take No Action  
 Unvoted  
 Voted

**Meeting Date**  
 6/1/2020 to 9/30/2020

**Fiscal Year**  
 FY 2017  
 FY 2018  
 FY 2019  
 FY 2020  
 FY 2021

**Agenda Type**  
 Opp

**Proponent**  
 Management  
 ShareHolder



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ASHBEL C. WILLIAMS  
EXECUTIVE DIRECTOR & CIO

## MEMORANDUM

---

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

**From:** Maureen M. Hazen, General Counsel *Maureen M. Hazen*

**Date:** December 3, 2020

**Subject:** Office of General Counsel: Standing Report  
For Period September 1, 2020 – November 30, 2020

---

### SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 29 new agreements – including 4 Private Equity transactions, 8 Strategic Investments, 1 new Investment Management Agreement for Global Equity and 2 new fund investments for Real Estate; (ii) 162 contract amendments, addenda or renewals; and (iii) 2 contract terminations.

### SBA Litigation.

(a) Passive. As of November 30, 2020 the SBA was monitoring (as an actual or putative passive member of the class) 675 securities class actions. During the period from August 1, 2020 through November, 2020, the SBA collected recoveries in the amount of \$760637.33 as a passive member in 26 securities class actions.

(b) Active.

In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) now pending in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). Pursuant to a plan approved in the bankruptcy proceeding, the claim was transferred to the U.S. District Court, Southern District of New York (the "Court") and consolidated with additional

parallel cases for multi-district litigation. The SBA received approximately \$11 million in connection with this leveraged buy-out. Several amended complaints have been filed in the action in which the SBA was originally served in January, 2012 (the “FitzSimons Action”). In early 2017, the Court dismissed the intentional fraudulent transfer count (the only claim applicable to the SBA), and the SBA (and other defendants) are monitoring for a ruling on the appeal.

(ii) Valeant Opt-Out Action. During a previous period, the OGC recommended to the Trustees and you that the SBA file the opt-out with the group of plaintiffs being represented by Bernstein Litowitz. The SBA may have incurred more than \$62 million in recoverable damages. The Trustees approved filing of the action on November 6, 2017, and the SBA subsequently filed the Complaint. On November 29, 2017, the Court issued a stay in discovery in the case pending the conclusion of the trial in the criminal case filed by the U.S. Department of Justice. In January 2018, the criminal trial concluded with a conviction, and the stay has been lifted. The parties are currently engaged in discovery.

(iii) LIBOR Litigation. The Attorney General’s Office has commenced an investigation against several banks with respect to the alleged manipulation of LIBOR. The OGC and other SBA staff (e.g. Fixed Income, Financial Operations and Accounting) have been working with the Attorney General’s Office since September, 2012. Since then, the Attorney General (representing the SBA) and the class counsel has settled the case with Barclays Bank, Citibank, Deutsche Bank and UBS, and the SBA has recovered approximately \$25,000,000 in settlement proceeds.

(c) FRS Investment Plan. During the period covered by this report, the General Counsel’s Office monitored and/or managed the following cases for the Florida Retirement System Investment Plan (the “Investment Plan”). The SBA issued 6 Final Orders, received notice of filing of 1 new case, and continued to litigate 16 cases (including 3 appellate) that were pending during the periods covered by previous reports.

### **Other Matters.**

(a) Public Records. During the period covered by this report, the General Counsel’s Office received 33 new public records requests and provided responses to 33 requests. As of November 30, 2020, the General Counsel’s Office continues to work on 15 open requests.

(b) SBA Rule Activities. During the period covered by this report, the SBA engaged in the following. As required pursuant to Section 120.74(2), Florida Statutes, a copy of the SBA’s 2020-2021 Annual Regulatory Plan (“ARP”), together with the certification required by Section 120.74(1)(d), Florida Statutes, was timely filed on September 30, 2020 with JAPC. The regulatory plan has been published on the SBA’s website and a notice identifying the date of publication appeared in the October 1, 2020 Edition of Florida Administrative Register. There were no legislative changes that needed to be reflected by rule amendments. The Annual Regulatory Plan identified several new/amended laws that are applicable to all Florida governmental entities but

December 3, 2020

Page 3

that do not need to be implemented by rulemaking. The SBA indicated that it recognizes the existence of such laws and stated that it may revise, or already has revised, the SBA's internal policies, procedures and contracts in view of the changes.



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

## **MEMORANDUM**

DATE: December 3, 2020  
TO: Board of Trustees  
FROM: Ken Chambers, Inspector General  
SUBJECT: Quarterly Report on SBA Inspector General Activities

---

The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing Investment Protection Principles (IPPs) compliance; and handling special projects as directed by the Executive Director & CIO.

### Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The on-line training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is required annually for all employees in the areas of harassment prevention, personal investment activity, insider trading, incident management framework, and use of information technology resources. For 2020, employees are also required to complete training courses for public records, confidential information and the Sunshine Law (these courses are required every other year). The deadline for completing the courses was June 30, 2020, and all SBA employees are in compliance. New employees are required to take all of the mandatory training courses (which also includes a fiduciary responsibility course) within 30 days of their start date. In addition to the annual mandatory training classes, employees are also required to complete quarterly on-line training courses concerning cyber security awareness.
- During the period from September 2, 2020 to December 2, 2020, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy. .

### Investment Protection Principles Compliance

In September 2002, the Trustees of the SBA adopted IPPs for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. The IPPs are geared toward promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity, fixed income and real estate

investment managers, and broker-dealers. Additionally, annual certifications have been developed for the investment services related consulting firms engaged by the SBA. These consulting firms are required to certify their compliance with certain independence and disclosure principles.

An analysis of the 2019 certifications indicated either full compliance with the IPPs, or explanations were provided supporting that the firms were in compliance with the spirit of the IPPs. In early January 2021, the certification process will begin for the 2020 reporting period, beginning with the investment consultants.

### SBA Fraud Hotline

Since July 2006, Navex Global has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees, service providers, and others may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA contact page. Navex Global recently upgraded the hotline service to their new Ethicspoint system, which also provides online reporting.

During the quarter, two complaints were received by the Hotline. However, both complaints concerned an issue that was not applicable to the SBA.

cc: Ash Williams



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EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER

MEMORANDUM

DATE: December 3, 2020  
TO: Ash Williams, Executive Director & CIO  
FROM: Sooni Raymaker, Chief Risk & Compliance Officer  
SUBJECT: Trustees Report – December 2020

---

The role of the Risk Management and Compliance (RMC) unit is to assist the Executive Director & CIO in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director & CIO and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies, and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients.

Included below is a brief status report of RMC activities and initiatives completed or in progress from September 2020 to the current period. The RMC team has been working remotely due to COVID 19 since mid-March 2020. All RMC activities, reviews, controls and processes are continuing to operate effectively and as expected during this time of remote work.

**Compliance Exceptions**

No material compliance exceptions were reported during the period.

**Enterprise Risk Management (ERM)**

The quarterly Risk & Compliance Committee (RCC) was conducted telephonically on November 19, 2020. The focus of the meeting was to review the results from the 2020 Enterprise Risk Assessment, as well as a Work from Home Risk Assessment and a board-wide Work from Home Survey. Senior leaders are now reviewing the results and formulating next steps and potential management plans.

**Trading Counterparty Management**

The annual trading counterparty renewal process was completed and effective October 1, 2020. There were no new trading counterparties added or removed from the list. All counterparties were reviewed for financial strength and credit quality as well as review of reported regulatory

findings for impact to the SBA. In light of the recent investment manager best practices review with respect to trading counterparty management and the current remote work environment, a trading counterparty operational risk questionnaire was sent to all current counterparties as part of the annual review, and responses are currently being reviewed.

### **External Manager Operational Due Diligence (ODD)**

During the period, the ODD team reviewed and commented on 22 consultant operational due diligence reports on alternative investment managers as part of the investment approval process which represents approximately \$2.8 billion in potential investments. The ODD team conducted one desk review on external managers and noted areas of operational considerations. Follow-up onsite reviews have been postponed until travel is resumed. The ODD team also participated in the Global Equity preliminary Growth manager search.

The ODD team conducted a virtual quarterly meeting with all asset classes and provided a demonstration of the ODD risk assessment. A sample risk assessment report was provided and there was discussion regarding factors, questions, and weights. The asset classes have been asked for feedback to make enhancements to the risk assessment.

The meeting materials also included an SEC risk alert regarding Cybersecurity Safeguarding Client Accounts Against Credential Compromise issued in September 2020.

### **Public Market Compliance (PMC)**

The BlackRock Aladdin compliance system project is now complete as all rules have been reviewed and finalized. The completion of this project has allowed PMC to transition the Florida PRIME monthly compliance review to a daily (T+2) review using Aladdin reporting. This new process went into effect on November 2, 2020.

PMC worked with the SBA Center of Excellence to implement a robotic process automation (RPA) of the Aladdin reporting process. The manual process of retrieving, downloading, formatting and saving the daily compliance Aladdin reports took approximately 45 minutes each day. With the automation of these steps, PMC is able to spend additional time on analysis of data rather than creation of data. The project began in late July 2020 and the automation process went live on November 9, 2020.

PMC continues to update the compliance rules matrix for new and revised IPG's, Schedule B's, and Policies. PMC is in the process of risk ranking each rule within the matrix.

### **Performance Reporting & Analytics (PRA)**

The PRA database management team continues to improve the current performance dashboard by incorporating additional functionality for smaller asset composites and additional risk statistics across asset classes. The team continues to create models to ensure data accuracy and reconcile monthly and quarterly performance data. The team is also reviewing Tableau and Power BI to migrate On-Demand reports and reconciliation files. The PRA team reconciled all Fiscal Year End numbers, including official data and audited data.



The PRA team is working with SBA Center of Excellence to implement a robotic process automation of the daily reconciliation files as well as performance daily reports. The manual process of refreshing 20 files every morning takes over an hour. By automating these processes, the analysts' time can be spent on higher level analytics required for the daily reports and reconciliations.

The PRA team continues to revise and improve current procedures to ensure efficiency of process as well as maintaining established controls, or creating new ones, where needed.

### **Policy Activity and Regulatory Monitoring**

During the period, several operational policies, such as Enterprise Access Control and Wireless Security, were updated to strengthen controls and to reflect current information. The Trading Counterparty Management policy was also revised for consistency with enhanced procedures for the approval and ongoing monitoring of trading counterparties for the public market asset classes. Finally, a new, high-level policy was added to establish a governance framework for the implementation of an Intelligent Automation program at the SBA.

The SBA continues to monitor guidance on the LIBOR issue from industry groups, particularly that provided by the International Swaps and Derivatives Association (ISDA). Additionally, the working group continues to monitor the phased-in implementation of regulatory margin requirements for non-centrally cleared derivatives transactions, which has a last phase deadline of September 1, 2021. The SBA is not currently in scope for compliance with the margin rules due to its current trading volume thresholds.

On August 26, 2020, the Securities and Exchange Commission announced the adoption of amendments to the definitions of Accredited Investor and Qualified Institutional Buyer (QIB). These amendments are intended to expand investment opportunities and promote capital formation. The amendments will become effective on December 8, 2020. The SBA Office of the General Counsel is currently performing a legal review to determine the applicability of the expanded definitions to current portfolios.

### **Personal Investment Activity**

During the period, there were 106 requests for pre-clearance by SBA employees. None of those requests required additional analysis due to the updated \$20,000k/5% ownership threshold reporting requirement which became effective in February, 2019. All requests were approved. There was one new employee with accounts to report during the period.

RMC issued a Request for Quote (RFQ) on October 16, 2020, seeking competitive responses from vendors offering a cloud-based, Software as a Service solution to automate various processes related to the personal investment activity of SBA employees. The response deadline for the RFQ was November 30, 2020.



# State Board of Administration of Florida

## Major Mandate Review Third Quarter 2020

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

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## Executive Summary

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- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending September 30, 2020.
- The Pension Plan outperformed its Performance Benchmark over the trailing quarter, one-, three-, five-, ten-, and fifteen-year periods.
  - Over the trailing five-year period, Global Equity is the leading source of value added, followed by Private Equity, Strategic Investments, Fixed Income, and Real Estate.
  - Over the trailing ten-year period, the Pension Plan's return ranked within the median of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing quarter, one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark over the trailing five- and ten-year periods.
- The CAT Funds' performance is strong over both short-term and long-term periods
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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## Pension Plan: Executive Summary

- The Pension Plan assets totaled \$168.0 billion as of September 30, 2020 which represents a \$9.4 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten-, fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed over the trailing one-, three-, five-, ten-, fifteen-, twenty-five-, and thirty-year periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

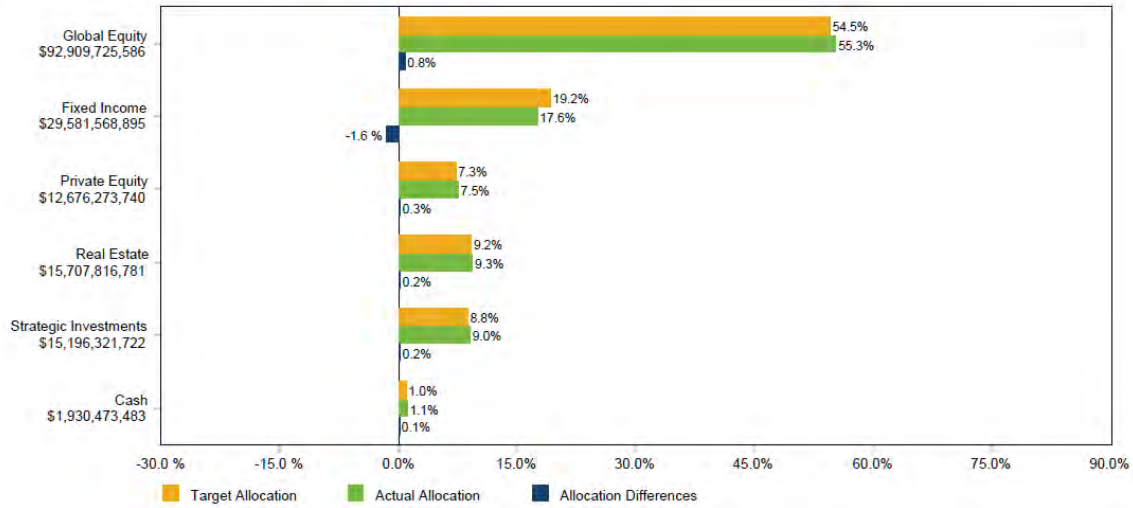
## FRS Pension Plan Change in Market Value Periods Ending 9/30/2020

Summary of Cash Flows		
	Third Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$160,714,203,703	\$160,714,203,703
<b>+/- Net Contributions/(Withdrawals)</b>	\$(2,149,248,477)	\$(2,149,248,477)
<b>Investment Earnings</b>	\$9,437,224,981	\$ 9,437,224,981
<b>= Ending Market Value</b>	\$168,002,180,207	168,002,180,207
<b>Net Change</b>	\$7,287,976,504	\$7,287,976,504

\*Period July 2020 –September 2020

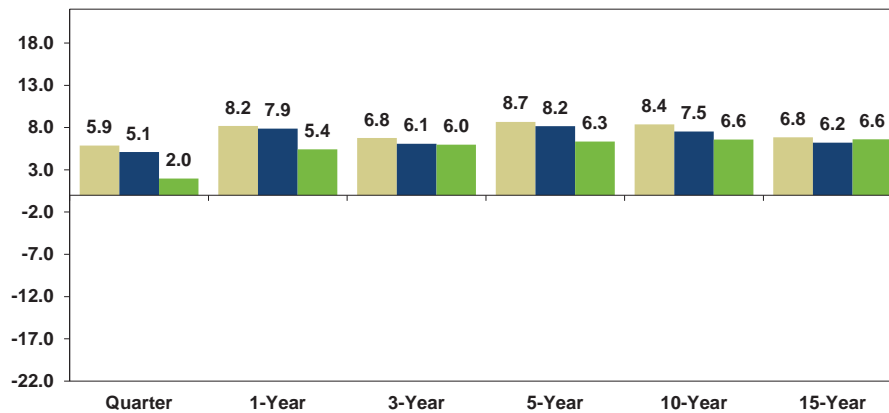
## Asset Allocation as of 9/30/2020 Total Fund Assets = \$160.0 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	168,002,180,207	100.0	100.0		
Global Equity	92,909,725,586	55.3	54.5	45.0	70.0
Fixed Income	29,581,568,895	17.6	19.2	10.0	26.0
Private Equity	12,676,273,740	7.5	7.3	2.0	9.0
Real Estate	15,707,816,781	9.3	9.2	4.0	16.0
Strategic Investments	15,196,321,722	9.0	8.8	0.0	16.0
Cash	1,930,473,483	1.1	1.0	0.3	5.0



## FRS Pension Plan Investment Results Periods Ending 9/30/2020

■ Total FRS Pension Plan ■ Performance Benchmark ■ Absolute Nominal Target Rate of Return

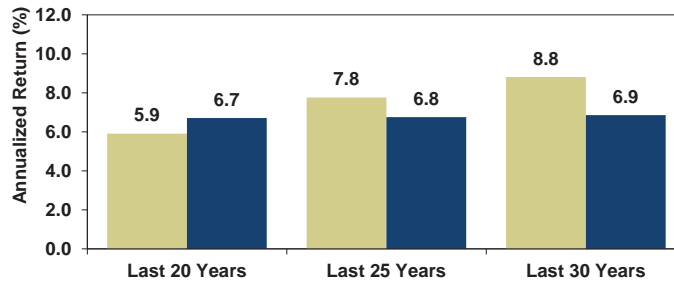


# FRS Pension Plan Investment Results

## Periods Ending 9/30/2020

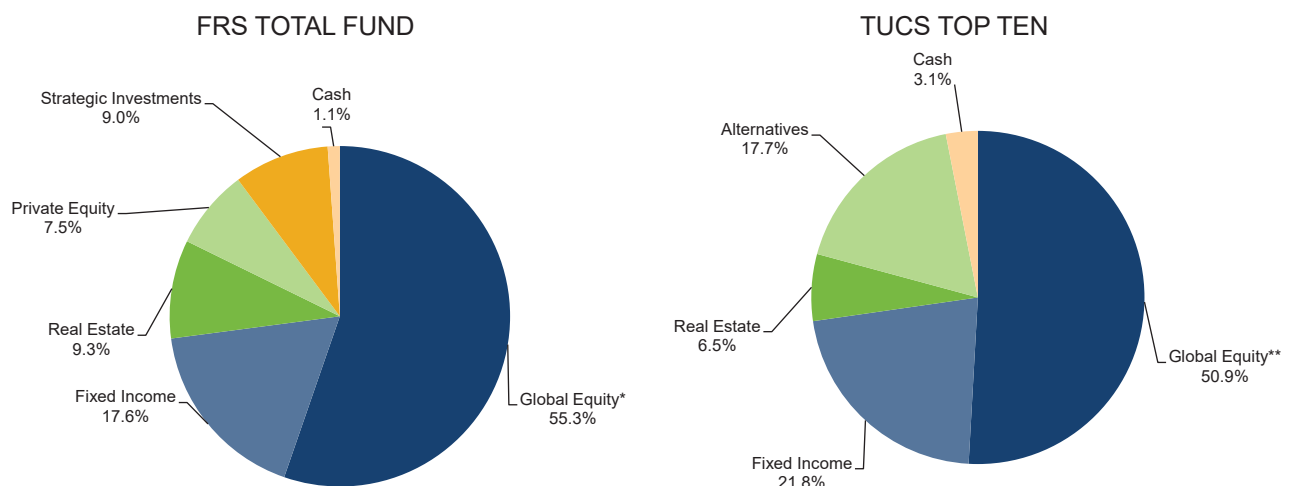
### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective

■ Total FRS Pension Plan    ■ Absolute Nominal Target Rate of Return



## Comparison of Asset Allocation (TUCS Top Ten) As of 9/30/2020

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



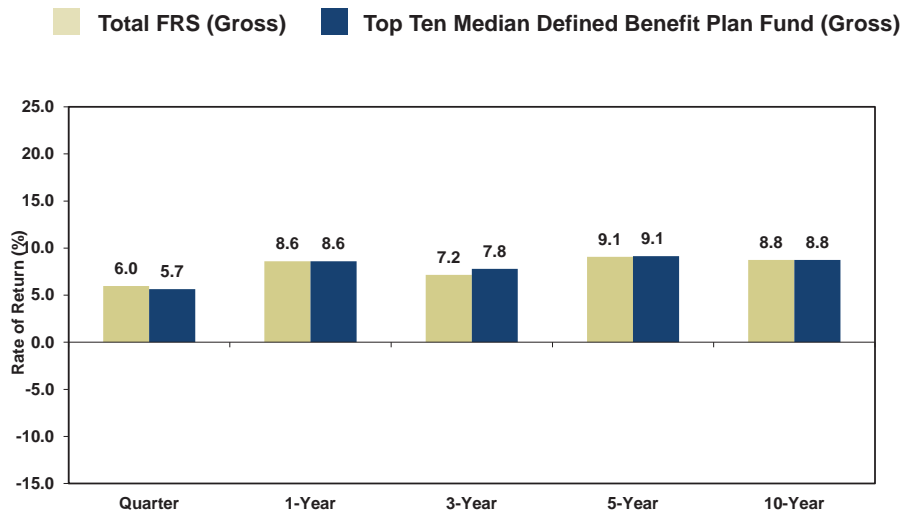
\*Global Equity Allocation: 27.5% Domestic Equities; 21.3% Foreign Equities; 5.6% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 31.5% Domestic Equities; 19.4% Foreign Equities.

Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 9/30/2020



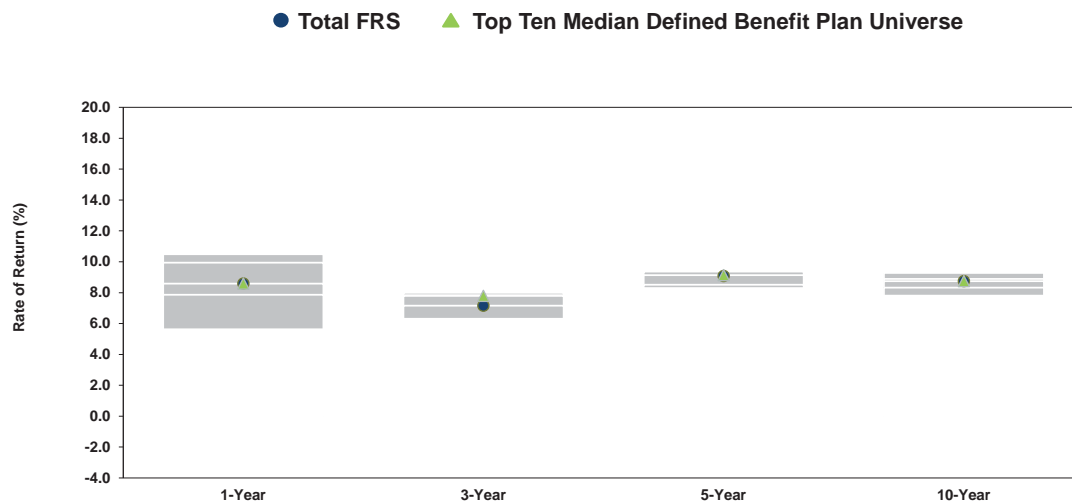
Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 9/30/2020



FRS Percentile Ranking

50

75

62

50

Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

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## Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is slightly higher, on average, when compared to a defined contribution peer group and is lower than the average corporate and public defined benefit plan, based on year-end 2018 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

## Total Investment Plan Returns & Cost

### Periods Ending 9/30/2020\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>8.1%</b>	<b>6.4%</b>	<b>8.4%</b>	<b>7.4%</b>
<i>Total Plan Aggregate Benchmark**</i>	6.9%	5.9%	8.0%	7.0%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	1.2	0.5	0.4	0.4

### Periods Ending 12/31/2018\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>4.2%</b>	<b>0.1%</b>	<b>0.32%*****</b>
<i>Peer Group</i>	4.6	0.1	0.28
FRS Investment Plan vs. Peer Group	-0.4	0.0	0.04

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2017 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2017 Survey that included 123 U.S. defined contribution plans with assets ranging from \$93 million to \$60.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 17 DC plans including corporate and public plans with assets between \$2.3 - \$18.6 billion.

\*\*\*\*Returns shown are gross of fees.

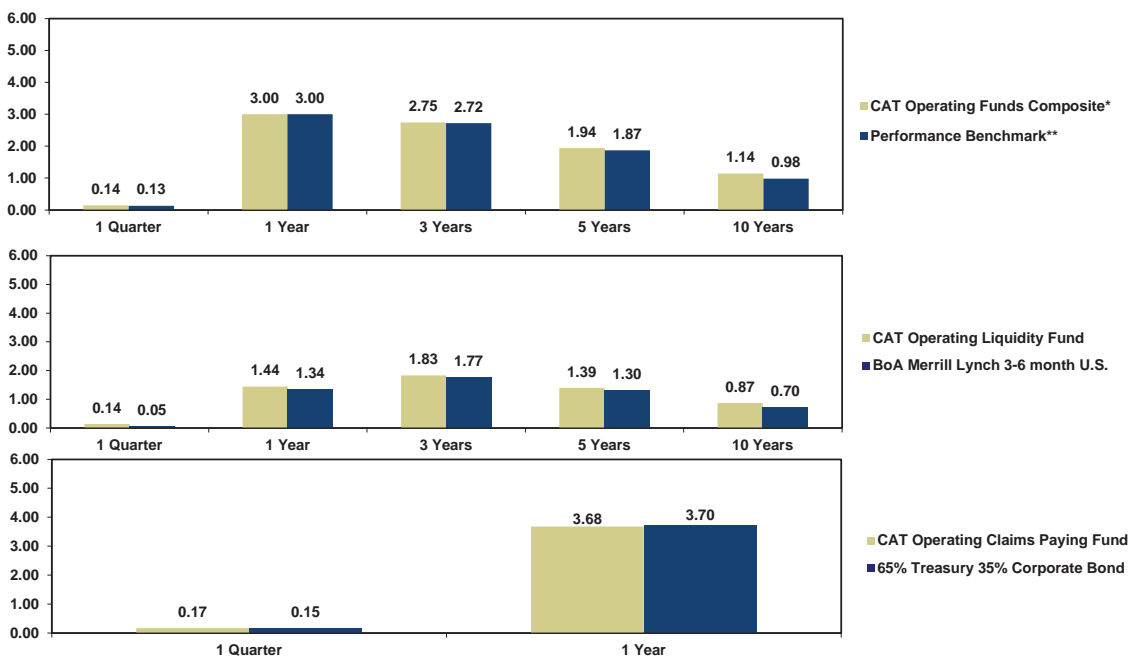
\*\*\*\*\*The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.



## CAT Fund: Executive Summary

- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- All CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.
- Over long-term periods, the relative performance of the CAT Operating Funds has been favorable as they have outperformed the Performance Benchmark over the trailing three-, five-, ten-, and fifteen-year time periods.

## CAT Operating Funds Investment Results Periods Ending 9/30/2020



\*CAT Operating Funds: Beginning March 2008, the returns for the CAT Operating Funds reflect marked-to-market returns. Prior to that time, cost-based returns are used. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Performance for each sub fund is shown below.

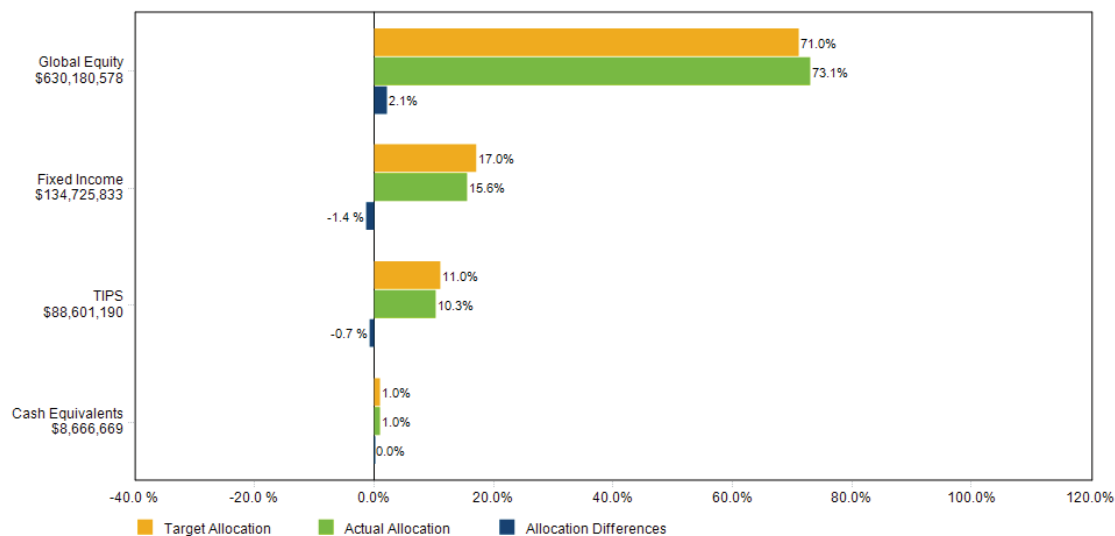
\*\*Performance Benchmark: Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Additional benchmark history can be found in the appendix.

## Lawton Chiles Endowment Fund: Executive Summary

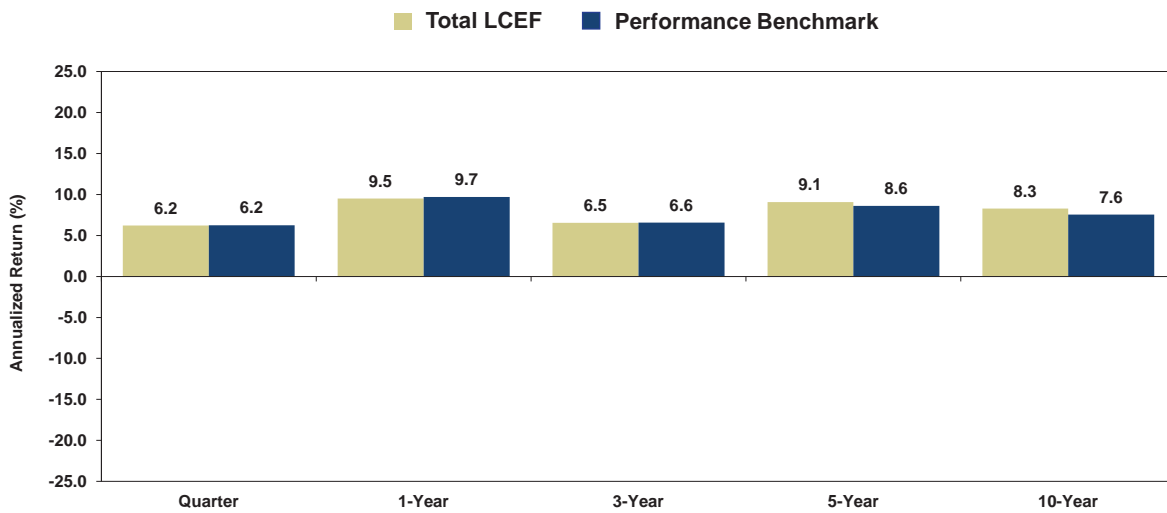
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$862.2 million as of September 30, 2020.
- The Endowment's return outperformed its Target over the trailing five- and ten-year time periods and underperformed its Target over the trailing one- and three-year.

### Asset Allocation as of 9/30/2020 Total LCEF Assets = \$862.2 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	862,174,271	100.0	100.0		
Global Equity	630,180,578	73.1	71.0	61.0	81.0
Fixed Income	134,725,833	15.6	17.0	12.0	22.0
TIPS	88,601,190	10.3	11.0	6.0	16.0
Cash Equivalents	8,666,669	1.0	1.0	0.0	10.0



## LCEF Investment Results Periods Ending 9/30/2020

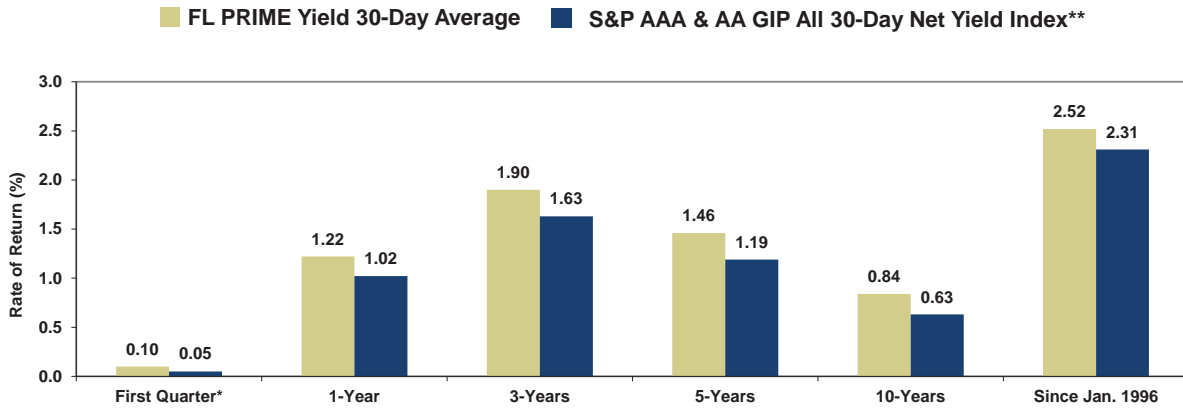


## Florida PRIME: Executive Summary

- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of September 30, 2020, the total market value of Florida PRIME was \$13.4 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

# Florida PRIME Investment Results

## Periods Ending 9/30/2020

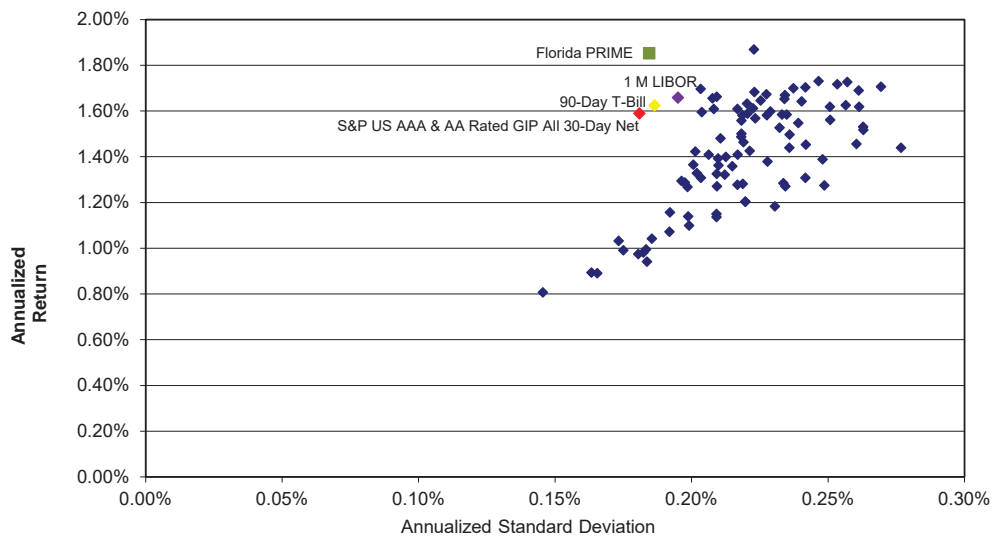


\*Returns less than one year are not annualized.

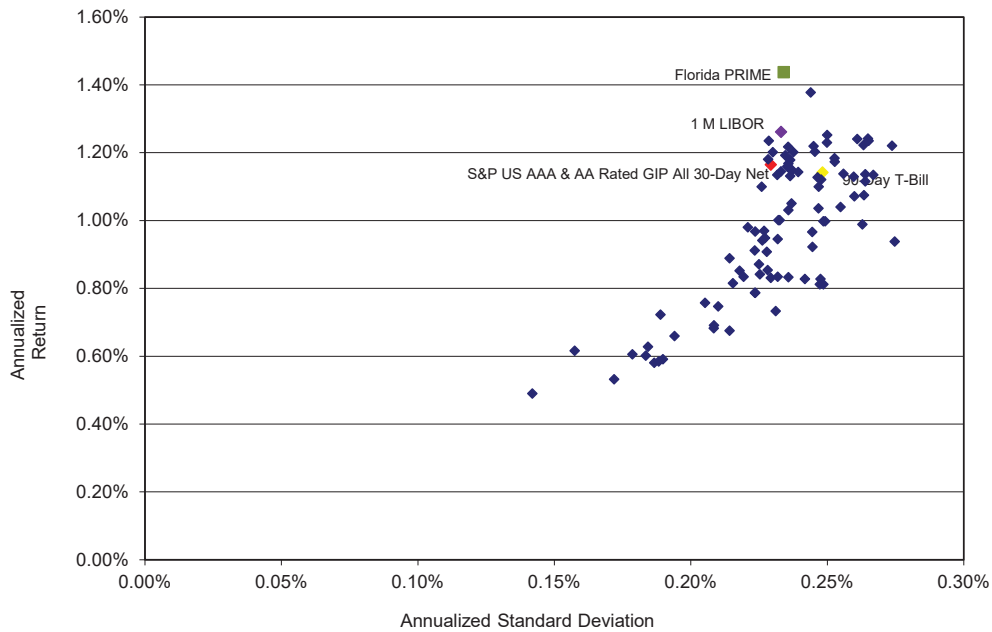
\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

# Florida PRIME Risk vs. Return

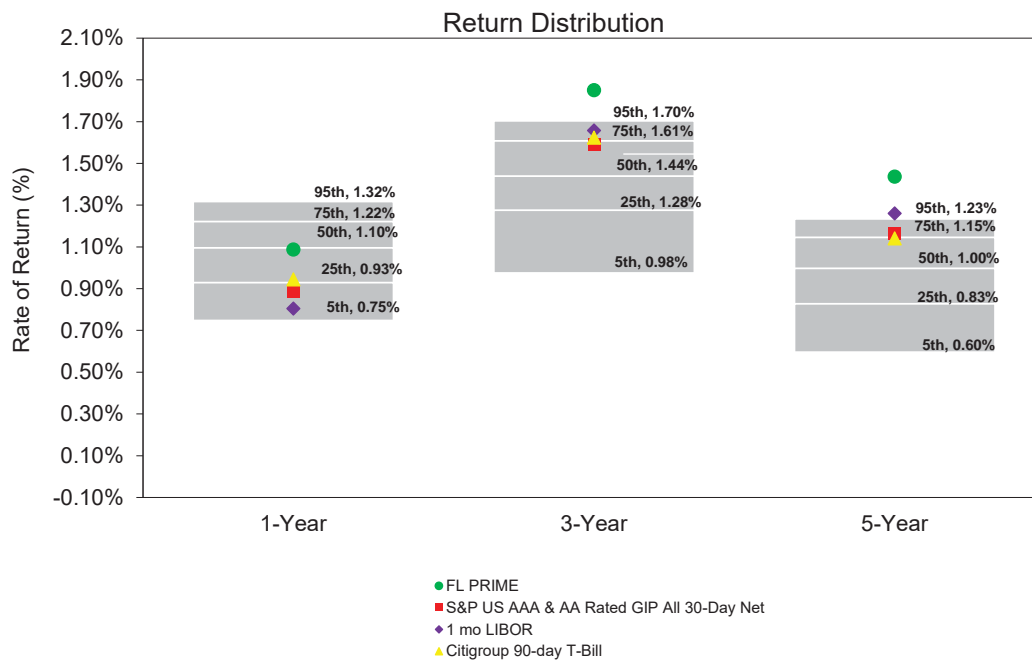
## 3 Years Ending 9/30/2020



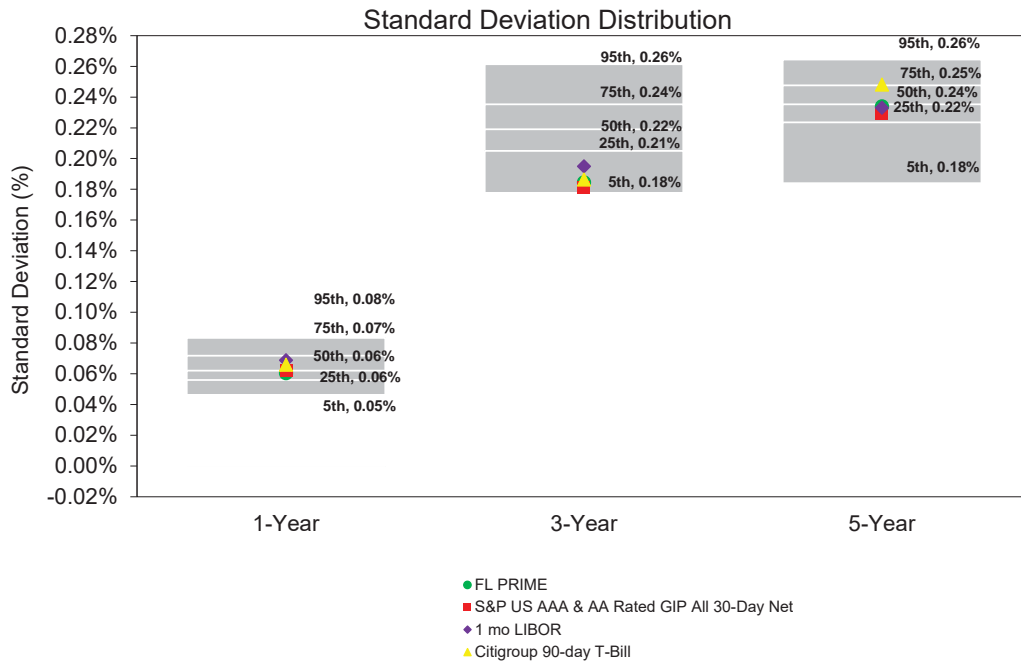
# Florida PRIME Risk vs. Return 5 Years Ending 9/30/2020



# Return Distribution Periods Ending 9/30/2020



# Standard Deviation Distribution Periods Ending 9/30/2020



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## FRS Investment Plan Costs

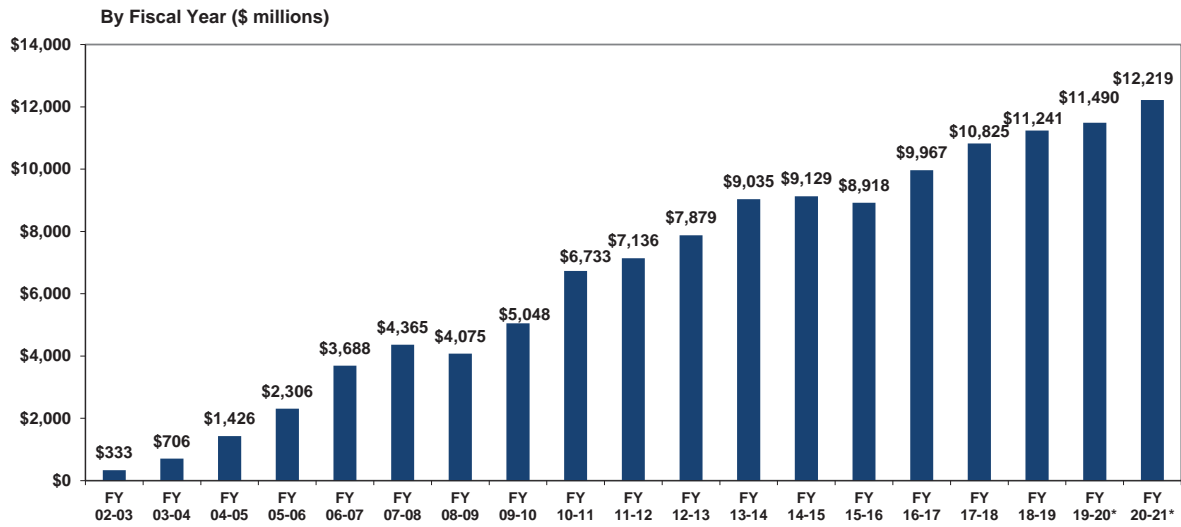
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Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Domestic Equity	0.22%	0.79%
International Equity	0.33%	0.89%
Diversified Bonds	0.13%	0.50%
Target Date	0.14%	0.57%
Money Market	0.06%	0.20%

\*Average fee of multiple products in category as of 9/30/2020.

\*\*Source: Aon's annual mutual fund expense analysis as of 12/31/2019.

# Investment Plan Fiscal Year End Assets Under Management

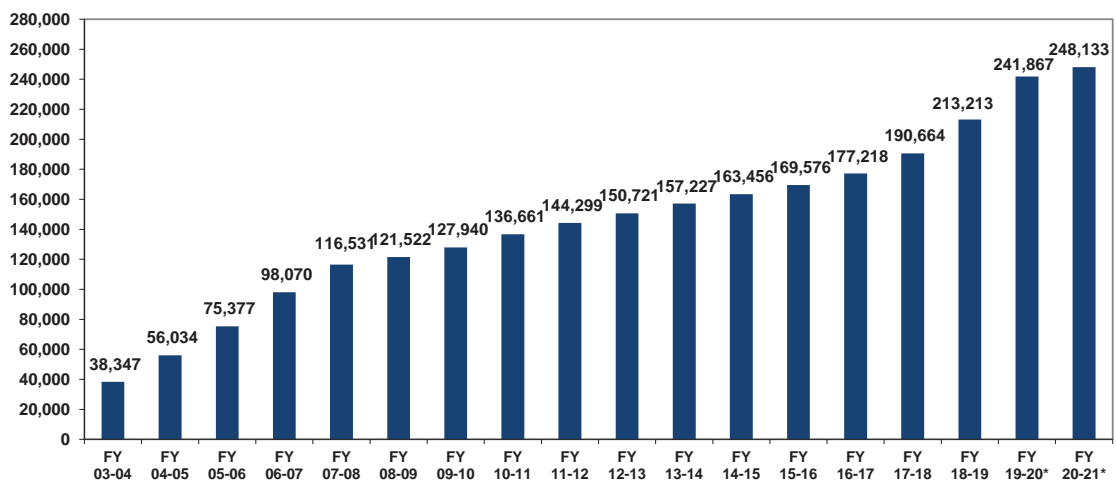


\*Period Ending 9/30/2020

Source: Investment Plan Administrator



# Investment Plan Membership



\* Period Ending 9/30/2020

Source: Investment Plan Administrator

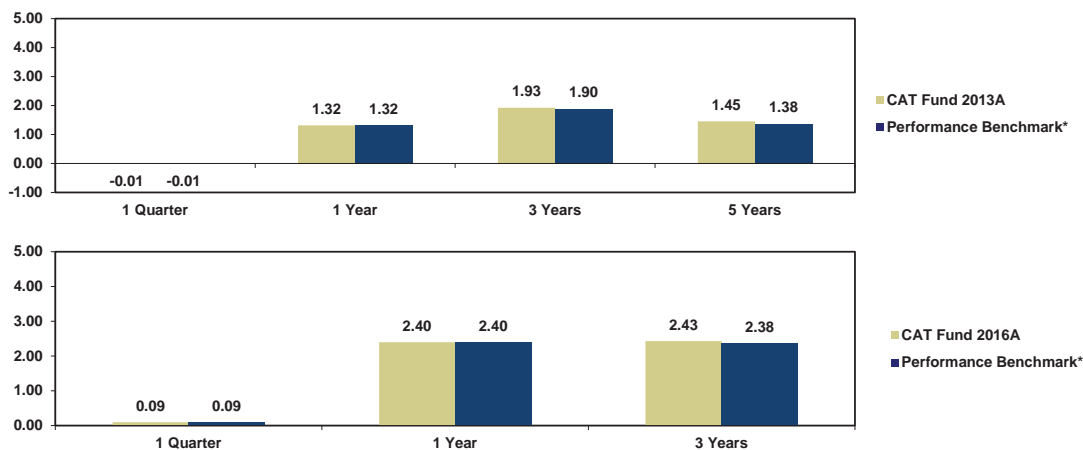




## Florida Hurricane Catastrophe Funds Background and Details

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- The CAT Operating Funds, along with CAT 2016 A Fund and CAT 2013 A Fund are internally managed portfolios.
- As of September 30, 2020, the total value of:
  - The CAT Operating Funds was \$12.9 billion
  - The CAT 2016 A Fund was \$0.7 billion
  - The CAT 2020 A Fund was \$3.4 billion
- History of the CAT Funds Benchmarks: *The CAT Operating Funds were benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr U.S. Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index.*

## CAT 2013 A and 2016 A Funds Investment Results Periods Ending 9/30/2020



\*Performance Benchmark: Beginning February 2018, the CAT 2013 A and 2016 A Funds were benchmarked to themselves.

## CAT Operating Funds Characteristics Period Ending 9/30/2020

<b>Maturity Analysis</b>	
1 to 30 Days	0.29%
31 to 60 Days	0.00
61 to 90 Days	1.71
91 to 120 Days	11.12
121 to 150 Days	4.76
151 to 180 Days	9.11
181 to 270 Days	0.00
271 to 365 Days	1.19
366 to 455 Days	8.27
>= 456 Days	63.55
<b>Total % of Portfolio:</b>	<b>100.00%</b>

<b>Bond Rating Analysis</b>	
AAA	74.81%
AA	21.35
A	3.84
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

## CAT 2013 A Fund Characteristics Period Ending 9/30/2020

<b>Maturity Analysis</b>	
1 to 30 Days	0.00%
31 to 60 Days	0.00
61 to 90 Days	0.00
91 to 120 Days	0.00
121 to 150 Days	0.00
151 to 180 Days	0.00
181 to 270 Days	0.00
271 to 365 Days	0.00
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>0.00%</b>

<b>Bond Rating Analysis</b>	
AAA	0.00%
AA	0.00
A	0.00
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>0.00%</b>

## CAT 2016 A Fund Characteristics Period Ending 9/30/2020

<b>Maturity Analysis</b>	
1 to 30 Days	6.99%
31 to 60 Days	6.30
61 to 90 Days	3.06
91 to 120 Days	8.53
121 to 150 Days	5.48
151 to 180 Days	4.94
181 to 270 Days	35.11
271 to 365 Days	29.59
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>100.00%</b>

<b>Bond Rating Analysis</b>	
AAA	74.61%
AA	17.13
A	8.26
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

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## Florida PRIME Characteristics Quarter Ending 9/30/2020

<b>Cash Flows as of 9/30/2020</b>	<b>Third Quarter</b>	<b>Fiscal YTD*</b>
Opening Balance	\$15,158,791,358	15,158,791,358
Participant Deposits	\$2,867,372,274	2,867,372,274
Gross Earnings	\$15,202,017	15,202,017
Participant Withdrawals	(\$4,647,051,295)	(4,647,051,295.00)
Fees	(\$4,769,310)	(\$4,769,310)
Closing Balance (6/30/2020)	\$13,393,164,417	\$13,393,164,417
<b>Change</b>	<b>(\$1,765,626,941)</b>	<b>(\$1,765,626,941)</b>

\*Period July 2020 – September 2020

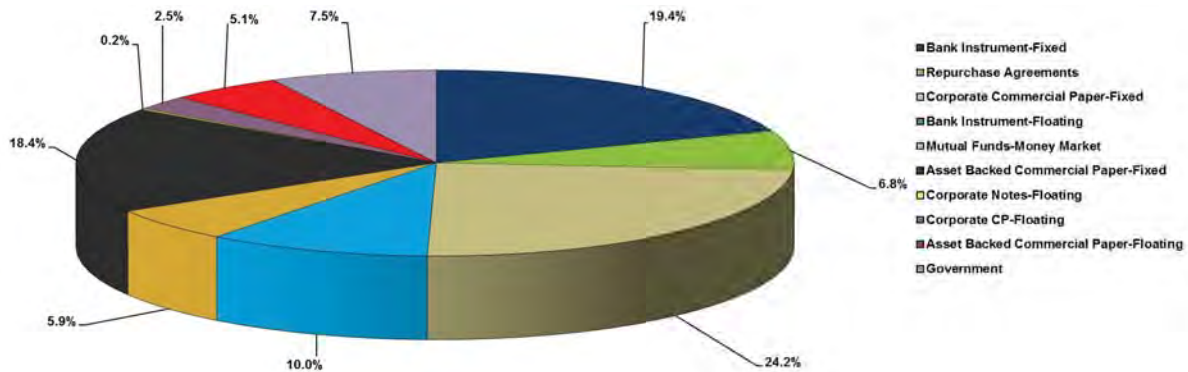
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## Florida PRIME Characteristics Quarter Ending 9/30/2020

### Portfolio Composition



## Florida PRIME Characteristics Period Ending 9/30/2020

Effective Maturity Schedule	
1-7 Days	36.3%
8 - 30 Days	15.5%
31 - 90 Days	31.7%
91 - 180 Days	13.9%
181+ Days	2.6%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	74.1%
A-1	25.9%
<b>Total % of Portfolio:</b>	<b>100.0%</b>



# State Board of Administration of Florida

## Major Mandate Review Third Quarter 2020

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## Table of Contents

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

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## Executive Summary

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- The major mandates each produced generally strong returns relative to their respective benchmarks over both short- and long-term time periods ending September 30, 2020.
- The Pension Plan outperformed its Performance Benchmark over the trailing quarter, one-, three-, five-, ten-, and fifteen-year periods.
  - Over the trailing five-year period, Global Equity is the leading source of value added, followed by Private Equity, Strategic Investments, Fixed Income, and Real Estate.
  - Over the trailing ten-year period, the Pension Plan's return ranked within the median of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing quarter, one-, three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark over the trailing five- and ten-year periods.
- The CAT Funds' performance is strong over both short-term and long-term periods
- Florida PRIME has continued to outperform its benchmark over both short- and long-term time periods.

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## Pension Plan: Executive Summary

- The Pension Plan assets totaled \$168.0 billion as of September 30, 2020 which represents a \$9.4 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten-, fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan outperformed over the trailing one-, three-, five-, ten-, fifteen-, twenty-five-, and thirty-year periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
  - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

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## FRS Pension Plan Change in Market Value Periods Ending 9/30/2020

Summary of Cash Flows		
	Third Quarter	Fiscal YTD*
<b>Beginning Market Value</b>	\$160,714,203,703	\$160,714,203,703
<b>+/- Net Contributions/(Withdrawals)</b>	\$(2,149,248,477)	\$(2,149,248,477)
<b>Investment Earnings</b>	\$9,437,224,981	\$ 9,437,224,981
<b>= Ending Market Value</b>	\$168,002,180,207	168,002,180,207
<b>Net Change</b>	\$7,287,976,504	\$7,287,976,504

\*Period July 2020 –September 2020

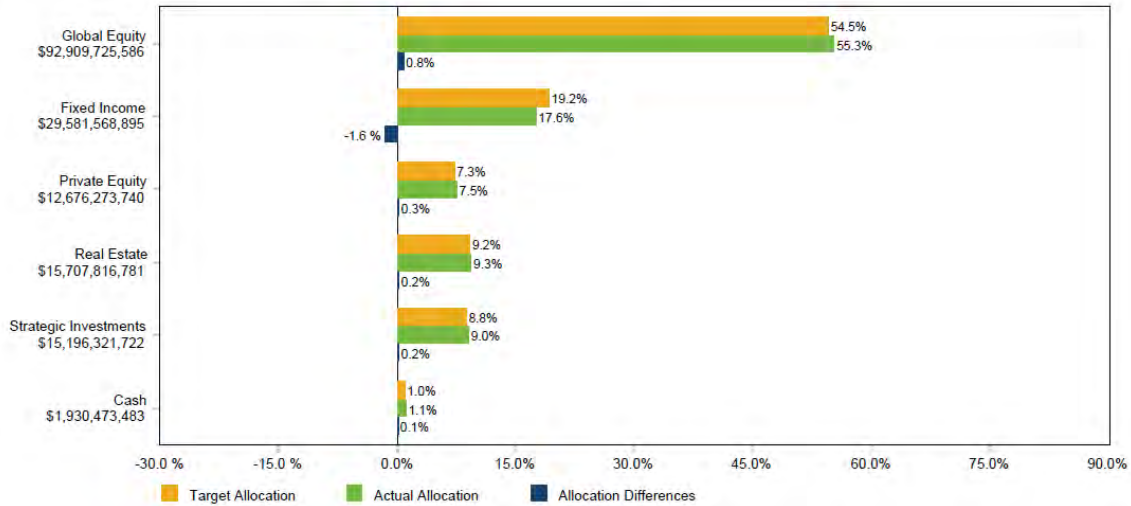
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## Asset Allocation as of 9/30/2020

### Total Fund Assets = \$160.0 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	168,002,180,207	100.0	100.0		
Global Equity	92,909,725,586	55.3	54.5	45.0	70.0
Fixed Income	29,581,568,895	17.6	19.2	10.0	26.0
Private Equity	12,676,273,740	7.5	7.3	2.0	9.0
Real Estate	15,707,816,781	9.3	9.2	4.0	16.0
Strategic Investments	15,196,321,722	9.0	8.8	0.0	16.0
Cash	1,930,473,483	1.1	1.0	0.3	5.0



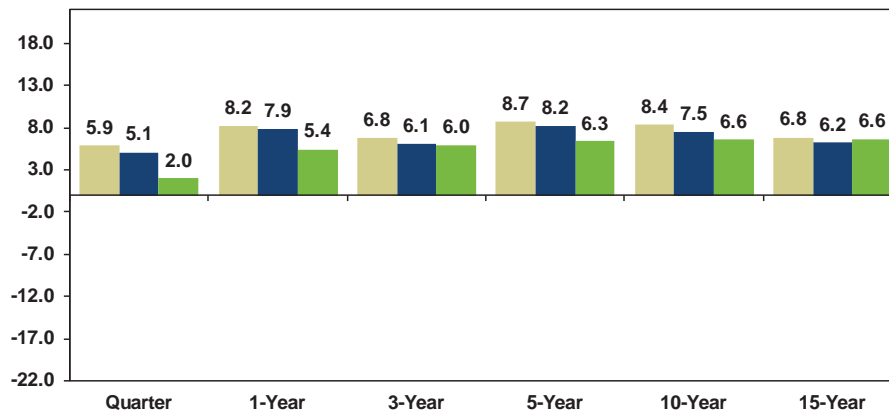
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## FRS Pension Plan Investment Results

### Periods Ending 9/30/2020

■ Total FRS Pension Plan ■ Performance Benchmark ■ Absolute Nominal Target Rate of Return



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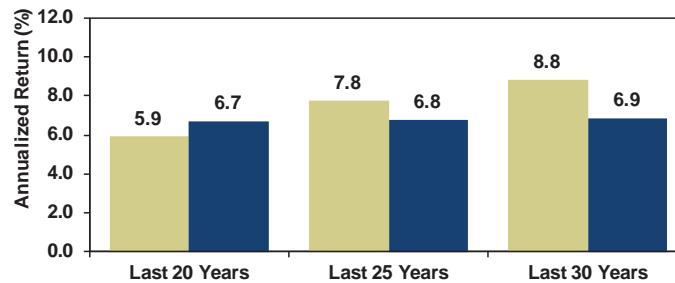


# FRS Pension Plan Investment Results

## Periods Ending 9/30/2020

### Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective

■ Total FRS Pension Plan ■ Absolute Nominal Target Rate of Return

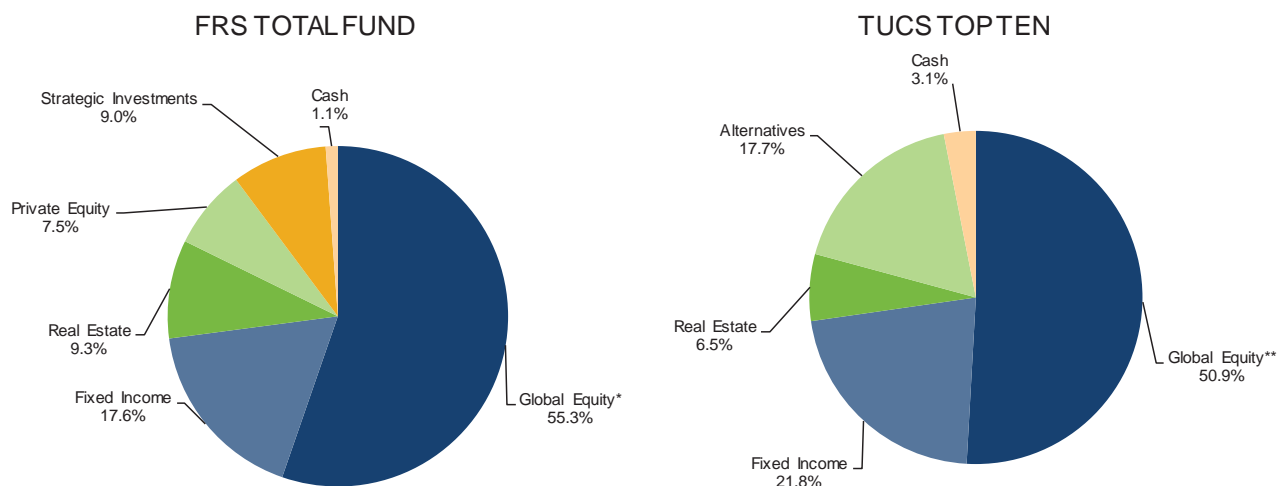


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## Comparison of Asset Allocation (TUCS Top Ten) As of 9/30/2020

### FRS Pension Plan vs. Top Ten Defined Benefit Plans



\*Global Equity Allocation: 27.5% Domestic Equities; 21.3% Foreign Equities; 5.6% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

\*\*Global Equity Allocation: 31.5% Domestic Equities; 19.4% Foreign Equities.

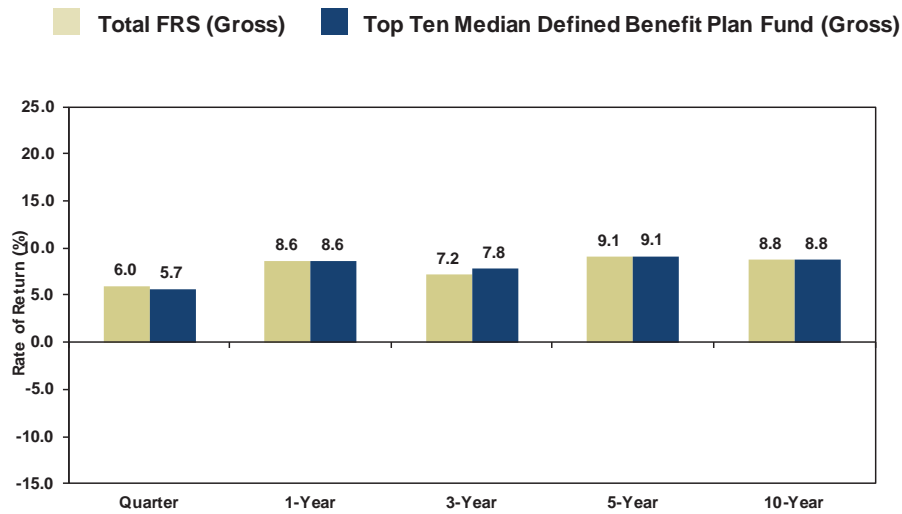
Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

Note: Due to rounding, percentage totals displayed may not sum perfectly.

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## FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 9/30/2020

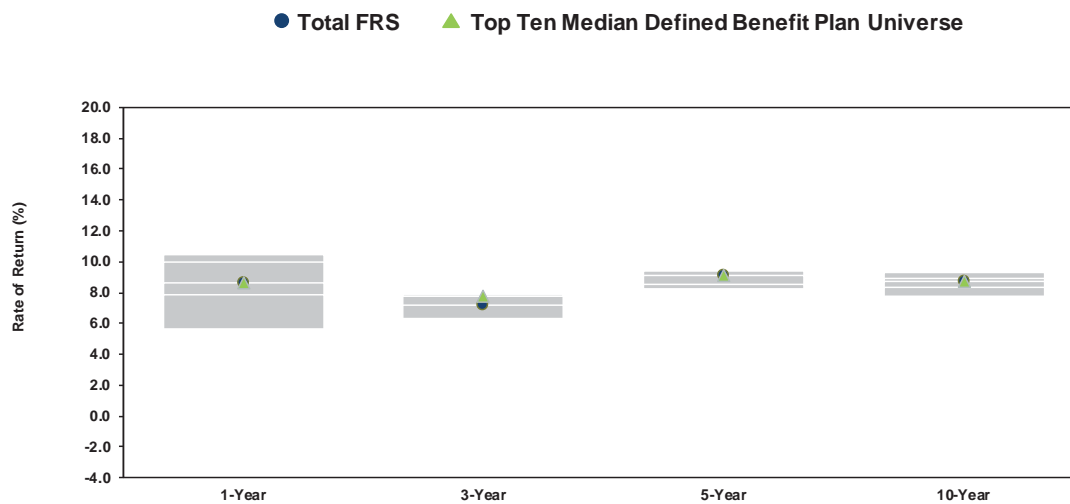


Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

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## Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 9/30/2020



FRS Percentile Ranking	50	75	62	50
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Note: The TUCS Top Ten Universe includes \$1,726.4 billion in total assets. The median fund size was \$162.7 billion and the average fund size was \$172.6 billion.

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## Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing one-, three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is slightly higher, on average, when compared to a defined contribution peer group and is lower than the average corporate and public defined benefit plan, based on year-end 2018 data. The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. Communication and education costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

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## Total Investment Plan Returns & Cost

### Periods Ending 9/30/2020\*

	One-Year	Three-Year	Five-Year	Ten-Year
<b>FRS Investment Plan</b>	<b>8.1%</b>	<b>6.4%</b>	<b>8.4%</b>	<b>7.4%</b>
<i>Total Plan Aggregate Benchmark**</i>	6.9%	5.9%	8.0%	7.0%
FRS Investment Plan vs. Total Plan Aggregate Benchmark	1.2	0.5	0.4	0.4

### Periods Ending 12/31/2018\*\*\*

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
<b>FRS Investment Plan</b>	<b>4.2%</b>	<b>0.1%</b>	<b>0.32%*****</b>
<i>Peer Group</i>	4.6	0.1	0.28
FRS Investment Plan vs. Peer Group	-0.4	0.0	0.04

\*Returns shown are net of fees.

\*\*Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

\*\*\*Source: 2017 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2017 Survey that included 123 U.S. defined contribution plans with assets ranging from \$93 million to \$60.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 17 DC plans including corporate and public plans with assets between \$2.3 - \$18.6 billion.

\*\*\*\*Returns shown are gross of fees.

\*\*\*\*\*The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

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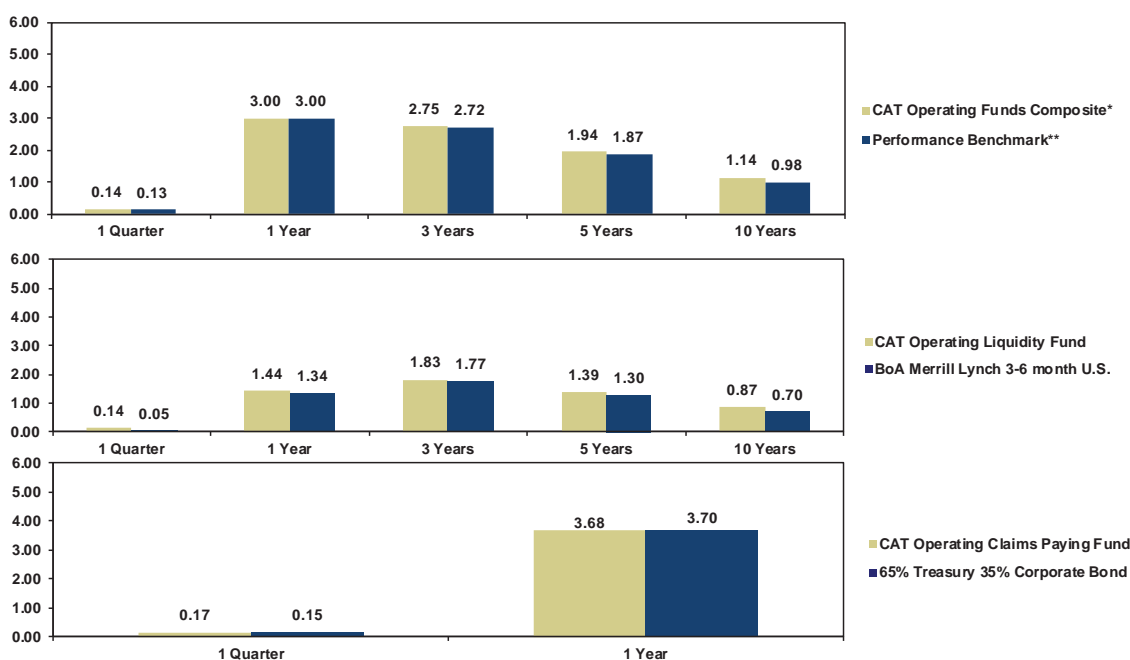
## CAT Fund: Executive Summary

- Returns on an absolute basis continue to be modest given the current low interest rate environment.
- All CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Portfolio Guidelines appropriately constrain the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Portfolio Guidelines are revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.
- Over long-term periods, the relative performance of the CAT Operating Funds has been favorable as they have outperformed the Performance Benchmark over the trailing three-, five-, ten-, and fifteen-year time periods.

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## CAT Operating Funds Investment Results Periods Ending 9/30/2020



\*CAT Operating Funds: Beginning March 2008, the returns for the CAT Operating Funds reflect marked-to-market returns. Prior to that time, cost-based returns are used. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Performance for each sub fund is shown below.

\*\*Performance Benchmark: Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index. Additional benchmark history can be found in the appendix.

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## Lawton Chiles Endowment Fund: Executive Summary

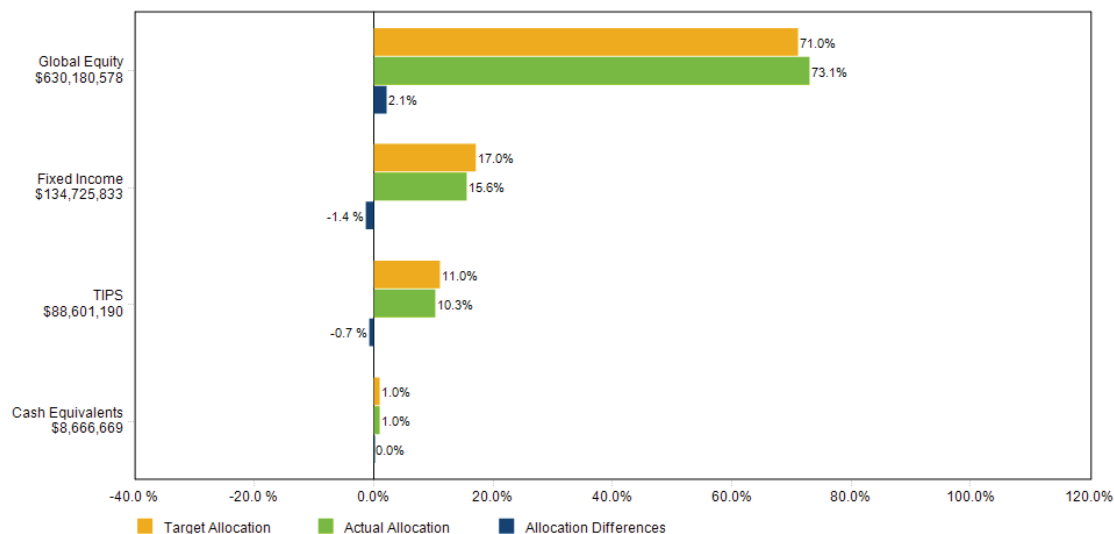
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled \$862.2 million as of September 30, 2020.
- The Endowment's return outperformed its Target over the trailing five- and ten-year time periods and underperformed its Target over the trailing one- and three-year.

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## Asset Allocation as of 9/30/2020 Total LCEF Assets = \$862.2 Million

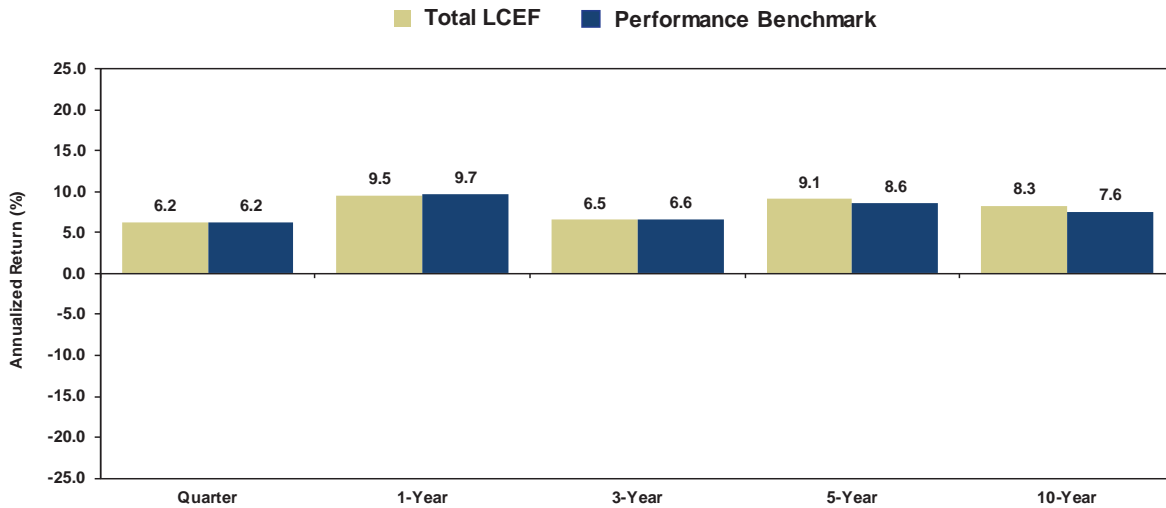
	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	862,174,271	100.0	100.0		
Global Equity	630,180,578	73.1	71.0	61.0	81.0
Fixed Income	134,725,833	15.6	17.0	12.0	22.0
TIPS	88,601,190	10.3	11.0	6.0	16.0
Cash Equivalents	8,666,669	1.0	1.0	0.0	10.0



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## LCEF Investment Results Periods Ending 9/30/2020



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## Florida PRIME: Executive Summary

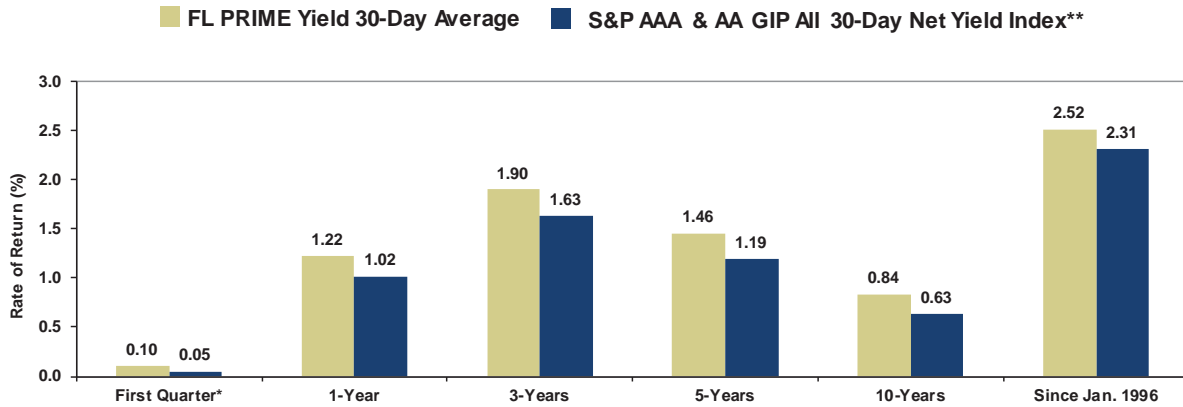
- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME has been strong over short- and long-term time periods, outperforming its performance benchmark during the quarter and over the trailing one-, three-, five-, and ten-year time periods.
- As of September 30, 2020, the total market value of Florida PRIME was \$13.4 billion.
- Aon Investments USA Inc., in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

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# Florida PRIME Investment Results

## Periods Ending 9/30/2020



\*Returns less than one year are not annualized.

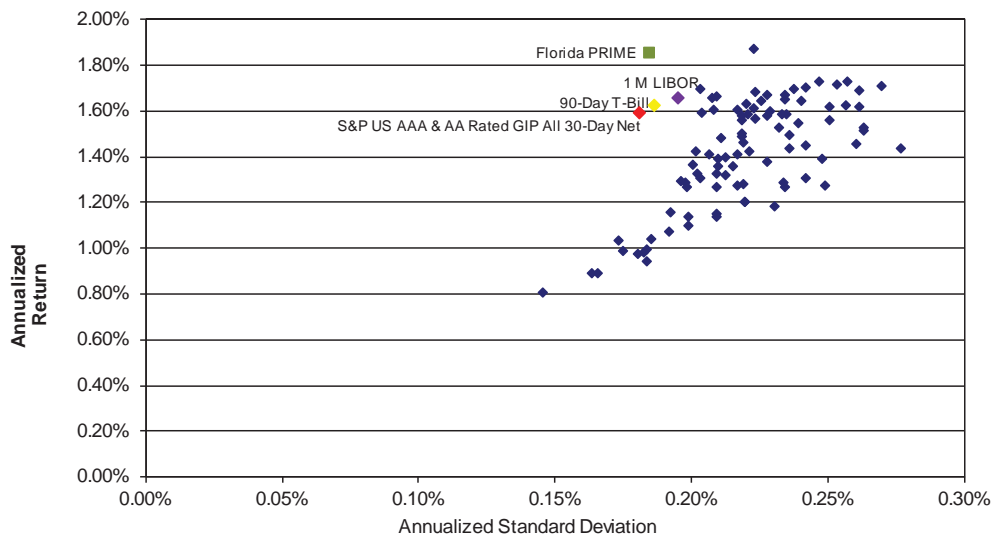
\*\*S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

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# Florida PRIME Risk vs. Return

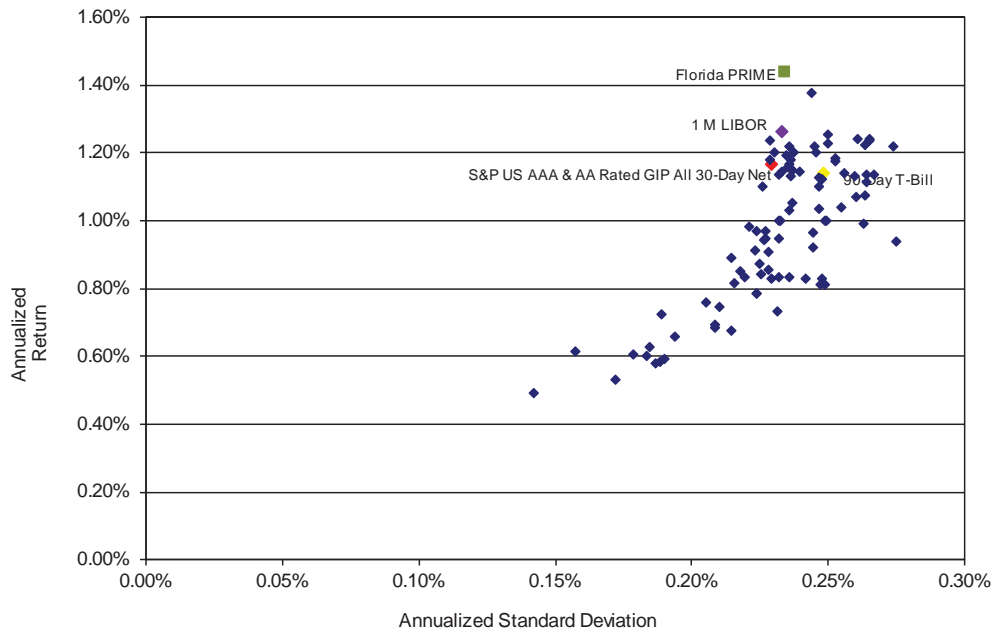
## 3 Years Ending 9/30/2020



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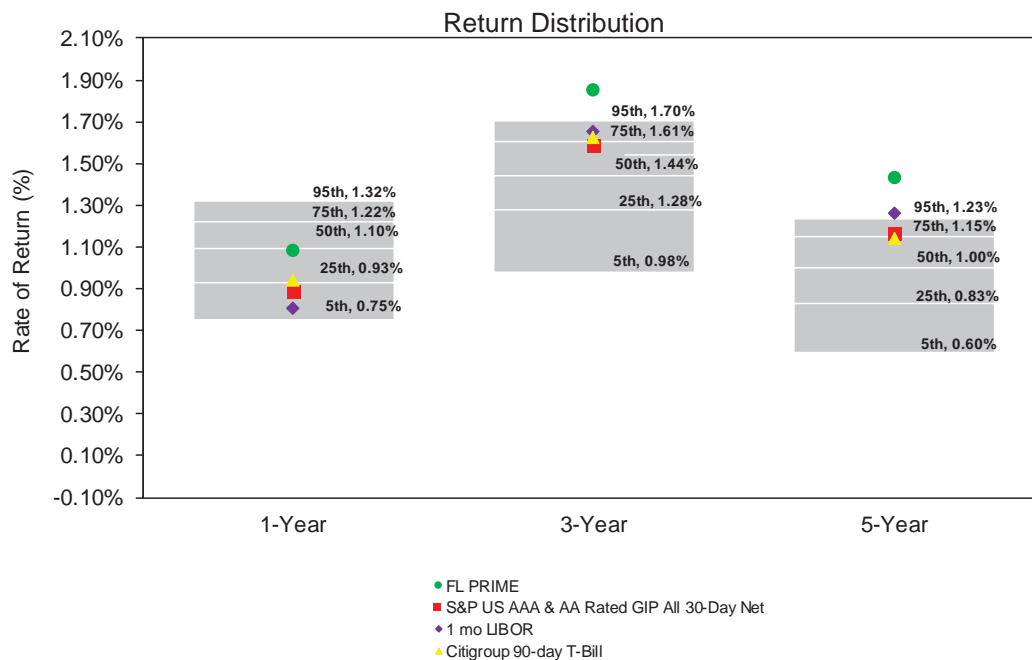
# Florida PRIME Risk vs. Return 5 Years Ending 9/30/2020



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# Return Distribution Periods Ending 9/30/2020

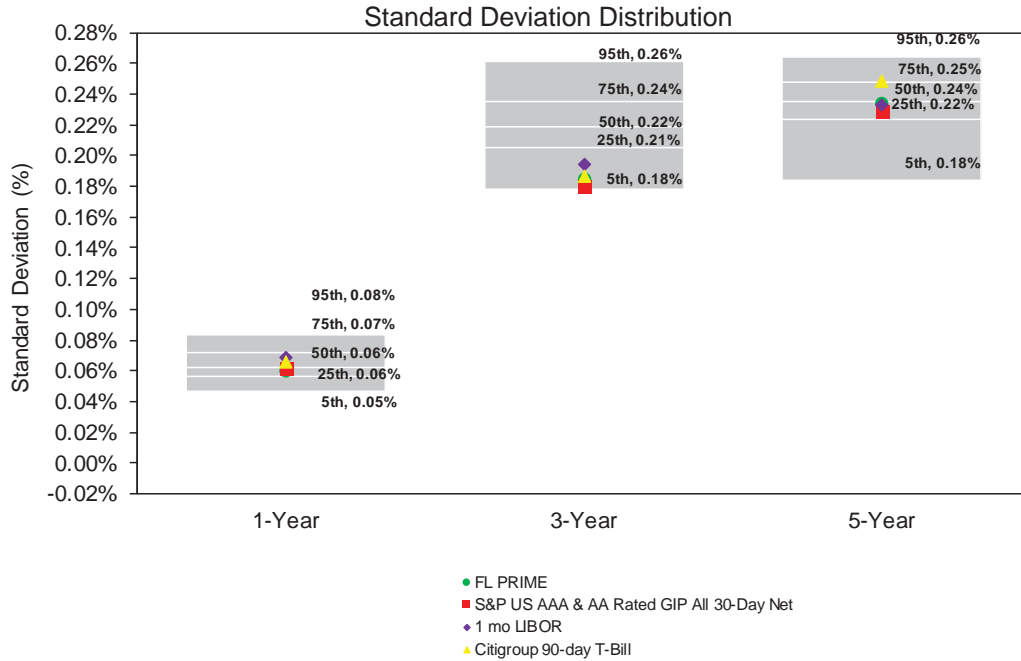


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# Standard Deviation Distribution Periods Ending 9/30/2020



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## Appendix

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## FRS Investment Plan Costs

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Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Domestic Equity	0.22%	0.79%
International Equity	0.33%	0.89%
Diversified Bonds	0.13%	0.50%
Target Date	0.14%	0.57%
Money Market	0.06%	0.20%

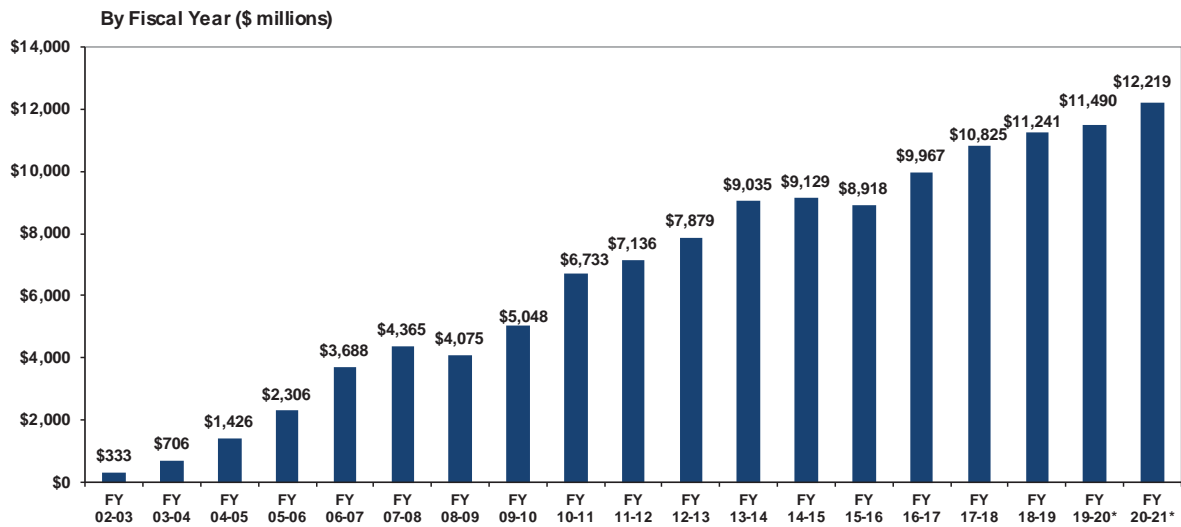
\*Average fee of multiple products in category as of 9/30/2020.

\*\*Source: Aon's annual mutual fund expense analysis as of 12/31/2019.

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## Investment Plan Fiscal Year End Assets Under Management



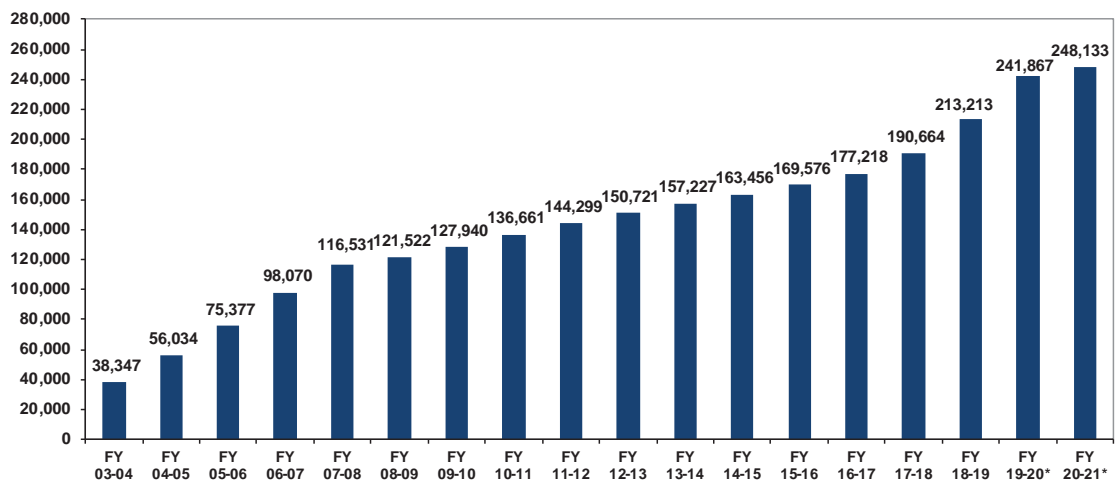
\*Period Ending 9/30/2020

Source: Investment Plan Administrator

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## Investment Plan Membership



\* Period Ending 9/30/2020

Source: Investment Plan Administrator

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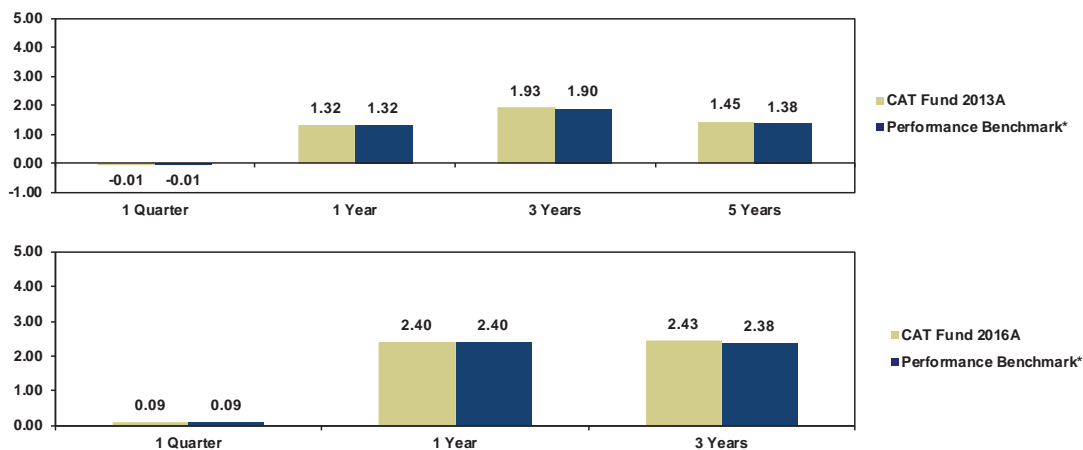
## Florida Hurricane Catastrophe Funds Background and Details

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- The CAT Operating Funds, along with CAT 2016 A Fund and CAT 2013 A Fund are internally managed portfolios.
- As of September 30, 2020, the total value of:
  - The CAT Operating Funds was \$12.9 billion
  - The CAT 2016 A Fund was \$0.7 billion
  - The CAT 2020 A Fund was \$3.4 billion
- History of the CAT Funds Benchmarks: *The CAT Operating Funds were benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr U.S. Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Beginning February 2018, the CAT Operating Funds were split into two different sub funds, the CAT Fund Operating Liquidity Fund and the CAT Fund Operating Claims Paying Fund. Beginning February 2018, the CAT Fund Operating Liquidity Fund was benchmarked to the B of A Merrill Lynch 3-6 Month U.S. Treasury Bill Index, and the CAT Fund Operating Claims Paying Fund benchmark is a blend of 35% of the Bank of America Merrill Lynch 1-3 Year AA U.S. Corporate Bond Index and 65% of Bank of America Merrill Lynch 1-3 Year U.S. Treasury Index.*

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## CAT 2013 A and 2016 A Funds Investment Results Periods Ending 9/30/2020



\*Performance Benchmark: Beginning February 2018, the CAT 2013 A and 2016 A Funds were benchmarked to themselves.

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## CAT Operating Funds Characteristics Period Ending 9/30/2020

<b>Maturity Analysis</b>	
1 to 30 Days	0.29%
31 to 60 Days	0.00
61 to 90 Days	1.71
91 to 120 Days	11.12
121 to 150 Days	4.76
151 to 180 Days	9.11
181 to 270 Days	0.00
271 to 365 Days	1.19
366 to 455 Days	8.27
>= 456 Days	63.55
<b>Total % of Portfolio:</b>	<b>100.00%</b>

<b>Bond Rating Analysis</b>	
AAA	74.81%
AA	21.35
A	3.84
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

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## CAT 2013 A Fund Characteristics Period Ending 9/30/2020

<b>Maturity Analysis</b>	
1 to 30 Days	0.00%
31 to 60 Days	0.00
61 to 90 Days	0.00
91 to 120 Days	0.00
121 to 150 Days	0.00
151 to 180 Days	0.00
181 to 270 Days	0.00
271 to 365 Days	0.00
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>0.00%</b>

<b>Bond Rating Analysis</b>	
AAA	0.00%
AA	0.00
A	0.00
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>0.00%</b>

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## CAT 2016 A Fund Characteristics Period Ending 9/30/2020

Maturity Analysis	
1 to 30 Days	6.99%
31 to 60 Days	6.30
61 to 90 Days	3.06
91 to 120 Days	8.53
121 to 150 Days	5.48
151 to 180 Days	4.94
181 to 270 Days	35.11
271 to 365 Days	29.59
366 to 455 Days	0.00
>= 456 Days	0.00
<b>Total % of Portfolio:</b>	<b>100.00%</b>

Bond Rating Analysis	
AAA	74.61%
AA	17.13
A	8.26
Baa	0.00
Other	0.00
<b>Total % of Portfolio</b>	<b>100.00%</b>

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## Florida PRIME Characteristics Quarter Ending 9/30/2020

Cash Flows as of 9/30/2020	Third Quarter	Fiscal YTD*
Opening Balance	\$15,158,791,358	15,158,791,358
Participant Deposits	\$2,867,372,274	2,867,372,274
Gross Earnings	\$15,202,017	15,202,017
Participant Withdrawals	(\$4,647,051,295)	(4,647,051,295.00)
Fees	(\$4,769,310)	(\$4,769,310)
Closing Balance (6/30/2020)	\$13,393,164,417	\$13,393,164,417
<b>Change</b>	<b>(\$1,765,626,941)</b>	<b>(\$1,765,626,941)</b>

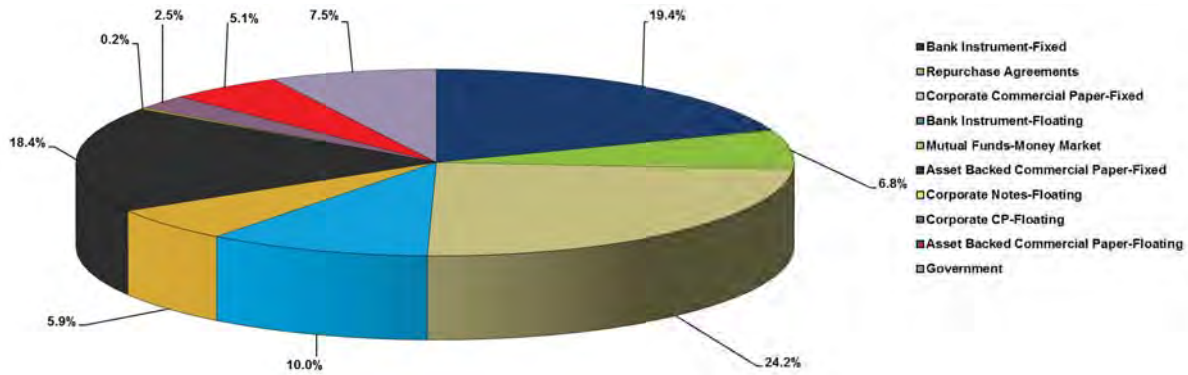
\*Period July 2020 – September 2020

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## Florida PRIME Characteristics Quarter Ending 9/30/2020

### Portfolio Composition



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## Florida PRIME Characteristics Period Ending 9/30/2020

Effective Maturity Schedule	
1-7 Days	36.3%
8 - 30 Days	15.5%
31 - 90 Days	31.7%
91 - 180 Days	13.9%
181+ Days	2.6%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

S & P Credit Quality Composition	
A-1+	74.1%
A-1	25.9%
<b>Total % of Portfolio:</b>	<b>100.0%</b>

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FRS Pension Plan | Third Quarter 2020

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## Quarterly Investment Review

Visit the Investments Thought Leadership Site (<https://insights-north-america.aon.com/investment>); sharing our best thinking.



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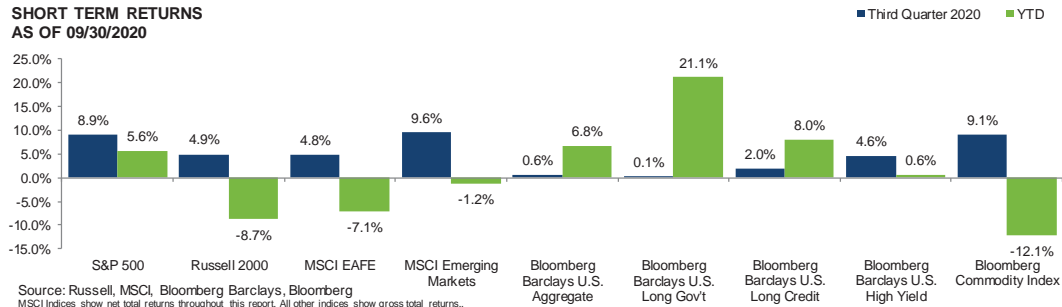


## Market Environment

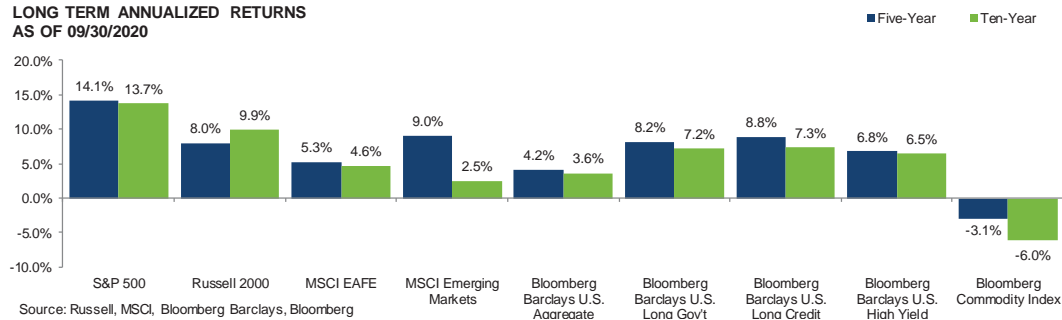
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## Market Highlights

### SHORT TERM RETURNS AS OF 09/30/2020



### LONG TERM ANNUALIZED RETURNS AS OF 09/30/2020



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## Market Highlights

### Returns of the Major Capital Markets

Period Ending 09/30/2020

	Third Quarter	YTD	1-Year	3-Year <sup>1</sup>	5-Year <sup>1</sup>	10-Year <sup>1</sup>
<b>Equity</b>						
MSCI All Country World IMI	8.11%	0.48%	9.57%	6.47%	9.97%	8.47%
MSCI All Country World	8.13%	1.37%	10.44%	7.12%	10.30%	8.55%
Dow Jones U.S. Total Stock Market	9.07%	5.25%	14.77%	11.53%	13.60%	13.43%
Russell 3000	9.21%	5.41%	15.00%	11.65%	13.69%	13.48%
S&P 500	8.93%	5.57%	15.15%	12.28%	14.15%	13.74%
Russell 2000	4.93%	-8.69%	0.39%	1.77%	8.00%	9.85%
MSCI All Country World ex-U.S. IMI	6.80%	-5.21%	3.51%	1.13%	6.31%	4.17%
MSCI All Country World ex-U.S.	6.25%	-5.44%	3.00%	1.16%	6.23%	4.00%
MSCI EAFE	4.80%	-7.09%	0.49%	0.62%	5.26%	4.62%
MSCI EAFE (Local Currency)	1.22%	-9.44%	-4.74%	0.55%	4.83%	6.26%
MSCI Emerging Markets	9.56%	-1.16%	10.54%	2.42%	8.97%	2.50%
<b>Fixed Income</b>						
Bloomberg Barclays Global Aggregate	2.66%	5.72%	6.24%	4.10%	3.92%	2.36%
Bloomberg Barclays U.S. Aggregate	0.62%	6.79%	6.98%	5.24%	4.18%	3.64%
Bloomberg Barclays U.S. Long Gov't	0.13%	21.13%	16.21%	11.79%	8.18%	7.18%
Bloomberg Barclays U.S. Long Credit	1.97%	8.00%	9.28%	8.63%	8.82%	7.32%
Bloomberg Barclays U.S. Long Gov't/Credit	1.22%	14.20%	12.92%	10.21%	8.78%	7.36%
Bloomberg Barclays U.S. TIPS	3.03%	9.22%	10.08%	5.79%	4.61%	3.57%
Bloomberg Barclays U.S. High Yield	4.60%	0.62%	3.25%	4.21%	6.79%	6.47%
Bloomberg Barclays Global Treasury ex U.S.	3.82%	4.67%	4.65%	3.41%	3.72%	1.23%
JP Morgan EMBI Global (Emerging Markets)	2.28%	0.37%	2.47%	3.27%	6.03%	5.21%
<b>Commodities</b>						
Bloomberg Commodity Index	9.07%	-12.08%	-8.20%	-4.18%	-3.09%	-6.03%
Goldman Sachs Commodity Index	4.61%	-33.38%	-27.84%	-9.46%	-7.88%	-8.84%
<b>Hedge Funds</b>						
HFR1 Fund-Weighted Composite <sup>2</sup>	4.24%	0.64%	4.23%	2.79%	4.07%	3.64%
HFR1 Fund of Funds <sup>2</sup>	4.13%	2.44%	5.59%	2.84%	3.06%	2.87%
<b>Real Estate</b>						
NAREIT U.S. Equity REITS	1.44%	-17.54%	-18.16%	0.20%	3.95%	7.90%
FTSE Global Core Infrastructure Index	3.62%	-7.36%	-3.88%	5.72%	8.74%	9.00%
<b>Private Equity</b>						
Burgiss Private IQ Global Private Equity <sup>3</sup>			0.95%	10.12%	10.00%	11.89%

MSCI Indices show net total returns throughout this report. All other indices show gross total returns.

<sup>1</sup> Periods are annualized.

<sup>2</sup> Latest 5 months of HFR data are estimated by HFR and may change in the future.

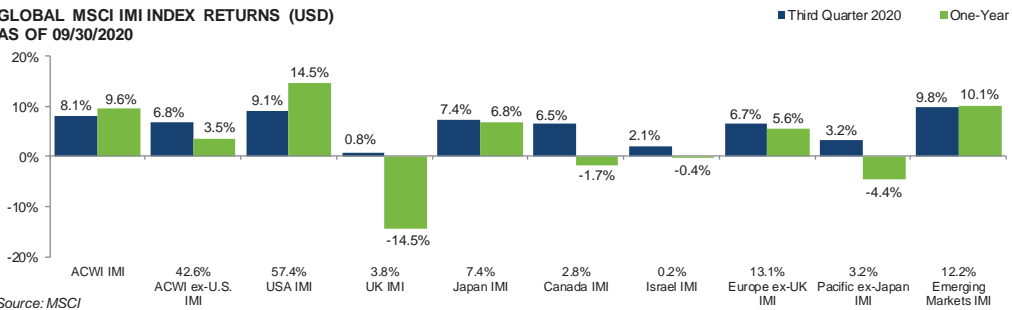
<sup>3</sup> Burgiss Private IQ Global Private Equity data is as at Mar 31, 2020

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## Global Equity Markets

**GLOBAL MSCI IMI INDEX RETURNS (USD)  
AS OF 09/30/2020**



Source: MSCI

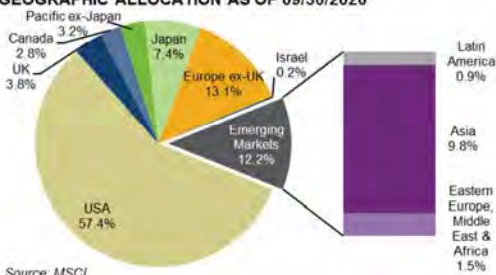
- Global equities continued their rebound over the third quarter as they broke through their pre-pandemic all time highs in early September. This performance was supported by optimism over progress in Covid-19 vaccine trials and supportive monetary and fiscal policies. However, rising fears of a second wave coronavirus outbreak and failure to agree on further fiscal stimulus reversed some of the equity market's gains, bringing the MSCI AC World Investable Market Index's local currency return over the quarter to 6.9%. Depreciation of the U.S. dollar further pushed up the returns to 8.1% in USD terms.
- Emerging Markets equities were the best performers with a return of 9.8% over the quarter, supported by strong returns from the Consumer Discretionary and Information Technology sectors. Chinese equities continued their strong performance, boosted by the government's successful containment of Covid-19, despite increasing U.S.-China tensions.
- UK equities were the worst performer, returning 0.8% over the quarter. The UK's economy contracted by 19.8% over the second quarter, the worst Q2 contraction of any major developed economy. Heightened Brexit uncertainty also weighed on UK equities, as trade negotiations continue ahead of the end of the transition period in December.

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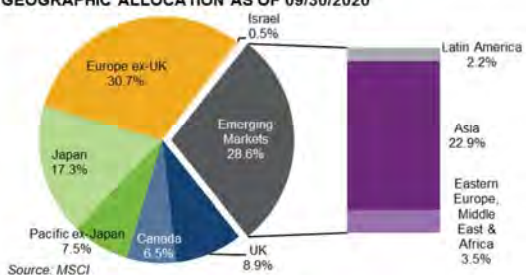
## Global Equity Markets

**MSCI ALL COUNTRY WORLD IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 09/30/2020**



Source: MSCI

**MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX  
GEOGRAPHIC ALLOCATION AS OF 09/30/2020**



Source: MSCI

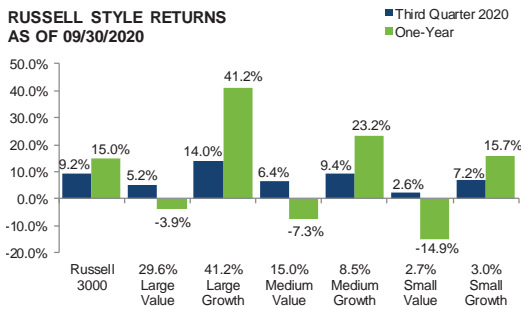
- The two exhibits on this slide illustrate the percentage that each country/region represents of the global and international equity markets as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index, respectively.

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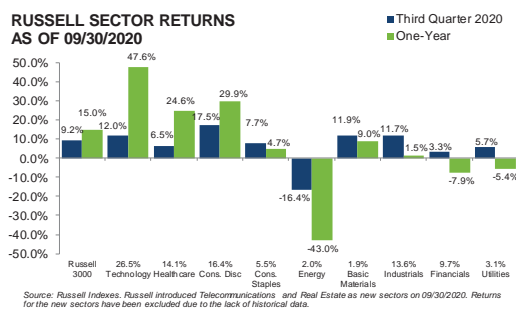
## U.S. Equity Markets

**RUSSELL STYLE RETURNS AS OF 09/30/2020**



Source: Russell Indexes

**RUSSELL SECTOR RETURNS AS OF 09/30/2020**



Source: Russell Indexes. Russell introduced Telecommunications and Real Estate as new sectors on 09/30/2020. Returns for the new sectors have been excluded due to the lack of historical data.

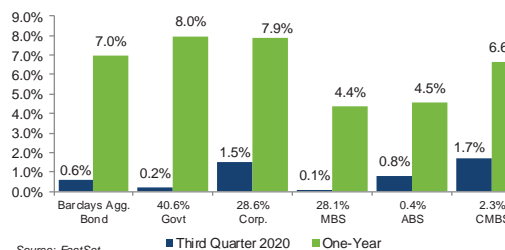
- U.S. equities ended the quarter above the pre-pandemic high set in February 2020, as rebounding economic data and strong performances from big tech stocks continued to push equity markets. The U.S. unemployment rate fell to 8.4% in August, down from April's all-time high of 14.7%, with jobless claims data suggesting that over half of the jobs lost since the start of the pandemic have now been recovered. However, an acrimonious election campaign ahead of November's presidential election and deadlocked congressional negotiations over a new fiscal stimulus package cast a shadow over the market. The Russell 3000 Index rose 9.2% during the third quarter and 15.0% over the one-year period.
- Except Energy, all sectors generated positive returns over the quarter. Consumer Discretionary was the best performing sector with a return of 17.5% while the Energy sector fell by 16.4%.
- Small cap stocks underperformed both large and medium cap stocks over the quarter, whilst Value stocks continued to underperform their Growth counterparts in Q3 2020.

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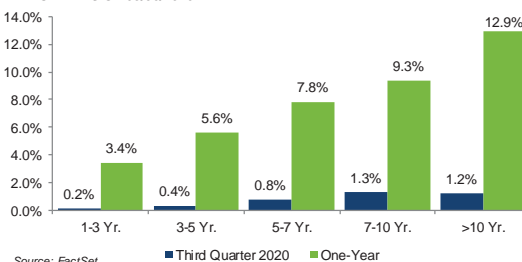
## U.S. Fixed Income Markets

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY SECTOR AS OF 09/30/2020**



Source: FactSet

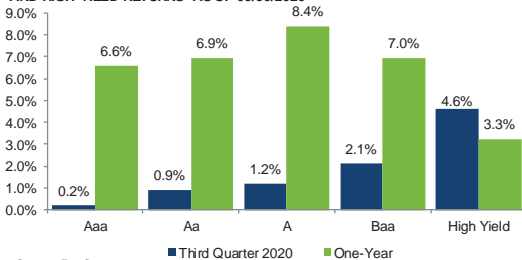
**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY MATURITY AS OF 09/30/2020**



Source: FactSet

- The Bloomberg Barclays U.S. Aggregate Bond Index rose by 0.6%.
- CMBS bonds were the best performer with a return of 1.7%, followed by corporate bonds which rose by 1.5%.
- Bonds with 7-10 year maturities performed the best with a return of 1.3%.
- The Federal Reserve (Fed) continued to buy corporate bonds through its \$750 billion corporate lending facility, ensuring that demand remains high.
- High yield bonds rose by 4.6%. Within investment grade bonds, Baa bonds outperformed with a return of 2.1%.

**BLOOMBERG BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS AS OF 09/30/2020**



Source: FactSet

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## U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



Source: U.S. Department of Treasury

U.S. 10-YEAR TREASURY AND TIPS YIELDS



Source: U.S. Department of Treasury

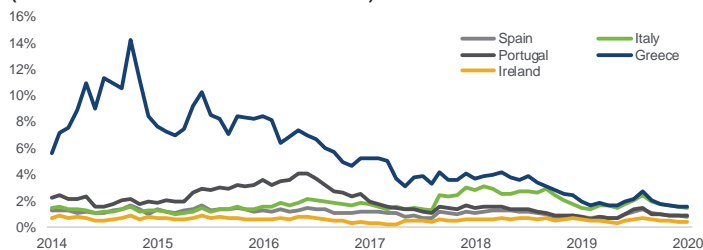
- The U.S. nominal yield curve slightly steepened over the quarter, but overall yields were broadly unchanged. The Fed projected that it would keep interest rates near zero until at least 2023. During the quarter, the Fed also announced a major policy shift by adopting an “average inflation targeting” approach. Under this new approach the Fed will seek an average of 2.0% inflation over time by allowing inflation to run above the target to make up for periods where inflation ran below the target. Since inflation has recently run below the target, a period of higher inflation could be tolerated under the approach without the Fed having to tighten monetary policy.
- The 10-year U.S. treasury yield ended the quarter 3bps higher at 0.69% and the 30-year yield increased by 5bps to 1.46%.
- The 10-year TIPS yield fell by 26bps over the quarter to -0.94%. Breakeven inflation rose across the curve, with the short end rising by a greater extent. The Fed’s new “average inflation targeting” approach, the continued relaxation of lockdown measures and the anticipation of further fiscal stimulus raised inflationary expectations over the quarter.

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## European Fixed Income Markets

EUROZONE PERIPHERAL BOND SPREADS  
(10-YEAR SPREADS OVER GERMAN BUNDS)



Source: FactSet

- European government bond spreads over 10-year German bunds continued to narrow across the Euro Area. European Union leaders struck a deal on a €750bn coronavirus recovery package, which the European Commission will fund by borrowing in the capital markets for the first time. Elsewhere, the Eurozone witnessed a second consecutive month of deflation, putting pressure on the European Central Bank to allow inflation to overshoot its target in the future.
- German bund yields fell by 5bps to -0.53% over the quarter. In Q2 2020 the Eurozone economy suffered the sharpest drop in growth since its inception, with GDP contracting by 12.1% on a quarter-on-quarter basis. Spain, which is one of the worst hit countries by the Covid-19 pandemic, was the worst performing major Eurozone economy over the quarter as it contracted by 18.5%.
- Italian government bond yields fell the most at 37bps to 0.87%, whereas, Spanish and Portuguese government bond yields fell by 22bps and 21bps to 0.25% and 0.26% respectively.

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## Credit Spreads

Spread (bps)	09/30/2020	06/30/2020	09/30/2019	Quarterly Change (bps)	One-Year Change (bps)
U.S. Aggregate	60	68	46	-8	14
Long Govt	0	1	1	-1	-1
Long Credit	188	202	167	-14	21
Long Govt/Credit	111	120	95	-9	16
MBS	61	70	46	-9	15
CMBS	106	132	70	-26	36
ABS	41	68	37	-27	4
Corporate	136	150	115	-14	21
High Yield	517	626	373	-109	144
Global Emerging Markets	334	393	312	-59	22

Source: FactSet, Bloomberg Barclays

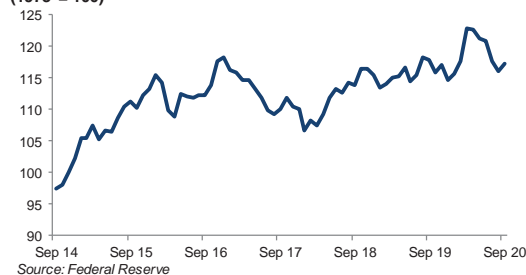
- Credit markets generally performed well as spreads continued to fall, especially in the riskier credit areas. However, similar to equity markets, growing concerns over rising COVID cases and uncertainty with regards to the next round of fiscal stimulus caused spreads to widen in September. Overall, credit spreads over U.S. treasuries narrowed over the quarter.
- Riskier areas of credit, such as U.S. high yield bonds and emerging market debt performed well. High yield credit spreads narrowed significantly in Q3 2020, decreasing by 109bps, whilst Global Emerging Markets spreads narrowed by 59bps over the quarter.

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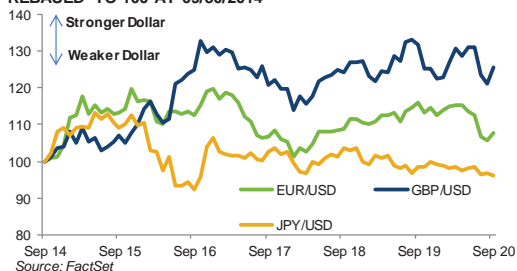
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## Currency

TRADE WEIGHTED U.S. DOLLAR INDEX  
(1973 = 100)



U.S. DOLLAR RELATIVE TO EUR, GBP AND JPY  
REBASED TO 100 AT 09/30/2014



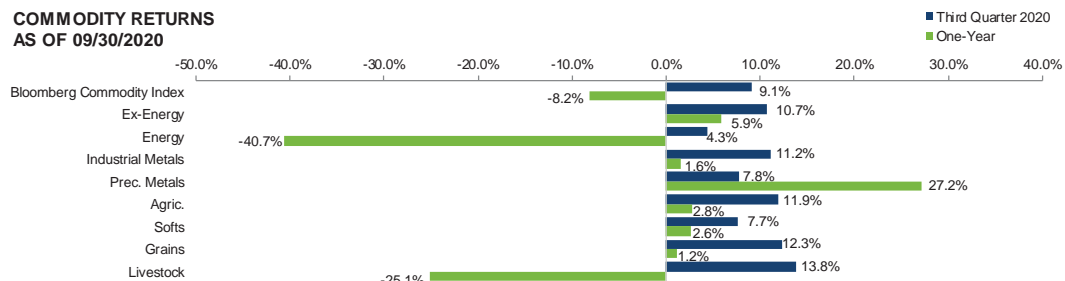
- The U.S. dollar weakened against major currencies over the quarter as it fell by 2.9% on a trade-weighted basis. The resurgence of Covid-19 cases in the US and heightened political uncertainty ahead of November's presidential election was a drag on the dollar, whilst expectations of looser monetary policy and a higher inflation outlook provided further headwinds.
- Sterling rose by 1.8% on a trade-weighted basis over the quarter. Hopes that a UK-EU trade deal will be reached by the end of the year boosted sterling over July and August, but sterling came under renewed pressure in September as UK-EU clashes over the Internal Markets Bill raised fears of a chaotic departure. Over the quarter sterling appreciated by 4.4% against the U.S. dollar.
- The U.S. dollar depreciated by 4.2% and 2.2% against the euro and yen respectively.

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## Commodities

### COMMODITY RETURNS AS OF 09/30/2020



Source: Bloomberg

Note: Softs and Grains are part of the wider Agriculture sector

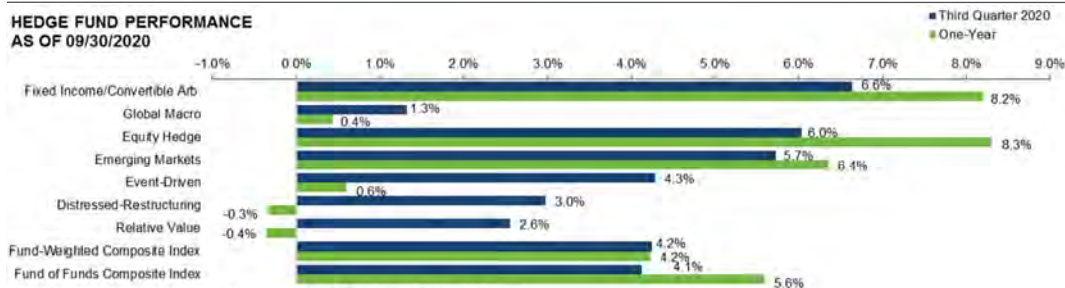
- Commodities started the quarter off strong before falling back in tandem with equity markets in September. Despite the poor performance in September, the Bloomberg Commodity Index returned 9.1%.
- The Energy sector rose by 4.3% over the quarter. Oil had another turbulent quarter with prices seeming to stabilize in July and August as OPEC+ agreed to scale back its production cuts from 9.7 million barrels per day to 7.7 million barrels per day until the end of the year. However, WTI crude prices fell by 5.6% in September as OPEC reduced its demand expectations for the rest of 2020 to 90.2 million barrels per day as global coronavirus cases continued to grow.
- The price of Brent crude oil fell by 0.5% to \$40.9/bbl. whilst WTI crude oil spot prices rose by 2.4% to \$40.2/bbl. On a one-year basis, the Energy sector is down by 40.7%.
- Livestock was the best performing sector, rising by 13.8% in Q3 2020.

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## Hedge Fund Markets Overview

### HEDGE FUND PERFORMANCE AS OF 09/30/2020



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.

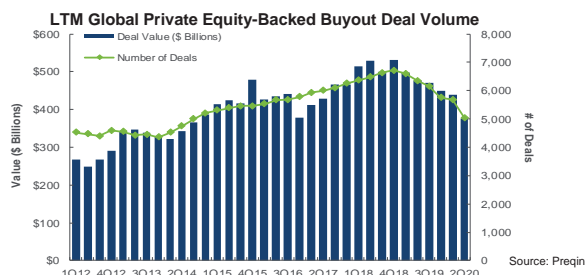
Source: HFR

- Hedge fund performance was positive across all strategies in the third quarter.
- Over the quarter, Fixed Income/Convertible Arbitrage and Equity Hedge strategies were the best performers, returning 6.6% and 6.0% respectively.
- HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 4.2% and 4.1% respectively.

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## Private Equity Market Overview – Q2 2020



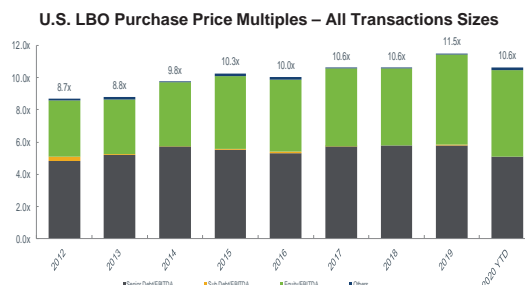
- Fundraising:** In 2Q 2020, \$162.3 billion was raised by 349 funds, which was a decrease of 17.7% on a capital basis and 15.9% by number of funds over the prior quarter. Dry powder stood at nearly \$2.2 trillion at the end of the quarter, a modest increase compared to the previous quarter.<sup>1</sup>
- Buyout:** Global private equity-backed buyout deals totaled \$61.9 billion in 2Q 2020, which was down 40.1% on a capital basis and down 30.0% by number of deals from 1Q 2020.<sup>1</sup> In 2Q 2020, the average purchase price multiple for all U.S. LBOs was 9.2x EBITDA, a decrease of 2.0x over 1Q 2020 and lower than the five-year average (10.6x).<sup>2</sup> Large cap purchase price multiples stood at 9.2x in 2Q 2020, down compared to 1Q 2020's level of 10.9x.<sup>2</sup> The weighted average purchase price multiple across all European transaction sizes averaged 12.6x EBITDA for 2Q 2020, up from the 12.2x multiple seen at the end of 1Q 2020. Purchase prices for transactions of greater than €1.0 billion increased to 12.7x at the end of 2Q 2020, a jump from the 12.1x seen at the previous quarter end. Globally, exit value totaled \$36.4 billion from 296 deals during the second quarter, meaningfully down from the \$70.0 billion in exits from 453 deals during 1Q 2020.<sup>1</sup>
- Venture:** During the second quarter, 1,374 venture-backed transactions totaling \$26.9 billion were completed in the U.S., which was a decrease on a capital basis over the prior quarter's total of \$27.0 billion across 1,336 deals. This was 16.3% higher than the five-year quarterly average of \$23.1 billion.<sup>3</sup> Total U.S. venture-backed exit activity totaled approximately \$21.2 billion across 147 completed transactions in 2Q 2020, down on a capital basis from the \$24.1 billion across 229 exits in 1Q 2020. Through 2Q 2020, U.S. exit activity represented only 17.3% of 2019's total.<sup>4</sup>
- Mezzanine:** Six funds closed on \$2.6 billion during the second quarter. This was up from the prior quarter's total of \$2.3 billion raised by six funds and represented 53.0% of the five-year quarterly average of \$4.9 billion. Estimated dry powder was \$48.6 billion at the end of 2Q 2020, up from the \$48.5 billion seen at the end of 1Q 2020.<sup>1</sup>

Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PwC/CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor <sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> UBS  
 Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples; Total Purchase Price ÷ EBITDA.

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## Private Equity Market Overview – Q2 2020



- Distressed Debt:** The LTM U.S. high-yield default rate was 5.1% at June 2020, and was expected to increase during the following month.<sup>5</sup> During the quarter, \$22.5 billion was raised by 18 funds, substantially higher than the \$4.5 billion raised by 10 funds in 1Q 2020 and the five-year quarterly average of \$11.4 billion.<sup>1</sup> Dry powder was estimated at \$127.3 billion at the end of 2Q 2020, which was up from the \$117.2 billion seen at the end of 4Q 2019. This remained above the five-year annual average level of \$109.3 billion.<sup>1</sup>
- Secondaries:** 11 funds raised \$22.7 billion during the quarter, up from the \$21.3 billion raised by 16 funds in 1Q 2020. The quarter surpassed the record-breaking amount raised in 1Q 2020, which was the most raised since Q1 2017.<sup>1</sup> At the end of 2Q 2020, there were an estimated 82 secondary and direct secondary funds in market targeting roughly \$71.7 billion.<sup>1</sup> The average discount rate for all private equity sectors finished the quarter at 20.8%, lower than the 18.1% discount at the end of 1Q 2020.<sup>6</sup>
- Infrastructure:** \$13.9 billion of capital was raised by 28 funds in 2Q 2020 compared to \$38.7 billion of capital raised by 23 partnerships in 1Q 2020. At the end of the quarter, dry powder stood at an estimated \$219.7 billion, down slightly from 1Q 2020's total of \$220.7 billion. Infrastructure managers completed 313 deals with an estimated aggregate deal value of \$47.0 billion in 2Q 2020 compared to 644 deals totaling \$81.8 billion a quarter ago.<sup>1</sup>
- Natural Resources:** During 2Q 2020, two funds closed on \$0.3 billion compared to six funds totaling \$4.6 billion in 1Q 2020. Energy and utilities industry managers completed approximately 67 deals totaling an estimated \$8.1 billion through 2Q 2020, which represented 47.8% of energy and utilities deal value during all of 2019.<sup>1</sup>

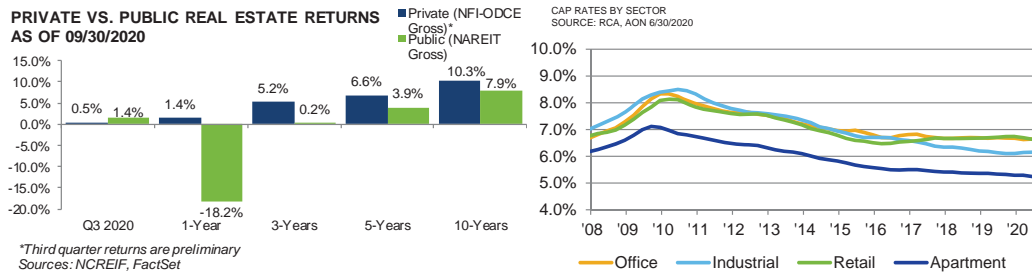
Sources: <sup>1</sup> Preqin <sup>2</sup> Standard & Poor's <sup>3</sup> PwC/CB Insights MoneyTree Report <sup>4</sup> PitchBook/NVCA Venture Monitor <sup>5</sup> Fitch Ratings <sup>6</sup> Thomson Reuters <sup>7</sup> UBS  
 Notes: FY=Fiscal year ended 12/31; YTD=Year to date; LTM=Last 12 months (aka trailing 12 months); PPM=Purchase Price Multiples; Total Purchase Price ÷ EBITDA.

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## U.S. Commercial Real Estate Markets



- U.S. Core Real Estate returned 0.48%\* over the third quarter, equating to a 1.4% total gross return year-over-year, including a 4.0% income return. Shelter in place orders and social distancing practices have most severely impacted the retail and hotel property sectors. Property valuations have begun to price in the loss of cash flow as a result of COVID-19. Transaction volume has contracted -57% YoY through Q3 2020, and price discovery continues to be limited.
- Global property markets, as measured by the FTSE EPRA/NAREIT Developed Real Estate Index, returned 2.3% (USD) in aggregate during the third quarter and experienced a cumulative decline of -19.1% YTD. REIT market performance was driven by Asia Pacific (2.0% USD), North America (0.9% USD) and Europe (3.1% USD). The U.S. REIT markets (FTSE NAREIT Equity REITs Index) returned 1.4% in the third quarter. The U.S. 10-year treasury bond yields rose by 3bps to 0.69% during the quarter.
- The coronavirus fueled market volatility in the stock and bond markets has created a situation of uncertainty for private real estate pricing. Public markets are searching for the right pricing level in light of the global pandemic, and how it will affect the regional and global economies. Implied volatility continues to signal elevated levels of uncertainty concerning public market implied valuations. Considering this situation, we are recommending that investments with pre-specified assets be postponed. Private market transactions based on appraisal valuations lag the most current information, and they do not fully reflect the current market conditions.
- We are proactively evolving our investment strategy. In the post-coronavirus world, supply chains may move back to North America which will require corresponding real estate infrastructure. Demand for last mile logistics, already a key investment theme, will accelerate. Live and work preference changes will create opportunities. Interest rates are likely to remain lower for even longer, making real estate a very compelling alternative to fixed income investments.
- Blind pool funds offer a potential to have capital available when the new opportunity set presents itself. Those strategies need careful review in light of the changing market dynamics. Strategies that worked previously in a growth-oriented market may not be appropriate for what may be more opportunistic style investing. Regions, countries and property types all need to be reevaluated.

\*Indicates preliminary NFI-ODCE data gross of fees

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**AON**  
Empower Results®



Total Fund

**AON**  
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As of September 30, 2020

## Highlights

### Executive Summary

- The Total Fund outperformed the Performance Benchmark over the quarter, trailing one-, three-, five-, and ten-year periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Investments and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

### Performance Highlights

- The Total Fund outperformed the Performance Benchmark over the quarter, trailing one-, three-, five-, and ten-year periods.

### Asset Allocation

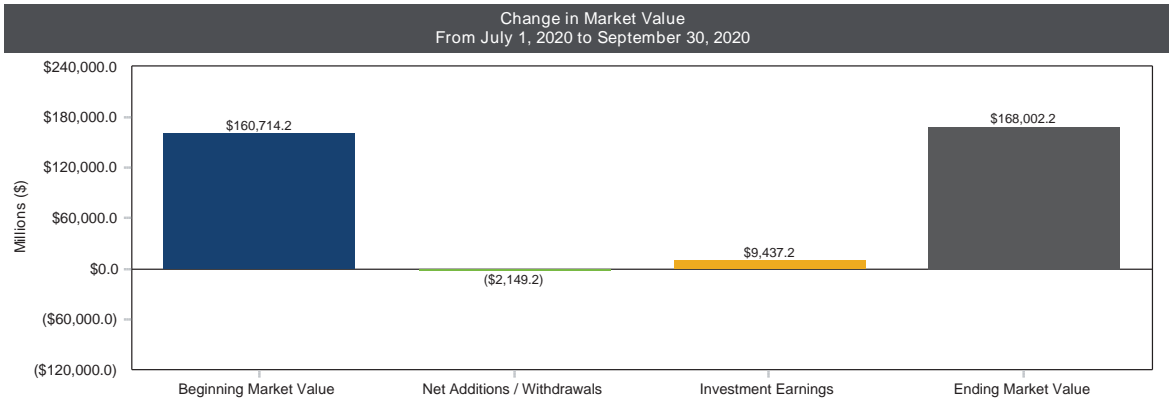
- The Fund assets total \$168.0 billion as of September 30, 2020, which represents a \$7.3 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges and in line with the current policy at quarter-end.



Total Fund

As of September 30, 2020

## Total Plan Asset Summary



## Summary of Cash Flow

	1 Quarter	Fiscal YTD*
Beginning Market Value	160,714,203,703	160,714,203,703
+ Additions / Withdrawals	-2,149,248,477	-2,149,248,477
+ Investment Earnings	9,437,224,981	9,437,224,981
= Ending Market Value	168,002,180,207	168,002,180,207

\*Period July 2020 - September 2020

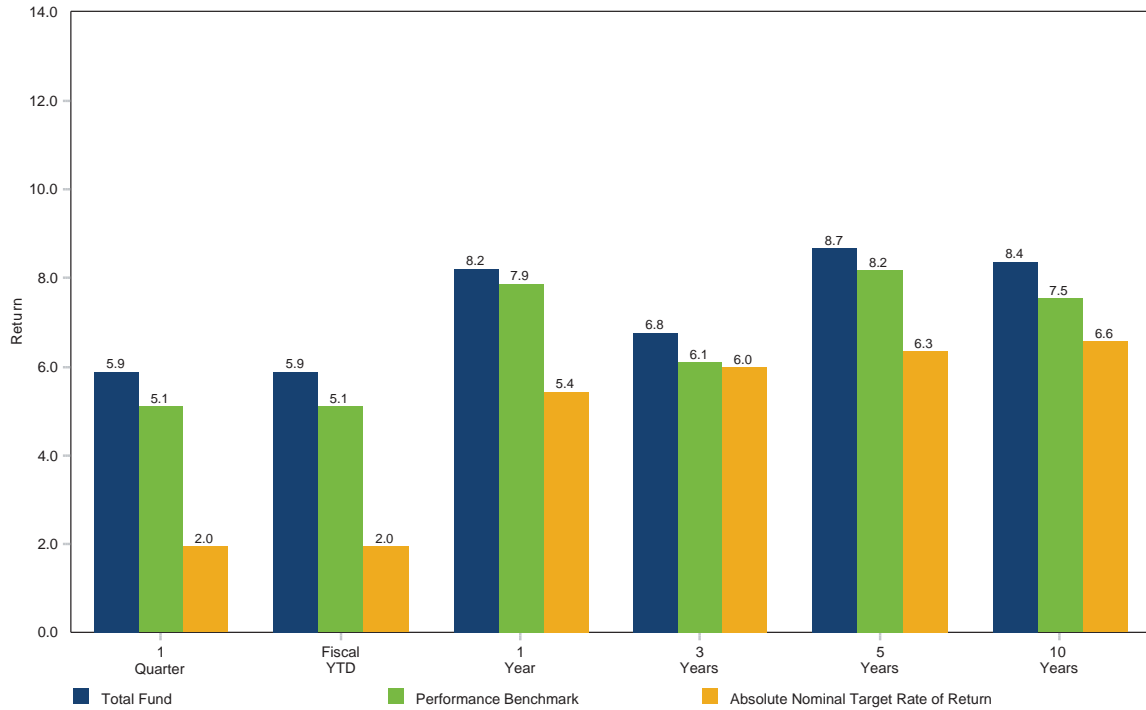


Total Fund

As of September 30, 2020

**Total Plan Performance Summary**

**Return Summary**



As of September 30, 2020

**Asset Allocation & Performance**

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
<b>Total Fund</b>	168,002,180,207	100.0	100.0	5.9 (13)	5.9 (13)	8.2 (21)	6.8 (19)	8.7 (15)	8.4 (15)
Performance Benchmark				5.1 (46)	5.1 (46)	7.9 (23)	6.1 (33)	8.2 (29)	7.5 (44)
Absolute Nominal Target Rate of Return				2.0 (93)	2.0 (93)	5.4 (58)	6.0 (37)	6.3 (85)	6.6 (84)
<b>Global Equity*</b>	92,909,725,586	55.3	53.9	8.5	8.5	10.9	7.2	10.6	9.4
Asset Class Target				8.1	8.1	9.7	6.5	10.0	8.5
<b>Domestic Equities</b>	46,276,278,255	27.5		9.0	9.0	13.9	11.2	13.2	13.4
Asset Class Target				9.2	9.2	15.0	11.6	13.7	13.5
<b>Foreign Equities</b>	35,738,243,595	21.3		8.3	8.3	8.1	2.7	7.8	5.6
Asset Class Target				6.9	6.9	3.7	1.2	6.3	4.2
<b>Global Equities Benchmark</b>	9,330,040,523	5.6		7.9	7.9	8.1	7.1	9.9	9.1
Benchmark				8.0	8.0	10.4	7.7	10.5	9.1
<b>Fixed Income</b>	29,581,568,895	17.6	18.8	0.8	0.8	6.3	4.5	3.5	3.5
Asset Class Target				0.5	0.5	5.7	4.2	3.3	3.1
<b>Private Equity</b>	12,676,273,740	7.5	7.4	11.8	11.8	10.5	14.7	13.8	14.0
Asset Class Target				6.7	6.7	12.7	9.5	13.0	13.7
<b>Real Estate</b>	15,707,816,781	9.3	9.8	0.3	0.3	0.1	5.0	6.9	10.6
Asset Class Target				-1.3	-1.3	-0.3	4.5	6.2	9.6
<b>Strategic Investments</b>	15,196,321,722	9.0	9.0	2.7	2.7	1.1	4.4	5.5	8.2
Short-Term Target				2.7	2.7	3.0	4.7	4.8	5.8
<b>Cash</b>	1,930,473,483	1.1	1.0	0.0	0.0	1.0	1.7	1.2	0.7
Bank of America Merrill Lynch 3-Month US Treasury Index				0.0	0.0	1.1	1.7	1.2	0.6

Benchmark and universe descriptions can be found in the Appendix.

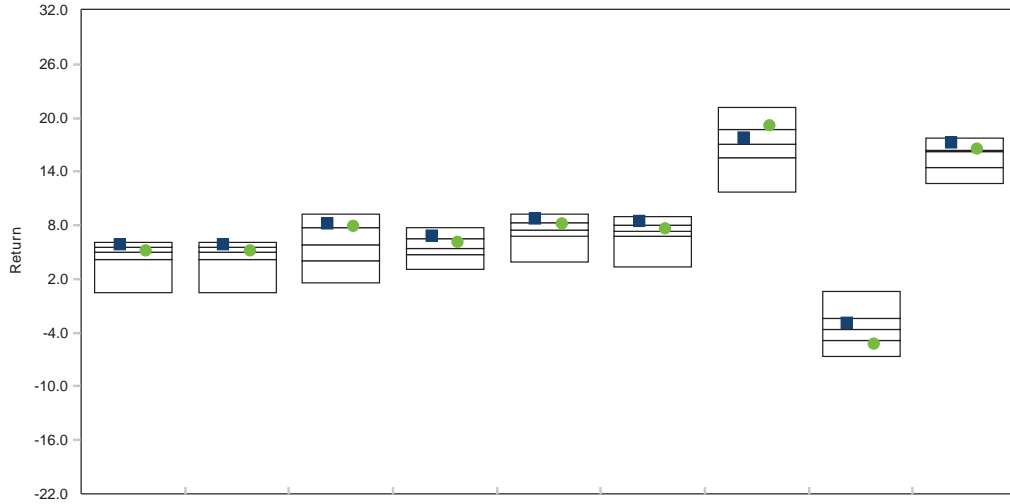
\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



As of September 30, 2020

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Total Fund	5.9 (13)	5.9 (13)	8.2 (21)	6.8 (19)	8.7 (15)	8.4 (15)	17.8 (35)	-3.0 (37)	17.2 (8)
● Performance Benchmark	5.1 (46)	5.1 (46)	7.9 (23)	6.1 (33)	8.2 (29)	7.5 (44)	19.1 (20)	-5.2 (79)	16.5 (25)
5th Percentile	6.2	6.2	9.3	7.7	9.3	9.0	21.2	0.6	17.7
1st Quartile	5.6	5.6	7.8	6.5	8.3	8.0	18.7	-2.4	16.4
Median	5.0	5.0	5.9	5.5	7.4	7.4	17.1	-3.7	16.2
3rd Quartile	4.1	4.1	4.1	4.7	6.8	6.8	15.6	-4.8	14.5
95th Percentile	0.5	0.5	1.6	3.0	3.9	3.3	11.7	-6.6	12.7
Population	72	72	72	72	71	63	81	55	13

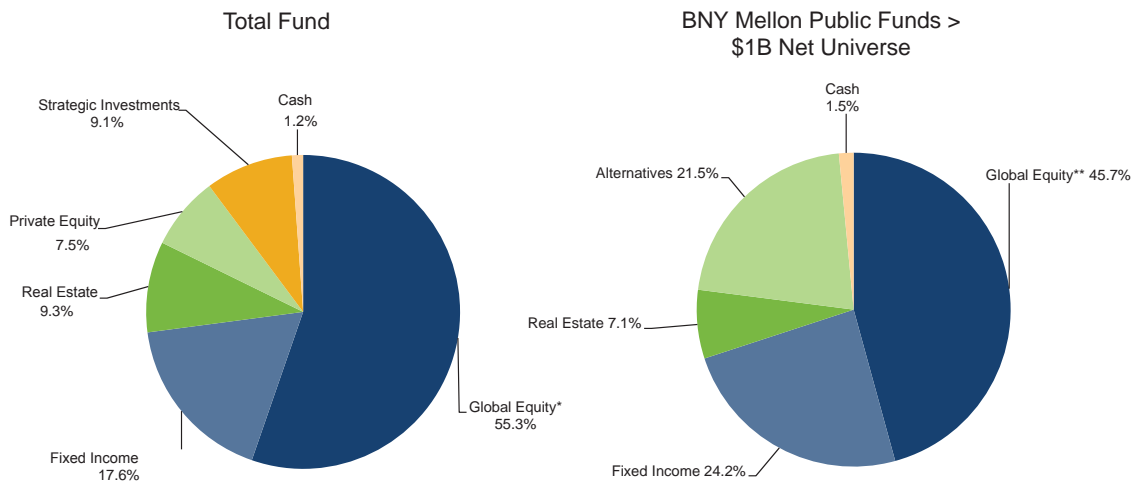
Parentheses contain percentile rankings.



Total Fund

As of September 30, 2020

Universe Asset Allocation Comparison



\*Global Equity Allocation: 27.5% Domestic Equities; 21.3% Foreign Equities; 5.6% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

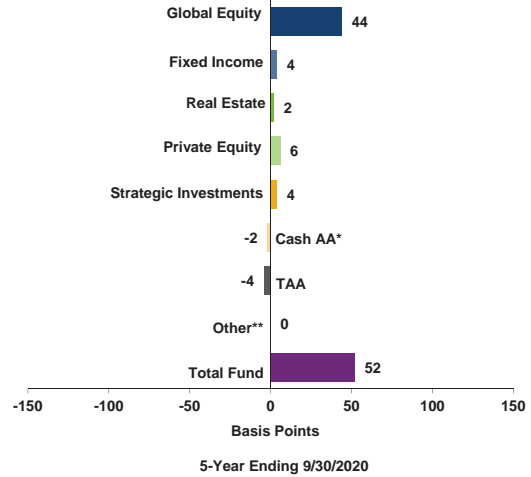
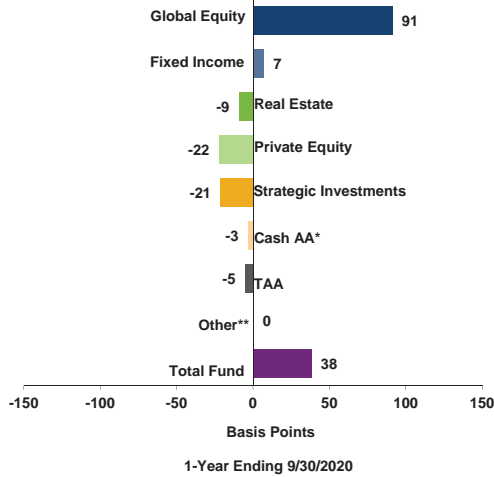
\*\*Global Equity Allocation: 26.9% Domestic Equities; 18.8% Foreign Equities.



Total Fund

As of September 30, 2020

Attribution



\*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.

\*\*Other includes legacy accounts and unexplained differences due to methodology.

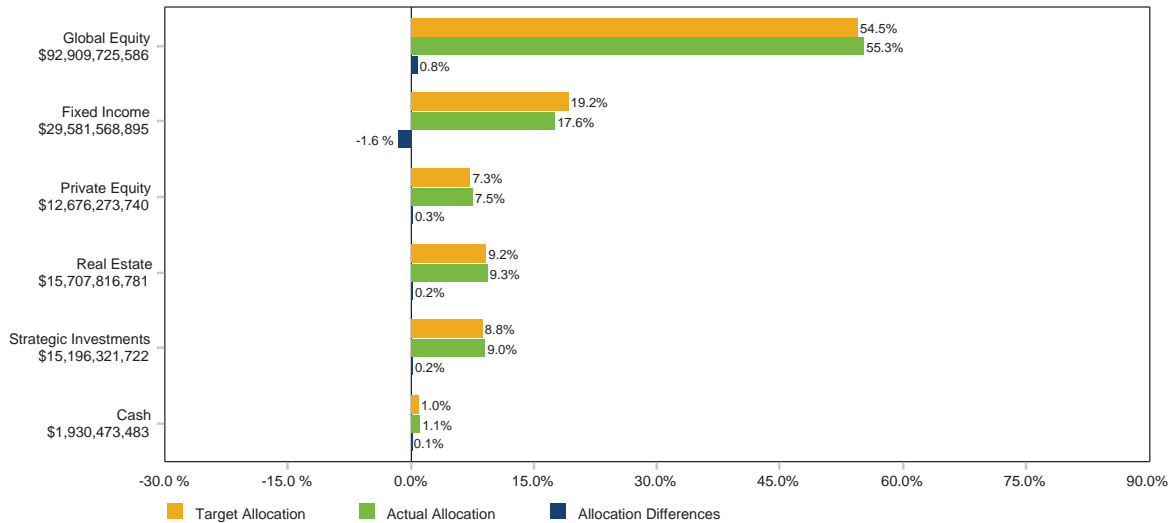


Total Fund

As of September 30, 2020

Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	168,002,180,207	100.0	100.0		
Global Equity	92,909,725,586	55.3	54.5	45.0	70.0
Fixed Income	29,581,568,895	17.6	19.2	10.0	26.0
Private Equity	12,676,273,740	7.5	7.3	2.0	9.0
Real Estate	15,707,816,781	9.3	9.2	4.0	16.0
Strategic Investments	15,196,321,722	9.0	8.8	0.0	16.0
Cash	1,930,473,483	1.1	1.0	0.3	5.0



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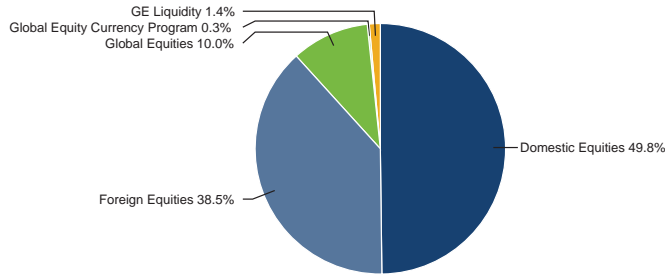
## Global Equity

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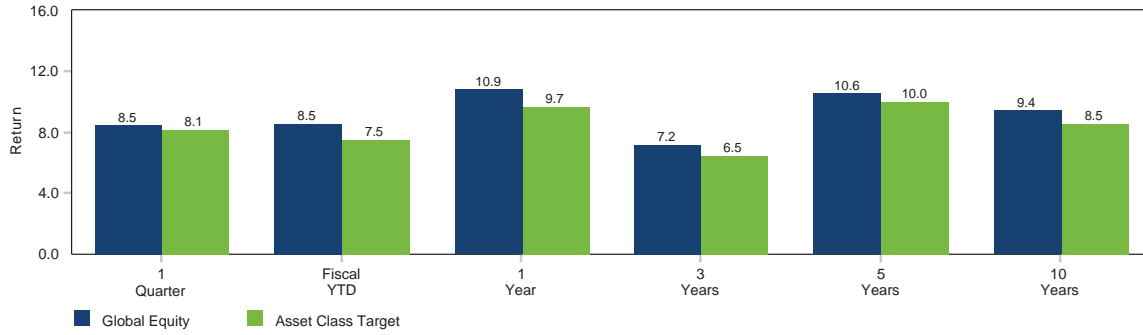
Global Equity\* Portfolio Overview

Current Allocation

September 30, 2020 : \$92,910M



Return Summary



\* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



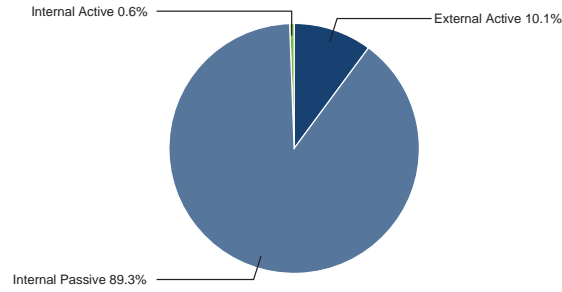
Domestic Equities



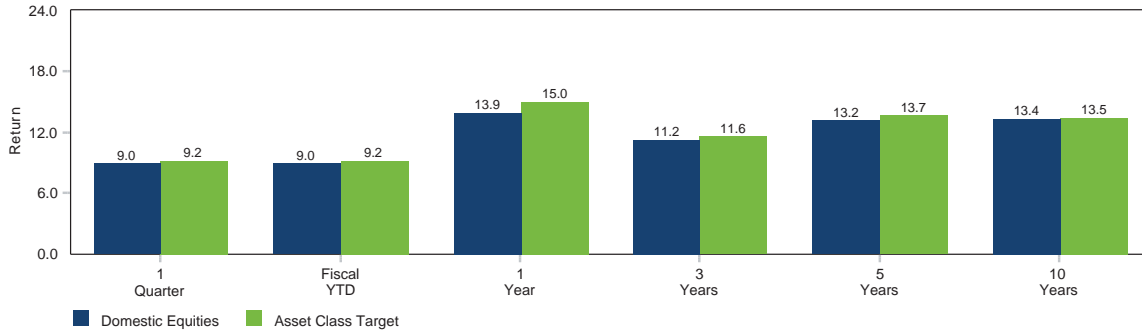
Domestic Equities Portfolio Overview

Current Allocation

September 30, 2020 : \$46,276M

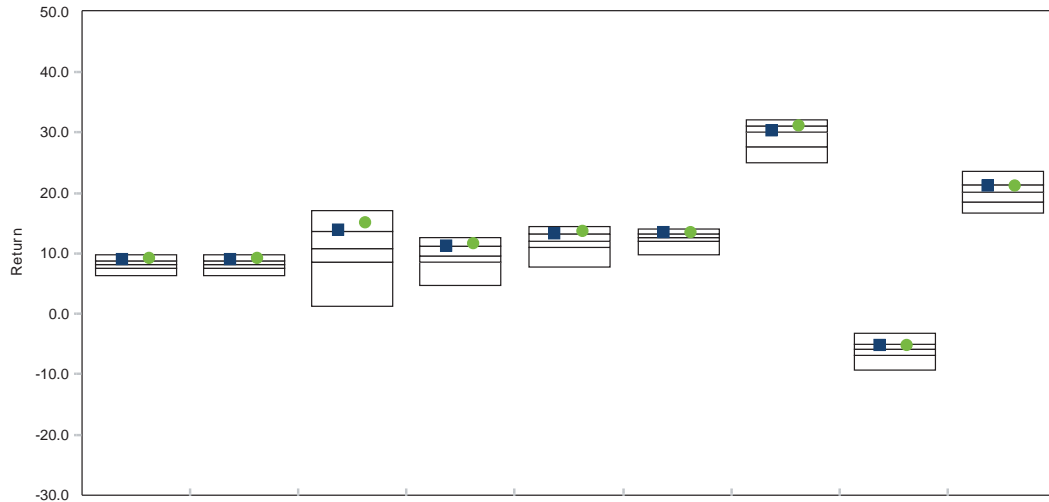


Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Equity Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Domestic Equities	9.0 (17)	9.0 (17)	13.9 (22)	11.2 (23)	13.2 (25)	13.4 (21)	30.4 (38)	-5.2 (33)	21.2 (31)
● Asset Class Target	9.2 (14)	9.2 (14)	15.0 (21)	11.6 (15)	13.7 (21)	13.5 (18)	31.0 (28)	-5.2 (38)	21.1 (33)
5th Percentile	9.8	9.8	17.2	12.6	14.5	14.0	32.2	-3.1	23.5
1st Quartile	8.8	8.8	13.7	11.2	13.2	13.2	31.2	-5.0	21.4
Median	8.1	8.1	10.9	9.7	12.1	12.7	30.1	-5.9	20.2
3rd Quartile	7.5	7.5	8.5	8.6	11.1	12.1	27.7	-6.9	18.6
95th Percentile	6.3	6.3	1.2	4.8	7.8	9.9	25.0	-9.2	16.6
Population	56	56	52	48	46	31	52	53	58

Parentheses contain percentile rankings.





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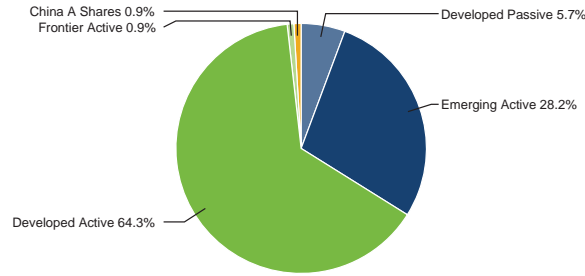
## Foreign Equities

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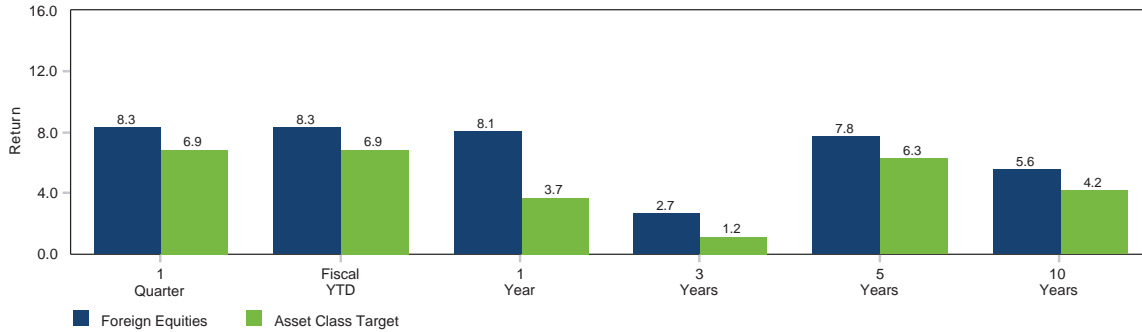
Foreign Equities Portfolio Overview

Current Allocation

September 30, 2020 : \$35,738M

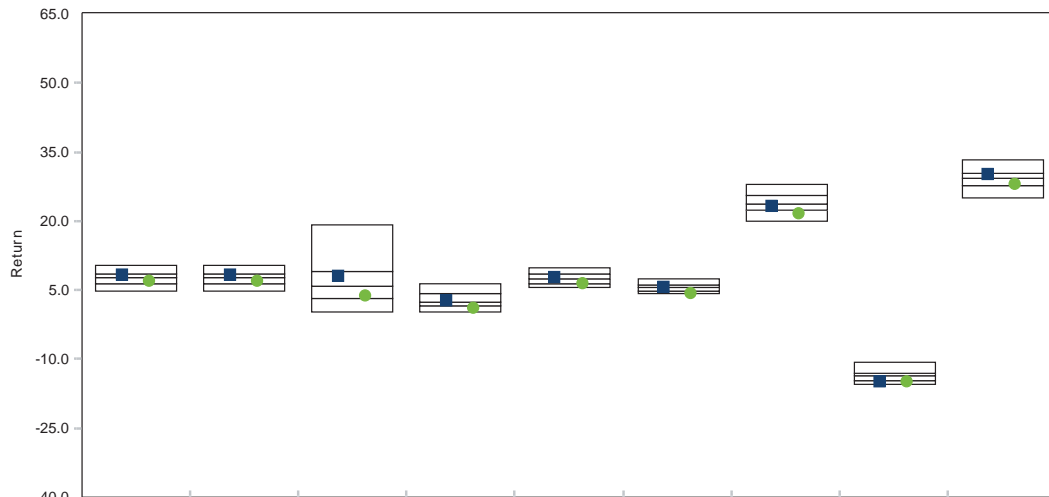


Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Intl. Equity Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Foreign Equities	8.3 (32)	8.3 (32)	8.1 (38)	2.7 (44)	7.8 (42)	5.6 (50)	23.1 (63)	-14.9 (83)	30.2 (28)
● Asset Class Target	6.9 (68)	6.9 (68)	3.7 (69)	1.2 (79)	6.3 (81)	4.2 (98)	21.7 (84)	-14.8 (83)	27.9 (74)
5th Percentile	10.5	10.5	19.2	6.5	9.9	7.3	27.9	-10.8	33.4
1st Quartile	8.5	8.5	9.1	4.1	8.4	6.1	25.5	-13.0	30.4
Median	7.6	7.6	5.9	2.4	7.5	5.5	23.7	-13.6	29.3
3rd Quartile	6.5	6.5	3.0	1.4	6.4	4.6	22.4	-14.6	27.8
95th Percentile	4.8	4.8	0.3	0.2	5.6	4.2	20.0	-15.5	25.1
Population	57	57	55	52	50	32	53	55	59

Parentheses contain percentile rankings.



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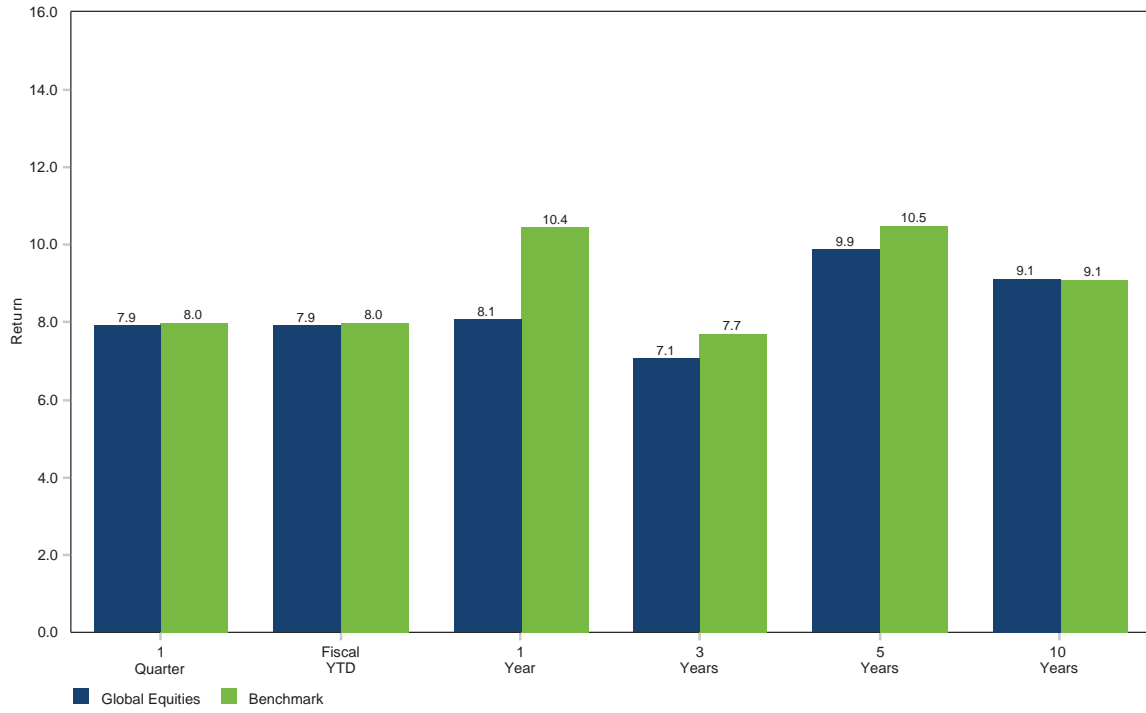


## Global Equities

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Global Equities Performance Summary

Return Summary



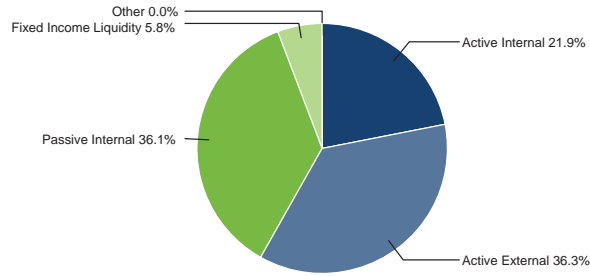
Fixed Income



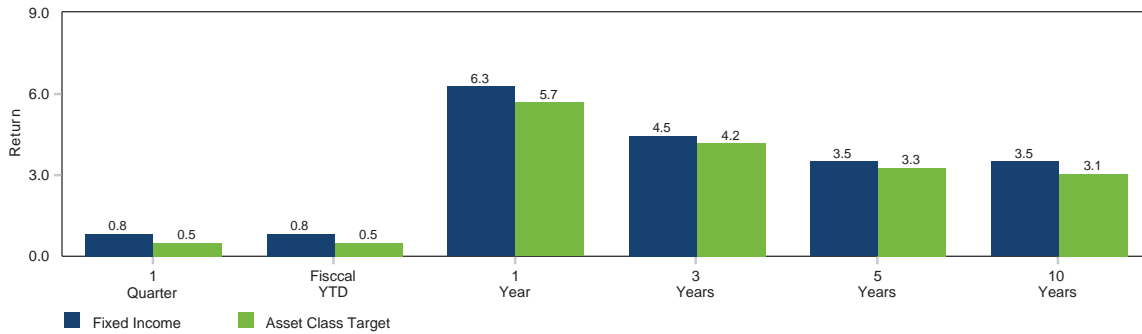
Fixed Income Portfolio Overview

Current Allocation

September 30, 2020 : \$29,582M

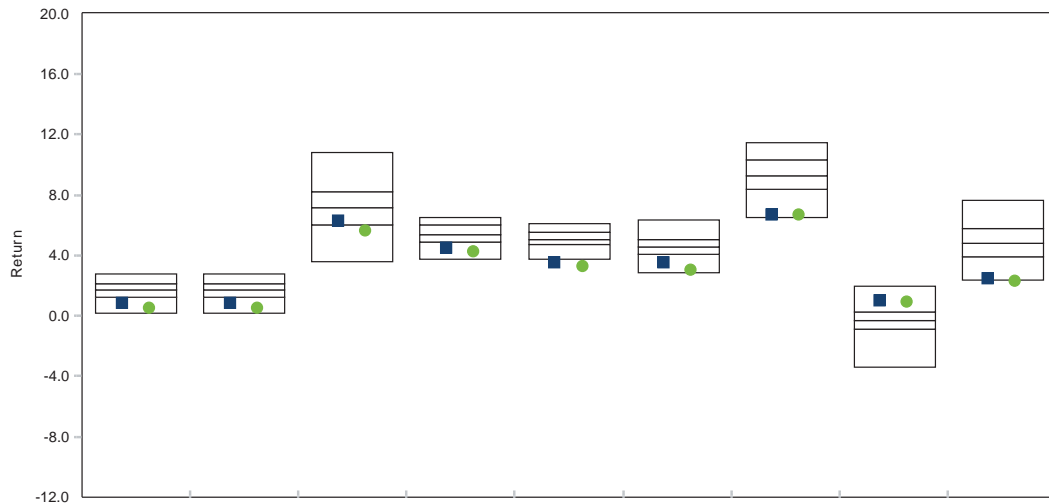


Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Fixed Income Segment



	1 Quarter	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ Fixed Income	0.8 (87)	0.8 (87)	6.3 (72)	4.5 (88)	3.5 (97)	3.5 (93)	6.7 (95)	1.0 (12)	2.4 (94)
● Asset Class Target	0.5 (94)	0.5 (94)	5.7 (80)	4.2 (91)	3.3 (97)	3.1 (95)	6.7 (95)	0.9 (13)	2.3 (97)
5th Percentile	2.8	2.8	10.8	6.5	6.1	6.3	11.4	2.0	7.6
1st Quartile	2.1	2.1	8.3	6.0	5.5	5.0	10.3	0.3	5.8
Median	1.7	1.7	7.2	5.4	5.1	4.5	9.3	-0.3	4.8
3rd Quartile	1.3	1.3	6.0	4.9	4.7	4.1	8.4	-0.9	3.9
95th Percentile	0.2	0.2	3.6	3.7	3.8	2.8	6.5	-3.4	2.3
Population	58	58	54	51	49	33	53	56	61

Parentheses contain percentile rankings.



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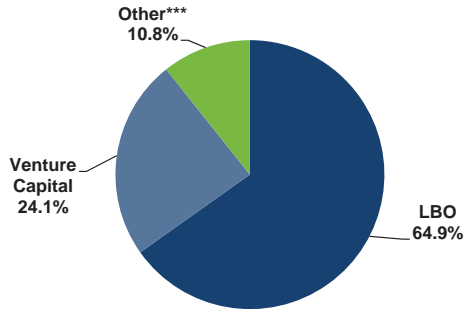


## Private Equity

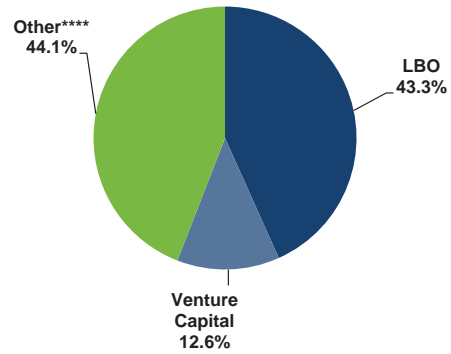
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Overview

FRS Private Equity by Market Value\*



Preqin Private Equity Strategies by Market Value\*\*



\*Allocation data is as of September 30, 2020.

\*\*Allocation data is as of June 30, 2019, from the Preqin database.

\*\*\*Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.

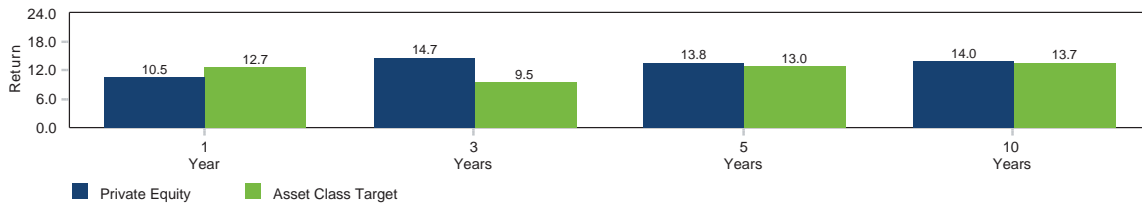
\*\*\*\*Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

Preqin universe is comprised of 10,000 private equity funds representing \$4.8 trillion.

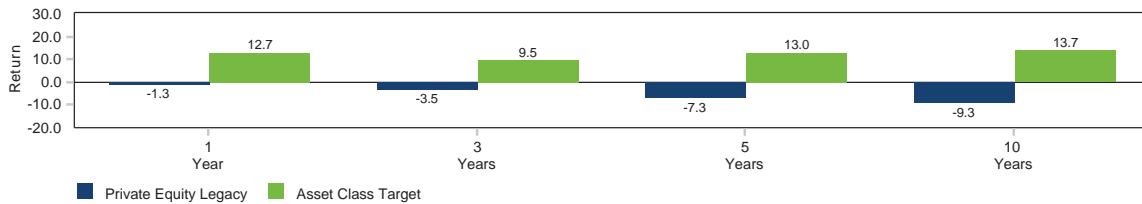


Time-Weighted Investment Results

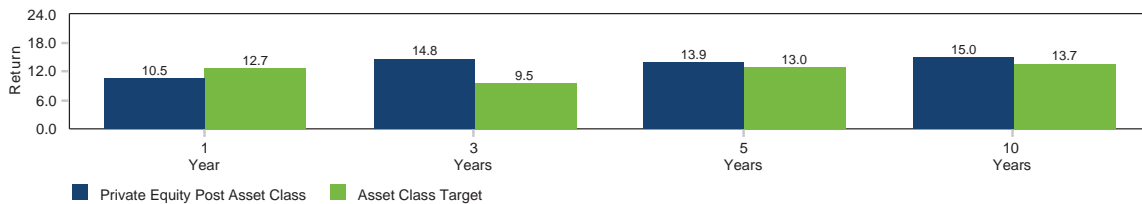
Private Equity Return Summary as of September 30, 2020



Private Equity Legacy Return Summary as of September 30, 2020



Private Equity Post Asset Class Return Summary as of September 30, 2020

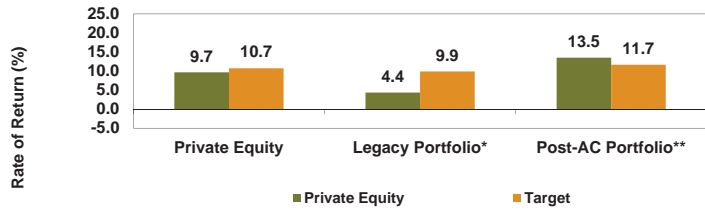


Private Equity

Dollar-Weighted Investment Results

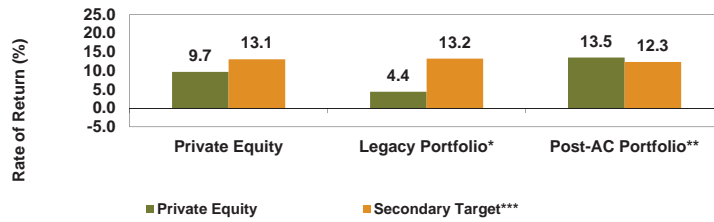
As of September 30, 2020

Since Inception



As of September 30, 2020

Since Inception



\*The Inception Date for the Legacy Portfolio is January 1989.

\*\*The Inception Date for the Post-AC Portfolio is September 2000.

\*\*\*The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

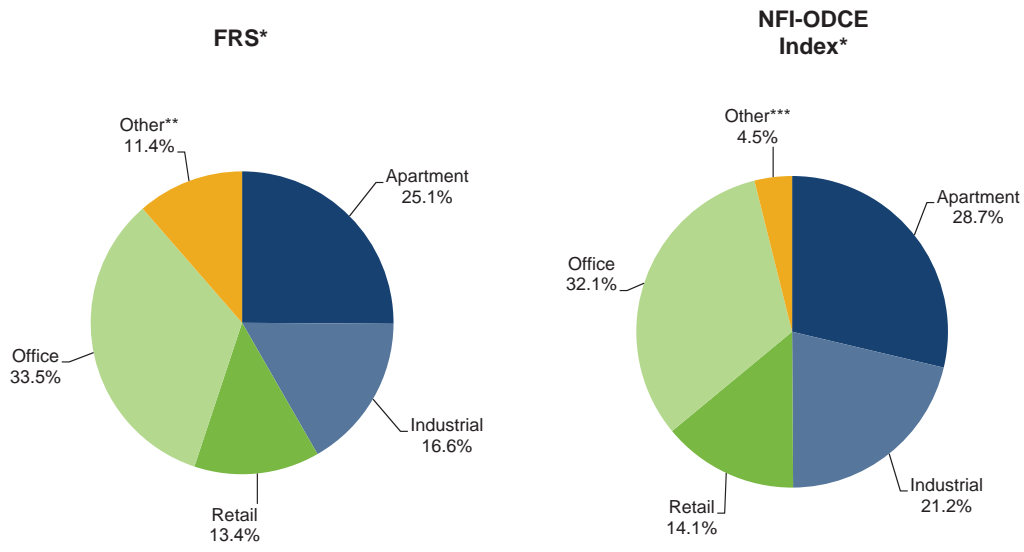


Real Estate





Overview



\*Property Allocation data is as of June 30, 2020. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

\*\*Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.

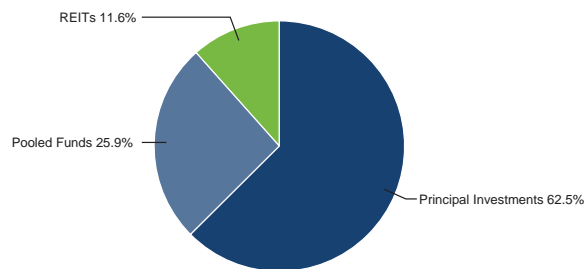
\*\*\*Other for the NFI-ODCE Index consists of Hotel, Senior Living, Healthcare, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.



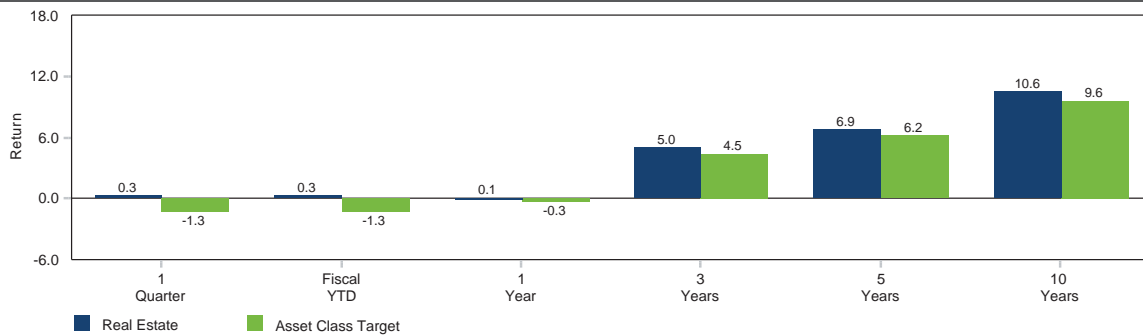
Real Estate Portfolio Overview

Current Allocation

September 30, 2020 : \$15,708M

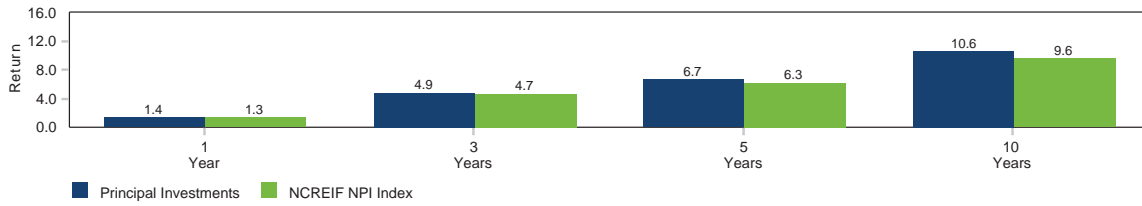


Return Summary

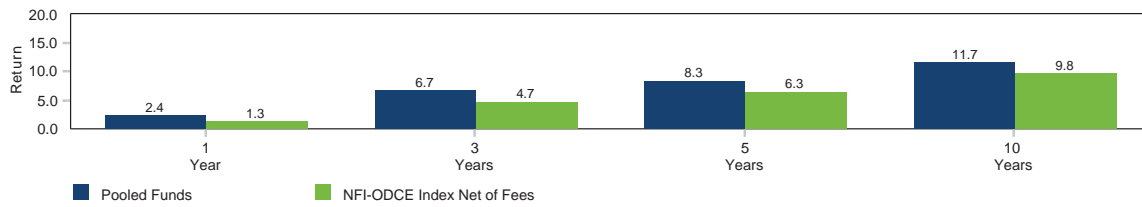


## Real Estate

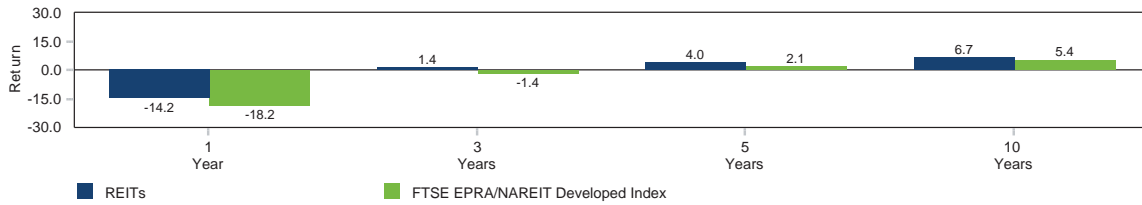
Principal Investments Return Summary as of September 30, 2020



Pooled Funds Return Summary as of September 30, 2020



REITs Return Summary as of September 30, 2020



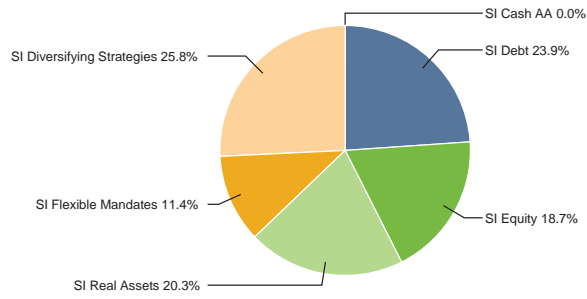
## Strategic Investments



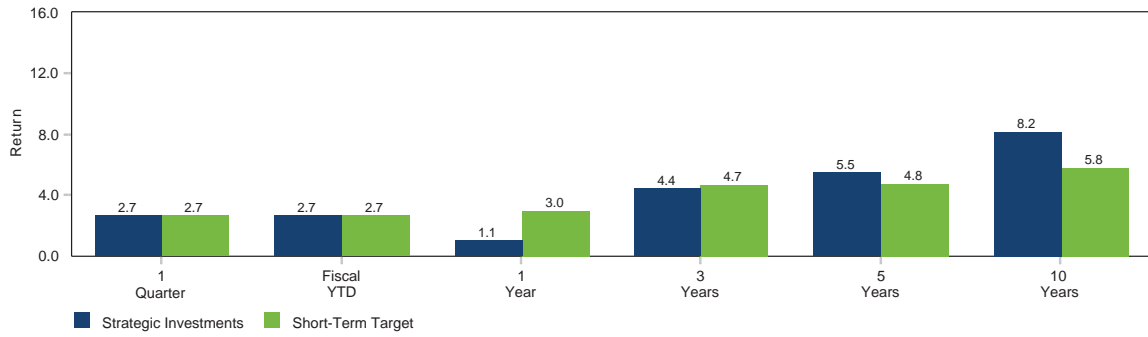
### Strategic Investments Portfolio Overview

#### Current Allocation

September 30, 2020 : \$15,196M



#### Return Summary

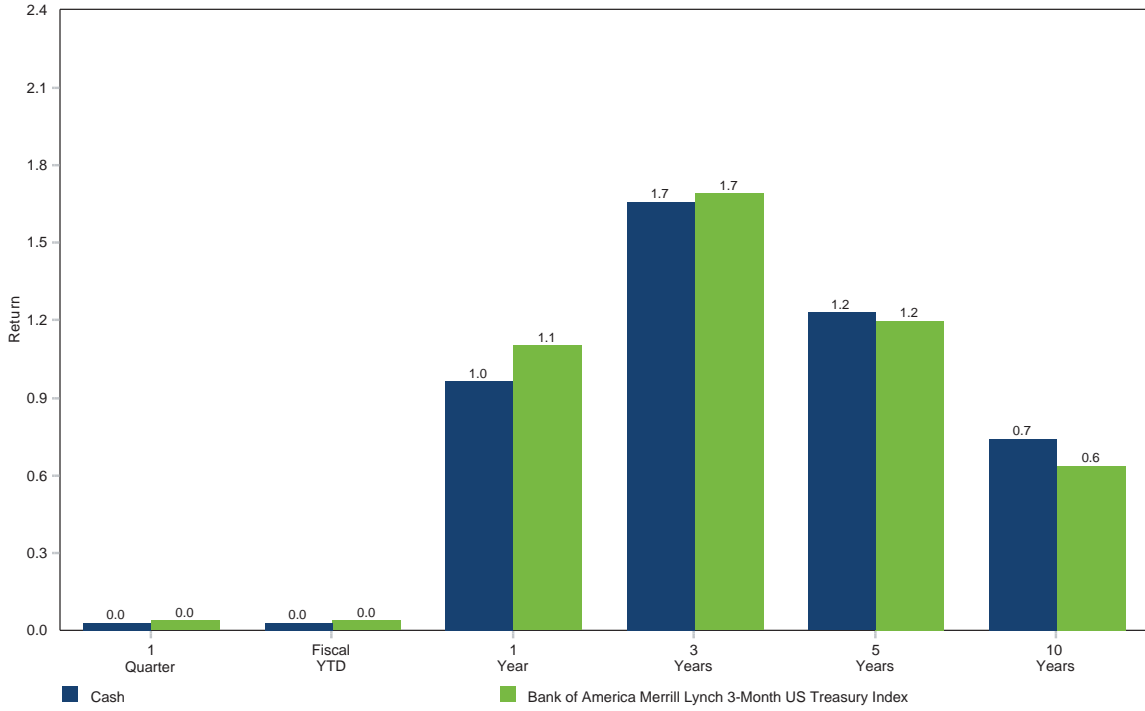


## Cash



Cash Performance Summary

Return Summary



Appendix



As of September 30, 2020

## Appendix

### Total FRS Assets

**Performance Benchmark-** A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the Bank of America Merrill Lynch 3-Month US Treasury Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

### Total Global Equity

**Performance Benchmark-** A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

### Total Domestic Equities

**Performance Benchmark-** The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

### Total Foreign Equities

**Performance Benchmark-** A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

### Total Global Equities

**Performance Benchmark-** Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).



As of September 30, 2020

## Appendix

### Total Fixed Income

**Performance Benchmark-** The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

### Total Private Equity

**Performance Benchmark-** The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

### Total Real Estate

**Performance Benchmark-** The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

### Total Strategic Investments

**Performance Benchmark-** Long-term, 4.0% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks. Prior to July 1, 2018, a Performance Benchmark-Long-term, 4.5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmark.

### Total Cash

**Performance Benchmark-** Bank of America Merrill Lynch 3-Month US Treasury Index. Prior to July 1, 2018 it was the iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.



As of September 30, 2020

## Appendix

### Description of Benchmarks

Bank of America Merrill Lynch 3-Month US Treasury Index- Consists of U.S. Treasury Bills maturing in 90 days.

Barclays Capital U.S. Intermediate Aggregate Bond Index- A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Consumer Price Index (CPI)- The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index- An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

MSCI All Country World Investable Market Index- A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index- The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index- A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.



As of September 30, 2020

## Appendix

### Description of Universes

Total Fund- A universe comprised of 150 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$2.0 trillion as of quarter-end and the average market value was \$13.2 billion.

Domestic Equity- A universe comprised of 52 total domestic equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Foreign Equity- A universe comprised of 55 total international equity portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$18.5 billion.

Fixed Income- A universe comprised of 55 total fixed income portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.1 trillion as of quarter-end and the average market value was \$19.5 billion.

Real Estate- A universe comprised of 42 total real estate portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics. Aggregate assets in the universe comprised \$1.0 trillion as of quarter-end and the average market value was \$24.1 billion.

Private Equity- An appropriate universe for private equity is unavailable.

Strategic Investments- An appropriate universe for strategic investments is unavailable.



## Appendix

### Explanation of Exhibits

**Quarterly and Cumulative Excess Performance-** The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

**Ratio of Cumulative Wealth Graph-** An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

**Performance Comparison - Plan Sponsor Peer Group Analysis-** An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.



## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.



## Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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Chicago, IL 60601  
ATTN: Aon Investments Compliance Officer



FRS Investment Plan | Third Quarter 2020

## Quarterly Investment Review

Visit the Investments Thought Leadership Site (<https://insights-north-america.aon.com/investment>); sharing our best thinking.





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## FRS Investment Plan

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As of September 30, 2020

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	12,218,513,311	100.0	5.8	1.7	8.1	6.4	8.4	7.4
Total Plan Aggregate Benchmark			5.3	0.9	6.9	5.9	8.0	7.0
<b>Retirement Date</b>	<b>5,498,867,473</b>	<b>45.0</b>						
FRS Retirement Fund	676,383,050	5.5	4.0 (41)	2.9 (58)	6.7 (43)	5.3 (34)	6.2 (41)	5.3 (67)
Retirement Custom Index			3.5 (49)	2.6 (60)	6.1 (48)	5.0 (39)	6.0 (43)	5.1 (71)
FRS 2020 Retirement Date Fund	570,575,004	4.7	4.4 (30)	2.4 (84)	6.8 (70)	5.5 (71)	7.3 (52)	6.4 (70)
2020 Retirement Custom Index			3.9 (62)	2.1 (86)	6.3 (75)	5.3 (77)	7.0 (63)	6.2 (72)
FRS 2025 Retirement Date Fund	801,686,291	6.6	5.0 (35)	1.9 (91)	7.2 (77)	5.8 (73)	8.0 (47)	7.2 (81)
2025 Retirement Custom Index			4.6 (68)	1.6 (93)	6.7 (82)	5.5 (82)	7.7 (71)	6.9 (85)
FRS 2030 Retirement Date Fund	754,755,411	6.2	5.5 (51)	1.3 (80)	7.3 (78)	5.9 (77)	8.5 (50)	7.9 (71)
2030 Retirement Custom Index			5.1 (75)	1.2 (81)	7.0 (80)	5.7 (87)	8.2 (70)	7.6 (73)
FRS 2035 Retirement Date Fund	710,133,595	5.8	5.9 (72)	0.9 (81)	7.5 (78)	6.0 (79)	9.0 (52)	8.5 (65)
2035 Retirement Custom Index			5.6 (84)	0.9 (80)	7.3 (80)	5.9 (83)	8.7 (70)	8.2 (76)
FRS 2040 Retirement Date Fund	643,308,090	5.3	6.3 (75)	0.5 (72)	7.7 (72)	6.1 (73)	9.3 (55)	8.7 (70)
2040 Retirement Custom Index			6.1 (81)	0.6 (72)	7.7 (73)	6.0 (79)	9.0 (65)	8.4 (78)
FRS 2045 Retirement Date Fund	629,226,247	5.1	6.7 (76)	0.2 (74)	7.9 (72)	6.1 (74)	9.4 (66)	8.7 (80)
2045 Retirement Custom Index			6.5 (80)	0.3 (73)	7.8 (76)	6.0 (76)	9.3 (70)	8.5 (89)
FRS 2050 Retirement Date Fund	395,582,543	3.2	6.9 (75)	-0.1 (76)	7.9 (71)	6.1 (74)	9.4 (63)	8.7 (84)
2050 Retirement Custom Index			6.8 (78)	-0.1 (76)	7.8 (74)	6.0 (79)	9.2 (67)	8.5 (86)
FRS 2055 Retirement Date Fund	235,376,888	1.9	7.0 (73)	0.1 (76)	8.1 (71)	6.1 (75)	9.4 (71)	-
2055 Retirement Custom Index			6.8 (79)	-0.1 (79)	7.7 (78)	6.0 (79)	9.2 (78)	-
FRS 2060 Retirement Date Fund	81,840,353	0.7	7.1 (72)	0.2 (73)	8.2 (70)	6.2 (73)	-	-
2060 Retirement Custom Index			6.8 (79)	-0.1 (79)	7.7 (78)	6.0 (79)	-	-



As of September 30, 2020

**Asset Allocation & Performance**

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Cash	1,145,045,413	9.4	0.1 (1)	0.6 (1)	1.1 (1)	1.9 (1)	1.4 (1)	0.8 (1)
FRS Money Market Fund	1,145,045,413	9.4	0.1 (1)	0.6 (1)	1.1 (1)	1.9 (1)	1.4 (1)	0.8 (1)
iMoneyNet 1st Tier Institutional Net Index			0.0 (51)	0.5 (16)	0.9 (17)	1.6 (18)	1.1 (18)	0.6 (19)
<b>Real Assets</b>	<b>111,966,847</b>	<b>0.9</b>						
FRS Inflation Sensitive Fund	111,966,847	0.9	3.6	-1.7	1.6	2.3	3.6	2.3
FRS Custom Multi-Assets Index			2.7	-3.2	-0.3	2.0	3.4	2.0
<b>Fixed Income</b>	<b>765,402,932</b>	<b>6.3</b>						
Total Bond Index			1.1 (32)	5.9 (18)	6.5 (14)	5.0 (1)	4.5 (1)	3.8 (1)
FRS U.S. Bond Enhanced Index Fund	313,829,484	2.6	0.7 (1)	7.0 (75)	7.1 (60)	5.3 (40)	4.3 (33)	3.7 (35)
Bimbg. Barc. U.S. Aggregate			0.6 (2)	6.8 (75)	7.0 (61)	5.2 (44)	4.2 (33)	3.6 (36)
FRS Core Plus Bond Fund	451,573,448	3.7	2.2 (-)	6.0 (-)	6.8 (-)	5.6 (-)	5.3 (-)	4.8 (-)
FRS Custom Core-Plus Fixed Income Index			1.3 (-)	5.8 (-)	6.5 (-)	5.2 (-)	4.7 (-)	4.5 (-)
<b>Domestic Equity</b>	<b>3,029,919,345</b>	<b>24.8</b>						
Total U.S. Equities Index			8.6 (43)	2.4 (47)	11.6 (44)	9.7 (45)	12.6 (36)	12.8 (37)
FRS U.S. Stock Market Index Fund	1,206,165,838	9.9	9.2 (50)	5.5 (52)	15.1 (52)	11.7 (54)	13.8 (48)	13.6 (42)
Russell 3000 Index			9.2 (50)	5.4 (52)	15.0 (52)	11.6 (55)	13.7 (50)	13.5 (43)
FRS U.S. Stock Fund	1,823,753,507	14.9	8.1 (54)	-	-	-	-	-
Russell 3000 Index			9.2 (41)	-	-	-	-	-



As of September 30, 2020

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
International/Global Equity	747,104,083	6.1	7.8 (48)	-1.9 (43)	7.3 (44)	3.3 (32)	7.9 (35)	6.2 (25)
Total Foreign and Global Equities Index			6.9 (56)	-4.4 (53)	4.4 (53)	1.9 (42)	6.9 (45)	5.3 (38)
FRS Foreign Stock Index Fund	258,190,768	2.1	6.8 (57)	-4.9 (55)	3.8 (55)	1.4 (46)	6.6 (47)	5.1 (41)
MSCI All Country World ex-U.S. IMI Index			6.8 (57)	-5.2 (56)	3.5 (56)	1.1 (50)	6.3 (51)	4.7 (46)
FRS Global Stock Fund	321,299,464	2.6	12.6 (12)	14.1 (16)	25.7 (17)	13.8 (13)	14.7 (13)	12.2 (15)
MSCI All Country World Index Net			8.1 (36)	1.4 (38)	10.4 (39)	7.1 (37)	10.3 (34)	8.8 (40)
FRS Foreign Stock Fund	167,613,851	1.4	9.7 (1)	4.4 (1)	15.0 (1)	5.7 (1)	9.1 (1)	6.8 (1)
MSCI All Country World ex-U.S. Index			6.3 (19)	-5.4 (25)	3.0 (20)	1.2 (14)	6.3 (3)	4.3 (25)
FRS Self-Dir Brokerage Acct	920,207,218	7.5						

The returns for the Retirement Date Funds, Inflation Sensitive Fund and Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of September 30, 2020

Asset Allocation & Performance

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
FRS Investment Plan	20.5	-5.7	16.4	8.0	-0.9	4.9	15.2	10.5	0.7	10.6
Total Plan Aggregate Benchmark	20.0	-5.8	15.5	8.5	-1.3	4.9	14.6	9.7	0.9	10.2
<b>Retirement Date</b>										
FRS Retirement Fund	14.8 (39)	-3.7 (53)	10.8 (52)	6.2 (59)	-2.6 (100)	4.4 (82)	3.5 (96)	10.7 (59)	3.4 (10)	11.5 (55)
Retirement Custom Index	14.5 (42)	-3.8 (55)	10.4 (58)	6.2 (59)	-1.8 (98)	3.6 (89)	3.4 (96)	8.5 (78)	5.0 (1)	9.9 (84)
FRS 2020 Retirement Date Fund	16.3 (56)	-4.4 (53)	14.0 (24)	7.4 (22)	-2.1 (91)	4.4 (79)	9.6 (75)	12.4 (38)	0.6 (38)	12.2 (64)
2020 Retirement Custom Index	16.0 (60)	-4.5 (55)	13.3 (47)	7.1 (32)	-1.6 (80)	3.9 (88)	9.7 (75)	11.0 (74)	1.5 (21)	11.2 (86)
FRS 2025 Retirement Date Fund	18.2 (58)	-5.2 (46)	16.1 (26)	8.0 (14)	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)
2025 Retirement Custom Index	17.8 (67)	-5.3 (51)	15.5 (39)	7.6 (20)	-1.5 (77)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)
FRS 2030 Retirement Date Fund	19.8 (68)	-6.0 (44)	18.0 (30)	8.5 (18)	-1.3 (63)	4.5 (83)	18.1 (54)	14.6 (34)	-2.1 (50)	13.0 (86)
2030 Retirement Custom Index	19.4 (72)	-6.0 (45)	17.3 (48)	8.0 (33)	-1.5 (67)	4.4 (83)	18.2 (52)	13.8 (53)	-2.0 (49)	12.5 (91)
FRS 2035 Retirement Date Fund	21.1 (77)	-6.7 (37)	19.8 (27)	9.1 (17)	-1.4 (51)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)
2035 Retirement Custom Index	20.8 (82)	-6.8 (38)	18.9 (54)	8.3 (43)	-1.7 (67)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)
FRS 2040 Retirement Date Fund	22.5 (70)	-7.5 (39)	20.9 (28)	9.2 (17)	-1.4 (55)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)
2040 Retirement Custom Index	22.1 (82)	-7.5 (39)	20.4 (45)	8.6 (43)	-1.7 (69)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)
FRS 2045 Retirement Date Fund	23.4 (72)	-8.0 (49)	21.5 (26)	9.4 (18)	-1.5 (53)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)
2045 Retirement Custom Index	23.0 (84)	-8.0 (49)	21.2 (39)	8.9 (36)	-1.7 (64)	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)
FRS 2050 Retirement Date Fund	24.0 (75)	-8.4 (55)	21.6 (32)	9.5 (20)	-1.5 (60)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)
2050 Retirement Custom Index	23.6 (78)	-8.4 (55)	21.3 (52)	8.9 (37)	-1.7 (65)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)
FRS 2055 Retirement Date Fund	24.1 (80)	-8.4 (53)	21.5 (47)	9.3 (27)	-1.4 (54)	4.4 (81)	22.3 (72)	15.8 (45)	-	-
2055 Retirement Custom Index	23.7 (83)	-8.4 (53)	21.3 (55)	8.9 (33)	-1.7 (63)	4.3 (81)	22.4 (71)	15.2 (75)	-	-
FRS 2060 Retirement Date Fund	24.2 (79)	-8.3 (52)	-	-	-	-	-	-	-	-
2060 Retirement Custom Index	23.7 (83)	-8.4 (53)	-	-	-	-	-	-	-	-



As of September 30, 2020

**Asset Allocation & Performance**

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cash	2.4 (1)	2.2 (1)	1.2 (1)	0.6 (1)	0.2 (1)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
FRS Money Market Fund	2.4 (1)	2.2 (1)	1.2 (1)	0.6 (1)	0.2 (1)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)
iMoneyNet 1st Tier Institutional Net Index	2.1 (22)	1.8 (17)	0.9 (17)	0.3 (19)	0.0 (20)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)
<b>Real Assets</b>										
FRS Inflation Sensitive Fund	13.0	-5.5	8.1	6.0	-7.9	3.2	-9.1	9.1	7.4	11.7
FRS Custom Multi-Assets Index	13.0	-5.5	8.1	6.2	-5.0	1.8	-8.9	6.6	4.6	13.0
<b>Fixed Income</b>	<b>9.8 (1)</b>	<b>-0.1 (94)</b>	<b>4.4 (2)</b>	<b>4.7 (8)</b>	<b>0.3 (81)</b>	<b>4.7 (1)</b>	<b>-1.1 (84)</b>	<b>6.0 (36)</b>	<b>6.7 (1)</b>	<b>7.6 (30)</b>
Total Bond Index	9.2 (1)	-0.1 (94)	3.9 (3)	4.3 (9)	0.1 (89)	4.9 (1)	-1.2 (87)	4.8 (62)	7.4 (1)	7.0 (35)
FRS U.S. Bond Enhanced Index Fund	8.7 (33)	0.0 (66)	3.6 (32)	2.7 (1)	0.7 (38)	6.2 (36)	-2.0 (17)	4.4 (13)	7.9 (67)	6.7 (48)
Blmbg. Barc. U.S. Aggregate	8.7 (33)	0.0 (66)	3.5 (32)	2.6 (1)	0.5 (46)	6.0 (37)	-2.0 (18)	4.2 (14)	7.8 (68)	6.5 (49)
FRS Core Plus Bond Fund	11.0 (15)	-0.5 (42)	5.3 (23)	5.7 (23)	0.1 (43)	4.6 (82)	0.8 (19)	11.1 (17)	4.6 (86)	10.1 (30)
FRS Custom Core-Plus Fixed Income Index	10.0 (35)	-0.4 (36)	4.2 (62)	4.9 (37)	0.2 (36)	5.1 (75)	0.8 (18)	7.8 (53)	7.6 (29)	9.1 (41)
<b>Domestic Equity</b>	<b>30.1 (41)</b>	<b>-6.5 (45)</b>	<b>20.8 (48)</b>	<b>13.7 (29)</b>	<b>0.7 (35)</b>	<b>11.5 (42)</b>	<b>35.2 (43)</b>	<b>16.9 (33)</b>	<b>0.3 (38)</b>	<b>20.4 (20)</b>
Total U.S. Equities Index	30.0 (41)	-6.5 (45)	19.6 (55)	14.9 (23)	-0.5 (45)	11.1 (47)	34.0 (54)	16.5 (37)	-0.1 (41)	19.3 (27)
FRS U.S. Stock Market Index Fund	31.1 (48)	-5.2 (57)	21.2 (56)	12.9 (26)	0.6 (54)	12.6 (34)	33.6 (40)	16.5 (39)	1.0 (39)	17.1 (19)
Russell 3000 Index	31.0 (48)	-5.2 (58)	21.1 (56)	12.7 (27)	0.5 (55)	12.6 (35)	33.6 (40)	16.4 (40)	1.0 (39)	16.9 (21)
FRS U.S. Stock Fund	-	-	-	-	-	-	-	-	-	-
Russell 3000 Index	-	-	-	-	-	-	-	-	-	-
<b>International/Global Equity</b>	<b>23.7 (37)</b>	<b>-13.5 (28)</b>	<b>28.6 (50)</b>	<b>4.5 (42)</b>	<b>-2.6 (49)</b>	<b>-3.2 (42)</b>	<b>21.6 (33)</b>	<b>18.6 (53)</b>	<b>-11.3 (23)</b>	<b>10.1 (74)</b>
Total Foreign and Global Equities Index	22.3 (46)	-14.0 (33)	27.3 (60)	4.9 (38)	-4.4 (56)	-3.0 (41)	20.6 (39)	16.6 (72)	-11.3 (23)	10.1 (74)
FRS Foreign Stock Index Fund	22.3 (46)	-14.7 (40)	28.3 (53)	5.3 (37)	-4.4 (56)	-4.5 (55)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)
MSCI All Country World ex-U.S. IMI Index	21.6 (52)	-14.8 (41)	27.8 (56)	4.4 (42)	-4.6 (56)	-4.2 (51)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)
FRS Global Stock Fund	30.5 (20)	-5.6 (19)	29.3 (18)	2.2 (81)	5.6 (12)	3.7 (44)	27.1 (41)	21.0 (15)	-7.4 (46)	13.0 (55)
MSCI All Country World Index Net	26.6 (45)	-9.4 (46)	24.0 (40)	7.9 (46)	-2.4 (56)	4.2 (39)	22.8 (60)	16.3 (38)	-5.5 (35)	11.8 (60)
FRS Foreign Stock Fund	27.4 (5)	-14.9 (48)	31.2 (5)	1.0 (60)	-0.5 (20)	-2.3 (16)	20.6 (60)	19.6 (37)	-13.3 (59)	9.8 (35)
MSCI All Country World ex-U.S. Index	21.5 (55)	-14.2 (30)	27.2 (23)	5.0 (10)	-5.3 (73)	-3.4 (18)	15.8 (80)	17.4 (67)	-13.3 (60)	11.6 (20)

**FRS Self-Dir Brokerage Acct**

The returns for the Retirement Date Funds, Inflation Sensitive Fund, Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



**FRS Investment Plan**

As of September 30, 2020

**Asset Allocation**

Asset Allocation as of 9/30/2020	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Fund	99,428,308	91,311,712	221,853,640	263,789,390			676,383,050	5.5%
FRS 2020 Retirement Date Fund	107,268,101	99,280,051	166,607,901	197,418,951			570,575,004	4.7%
FRS 2025 Retirement Date Fund	199,619,887	184,387,847	213,248,553	204,430,004			801,686,291	6.6%
FRS 2030 Retirement Date Fund	227,181,379	209,067,249	175,103,255	143,403,528			754,755,411	6.2%
FRS 2035 Retirement Date Fund	244,996,090	225,822,483	139,896,318	99,418,703			710,133,595	5.8%
FRS 2040 Retirement Date Fund	248,316,923	229,017,680	101,642,678	64,330,809			643,308,090	5.3%
FRS 2045 Retirement Date Fund	261,758,119	241,622,879	73,619,471	52,225,778			629,226,247	5.1%
FRS 2050 Retirement Date Fund	171,682,824	158,233,017	31,646,603	34,020,099			395,582,543	3.2%
FRS 2055 Retirement Date Fund	102,859,700	94,856,886	17,182,513	20,477,789			235,376,888	1.9%
FRS 2060 Retirement Date Fund	35,764,234	32,981,662	5,974,346	7,120,111			81,840,353	0.7%
<b>Total Retirement Date Funds</b>	<b>\$ 1,663,111,330</b>	<b>\$ 1,533,599,804</b>	<b>\$ 1,140,800,934</b>	<b>\$ 1,079,515,052</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,498,867,473</b>	<b>45.0%</b>
FRS Money Market Fund					1,145,045,413		1,145,045,413	9.4%
<b>Total Cash</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,145,045,413</b>	<b>\$ -</b>	<b>\$ 1,145,045,413</b>	<b>9.4%</b>
FRS Inflation Sensitive Fund				111,966,847			111,966,847	0.9%
<b>Total Real Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 111,966,847</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 111,966,847</b>	<b>0.9%</b>
FRS U.S. Bond Enhanced Index Fund			313,829,484				313,829,484	2.6%
FRS Core Plus Bond Fund			451,573,449				451,573,449	3.7%
<b>Total Fixed Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 765,402,932</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 765,402,932</b>	<b>6.3%</b>
FRS U.S. Stock Market Index Fund	1,206,165,838						1,206,165,838	9.9%
FRS U.S. Stock Fund	1,823,753,507						1,823,753,507	14.9%
<b>Total Domestic Equity</b>	<b>\$ 3,029,919,345</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,029,919,345</b>	<b>24.8%</b>
FRS Foreign Stock Index Fund		258,190,768					258,190,768	2.1%
FRS Global Stock Fund		321,299,464					321,299,464	2.6%
FRS Foreign Stock Fund		167,613,851					167,613,851	1.4%
<b>Total International/Global Equity</b>	<b>\$ -</b>	<b>\$ 747,104,083</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 747,104,083</b>	<b>6.1%</b>
FRS Self-Dir Brokerage Acct						920,207,218	920,207,218	7.5%
<b>Total Self-Dir Brokerage Acct</b>						<b>\$ 920,207,218</b>	<b>\$ 920,207,218</b>	<b>7.5%</b>
<b>Total Portfolio</b>	<b>\$ 4,693,030,675</b>	<b>\$ 2,280,703,887</b>	<b>\$ 1,906,203,867</b>	<b>\$ 1,191,481,899</b>	<b>\$ 1,145,045,413</b>	<b>\$ 920,207,218</b>	<b>\$ 12,218,513,311</b>	<b>100.0%</b>
<b>Percent of Total</b>	<b>38.5%</b>	<b>18.7%</b>	<b>15.6%</b>	<b>9.8%</b>	<b>9.4%</b>	<b>7.5%</b>	<b>100.0%</b>	

The returns for the Retirement Date Funds, Inflation Sensitive Fund and Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter. Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.



As of September 30, 2020

Multi Timeperiod Statistics

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	6.39	12.44	0.42	0.59	0.94	103.71	101.22
FRS Retirement Fund	5.29	7.55	0.49	0.46	0.53	102.85	101.41
FRS 2020 Retirement Date Fund	5.54	8.79	0.46	0.49	0.53	102.11	100.40
FRS 2025 Retirement Date Fund	5.82	10.19	0.44	0.47	0.58	101.61	99.82
FRS 2030 Retirement Date Fund	5.92	11.48	0.41	0.49	0.40	100.91	99.71
FRS 2035 Retirement Date Fund	6.04	12.61	0.39	0.52	0.33	100.60	99.61
FRS 2040 Retirement Date Fund	6.10	13.70	0.38	0.52	0.20	100.26	99.66
FRS 2045 Retirement Date Fund	6.13	14.55	0.36	0.54	0.18	100.11	99.54
FRS 2050 Retirement Date Fund	6.08	15.11	0.35	0.56	0.20	100.03	99.37
FRS 2055 Retirement Date Fund	6.15	15.21	0.36	0.54	0.35	100.38	99.40
FRS 2060 Retirement Date Fund	6.21	15.22	0.36	0.55	0.45	100.56	99.29
FRS Money Market Fund	1.85	0.22	1.16	0.07	3.92	118.93	N/A
FRS Inflation Sensitive Fund	2.30	8.99	0.11	1.17	0.25	105.99	104.21
FRS U.S. Bond Enhanced Index Fund	5.30	3.40	1.05	0.16	0.36	101.46	102.25
FRS Core Plus Bond Fund	5.60	4.68	0.82	1.62	0.26	112.65	121.52
FRS U.S. Stock Market Index Fund	11.71	18.45	0.60	0.05	1.17	100.21	100.03
FRS U.S. Stock Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Foreign Stock Index Fund	1.44	16.64	0.07	1.20	0.27	100.79	99.34
FRS Global Stock Fund	13.77	17.67	0.72	3.43	1.80	115.11	88.51
FRS Foreign Stock Fund	5.67	17.32	0.31	3.43	1.33	114.41	94.34

The returns for the Retirement Date Funds, Inflation Sensitive Fund, Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



As of September 30, 2020

Multi Timeperiod Statistics

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	8.41	10.44	0.71	0.55	0.78	103.08	101.17
FRS Retirement Fund	6.19	6.42	0.77	0.42	0.44	101.94	100.67
FRS 2020 Retirement Date Fund	7.25	7.64	0.79	0.46	0.61	102.21	100.26
FRS 2025 Retirement Date Fund	7.96	8.82	0.77	0.48	0.61	101.59	99.32
FRS 2030 Retirement Date Fund	8.48	9.93	0.74	0.50	0.50	101.39	99.83
FRS 2035 Retirement Date Fund	9.03	10.94	0.73	0.55	0.61	101.81	100.05
FRS 2040 Retirement Date Fund	9.27	11.80	0.71	0.56	0.36	100.80	99.62
FRS 2045 Retirement Date Fund	9.42	12.43	0.69	0.62	0.22	100.10	99.01
FRS 2050 Retirement Date Fund	9.41	12.83	0.67	0.62	0.25	100.18	98.99
FRS 2055 Retirement Date Fund	9.43	12.90	0.67	0.61	0.31	100.32	99.02
FRS 2060 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	1.42	0.23	1.93	0.06	4.99	126.60	N/A
FRS Inflation Sensitive Fund	3.57	7.64	0.34	1.23	0.18	105.69	105.48
FRS U.S. Bond Enhanced Index Fund	4.26	3.17	0.96	0.13	0.58	101.48	100.78
FRS Core Plus Bond Fund	5.31	4.09	0.98	1.33	0.45	114.69	118.48
FRS U.S. Stock Market Index Fund	13.78	15.47	0.83	0.05	1.62	100.28	99.94
FRS U.S. Stock Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Foreign Stock Index Fund	6.64	14.61	0.43	1.36	0.22	99.88	97.99
FRS Global Stock Fund	14.70	15.11	0.90	3.38	1.20	112.21	92.04
FRS Foreign Stock Fund	9.08	15.03	0.57	3.59	0.73	107.61	94.80

The returns for the Retirement Date Funds, Inflation Sensitive Fund, Core Plus Bond Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.



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## Appendix

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As of September 30, 2020

## Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Multi-Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI AC World Index and the Bloomberg Commodity Total Return Index, NAREIT Developed Index, S&P Global Infrastructure Index, S&P Global Natural Resources Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

FRS Custom Core-Plus Fixed Income Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 24 emerging countries, excluding the U.S. market.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 47 developed and emerging countries, including the U.S. and Canadian markets.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 24 emerging countries, but excluding the U.S.



As of September 30, 2020

## Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Money Market Fund - A money market universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Lipper.

FRS Core Plus Bond Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large cap blend universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

FRS Global Stock Fund - A global stock universe calculated and provided by Lipper.

FRS Foreign Stock Fund - A foreign large blend universe calculated and provided by Lipper.





## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.



## Disclaimer

Past performance is not necessarily indicative of future results.

Unless otherwise noted, performance returns presented reflect the respective fund's performance as indicated. Returns may be presented on a before-fees basis (gross) or after-fees basis (net). After-fee performance is net of each respective sub-advisors' investment management fees and include the reinvestment of dividends and interest as indicated on the notes page within this report or on the asset allocation and performance summary pages. Actual returns may be reduced by Aon Investments' investment advisory fees or other trust payable expenses you may incur as a client. Aon Investments' advisory fees are described in Form ADV Part 2A. Portfolio performance, characteristics and volatility also may differ from the benchmark(s) shown.

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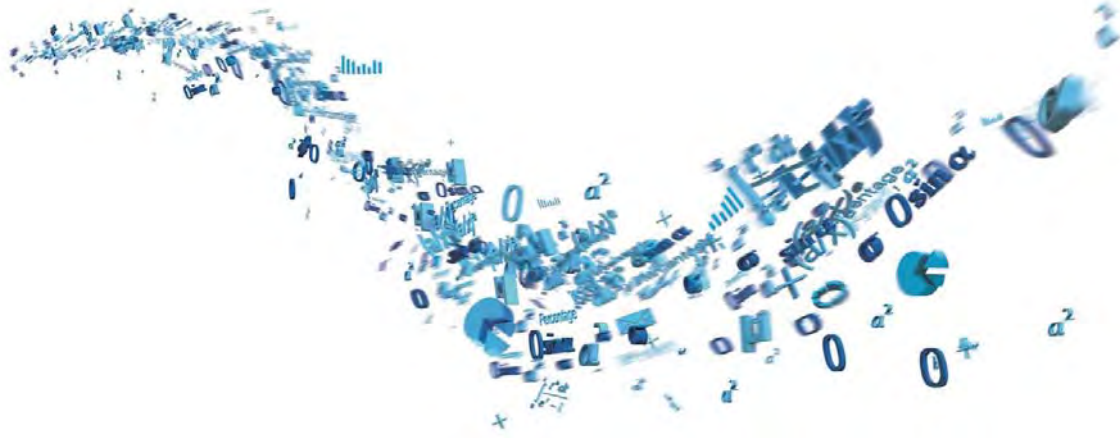
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Lawton Chiles Endowment Fund | Third Quarter 2020

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## Quarterly Investment Review

Visit the Investments Thought Leadership Site (<https://insights-north-america.aon.com/investment>); sharing our best thinking.



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## LCEF Total Fund

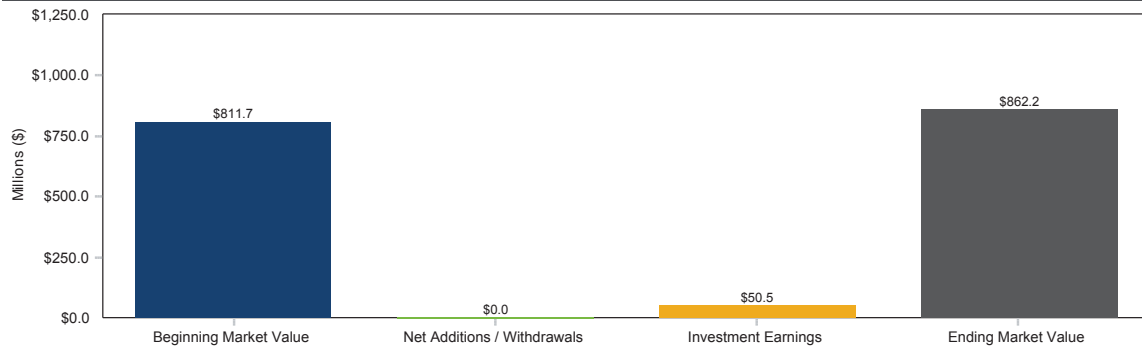


LCEF Total Fund

As of September 30, 2020

### Total Plan Asset Summary

### Change in Market Value From July 1, 2020 to September 30, 2020



### Summary of Cash Flow

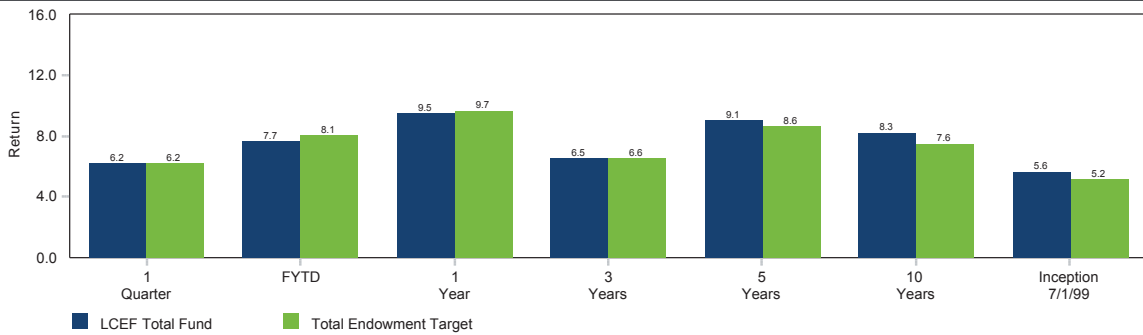
	1 Quarter	FYTD*	1 Year
Beginning Market Value	811,698,985	811,698,985	794,952,566
+ Additions / Withdrawals	-	-	-8,002,000
+ Investment Earnings	50,475,286	50,475,286	75,223,704
= Ending Market Value	862,174,271	862,174,271	862,174,271

\*Period July 2020 - September 2020

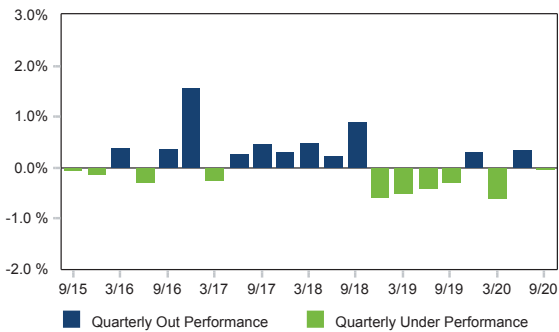


## Total Plan Performance Summary

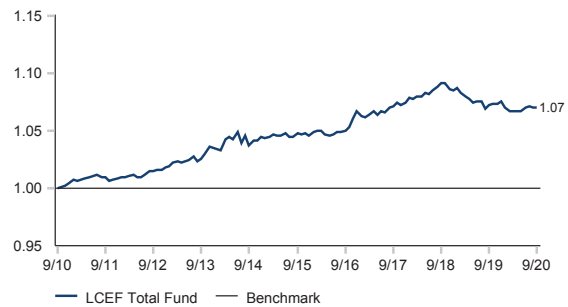
## Return Summary



## Quarterly Excess Performance



## Ratio of Cumulative Wealth - 10 Years



## Asset Allocation &amp; Performance

	Allocation			Performance(%)					
	Market Value (\$)	%	Policy(%)	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	862,174,271	100.0	100.0	6.2 (21)	7.7 (26)	9.5 (23)	6.5 (26)	9.1 (8)	8.3 (11)
Total Endowment Target				6.2 (20)	8.1 (19)	9.7 (20)	6.6 (26)	8.6 (14)	7.6 (24)
Global Equity*	630,180,578	73.1	71.0	8.0	7.0	9.4	6.7	10.7	10.7
Global Equity Target				8.1	7.5	9.6	6.6	10.1	9.7
Fixed Income	134,725,833	15.6	17.0	0.6	7.6	7.2	5.4	4.3	3.8
Bimbg. Barc. U.S. Aggregate				0.6	7.5	7.0	5.2	4.2	3.6
TIPS	88,601,190	10.3	11.0	3.1	9.2	10.2	5.9	4.8	3.7
Barclays U.S. TIPS				3.0	9.1	10.1	5.8	4.6	3.6
Cash Equivalents	8,666,669	1.0	1.0	0.1	1.6	1.4	2.0	1.5	1.0
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.0	1.3	1.0	1.6	1.2	0.6

Benchmark and universe descriptions are provided in the Appendix.

\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of September 30, 2020

Calendar Year Performance

	Performance(%)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>LCEF Total Fund</b>	20.1 (24)	-6.1 (65)	18.5 (7)	9.2 (9)	-1.4 (48)	5.2 (43)	14.7 (49)	13.2 (26)	1.9 (16)	14.0 (19)
Total Endowment Target	21.2 (14)	-7.0 (84)	17.7 (12)	7.0 (41)	-1.6 (52)	4.3 (59)	12.8 (65)	12.2 (52)	1.5 (19)	13.7 (23)
<b>Global Equity*</b>	25.0	-8.5	24.5	11.4	-1.9	5.3	27.1	20.4	-1.1	17.0
Global Equity Target	26.4	-9.8	24.1	8.4	-2.4	3.9	24.1	19.4	-2.2	16.1
<b>Fixed Income</b>	8.7	0.1	3.7	2.7	0.6	6.0	-1.8	4.6	7.6	7.0
Bimbg. Barc. U.S. Aggregate	8.7	0.0	3.5	2.6	0.5	6.0	-2.0	4.2	7.8	6.5
<b>TIPS</b>	8.5	-1.1	3.2	4.8	-1.2	3.5	-8.7	7.2	13.6	6.1
Barclays U.S. TIPS	8.4	-1.3	3.0	4.7	-1.4	3.6	-8.6	7.0	13.6	6.3
<b>Cash Equivalents</b>	2.6	2.3	1.2	0.7	0.5	0.2	0.2	1.3	0.1	2.0
S&P US AAA & AA Rated GIP 30D Net Yield Index	2.2	1.8	0.9	0.4	0.1	0.0	0.1	0.1	0.2	0.3

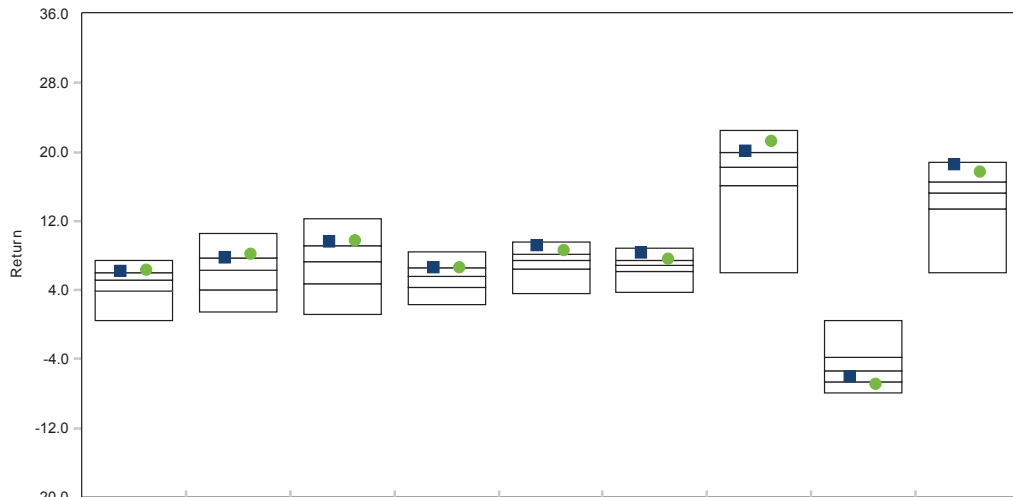
\*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of September 30, 2020

Plan Sponsor Peer Group Analysis

All Endowments-Total Fund

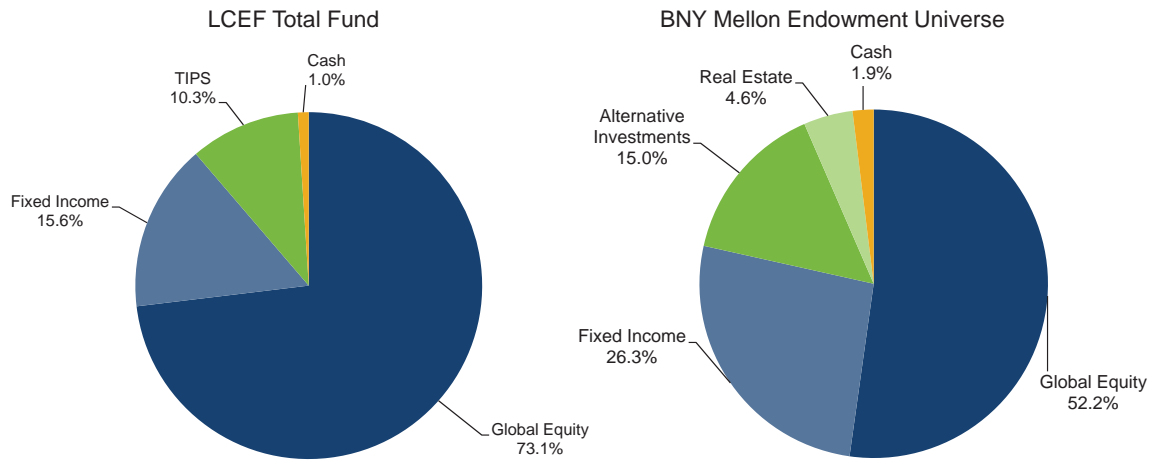


	1 Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	2019	2018	2017
■ LCEF Total Fund	6.2 (21)	7.7 (26)	9.5 (23)	6.5 (26)	9.1 (8)	8.3 (11)	20.1 (24)	-6.1 (65)	18.5 (7)
● Total Endowment Target	6.2 (20)	8.1 (19)	9.7 (20)	6.6 (26)	8.6 (14)	7.6 (24)	21.2 (14)	-7.0 (84)	17.7 (12)
5th Percentile	7.4	10.5	12.3	8.4	9.6	8.9	22.4	0.5	18.9
1st Quartile	6.0	7.7	9.1	6.6	8.1	7.4	20.0	-3.8	16.5
Median	5.2	6.3	7.2	5.5	7.4	6.9	18.2	-5.4	15.3
3rd Quartile	3.9	4.1	4.7	4.4	6.4	6.2	16.1	-6.6	13.4
95th Percentile	0.5	1.4	1.2	2.4	3.6	3.7	6.0	-8.0	6.0
Population	338	326	329	306	277	188	496	473	415

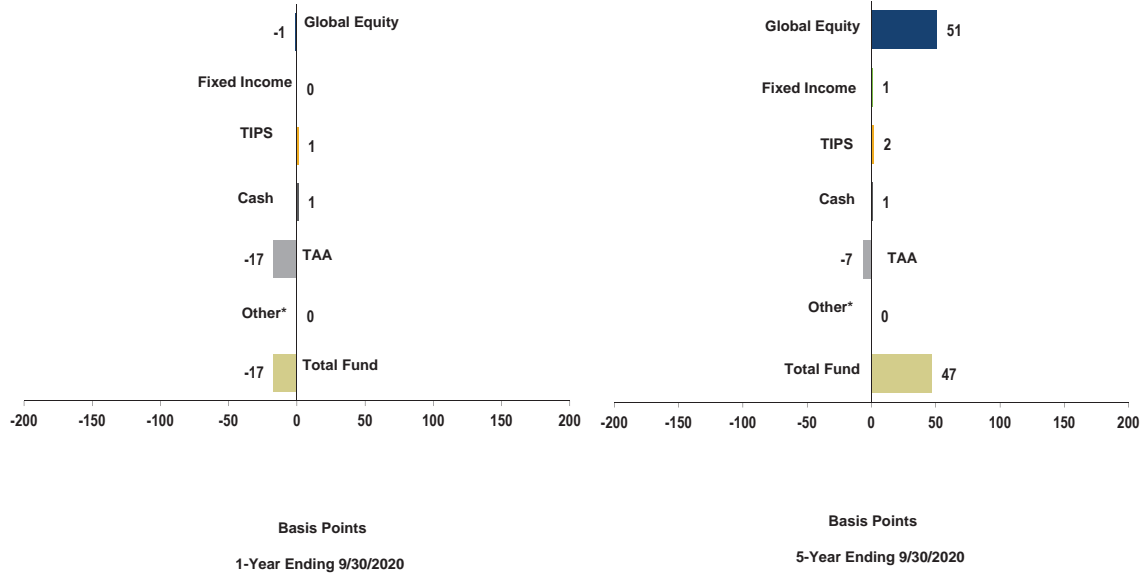
Parentheses contain percentile rankings.



Universe Asset Allocation Comparison



Attribution



\*Other includes differences between official performance value added due to methodology and extraordinary payouts.





## Appendix

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As of September 30, 2020

### Benchmark Descriptions

#### LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

#### Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 7/1/2014 forward, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. From 10/1/2013 to 6/30/2014, a custom version of the MSCI ACWI IMI adjusted to reflect a 55% fixed weight in the MSCI USA IMI and a 45% fixed weight in the MSCI ACWI ex-USA IMI, and excluding certain equities of tobacco-related companies. From 9/1/2012 to 9/30/2013, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. Prior to 9/1/2012, the benchmark is a weighted average of both the Domestic Equities and Foreign Equities historical benchmarks.

#### Total Domestic Equities

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

#### Total Foreign Equities

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 46 countries, but excluding the United States. The index includes 23 developed and 24 emerging market countries, and excludes tobacco companies.

#### Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The index also includes credit card, auto, and home equity loan-backed securities. This index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

#### Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

#### Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.





As of September 30, 2020

## Universe Descriptions

### LCEF Total Fund

A universe comprised of 507 total endowment portfolio returns, net of fees, calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$391.2 billion as of quarter-end and the average market value was \$771.6 million.

### Total Fixed Income

A universe comprised of 44 total fixed income portfolio returns, net of fees, of endowment plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$295.8 billion as of quarter-end and the average market value was \$6.7 billion.



As of September 30, 2020

## Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.



## Notes

- The rates of return contained in this report are shown on an after-fees basis unless otherwise noted. They are geometric and time-weighted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum to 100%. Additionally, individual fund totals in dollar terms may not sum to the plan total.



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To: Trustees of the State Board of Administration of Florida (SBA)

From: Vinny Olmstead, Chairman, Investment Advisory Council (IAC) of the State Board of Administration of Florida (SBA)

Date: October 1, 2020

Subject: 2020 Investment Advisory Council Compensation Subcommittee Update

---

As Chairman and on behalf of the IAC of the SBA, I am writing to convey the support of the full IAC of the Compensation Subcommittee's recommendation for adjustments to Ash Williams' base salary and a maximum award for the subjective portion of his incentive compensation program's annual evaluation. The attached memo from the Compensation Subcommittee to the full IAC provides the full details and justification for the recommendation.

In addition to the attached memo and recommendation regarding the Executive Director and Chief Investment Officer's annual evaluation, the full IAC voted to move forward with a full review of the Board's incentive compensation program. It has been five years since its full implementation, and IAC believed this is a good point to review the SBA's program in comparison with peers to ascertain the program's efficacy and whether modifications should be considered with respect to compensation levels, risk measures composition, etc. This was also a recommendation of the most recent triennial Governance, Risk and Compliance review in 2018.

A handwritten signature in black ink, appearing to read "Vinny Olmstead". The signature is fluid and cursive, with a large initial "V" and "O".

Dear Members of the Investment Advisory Council:

The Investment Advisory Council (IAC) Compensation Subcommittee met by video conference on Thursday, September 24, 2020 at 1:00 p.m. I was joined on the call by fellow Compensation Subcommittee members Peter Collins, Gary Wendt and Ambassador Chuck Cobb, as well as fellow IAC member Peter Jones. Also in attendance were Ash Williams, SBA staff and Josh Wilson and Jon Mason from Mercer.

The purpose of this meeting was to review Mercer's compilation of Subcommittee member individual evaluations of Ash as Executive Director and CIO of the SBA and vote on recommendations relating to the qualitative component of Ash's incentive compensation plan and any adjustment in his base compensation.

After opening remarks from myself and Ash, Mercer presented its compilation of Subcommittee member evaluations, noting Ash received high marks in all categories and the highest marks in performance areas relating to the organization's mission, efficiencies/operations/infrastructure and his overall performance. Mercer then presented its analysis of the EDCIO's base-pay compensation among peers, noting that while no market adjustment is currently necessary, it would be appropriate to award a modest merit adjustment, if the Subcommittee determined an adjustment was warranted in light of the Subcommittee's view of Ash's performance, experience and tenure.

Following Mercer's presentation, the Subcommittee engaged in a thorough discussion of Ash's performance and a number of questions were posed to Mercer. Among them were whether Mercer's salary data accounted for the fact that Ash's role is a combined role of Executive Director and CIO and whether Ash's total compensation (salary and incentive) was significantly below market, even though his base salary was currently at market. Mercer indicated they would provide the Subcommittee with this additional detail. In general, I believe it is fair to say that all Subcommittee members believed Ash's performance not only warranted a merit adjustment and the maximum qualitative award under the incentive plan, but that his total cash compensation should be higher, driven by greater potential economic awards under the incentive compensation plan.

Accordingly, upon conclusion of the discussion, the Subcommittee members unanimously voted to recommend the following to the full IAC:

1. Ash be awarded a 3% merit adjustment to his base salary of \$575,000, increasing his base compensation to \$592,250.
2. Ash be rated at maximum under the qualitative portion of his incentive compensation plan, resulting in a qualitative award of \$41,344 if the SBA triggers an incentive payout this year.
3. The IAC Compensation Subcommittee, working with SBA staff and Mercer, should review the SBA's incentive compensation plan to reassess whether current economics, award thresholds, risk measures, composition and structure need to be adjusted to more closely align the SBA's plan with current market economics and further improve staff alignment of interest with increasing plan performance.

On the third point, it is important to note that it has been over five years since the SBA's incentive compensation program was put into place. In light of the passing of time and actual experience, the Subcommittee believes it is appropriate to review whether the Plan's current structure, composition,

thresholds and gating mechanisms are meeting objectives or whether certain aspects of the Plan could be improved to increase staff performance and minimize unintended consequences.

A day after the Compensation Subcommittee meeting, Mercer provided written answers to the questions raised by the IAC members during the meeting and specifically noted that only three of the 14 peer members referenced in Mercer's memo dated September 14, 2020 combine the roles of Executive Director and Chief Investment Officer. Mercer indicated that those plans that combined the roles were smaller plans, and the combined role did not garner more compensation than that of a sole CIO role at a larger organization.

Mercer also indicated that for the top 14 peers, some of whom do not offer incentive compensation programs, the maximum total cash compensation opportunity at the 75<sup>th</sup> percentile was approximately \$1.1 million. Among the 14 peers that offer incentive compensation, the maximum total cash compensation at the 75<sup>th</sup> percentile was approximately \$1.8 million, which is more than twice the maximum total cash compensation opportunity available currently to Ash as EDCIO of the SBA. In my opinion, this information only further supports the recommendations of the Compensation Subcommittee with respect to Ash in particular and supports the recommendation to review and possibly reassess the SBA's incentive compensation program as a matter of best practice.

Sincerely,

A handwritten signature in black ink, appearing to read "Vinny Olmstead". The signature is stylized and somewhat cursive, with a large loop at the end.

Vinny Olmstead, Chair, IAC Compensation Subcommittee



**Investment Advisory Council  
Compensation Subcommittee Conference Call  
September 24, 2020**



**Agenda**  
**Investment Advisory Council (IAC) Compensation**  
**Subcommittee Conference Call**

Tuesday, September 24, 2020

- 
- |  |   |
|--|---|
| <b>1. Welcome/Call to Order/Approval of Minutes of September 3, 2019 Meeting (Attachments 1A and 1B)</b>                             | Vinny Olmstead, Chair                     |
| <b>2. Opening Remarks</b>  | Vinny Olmstead, Chair                     |
| <b>Opening Remarks</b>   | Ash Williams,<br>Executive Director & CIO |
| <b>3. Recap of ED/CIO's FY 2019-20 Incentive Plan Design (Attachment 2)</b>  | Jon Mason, Mercer                         |
| <b>4. Presentation of Results of ED/CIO's Evaluation and Mercer's Salary Recommendation (Attachments 3A, 3B, Appendix to 3B, 3C)</b> | Jon Mason, Mercer                         |
| <b>5. Transition of Chair</b>  |   |
| <b>6. Discussion of Evaluation Results and Salary Recommendation by Subcommittee</b>   | Vinny Olmstead, Chair                     |
| <b>7. Formulation of Recommendation to IAC and Trustees</b>  | Vinny Olmstead, Chair                     |
| <b>8. ACTION REQUESTED: Approval of Recommendation</b>   | Vinny Olmstead, Chair                     |
| <b>9. Other Business/Audience Comments/Closing Remarks<br/>Adjournment<br/>(Attachment 4, Information Only)</b>                      |   |

# **Attachment 1A**



**MINUTES**  
**INVESTMENT ADVISORY COUNCIL**  
**COMPENSATION SUBCOMMITTEE CONFERENCE CALL**  
**September 3, 2019**

A special meeting of the Investment Advisory Council (IAC) Compensation Subcommittee was held on Tuesday, September 3, 2019, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the September 3, 2019 meeting is hereby incorporated into these minutes.

IAC Members: Vinny Olmstead, Chair (Via telephone)  
Chuck Cobb (Via telephone)  
Peter Collins (Via telephone)  
Gary Wendt (Via telephone)  
Peter Jones (Via telephone)

SBA Employees: Ash Williams, Executive Director & CIO  
Kent Perez  
Lamar Taylor  
Randy Harrison  
Gregory Ortego  
John Kuczwanski

Consultants: Jon Mason, Mercer (Via telephone)  
Josh Wilson, Mercer (Via telephone)

**WELCOME/CALL TO ORDER/APPROVAL OF MINUTES OF SEPT. 10, 2018 MEETING**

The meeting was called to order at 4:02 PM. Mr. Vinny Olmstead, Chair, IAC Compensation Subcommittee, welcomed everyone. Mr. Olmstead made a motion to approve the minutes from the September 10, 2018 IAC Compensation Subcommittee conference call; Mr. Peter Collins seconded the motion. The minutes were approved.

**OPENING REMARKS**

Mr. Olmstead clarified that, in addition to himself, the other IAC Compensation Subcommittee members are Mr. Gary Wendt, Mr. Peter Collins, and Mr. Chuck Cobb; Mr. Peter Jones was on the conference call as an observer. Mr. Olmstead reminded everyone that the purpose of the meeting was to review the incentive plan design and the Executive Director/CIO's (ED/CIO) compensation and to make recommendations to the full Investment Advisory Council. He stated that Mr. Jon Mason, Mercer, would present Mercer's findings on the ED/CIO's performance evaluation. Mr. Olmstead stated that the evaluation process was a good one and that it was comprehensive.

Mr. Ash Williams, ED/CIO, reported that the updated performance number for the Florida Retirement System Pension Plan for the fiscal year-end was 6.26 percent, 59 basis points ahead of target. He commented that the incentive compensation plan is working very well and that the SBA team is stable. Mr. Williams explained that the SBA is currently in a good position where it can recruit, motivate and retain employees who are capable of managing more money in-house. He concluded his remarks by stating that the aggregate return environment continues to be under pressure.

IAC members asked questions which were answered by Mr. Williams and Mr. Lamar Taylor.

**RECAP OF ED/CIO'S FY2018-19 INCENTIVE PLAN DESIGN**

Mr. Jon Mason directed the IAC members' attention to Attachment 2, the Incentive Plan Design for the ED/CIO for Fiscal Year 2018-19. He explained that there is an organizational (quantitative) component and an individual (qualitative) component of the plan and that the individual component is 15 percent of the total award.

Questions were answered by Mr. Mason, Mr. Taylor, Mr. Williams, and Mr. Olmstead.

**PRESENTATION OF RESULTS OF ED/CIO'S EVALUATION AND MERCER'S SALARY RECOMMENDATION**

Mr. Mason discussed the results of the ED/CIO evaluation, explaining that there were high performance scores for Mr. Williams and positive comments for the job that Mr. Williams is doing. He provided details on the evaluation process, discussing the three reference points that Mercer used for its recommendation: the median of the top five public pension funds, the 75<sup>th</sup> percentile of the Larger Public Pension Funds peer group, and the 75<sup>th</sup> percentile of the Broader Public Pension Funds peer group. Mr. Mason stated that Mercer's recommendation is an annual salary for the ED/CIO of approximately \$575,000.

**DISCUSSION OF EVALUATION RESULTS AND SALARY RECOMMENDATION BY SUBCOMMITTEE**

IAC members discussed the salary recommendation and asked several questions which were answered by Mr. Mason, Mr. Williams, Mr. Taylor, and Mr. Josh Wilson, Mercer.

**FORMULATION OF RECOMMENDATION TO IAC AND TRUSTEES**

Mr. Cobb stated that performance has been outstanding, and leadership has been great. He recommended near the maximum for both the salary and the discretionary bonus, adding that he believes the performance compared to peers should be considered.

Mr. Collins commented on the talent at the SBA, the performance results, the professionalism and the low cost, further stating that he supported the maximum on the 15 percent for the individual award and he supported the salary increase to \$575,000.

Mr. Wendt stated that the SBA is an excellent run organization, that Mr. Williams has done an excellent job, and that he believed that the maximum amount should be awarded wherever possible.

Mr. Olmstead stated that he agreed with the comments of the other subcommittee members.

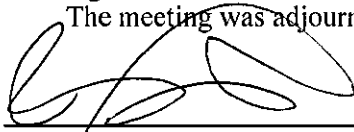
**ACTION REQUESTED: APPROVAL OF RECOMMENDATION**

Mr. Olmstead made a motion that the subcommittee approve the recommendation for the ED/CIO individual component of \$35,831. Mr. Cobb seconded the motion. The motion passed. Mr. Olmstead made a motion to increase the ED/CIO annual salary to \$575,000. Mr. Collins seconded the motion. The motion passed.

**OTHER BUSINESS/AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURNMENT**

Mr. Williams thanked the IAC Compensation Subcommittee members for their time, for their effort, and for their kind remarks. He explained the process whereby the IAC Compensation Subcommittee chair will send a letter to the members of the full Investment Advisory Council outlining the substance of the subcommittee review, together with the conclusions in the form of a recommendation. That recommendation will then be presented at the upcoming quarterly IAC meeting and will be voted on by the full IAC.

The meeting was adjourned at 4:58 PM.

  
\_\_\_\_\_  
Vinny Olmstead, Chair  
IAC Compensation Subcommittee

10/9/19  
\_\_\_\_\_  
Date

# **Attachment 1B**

September 03, 2019

STATE BOARD OF ADMINISTRATION OF FLORIDA

INVESTMENT ADVISORY COUNCIL  
COMPENSATION SUBCOMMITTEE  
CONFERENCE CALL

TUESDAY, SEPTEMBER 3, 2019  
4:02 P.M. - 4:58 P.M.

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September 03, 2019

APPEARANCES

Page 2

IAC MEMBERS:

VINNY OLMSTEAD, CHAIR  
CHUCK COBB  
PETER COLLINS  
GARY WENDT  
PETER JONES

SBA EMPLOYEES:

ASH WILLIAMS, EXECUTIVE DIRECTOR AND CIO  
KENT PEREZ  
LAMAR TAYLOR  
RANDY HARRISON  
GREGORY ORTEGO  
JOHN KUCZWANSKI

CONSULTANTS:

JON MASON - (Mercer)  
JOSH WILSON - (Mercer)

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INVESTMENT ADVISORY COUNCIL  
COMPENSATION SUBCOMMITTEE  
CONFERENCE CALL

\* \* \*

1 MR. OLMSTEAD: And this, of course, is Vinny  
2 Olmstead, which I am chair of the subcommittee on  
3 compensation for the IAC this year, so welcome  
4 all. Ash, I'm following the agenda. I'm going  
5 to kick us off here. Quick question. Do we need  
6 an approval for the minutes from September of  
7 2018?

8 MR. WILLIAMS: I presume we do, yes. So  
9 hopefully everyone has had a chance to take a  
10 look.

11 MR. OLMSTEAD: I've taken a look. And a  
12 motion to approve those.

13 MR. COLLINS: Second.

14 MR. WILLIAMS: So that was Peter Collins  
15 seconding.

16 MR. OLMSTEAD: All in favor.

17 (Ayes)

18 MR. OLMSTEAD: All in favor. Great. Okay.

19 MR. WILLIAMS: Vinny, before you move on,  
20 sorry, I was saying before you got on the call,  
21 we have a court reporter here, and since those of  
22 you on the phone, she can't simply look and see

1 your name tag in front of you like she can with  
2 us, so who made the motion there? It will be  
3 useful if everybody can identify themselves  
4 before they speak. Did you do that, Vinny?

5 MR. OLMSTEAD: Yeah, Vinny made the motion.

6 MR. WILLIAMS: Okay, great. Thank you.  
7 Sorry to interrupt.

8 MR. OLMSTEAD: No problem. And for  
9 clarification, the committee is, I believe, Gary  
10 Wendt, Peter Collins, Ambassador Cobb, and Peter  
11 Jones also?

12 MR. JONES: This is Peter Jones. I don't  
13 think --

14 MR. WILLIAMS: No, Peter Jones is not a  
15 member of the committee.

16 MR. OLMSTEAD: Okay. He's an observer.  
17 Great. I think Peter Collins, Chuck Cobb and  
18 myself were all on this last year, so we have  
19 some continuity in the process. And just for a  
20 reminder, the purpose of this meeting is to  
21 review the incentive plan design, the executive  
22 director's compensation, and ultimately the  
23 committee will make recommendations on the -- at  
24 least the non-formulaic aspects of Ash Williams'  
25 compensation, along with a recommendation for any

1 potential increase in salary.

2 We will also have Jon Mason of Mercer  
3 present their findings on the executive  
4 director's performance evaluation, including  
5 reviews that were conducted by each of the four  
6 members of the compensation committee.

7 A little bit of -- a quick commentary on my  
8 behalf. I find this process pretty  
9 comprehensive. I think it takes into account  
10 things like market data, independent reviews,  
11 study by Mercer, the ability to opine  
12 confidentially any concerns or positive things  
13 that are going on. And so I think the process is  
14 good.

15 In addition, what I really like about this  
16 plan is the majority of the compensation is  
17 derived based on performance, 85 percent on  
18 performance and 15 percent more qualitative, so  
19 very explicit in that regard.

20 And 2018 and 2019, by all measures, was a  
21 very successful year. I won't review all of the  
22 aspects of it, but the -- I think the total  
23 return was north of 6 percent, 6.17 percent or  
24 so, which was 83 BPs above target, not audited  
25 but close enough, I think, and the trust fund

1 grew by 2.5 billion in cash. So congrats to Ash  
2 and the team. They've done a superb job this  
3 year.

4 As noted, Jon Mason of Mercer will present  
5 their findings and recommendations, and then the  
6 committee will discuss the findings and provide  
7 our recommendations, and I'm sure there will be a  
8 number of questions.

9 And so at this point, two things before Jon  
10 presents; one, I'm sure Ash would love to make  
11 some comments, and then if there are any of the  
12 subcommittee members that are interested and have  
13 some questions prior to Jon jumping in, we'll  
14 take the opportunity to do so. So Ash first and  
15 then any questions after that, and then I'll turn  
16 it over to Jon.

17 MR. WILLIAMS: Thank you, Mr. Chairman. So  
18 by way of comments, I would offer a couple of  
19 things. First of all, since we sent out the  
20 initial numbers for the year ended June 30, we  
21 have refined those numbers a little bit. And  
22 where we end up is the pension plan return -- and  
23 this is with some of the private market assets in  
24 but not all of them. The real estate values will  
25 come in later in the year. We only have those

1 assets appraised once a year.

2 But, basically, the updated performance  
3 number for the fiscal year ended is 6.26 percent.  
4 That's 59 basis points ahead of target,  
5 \$2.7 billion gain in the fund over the fiscal  
6 year. And that's net of paying out 7 billion in  
7 benefit payments over the year, so an aggregate  
8 investment gain of 9.7 billion.

9 I think more importantly for your purposes  
10 would be the question of, well, how is the team  
11 holding up and what is the evidence that we have  
12 the right people in positions of responsibility  
13 managing this large investment portfolio, the  
14 success of which determines to a degree the  
15 safety and soundness of the pensions of about a  
16 million people who have given their lives to  
17 public service in Florida.

18 And I think the short answer to that is it's  
19 working very well. We are now at a point in the  
20 incentive compensation plan's life where it is  
21 mature, meaning all of the -- all of the  
22 incentive earned under this plan is earned on a  
23 rolling three year basis.

24 So we are incenting a longer term  
25 performance, and the boundaries for earning

1 incentive awards are also bounded by requirements  
2 that to actually receive an award, someone  
3 doesn't just meet the performance criteria. They  
4 have to do so in a manner consistent with the  
5 risk budgeted for their asset class, be free of  
6 any compliance issues or other issues of a  
7 disciplinary nature involving the board, and the  
8 payouts are over two consecutive years. And in  
9 order to collect the second year's payout, one  
10 must still be working at the board and be in good  
11 standing.

12 Those are all criteria that were designed  
13 into the plan originally to avoid moral hazard  
14 and incent good alignment of behavior for all  
15 concerned.

16 So if you bring that back to the fiscal year  
17 ended June 30, I think we see some indications  
18 that we've got the right people in the jobs;  
19 number one, because the total fund return was  
20 good and good relative to benchmark and relative  
21 to peers, but, number two, if you look at the  
22 asset classes, global equity, fixed income, real  
23 estate, private equity and strategic  
24 investments -- I'm excluding cash -- every single  
25 one of them was in a position of adding value.

1 Global equity, 43 basis points. Fixed  
2 income, 9. Real estate, 18. And that's before  
3 we've marked up the value of real estate's  
4 assets. Private equity, 785. Strategic  
5 investments, 14. And, again, there are some  
6 private assets in that strategic book that are  
7 not fully written up.

8 So I think the fact that we have a stable  
9 team, we've been through a significant degree of  
10 succession already, we've turned over every  
11 single one of the asset class heads in the  
12 ten-years-plus I've been back at the SBA, and  
13 we've done pretty darn well on the performance  
14 and we've done really well in terms of recruiting  
15 and developing talent.

16 I think in the past year we had a little  
17 turnover. I think we had one person that we lost  
18 for an element of economic reasons. Most of the  
19 rest of the changes were either people just  
20 desiring to make a move physically to a different  
21 part of the country or family situations or a  
22 retirement, something like that.

23 So I think what we've accomplished, with the  
24 support of the IAC and the comp subcommittee of  
25 the IAC, has been to put the State Board in a

1 posture where we can recruit, motivate and retain  
2 talent that is capable of managing more money  
3 in-house, and we have materially increased the  
4 portion of our dollars we manage in-house over  
5 this time period that I'm referring to and will  
6 continue to do so in the future.

7 And I don't think I need to tell any of you  
8 it costs a whole lot less money to manage money  
9 in-house than it does outside. I would qualify  
10 that and say there are a number of strategies  
11 that we do not see ourselves as competitors in,  
12 and we will never try and do those things  
13 in-house.

14 You're not going to see us doing direct  
15 private equity investments or direct venture  
16 capital or things of that nature, but there are  
17 other things that we have done a lot of and we're  
18 very good at and we can do more, and we would  
19 envision continuing to do more.

20 So the last thing I would say is, the  
21 aggregate return environment continues to be  
22 under pressure. Rates, interest rates and yields  
23 are still at historic lows. Equity markets are  
24 already appreciated heavily. Equity-like risk  
25 strategies, venture, private equity, are also



1 pretty richly priced, and there's a lot of  
2 capital, a lot of dry powder on the sidelines.  
3 None of that says prices can't go higher,  
4 but all of that says we're probably later in the  
5 game than we are closer to the beginning of the  
6 game, and the overall return environment going  
7 forward is tough.  
8 The investment return assumption that was  
9 the consensus on a total fund basis across the  
10 five major investment consultancies operating in  
11 the U.S. last year was 6.4 percent. We have not  
12 seen an updated number this year.  
13 MR. TAYLOR: It did tick up a little bit.  
14 MR. WILLIAMS: But it came up a tiny bit,  
15 not much, 15, 16 basis points, something like  
16 that. So all that says the importance of getting  
17 it right is large, as it always has been. And it  
18 also tells you that in an environment where the  
19 returns themselves are in the sort of  
20 mid-single-digit-plus ballpark, if we can get  
21 50-plus basis points of tailwind through low  
22 costs, low cost, that 50 basis points is worth a  
23 lot more in a 6.5 percent world than it is in a  
24 16 percent world.  
25 So that speaks to the value of internal

1 investing, the value of having a competent team  
2 and retaining the talent, all of which I think is  
3 in large measure due to this comp scheme,  
4 together with our culture and the merit-based  
5 nature of it. So I'll be happy to answer any  
6 questions anyone has.  
7 MR. WENDT: Gary Wendt has two questions.  
8 The first one, just as a reminder, on our three  
9 year plan, will any of the employees be getting  
10 cash this year?  
11 MR. WILLIAMS: Yes. And I'm not sure I  
12 understand the relationship of that question,  
13 will they be getting cash, to the three year  
14 question.  
15 MR. WENDT: I need a little refresher. I  
16 probably shouldn't have asked that question. I'm  
17 sorry. The second question is, you mentioned,  
18 you talked about the ins and the outs of cash,  
19 with the net being plus-two-point-something  
20 billion.  
21 MR. WILLIAMS: Yes.  
22 MR. WENDT: But included in the ins, was  
23 there any contribution from the government, from  
24 the legislature?  
25 MR. WILLIAMS: Oh, yes. Oh, absolutely,

1 yes. The legislature fully funded the normal  
2 cost of the pension system. The normal cost is  
3 the actuarial carry for the benefits as they  
4 currently stand. And then the other component of  
5 what the legislature contributes is an actuarial  
6 contribution toward the unfunded liability.

7 And the convention in government accounting  
8 standards is, for pension liability, the  
9 actuarially indicated unfunded liability  
10 contribution is a contribution that if all other  
11 things are held constant actuarially, the  
12 unfunded liability would be retired in full at  
13 the end of 30 years. So that was -- both of  
14 those things were fully funded by the legislature  
15 last year.

16 MR. WENDT: And approximately how much was  
17 that?

18 MR. TAYLOR: Hi, Gary. This is Lamar. The  
19 net cash out was about 7 billion. It was about  
20 2.5 billion of contributions from employers and  
21 employees. So total net payments -- total gross  
22 payments was 10 billion out the door, but we got  
23 about 2.5 billion in the door. So that gave us a  
24 net cash outflow of about 7 billion.

25 MR. WENDT: But doesn't the legislature

1 approve dollars? Don't they approve the number  
2 of dollars? That's the number I'm trying to get  
3 to.

4 MR. TAYLOR: I'm sorry. Do they approve --

5 MR. WILLIAMS: You mean the numbers -- the  
6 legislature appropriates money every year for  
7 pension contribution.

8 MR. WENDT: How much?

9 MR. TAYLOR: Well, it's about \$2.5 billion  
10 of contributions.

11 MR. WILLIAMS: That's employees.

12 MR. TAYLOR: That's employees. So it's  
13 about, I'd say, maybe 2 billion in total. But a  
14 lot of that is not just the state legislature.  
15 It's also all -- we're a multi-employer plan, so  
16 the vast majority of the participants are  
17 actually counties and school districts. So they  
18 contribute their own.

19 So the legislature sets the rates overall,  
20 and they appropriate for the State's portion of  
21 it, which is about 20 percent, which is roughly  
22 maybe 6-, \$700 million.

23 MR. WILLIAMS: That's right.

24 MR. TAYLOR: I'd have to break the numbers  
25 out. But in total, it's \$2.5 billion in total.

1 And most of that is employers. I can actually  
2 get you the real breakout and send that to you  
3 after the meeting, because DMS publishes those  
4 numbers.

5 MR. WENDT: That's fine. Thank you.

6 MR. WILLIAMS: Thank you, Gary.

7 MR. COLLINS: This is Peter Collins. I have  
8 a question, one follow-up question on that. So  
9 if I'm hearing it right, because we had a net  
10 positive of \$2.5 billion last year after payouts  
11 but we had \$2.5 billion come in, we were  
12 basically -- without that \$2 billion, we would  
13 have, based on just performance, we would have  
14 had just enough to pay out the benefits.

15 MR. WILLIAMS: Yeah, more or less.

16 MR. COLLINS: Okay. So we carried our own  
17 weight last year without the legislature or  
18 without the cities and counties contributing  
19 their portions.

20 MR. WILLIAMS: Well, I don't know that I'd  
21 put it quite that way, because they did  
22 contribute their portion and they have. In fact,  
23 in the history of the FRS, there have only been  
24 three years when the legislature did not fully  
25 fund the normal cost and the actuarially -- the

1 contribution to any unfunded liability that may  
2 have existed, because you will remember that the  
3 Florida Requirement System, upon being created,  
4 was woefully underfunded. The funding ratio was  
5 in the forties. But it became fully funded and  
6 then overfunded during the early 2000s and at one  
7 point maxed at a funded ratio of 118 percent.

8 So there were a number of years, from about  
9 1999 through 2008, where the plan was actually  
10 fully funded or overfunded. And then when the  
11 great financial crisis came along and the mark to  
12 market on the assets of the pension portfolio  
13 dropped precipitously, suddenly you had an  
14 unfunded liability again, after not having one  
15 for many years.

16 And it was in the first three years of the  
17 wake of the great financial crisis when the  
18 legislature did a little bit of underfunding.  
19 Now, in fairness to the legislature, they did  
20 fully fund the normal cost, but they went a bit  
21 light on the contribution to the unfunded  
22 liability. The amount of that lightness was  
23 about \$3 billion.

24 And we recently went through an exercise  
25 where we answered the question, wow, what would

1 the present value of that 3 billion be today if  
2 it had been put in? And the answer was, about  
3 another 6 billion. And we mapped that using the  
4 actual monthly returns of the fund against the  
5 actual monthly contributions that would have been  
6 made through payroll.

7 So we've got pretty good numbers on this.  
8 And obviously that's not a small slice of the  
9 unfunded liability we now currently are carrying.  
10 And we've summarized all this in a letter that we  
11 send to the trustees and the legislative  
12 leadership each year.

13 We can send that letter around to all of  
14 you. And it will make very, very clear, with  
15 both prose and graphics, why this investment  
16 return assumption is important and why that  
17 number should be as prudent as possible.

18 MR. OLMSTEAD: Any other questions from the  
19 subcommittee members? All right. With that, Jon  
20 Mason and Josh Wilson from Mercer, it would be  
21 great to hear your presentation.

22 MR. MASON: Thank you, Mr. Chairman. This  
23 is Jon Mason from Mercer. My colleague, Josh  
24 Wilson, will jump in here as well. As  
25 background, Mercer has been working with SBA on

1 this topic since 2012. In the past few years, as  
2 outlined in our letter, the SBA has moved more of  
3 this process in-house to be more cost-effective,  
4 and effectively Mercer has played a review  
5 capacity, if you will. So the research has been  
6 done in-house at SBA, and we peer review, if you  
7 will, that research and then opine on the  
8 results.

9 That's the market piece. And then on the  
10 performance piece, obviously each of you have  
11 submitted a review of the executive  
12 director/CIO's performance, which we will go  
13 through. Those are the two primary elements that  
14 we look at when we're thinking of adjusting or  
15 reviewing pay, which are what are the comparable  
16 market data reference points and then how is the  
17 incumbent in the job actually performing.

18 Before I jump into those two, perhaps we'll  
19 start with a review of the incentive plan so that  
20 everyone is refreshed on that topic. And that's  
21 Attachment 2 in your materials. I'll give you  
22 just a second to flip there. Again, this is with  
23 respect to the ED/CIO.

24 And as the chairman mentioned, the construct  
25 of the performance award is primarily measured on

1 performance of the organization. So 85 percent  
2 of the rating is based on performance of the SBA,  
3 with 15 percent being an individual component,  
4 with key criteria for Mr. Williams individually.

5 And this schedule just goes to show, based  
6 on the construct of the plan, what the payout  
7 would be as a percentage of salary and the total  
8 dollar amounts associated with the various levels  
9 of performance.

10 If there are no questions there, I'll move  
11 to Attachment 3.

12 MR. WENDT: That 455,000, is that the  
13 average of the people who are in the program or  
14 somebody's salary or just an example?

15 MR. MASON: Yeah. So this is with respect  
16 to the ED/CIO, the annual salary. I actually  
17 believe that was his prior salary. It's  
18 currently 525. So it's actually 15 percent  
19 higher than these figures. But this is with  
20 respect to the ED/CIO specifically.

21 MR. TAYLOR: And, Jon and Gary, just a  
22 clarification. The way the plan is designed, the  
23 salary is set every July 1st for the current pay  
24 performance period. So it's a little bit of a  
25 lag in the salary in terms of how the payouts

1 work, which is why, for this current evaluation,  
2 the relevant salary is the 455, because that was  
3 the salary in effect last July 1st for the most  
4 current performance period.

5 MR. COBB: This is Chuck Cobb. I have a  
6 question on this. So is Mercer going to make a  
7 recommendation on the 15 percent range, or do we  
8 do that individually during this meeting? I'm  
9 confused with the procedure here.

10 MR. WILLIAMS: I think I can take that one,  
11 Ambassador. The primary mission of this meeting  
12 is for the members of the comp committee to score  
13 me and reach a consensus on the treatment of that  
14 15 percent subjective component of my incentive.  
15 And the background exercise to set the stage for  
16 that conclusion being made in this meeting is the  
17 individual scoring that each of you did privately  
18 and then submitted to Mercer.

19 Mercer has aggregated those scores, has  
20 commentary on them and can provide that holistic  
21 view to the comp committee on today's call, which  
22 I think is where Jon and Josh were teeing up to  
23 head, and then you can discuss it among  
24 yourselves and reach whatever conclusion you feel  
25 is appropriate.

1 MR. COBB: So you've answered my question.  
2 We are going to discuss that. In other words, I  
3 saw the extensive discussion on salary increase,  
4 but I didn't see as extensive on this 15 percent.  
5 But we're going to do both.

6 MR. WILLIAMS: Correct. Well, I won't speak  
7 for the chair.

8 MR. OLMSTEAD: This is Vinny Olmstead.  
9 That's my understanding. And I think what may be  
10 helpful, Ash, I may have this at least  
11 directionally correct, but I believe we make a  
12 recommendation, and then that is passed along to  
13 the full IAC, who makes the recommendation, and  
14 then ultimately that recommendation is made to  
15 the trustees.

16 MR. WILLIAMS: That is exactly correct.  
17 That is exactly right.

18 MR. OLMSTEAD: So it's subcommittee, IAC,  
19 trustees.

20 MR. WILLIAMS: Correct. That's exactly  
21 right. So, Mr. Chairman, unless there's anything  
22 else on that, shall we go back to Mercer?

23 MR. OLMSTEAD: Yes, sir.

24 MR. MASON: Thank you, Mr. Chairman. So I'm  
25 going to move forward to Attachment 3B so we can

1 kind of directly look at the results of that,  
2 Ash's performance review that we just discussed.  
3 I believe that's 29, page 29 of the aggregate  
4 materials. You'll find the cover page, and if  
5 you flip forward, I'd like to go ahead until you  
6 find the executive summary, which is a dark blue  
7 chart with three rows across the top, and we have  
8 the 2019 average rating, the 2018 average rating  
9 at the top.

10 This is a summary of each of the questions  
11 that were answered by the members of this  
12 committee with respect to the ED/CIO's  
13 performance, their reflections pertaining to the  
14 overall mission of the organization, people,  
15 efficiencies, infrastructure and operations,  
16 interactions with committees, and an individual  
17 rating. So here you see the average score  
18 aggregated for those who filled out the  
19 evaluation and then the same results from the  
20 year prior.

21 As a reminder, the scores were between 1 and  
22 4, with 1 being poor, 2 being below, 3 being  
23 meets and 4 being exceeds. On three of the five  
24 categories, the results were 4s across the board,  
25 and with two of the categories, people and

1 interactions with the committees, falling in  
2 between the meets and exceeds categories.

3 Consistent with last year, very high  
4 performance scores really across the board and  
5 generally higher than last year. I think three  
6 are higher than 2018 and one is lower. But if  
7 you take these results in aggregate, there's  
8 certainly a sense from the committee that the  
9 incumbent is doing a very strong job on all five  
10 of these categories.

11 And then the remainder of this report just  
12 gets into each, again, description of which  
13 questions were asked for each of the survey  
14 components and then some comments that were made  
15 in the survey with respect to the incumbent.  
16 I'll pause there and see if there are any  
17 questions.

18 So, again, I mentioned there's really two  
19 fundamental components that go into compensation  
20 decisions. There's a market assessment, what is  
21 this job being paid in the marketplace and how is  
22 the incumbent performing. So this gets to the  
23 latter, and I think that the Cliff Notes are that  
24 we're seeing exceptionally strong performance out  
25 of the incumbent.

1 That will be a segue into the next piece,  
2 which is the market study, which was conducted by  
3 the SBA and reviewed by Mercer. I'm going to go  
4 ahead and skip past Ash's letter, which is the  
5 next piece in your materials, and that just gets  
6 to the letter that Ash submitted with respect to  
7 the performance evaluations, to Attachment 3C.  
8 And that's the memo that Josh and I prepared for  
9 this meeting with respect to our review of SBA's  
10 research and recommendations.

11 Mr. Chairman, would you like me to walk  
12 through this letter, or should I assume that  
13 folks have read it and get more to the Cliff  
14 Notes?

15 MR. OLMSTEAD: I assume, unless the other  
16 subcommittee members have not read it, that  
17 everybody has, and we can skip to the Cliff Note  
18 version.

19 MR. MASON: Okay. So this letter gives a  
20 chronology of our history with SBA since 2012 and  
21 the adjustments that have been made over time.  
22 We're certainly seeing a dynamic market in this  
23 space, where states are, A, aggressively  
24 recruiting new executives. We're seeing a lot of  
25 turnover and a lot of increases year over year.

1 So it's been a very dynamic market that we've  
2 witnessed over the years.

3 As we've done in prior years, we take a few  
4 different lenses of the marketplace. So now I'm  
5 on the second page of the letter, where we talk  
6 about our recommendations. And there are really  
7 three reference points we've taken. One is the  
8 median of the top five public pension funds by  
9 asset size.

10 The second is the 75th percentile of what we  
11 call the larger public pension funds group, which  
12 is extending that list of five down to the  
13 largest 14, and then the third being the 75th  
14 percentile of the broader public pension funds,  
15 which adds another six organizations to that  
16 group.

17 Historically, we've keyed in on number two  
18 as the primary reference point. Just for your  
19 reference, last year we made a recommendation  
20 with two alternatives. One alternative was to  
21 move the ED/CIO to the number two benchmark from  
22 last year, and then the more conservative  
23 alternative was to take an average of the three.  
24 At the time last year, it was decided to choose  
25 the first alternative, which was the reference

1 point for number two.

2 But this year we've taken a similar  
3 approach, which is taking a number that  
4 approximates that number two reference point as  
5 an alternative, and then as the second  
6 alternative, averaging these three data points to  
7 come up with a more conservative figure for the  
8 committee's consideration.

9 So if we key off on more of the larger  
10 public pension funds, 75th percentile, we're  
11 recommending approximately 575,000. It's a bit  
12 conservative. It's slightly lower than that  
13 582,500 number that you'll notice. And then when  
14 we average the three, that gets us to  
15 approximately 545.

16 I'll reiterate a point I mentioned a couple  
17 of times, which is that there's really a few  
18 driving influences on these types of decisions.  
19 There's the market, which is the incumbent's  
20 performance, which we've mentioned before, and  
21 the third one that I'll mention is tenure. You  
22 often find that individuals that are more long  
23 tenured are more highly paid versus newer  
24 incumbents.

25 But I think all three of those things



1 indicate that at a current 525 level, we're  
2 probably lagging, A, the market and, B, the  
3 incumbent's performance and tenure. So I'll  
4 pause with those points and see if anyone on the  
5 committee has any questions for us.

6 MR. COBB: Mr. Chairman, this is Chuck Cobb  
7 again. I have a question. And first I'll make a  
8 editorial statement that I prefer the 75  
9 percentile, and I'm not sure whether it's the 14  
10 or the 20, but in any event, it's about 580,000.  
11 But it seems to me, before we make the decision,  
12 we ought to know what the 75th percentile is for  
13 salary and bonus.

14 So I would be interested to know how Ash's  
15 compensation, if it was at 575 plus his proposed  
16 bonus, does that still keep him in the top  
17 25 percent, or does that make him the top  
18 10 percent or the top 60 percent?

19 In other words, I would like to know his  
20 total compensation and how that compares to the  
21 other top performers in this industry. And it  
22 seems to me it would be good to have that  
23 information before we make the decision.

24 MR. MASON: I'll make a quick statement, and  
25 the folks at SBA who also did this work, please

1 chime in. So as I ran the numbers, at target --  
2 and this is up to current level. The target, I  
3 believe that would put Ash at a total  
4 compensation of 707,000. And I believe that the  
5 broader 75th peer group would be in the 717  
6 range.

7 So he's currently lower. I'd have to do the  
8 math on the adjustment, but I think that would  
9 probably put him at a magnitude of perhaps  
10 10 percent, 10 percent above where these numbers  
11 were last year.

12 Again, we're somewhat chasing a moving  
13 target because we're looking at historical  
14 numbers, right? But it is certainly in that  
15 range, but I think it would push his total  
16 compensation slightly above the 75th.

17 MR. COBB: So in other words, you're saying  
18 that the 575 and the proposed bonus are each at  
19 about the 75th percentile.

20 MR. MASON: We think of it more in  
21 aggregate, right, rather than looking at it by  
22 piece. But I think when you sum them up and look  
23 at the sum of the peers, you're looking just  
24 north of the 75th percentile of the peer group.

25 MR. WENDT: Are these above, above 25

1 percent?

2 MR. MASON: Yes, it's slightly above the  
3 75th.

4 MR. WENDT: That was Gary Wendt with the  
5 question.

6 MR. OLMSTEAD: So, Ambassador Cobb, this is  
7 Chairman Vinny here again, and I think that's a  
8 great question. I asked it last year. And I  
9 think going forward, perhaps having some  
10 information in this report on total comp versus  
11 disaggregating them is great.

12 I had asked Ash just to quickly provide a  
13 little bit of information. When you look at the  
14 larger pension funds, it looks like -- and we can  
15 supply this data later -- that he is -- it is in  
16 the top five or so, but their total cost seems to  
17 be, I wouldn't say material but a significant  
18 amount more in total comp opportunity than the ED  
19 is offered.

20 So I think the question is a very pertinent  
21 question. And looking at it as total comp versus  
22 disaggregating does make sense. And I think as  
23 you hear Mercer, they're saying, yes, this is in  
24 the 75th percentile. And then as they went  
25 through those three items, including tenure,

1 obviously Ash seems to be up at the top of  
2 performance, tenure, et cetera.

3 So going forward, I would recommend that.  
4 And, again, I think it's a little north  
5 of 75 percent. If you look at the top five or  
6 so, he's got a -- he's probably 20 percent less  
7 than some of those, so just a little commentary  
8 there.

9 MR. WENDT: Gary Wendt has a question, which  
10 may be a little technical for this committee  
11 meeting. But the bonus part can be, as I  
12 understand it, up to 52.5 percent of salary, but  
13 85 percent of that is based on numerical  
14 achievements, as I remember from an earlier  
15 chart?

16 MR. WILLIAMS: Correct.

17 MR. WENDT: Has that calculation been made  
18 yet, what percentage of 85 percent has been met?

19 MR. TAYLOR: Hi, Gary. This is Lamar. And  
20 so at this point, I think just kind of referring  
21 back to that chart would break the numbers out.  
22 You know, assuming that -- which the numbers  
23 looked like they will come in audited to be  
24 maximum, which that 85 percent would be  
25 \$203,044 for this year's bonus round.

1 And, again, because the way the plan is  
2 designed, the fact that there's a little bit of a  
3 lag in terms of what the basis is computed on or  
4 what that percentage is computed on, for this  
5 year, it won't be computed on the 525 or 575. It  
6 will be computed on the salary that was in effect  
7 for Ash on July 1 of 2018, which at that time was  
8 \$455,000. And so the 85 percent quantitative  
9 portion would be \$203,044.

10 MR. WENDT: Has that been met? The question  
11 is, have those numerical objectives been met?

12 MR. TAYLOR: It appears that they have been.  
13 We're still in the final -- we're still auditing  
14 the final year of the three year performance  
15 period, but the numbers look, so far, is that we  
16 would expect that for the three year performance  
17 period, he would have earned the maximum  
18 quantitative portion for his incentive plan.

19 MR. WENDT: Thank you.

20 MR. COBB: I have a question about the  
21 proposed salary increase for the other  
22 high-performing executives that we have. If we  
23 have a salary increase here of about \$100,000,  
24 that seems to me that's an increase of about 20,  
25 21 percent or so. I didn't do the arithmetic.

1 How would that compare to some of our other high  
2 performers? Would anybody else be near  
3 20 percent?

4 MR. TAYLOR: Well --

5 MR. MASON: Just a really quick  
6 clarification on that point. So it's actually  
7 going -- it would be going from 525 to 575, so  
8 that would be, I believe, around a 10 percent,  
9 9.5 percent increase.

10 MR. WILLIAMS: And the answer to your  
11 question, Gary, is -- or, Chuck, I'm sorry -- on  
12 other key people, we have had -- what drives that  
13 is, A, their performance first, B, where they are  
14 relative to market. We use a calculation called  
15 a compa-ratio, which is the percentage of their  
16 comp related to the market comp for the position.

17 And the short answer is we've had a handful  
18 of people who have had very substantial  
19 increases. And when I say very substantial, I  
20 mean 15 to slightly over 20. And I would say the  
21 vast majority, if you look across the entire  
22 population of the board, would be more like kind  
23 of four or five-ish, that kind of percentage.

24 But, again, if you have key people who are  
25 lagging the market and they're doing a great job,

1 we will move aggressively to close the gap and  
2 send them the right signal that what they're  
3 doing is recognized and appreciated.

4 MR. TAYLOR: And to follow that up,  
5 Ambassador, in Attachment 4 is some very general  
6 appendix information. And on slides 3 and 4 of  
7 that Attachment 4 is some historical information  
8 about percentage increases for other SBA  
9 employees, which I think tracks exactly what Ash  
10 was laying out there. But it breaks it out. It  
11 breaks it out into some numbers and percentage  
12 increases and how many people, kind of giving you  
13 a little bit of a bell curve.

14 MR. COBB: Yes. Well, I stand corrected on  
15 my arithmetic, but my concern was the high  
16 performers and -- but Ash has answered my  
17 question, that other performers have received  
18 similar increases, and that's comforting.

19 MR. WILLIAMS: Yeah. What we try and do is  
20 be good stewards. And the way we approach this  
21 with the trustees is we budget an aggregate  
22 portion of the payroll, commonly between 4 and  
23 5 percent, for what we call our recruitment and  
24 retention pool.

25 I have the ability to use executive

1 discretion on that pool as long as the aggregate  
2 spending stays within the limits of the pool. In  
3 addition to that, we have been very careful in  
4 the way we have managed the use of positions, and  
5 we try and generate additional HR money  
6 internally where we can.

7 If we have a -- say if someone retires and  
8 we bring in a replacement at a lower compensation  
9 level, obviously we've saved some money. That  
10 means we've got a little more available to do  
11 something else with. At any given time, we try  
12 and keep a bit of a war chest so that if for some  
13 reason we have a key person who is at risk of  
14 being poached, we can do something about it.

15 So we try and keep our degrees of freedom  
16 and flex our muscles where needed and not do so  
17 where not needed.

18 MR. COLLINS: Ambassador, this is Peter  
19 Collins. If you don't have a follow-up on that,  
20 I'd like the next question.

21 MR. COBB: No follow-up.

22 MR. COLLINS: This is for the Mercer folks.  
23 The last paragraph of your letter speaks a little  
24 bit to the other employees, but to Mr. Williams  
25 specifically, it says they're eligible for

1 performance-based incentive. Mr. Williams is  
2 eligible for incentive compensation ranging from  
3 17.5 percent to 52 percent, and Mercer remains  
4 comfortable that the incentive compensation is  
5 reasonable but conservative.

6 Well, that's a pretty wide range. Were you  
7 speaking of a specific number in that range that  
8 you were calling reasonable but conservative?

9 MR. WILSON: Let me jump in here. This is  
10 Josh Wilson from Mercer. That range is  
11 predicated off a midpoint of 35 percent, and I  
12 think that's what we were speaking to as the  
13 reasonable but conservative. The range of 17 to  
14 52 is a minimum or half of target to maximum or  
15 twice target, I'm sorry, one half times target.

16 MR. COLLINS: So essentially, Mr. Chairman,  
17 what we're here to do today is approve the --  
18 make a recommendation on the salary portion and  
19 then to pick the percentage in the range of  
20 between 17.5 and 52.5 percent, correct?

21 MR. WILLIAMS: This is Ash. No, that's not  
22 correct. The mission today is, first of all, to  
23 make a recommendation to the full IAC on the  
24 subjective component of the incentive. That's  
25 the 15 percent, which Mercer walked us through

1 the scoring a little while ago.

2 The portion of the attainment of incentive  
3 on the other 85 percent is driven specifically by  
4 investment performance. There's not a subjective  
5 judgment there. And that is -- we have actually  
6 a chart in the plan that extrapolates for every  
7 performance level relative to benchmark, here's  
8 the difference that it makes. So you don't have  
9 to decide on that.

10 I think what Mercer was saying is obviously  
11 there won't be a specific point estimate for what  
12 the incentive should be because there's not a  
13 specific statement of performance that's  
14 consistent through all time.

15 That's why there's a range and that's why  
16 Josh qualified it in terms of a median,  
17 20 percent below and a margin above as the  
18 maximum. So that's the main difference.

19 MR. COLLINS: Okay. So the incentive comp  
20 is basically tied directly to performance. So  
21 you just -- you match the numbers up. So we're  
22 doing -- we're saying how much of the 15 percent.

23 MR. WILLIAMS: Correct, correct. And that,  
24 too, is set out in the chart in Appendix 2, I  
25 believe it is, or maybe it's 3. Hang on. Yeah,

1 Attachment 2.

2 MR. OLMSTEAD: Peter, this is Vinny. I  
3 think the two recommendations we should come to  
4 consensus on and make today is the individual  
5 15 percent, which is about 35,800 bucks, and then  
6 the second is on the base pay, where you see  
7 Mercer's recommendation of on the low side 545  
8 and the high side 575. And those are the two  
9 aspects that we should discuss and then make  
10 recommendations on.

11 MR. COLLINS: Okay.

12 MR. OLMSTEAD: I think that if -- are there  
13 any other questions? If there are no other  
14 questions for Mercer, maybe it's time for us to  
15 further have some conversation on each of these  
16 components.

17 MR. COLLINS: Great.

18 MR. COBB: Mr. Chairman, I'll go first and  
19 say that I think the performance has been  
20 outstanding, and I think the leadership has been  
21 great. And so on the individual component, I  
22 would favor near the max.

23 MR. WENDT: From Mr. Wendt, near the max.

24 MR. COBB: But let me finish my -- because I  
25 do have an added point that -- and I guess I

1 don't mean to rediscuss items that I was voted  
2 down on seven years ago, but I still believe that  
3 performance compared to peers should be  
4 considered. And so I am convinced that benchmark  
5 is more important than performance vis-a-vis  
6 peers, but I do think performance vis-a-vis peers  
7 is important.

8 And so one of the things that gets me to a  
9 conclusion of near max is that our performance  
10 vis-a-vis our peers has been excellent. And over  
11 ten years, you know, it's in the top 10 percent  
12 or 20 percent. I mean, it has been extraordinary  
13 performance against the top 10. And over five  
14 years it's also in the top quarter or so.

15 During the last year, I don't think it's  
16 been in the top -- in fact, it might even be less  
17 than median, because my last results that I have  
18 are the results ending March 31st, so I don't  
19 have the June 30, and maybe none of us have those  
20 results compared to the other top 10 performers.

21 So the only thing I'm -- so conclusion. I  
22 am for near max, both on salary and discretionary  
23 bonus, but it seems to me that performance  
24 vis-a-vis peers should be mentioned in our  
25 deliberations. And since they've been excellent,

1 I come out on the excellent side. That's my  
2 conclusion, Mr. Chairman.

3 MR. OLMSTEAD: Thank you. Other comments  
4 from subcommittee members?

5 MR. COLLINS: Yeah. This is Peter Collins.  
6 The June 30 numbers that I can find relative to  
7 our peers, I think the median was -- that's a  
8 little different. It's a little difficult. When  
9 most people draw the line at a billion dollars  
10 and you're looking at performance numbers for a  
11 billion-dollar pension fund, everybody says, oh,  
12 well, that's a large pension fund, and so that's  
13 how they report it. I don't think that really  
14 applies to us. I mean, you can have some real  
15 outliers there.

16 But even those numbers, pension -- public  
17 plans with a billion or more in assets, the  
18 median return was like 6.69 June 30th. So when  
19 you then consider a plan the size of ours, I  
20 think it's -- I think the peers is -- I agree  
21 with the ambassador on the peer -- we need to  
22 view the peers and see how we're doing. But I  
23 think we're all benchmark-driven, and we're all  
24 certainly involved in creating the benchmark and  
25 the asset allocation.

1 Now, some of these peers could have totally  
2 different asset allocations. They can have --  
3 you know, if we set the asset allocation and we  
4 set the benchmarks and we outperform the  
5 benchmark by 50 basis points but underperform the  
6 peers, I'm not sure that that's necessarily  
7 reflective of our staff. So that's my only  
8 consistent sort of comment on that. But I do  
9 think it's important to look at it.

10 I can't think of a -- maybe it's out there,  
11 but I can't think of a better state-run agency  
12 that I know of, in the state of Florida at least,  
13 than the SBA. The talent that Ash has been able  
14 to amass and retain, the results, as Ambassador  
15 Cobb just talked about, the professionalism, the  
16 low cost, I mean, all of it. We should all be so  
17 lucky to operate our businesses as efficiently.  
18 So I'm a max on the 15 percent, and I'm in the  
19 575 category.

20 MR. WENDT: This is Gary Wendt. I don't  
21 want to be left out of the lauding that's taking  
22 place at this point. I will say it's just an  
23 excellent job, it's an excellent-run  
24 organization, and we should give the max wherever  
25 we can, not near max, but max.

1 MR. OLMSTEAD: Thanks. This is Vinny  
 2 Olmstead. I, A, echo each of your comments; and,  
 3 B, I'd like to point out it's great to have folks  
 4 like Ambassador Cobb who have been part of this  
 5 for many years to present the historical  
 6 perspectives, which are duly noted. And  
 7 obviously the committee are all components of  
 8 Ash.

9 So on two items, I'm going to make a motion  
 10 to do the max, which is about -- which is  
 11 \$35,831 for the individual. Do I have a second?

12 MR. COBB: This is Chuck Cobb. Second.

13 MR. OLMSTEAD: All in favor?  
 14 (Ayes)

15 MR. OLMSTEAD: And then on the base pay, I  
 16 will also make a motion to move the base pay to  
 17 \$575,000. Do I have a second?

18 MR. COLLINS: I'll second that.

19 MR. WENDT: Second.

20 MR. OLMSTEAD: All in favor?  
 21 (Ayes)

22 MR. OLMSTEAD: I think that Peter Collins  
 23 was the second on the 575. Okay.

24 And then, Ash, help me out with process  
 25 here. I think we have our recommendations. I

1 think there's a letter that needs to be written.  
 2 But other than that, open for any other business  
 3 or any other comments by the audience, or, Ash,  
 4 maybe at that point you can give closing remarks.

5 MR. WILLIAMS: Okay. So you're right. The  
 6 wrap-up -- first of all, thank you-all for your  
 7 time, your effort and your very kind remarks.  
 8 I'm grateful and am just pleased that we do have  
 9 what we have on offer here at the board. We've  
 10 got an awful lot of good people here that do a  
 11 lot of good things, and I just get to be the  
 12 front man for the team.

13 The process from here is we traditionally  
 14 have had a letter go from the chair of the comp  
 15 committee to the chair of the IAC and the entire  
 16 IAC outlining what the review was that was  
 17 conducted in today's meeting, together with the  
 18 conclusions in the form of a recommendation.

19 Those would be presented to the IAC at their  
 20 next meeting and would be voted on by the full  
 21 IAC and adopted in whole or in part or rejected.  
 22 And then based on the conclusion of the full IAC,  
 23 a similar letter would be written by the chairman  
 24 of the IAC to the trustees of the State Board,  
 25 the governor, the attorney general and the chief



1 financial officer, with the -- reflecting what  
2 the consideration has been in these two public  
3 meetings of the comp committee and subsequently  
4 the IAC, together with their conclusions and  
5 recommendations.

6 Then the way we've handled this to date is  
7 that my position is subject by law to annual  
8 review and reappointment by the trustees. I  
9 think it's the only position in state government  
10 that's subject to that.

11 But at any rate, we commonly put on a single  
12 agenda item, the reappointment of the executive  
13 director and chief investment officer of the SBA.  
14 We include all these materials as background.  
15 And in a single action, the trustees approve the  
16 reappointment, together with the terms of the  
17 reappointment that to date have been exactly  
18 consistent or at least in the past couple of  
19 years have been exactly consistent with the  
20 recommendations of the IAC and the comp committee  
21 thereof.

22 And we can provide you drafts of the letters  
23 that have been used previously if that will be  
24 helpful and help out with the drafting. Happy to  
25 take any questions anyone has.

1 MR. OLMSTEAD: Okay. With that, without any  
2 questions, thanks to all, and this meeting is  
3 adjourned.

4 (Whereupon, the meeting was concluded at  
5 4:58 p.m.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA  
COUNTY OF LEON

I, JO LANGSTON, RPR, certify that I was authorized to and did stenographically report the foregoing proceedings, and that the transcript is a true and complete record of my stenographic notes.

Dated this 13th day of September 2019.

  
JO LANGSTON, RPR

# Attachment 2

## Incentive Plan Design ED/CIO - FY 2019-2020

- Individual component level for ED/CIO position accounts for 15% of total award
- Organizational and individual component payouts at various incentive achievement levels are shown below. Evaluation criteria for individual component was determined by IAC Compensation Subcommittee in June 2015.

	Mix	Incentive as a % of Salary		
		Threshold	Target	Maximum
Total Incentive Opportunity	100%	17.500%	35.000%	52.500%
Organizational Component	85%	14.875%	29.750%	44.625%
Individual Component	15%	2.625%	5.250%	7.875%

Incentive Opportunity Breakdown (Annual Salary = \$525,000)				
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	\$91,875	\$183,750	\$275,625
Organizational Component	85%	\$78,094	\$156,188	\$234,281
Individual Component	15%	\$13,781	\$27,562	\$41,344

# Attachment 3A

## ED/CIO Incentive Plan Evaluation Process - FY 2019-2020

### ED/CIO Individual/Qualitative Measurement

The sections below outline the approved criteria and process for evaluating the ED/CIO's individual/qualitative performance, which constitutes 15% of his incentive award (the other 85% of the award is determined by the level of outperformance of the FRS Pension Fund). Any changes to the criteria for the next Performance Period (fiscal year) need to have been determined and communicated to the ED/CIO prior to July 1.

### ED/CIO Individual/Qualitative Performance Criteria

#### Criteria Approved for FY 2019-2020 Performance Period

In line with the overall framework for the incentive plan, criteria for the individual/qualitative performance portion of the ED/CIO's incentive award approved in June 2015 are: (1) Overall Mission; (2) People; (3) Efficiencies/Infrastructure/Operations; and (4) Interaction with the Investment Advisory Council and Audit Committee. The Qualitative Evaluation Form on the following pages includes more descriptive information regarding each rating area.

### Process and Schedule for ED/CIO Individual/Qualitative Performance Rating

In June 2015 it was decided the Compensation Subcommittee will rate the qualitative performance of the ED/CIO and recommend to the full IAC the amount of incentive to be awarded for the Performance Period. The IAC will vote to approve or disapprove the recommendation.

**July 1-15:** ED/CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC and Audit Committee). As part of the summary, the ED/CIO may want to encourage the individual Compensation Subcommittee or IAC raters to speak with individual members of the Audit Committee to gain additional perspective on interactions with them.

**By July 15:** ED/CIO sends his/her Summary to raters (members of Compensation Subcommittee) along with the attached evaluation form.

**By July 31:** Raters evaluate ED/CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

**By August 31:** Mercer compiles final ratings and all final comments from raters and sends them to the ED/CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee to review/discuss the evaluation with ED/CIO and provide an overall recommendation to the Trustees. The Subcommittee will present its recommendation to the IAC for its approval or disapproval prior to sending the recommendation to the Trustees.

**Following the public meetings of the Subcommittee and the IAC,** the Subcommittee Chair communicates the recommendation regarding qualitative incentive award and supporting rationale to the Trustees, with a copy to IAC members, as materials for a noticed public meeting of the Trustees.

**September:** Trustees consider recommendation in public meeting.

# **Attachment 3B**

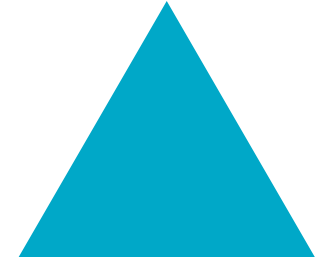
**STATE BOARD OF  
ADMINISTRATION  
FLORIDA**

**EXECUTIVE DIRECTOR  
PERFORMANCE  
EVALUATION SUMMARY**

SEPTEMBER 2020

**Jon Mason  
Josh Wilson**

Atlanta





# INTRODUCTION

- Mercer has advised State Board of Administration Florida on a variety of human capital needs since 2012.
- Mercer acts as the independent party in the annual review process of the Executive Director/CIO for SBA by the Compensation Subcommittee of the IAC
- In this process, Mercer collects the performance evaluations completed by the Compensation Subcommittee members and disseminates a summary of the findings.
- Performance reviews were completed by the following members:
  - Gary Wendt
  - Peter Collins
  - Vinny Olmstead
  - Ambassador Charles Cobb
- The following pages include an overall summary of the responses and detailed pages on the survey questions

# EXECUTIVE SUMMARY

Question	2020 Average Rating (out of a possible score of 4)	2019 Average Rating (out of a possible score of 4)
Overall Mission	4	4
People	3.625	3.5
Efficiencies/ Infrastructure /Operations	3.75	4
Interaction with Committees	3.25	3.75
Individual Rating	3.75	4

\*meets and exceeds were circled in one response

- Mercer converted the verbal rating scale to a numerical scale as follows:
  - Exceeds = 4 out of 4
  - Meets = 3 out of 4
  - Below = 2 out of 4
  - Poor = 1 out of 4

- The ED continues to receive high marks across the board
- Interaction with Committees dropped one half point year over year

# OVERALL MISSION

- The rating for this category should reflect the degree to which the ED/CIO has:
- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCf), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers; external communications and issue management

## 4 OUT OF 4

Comments:

- *“Ash has an outstanding reputation amongst peers and consultants”*

# PEOPLE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Developed subordinate staff
  - Recruited and retained key talent

**3.625 OUT OF 4**

Comments:

- *“Ash is one of the best at this that I have encountered”*

# EFFICIENCIES/INFRASTRUCTURE/OPERATIONS

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
  - This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

## 3.75 OUT OF 4

Comments:

- *“Discussions of succession plan and/or review of subordinates not done”*

# INTERACTION WITH IAC & AUDIT COMMITTEE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Maintained effective working relationships with individual IAC members and the Council as a whole, and with members of the Audit Committee on matters within the concern of each body.
  - Provided requested information and transparency. Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee to gain perspective on ED/CIO interactions with them.

## 3.25 OUT OF 4

### Comments:

- *“Transparent and forthright. Even during these heightened challenges due to pandemic, Ash was appropriately communicative”*
- *“Would appreciate periodic information on current environment other than at quarterly meeting”*

# OVERALL INDIVIDUAL/QUALITATIVE PERFORMANCE RATING FOR THIS PERIOD

# 3.75 OUT OF 4

Note: No “comments section” was provided for this final rating

## OTHER COMMENTARY OR CONSIDERATIONS

- There was an additional comment that expressed the perspective that performance, at least for the qualitative component of the CIO's performance, should reflect not only performance against benchmarks but also performance against peers.





**MERCER**

**MAKE TOMORROW, TODAY**

# **Appendix to Attachment 3B**



STATE BOARD OF ADMINISTRATION  
OF FLORIDA

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ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

July 15, 2020

Mr. Vinny Olmstead  
Chair, IAC Compensation Subcommittee  
2770 Indian River Boulevard, Suite 501  
Vero Beach FL 32960

Dear Vinny:

Consistent with the process adopted by the Investment Advisory Council (IAC) Compensation Subcommittee and affirmed by the IAC, following is my self-assessment, inclusive of the fiscal year ended June 30, 2019, together with a Qualitative Evaluation Form (attachment 1) for you to complete and return to Jon Mason at Mercer by July 31. For your convenience, an addressed, stamped envelope is enclosed for this purpose. Mercer will review the responses and may contact responders for clarification. They will then compile the ratings and final comments from raters and return them to me by August 31. I will share them with you and the other Subcommittee members and compile materials for a noticed public meeting of the Subcommittee to discuss and adopt a recommendation for the IAC. Please see "ED/CIO Incentive Plan Evaluation Process – FY 19-20" (attachment 2) for additional process details.

As a reminder, in keeping with Florida's Sunshine Law, please do not discuss this evaluation with any other members of the IAC. All members will have the chance to discuss this evaluation at the noticed public meeting planned for later this year.

Background

Upon being triggered by audited total fund performance as of fiscal year-end June 30, implementation of SBA's incentive compensation structure is based on achievement as evidenced by quantitative investment performance measures and qualitative assessment of each incentive plan participant's contributions to the accomplishment of SBA's objectives. These are summarized at a high level in our Mission and Vision Statements:

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

**Our vision is to be the best public sector investment and administrative service provider while exemplifying the principles of trust, integrity and performance.**

As Executive Director & CIO, my priority is to keep our organization's team, culture, reputation, credibility and resources at a strength that empowers mission and vision fulfillment. This is consistent with the Trustees' delegation of authority to the Executive Director & CIO. Our most visible output is investment results, the adequacy or inadequacy of which is readily seen. Taking a long term view, what is actually more important but less visible is the team and culture building, policy and strategy formation, resource provision, risk management and execution that create the many investment outcomes that sum to the total fund's return. If these are right, the probability of consistent investment outcomes that earn trust, enhance the SBA's reputation and build brand value is vastly enhanced. The result is a virtuous cycle where our credibility and performance help garner critical policy support from key SBA stakeholders (Trustees, Legislature, local governments, beneficiaries, taxpayers, media, etc.), which in turn, positions us as a serious, stable, and desirable investment partner in the marketplace. This enables us to build well-aligned relationships with other exceptional organizations and capture superior deal flow with more favorable terms and pricing, driving the performance that earns trust, enhances reputation and builds brand value. I take responsibility for ensuring that the SBA executes effectively at all levels of this cycle.

While effective strategy execution and policy engagement describe my responsibilities at a high level, the purpose of this letter is to communicate specifically my performance over the past year for your consideration. Evaluation of the Executive Director & CIO and recommending an appropriate level of qualitative incentive compensation falls to the IAC Compensation Subcommittee, which may also make a recommendation on base compensation. Final action on the ED/CIO compensation is reserved for the SBA Trustees. Following are my thoughts on my contribution and accomplishments relating to each of the four central performance areas for the ED/CIO to be evaluated by the Subcommittee and addressed on the Evaluation Form.

1) Overall Mission

The fiscal year ended 30 June, 2020 was remarkable in many ways that provided an excellent stress test for the SBA and for me as its senior executive. In the space of twelve months, we experienced the equivalent of several business cycles. Financial markets at times reflected the underlying economy, and at other times seemed to detach completely. It was like watching a movie with half of it running at "fast-forward" speed. The story started with the last half of 2019, a fairly typical mature bull market, fully (perhaps richly) valued financial and real asset markets around the world against a backdrop of record low interest rates and high employment levels. Life was good, investors worried about whether earnings could support valuations if investment objectives could be met in a near zero interest rate regime and, of course, about potential "exogenous shocks."

In Q1 2020, things started changing. The central concern became COVID-19, an unfamiliar pathogen with a level of contagion capable of igniting a global pandemic. As stories of COVID spread, and China and Europe began to dominate the news, the implications of a pandemic for economies, individuals and investors became the focus of financial analysts, scientists, business people, policymakers and the media. As related uncertainty, anxiety and fear grew, another disruptive surprise occurred. An early impact of the nascent pandemic was destruction of oil demand, driving down global prices by approximately 50% between January 20 and March 20. In the second week of March, Saudi Arabia and Russia ended their price cooperation; both countries increased production, flooding an already weak oil market with new supply as demand continued to ebb. Over the ensuing weeks, oil prices continued to collapse and literally went negative for a period. Taken together, the pandemic, resulting social isolation, business closures and energy price collapse proved to be the exogenous events that reversed one of the greatest bull markets in history and destroyed virtually all of the employment gains since the Great Financial Crisis.

The speed and degree of stock price collapse harkened back to the Great Depression. Likewise, the speed and magnitude of policy intervention set new standards. In a matter of weeks, economies effectively ground to a halt, while central banks created a range of liquidity facilities to address financial market stresses in various areas. Congress passed several trillion dollars of fiscal stimulus aimed at bridging the pandemic driven revenue halt for businesses, individuals and governments. As the negative spiral of social isolation, business closures, unemployment and revenue interruption deepened, a sense that the cure might be worse than the disease emerged. Economies began reopening, people began socializing, markets bounced back with similar zeal to their collapse and COVID resumed its spread. Lagged effects of closure related dislocation are visible in a steady stream of bankruptcies, workforce and expense reductions and defaults. COVID is still spreading aggressively as policy makers try to balance disease containment with economic sustainability. Current disruption and future uncertainty are as extreme as I have ever seen them. How has the SBA fared through the shocks, volatility, dislocations and changes? How has our management performed in the crucible of COVID and how have we adapted? Did our existing policies and processes provide orderly and productive guidance? Did we follow those policies and processes effectively and rationally, making timely adjustments to adapt to changing conditions? Were we leaders or followers in prudently providing for the safety of the human and financial resources entrusted to our care? Have we been able to sustain our culture, maintain client service levels, operate the SBA's businesses and maintain effective dialog with our Trustees? How have we sustained oversight functionality and transparency of our advisory bodies and internal and external auditors? Is our control environment maintaining its effectiveness? Have we been able to progress SBA priorities initiated pre-COVID? Have we continued to provide industry leadership and maintain SBA's brand value?

Broadly speaking, I believe the SBA has performed exceptionally well through recent challenges. We are also mindful of big picture sustainability issues like prudent actuarial assumptions, where the IAC engaged and contributed meaningfully to a positive outcome. For the period at hand, let's first consider high level metrics, then get into some details and more nuanced indicators of

prudently managed organizational success. The following bullets will address the questions posed above.

- Initial performance estimates for FY 19-20 show a total fund return of 3.09%, 55bps above benchmark. These numbers will certainly be revised when private market asset values are updated and all performance numbers and calculations are audited. What will not change are the facts about our management, policy, implementation and control environment during the period. While the initial performance is positive in an absolute sense and relative to benchmark; it underscores the propriety of the IAC's expression of concern about reliance on ambitious actuarial return assumptions.
- SBA has responded to the pandemic proactively and systematically. First reported in Wuhan, China in late December, 2019, the initial confirmed case of Coronavirus in the United States occurred on January 21, 2020 in Washington State. The first reported cases in Florida came on March 2, 2020. In response, SBA's "Incident Management Framework", designed to guide management of natural (weather, etc.) or manmade (building failure, workplace violence, cyber-attack, etc.) incidents, was activated in early March and has met regularly since. This provides a single point of data capture and sharing regarding the incident at hand; it also provides unified management decision information and dissemination of conclusions and direction. Full daily transparency on COVID and related issues relevant to SBA operations is provided through the incident management page on our intranet which includes current directives and/or communications from the Trustees, SBA management, public health agencies and emergency management agencies, together with dashboards, resources and remote working guidance.
- Recognizing the threat to our people, partners and collective ability to continue to get our jobs done, we moved quickly, limiting travel and barring visitors from our building and transitioning into remote working. Our ability to make informed, timely decisions and communicate clear, specific, implementation instructions throughout our organization is a direct result of the effort and resources committed to business continuity over the past five plus years. All employees have mandatory annual incident management training, including a proficiency exam; everyone knows how the policies and processes work to maintain order in times of chaos. SBA's Incident Management Team regularly does tabletop exercises covering a range of perils. While we had not done a dry run of a pandemic, the principles of management are the same regardless of the proximate cause of disruption. The objectives are straightforward: keep people safe, get the job(s) done, maintain controls and accountability, serve client needs and continue to adapt, improvise and advance consistent with our fiduciary duty of prudence. SBA began sending people home March 17<sup>th</sup>. On March 31<sup>st</sup>, the SBA began tracking who was in the building as well as the number of remote connections. Since that time, out of roughly 250 FTEs, the SBA has averaged less than 20 people per day in the building. The rest (approximately 90%) have been effectively working remotely from home.
- At the same time we were addressing personnel safety and the new normal of remote operation, we focused on protecting assets and positioning to capture portfolio

opportunities that are the positive part of major market dislocations. First and foremost, this meant ensuring adequate liquidity across client portfolios to meet known obligations, provide for rebalancing(s) as appropriate and for the pension fund, capital calls and opportunistic investments. This approach freed us to focus on how and when to execute based solely on investment merit. As discussed in recent IAC meetings, rebalancings were a source of value added. All obligations were met timely and in an orderly fashion. A number of new strategies, managers as well as follow on investments with existing partners were implemented.

- SBA's seamless remote work transition was no accident. With the support of the Trustees and the IAC through our budget process, we have been steadily investing in IT infrastructure and human capital for several years. Since 2016, the SBA has invested over \$1 million into its IT and IT Security infrastructure, from implementing paperless contract and investment approvals to onboarding a 24/7 third-party managed security services provider. The strategic objective of this investment has been to ensure our ability to effectively work anywhere, anytime and at a moment's notice. Although the primary risk this enhanced operating capability was intended to mitigate was an intermittent disruption from a hurricane (something that has happened three times in four years), this planning and investment has served us well in the current environment of extended remote work.
- The business of the SBA has not been adversely affected in a meaningful way as a result of transitioning to remote work. Asset management transactions, rebalancings, capital calls, risk and performance measurement, dialog within our investment team, external partners, with Trustees offices, and oversight groups has been uninterrupted. SBA leadership has conducted weekly Incident Management Team meetings, bi-weekly staff meetings and Senior Investment Officer Team meetings, Risk and Compliance Committee meetings, two Audit Committee Meetings and two IAC meetings all by teleconference or video conference. The one exception is on site diligence for new investment managers or GPs. The double whammy of travel suspension and remote work of managers/GPs is problematic. If we have an ongoing dialog with a manager, our consultant(s) and trusted allocator peers know and are invested with them, we can reach closure. We cannot prudently do so for potential investment partners lacking these attributes; the offset to this is a pipeline of funds and GPs who are already known.
- The Cat Fund has continued managing claims from recent storms and preparing for an anticipated pre-event debt issue to replenish capital drawn down by claims and maturing outstanding bonds.
- Florida PRIME has continued to meet the needs of clients, providing full daily liquidity, safety and competitive returns to 1,380+ accounts across more than 740 governmental entities statewide. In stark contrast to the dramatic asset runoff the Local Government Surplus Funds Trust Fund (PRIME's predecessor) suffered in the Great Financial Crisis, PRIME actually grew assets in FY 19-20. Year-end AUM topped \$15BB, a 12.8% (\$1,7BB) increase.

- As the June 30 IAC materials outlined, internal and external audits and advisory reviews have continued, with adjustments in procedure to accommodate remote working. No material weaknesses have been identified, controls have been affirmed and a number of process improvements identified and progressed.
- With travel cessation and remote work, business has gone virtual. As a result, “meetings” with our investment partners and participation in professional organizations haven’t missed a beat. The information and contextual enhancement gained have been extremely valuable in building our understanding of events and related risks and opportunities. I continue to chair the Council of Institutional Investors and the investment advisory boards of the National Institute for Public Finance, Managed Funds Association and Alternative Investment Forum. I remain on the advisory board of “Delivering Alpha”, the annual investment event co-hosted by CNBC and Institutional Investor and the Robert Toigo Foundation. I also serve on several non-profit investment committees, including those of the International Endowment for Electrical Engineers, Florida State University Foundation and the Episcopal Diocese of Florida.
- SBA’s visibility, leadership and brand value among peers and in the investment industry continue to reflect strong positive perception of our organization, investment acumen and leadership in best practices. Reflecting this perception, SBA received three significant recognitions during FY 19-20. These include two awards from CIO magazine at their 10<sup>th</sup> annual CIO Industry Innovations Awards ceremony held in NYC December 12, 2019:
  - Innovation Award, Large Public Pension
  - CIO of the Year

SBA also received a nice honor from the National Association of State Investment Officers (NASIO) at their annual meeting in Portland, ME, September 30, 2019. I received the Richard L. Stoddard Award in recognition of outstanding contributions to the investment of public funds. Again a reflection on the excellence of SBA’s entire investment team, this recognition is especially meaningful to me for two reasons. First, it is not an annual award; NASIO infrequently awards a Stoddard on the basis of exceptional merit. Second, it is a pure play on peer perception; those who determine if and to whom the award should be bestowed are solely the CIOs of US state pension organizations.

## 2) People

As Warren Buffet said, “Someone is sitting in the shade today because someone planted a tree a long time ago.” Our business is inherently long term focused; we prepare for financial events decades in the future. As last year’s letter outlined, continuation of excellence cannot be assumed; it must be willfully conceived and provided for. Truly great organizations understand their own frailty and institutionalize strategies to sustain their strength, anticipating and meeting human capital needs, taking pains to recruit, grow and retain professionals with depth and diversity that empowers orderly succession and sustains cultural values. Circumstances and context are ever changing, but the right cultural norms and personal standards will always distinguish real winners from the less successful. The SBA has the good fortune to own an



excellent investment track record, excellent team, strong culture rooted in shared beliefs and a sterling reputation. Getting succession right is critical to preserving what is good in organizations and improving what isn't as good as it could be. Thus far, our succession management has been highly effective; we need to keep it that way.

- Currently, 18.5% of the SBA workforce has established a date within the next few years by which they intend to retire or will be eligible to retire by December 31, 2021. This equates to 40 FTEs, 22 of which are in management positions, representing roughly 25% of SBA managers. While we will lose many of those people in the next 12 to 18 months, it is not cause for concern. Succession is an issue we have been keenly aware of and managing over the nearly 12 years I have been back at the SBA. During this time, all Senior Investment Officers and almost all of top management have turned over. We have added and grown talent at all levels of the organization and developed succession plans in all our business units. I believe we are in a strong position, largely as a result of the IAC's leadership in crafting and implementing our current comp system. Competitive economic compensation and benefits, paired with a very positive combination of workplace quality / culture and smaller city / university town /family friendly lifestyle have proven effective in hiring smart, motivated people and expanding their skills and responsibilities over time.
- I am planning to retire in September of 2021 and am working with the Trustees to make their decisions around succession as straightforward and seamless as possible. SBA's top management team, investment officers and all of the supporting IT, Accounting and Administrative and Control and Compliance teams are strong and well resourced. Whether the Trustees choose to remain with a combined Executive Director & CIO or split the functions as many institutions do, there are excellent internal candidates capable of accomplishing a smooth transition.
- Issues of diversity and inclusion have been a subject of substantial recent discussion. I have reached out to reaffirm SBA's commitment to be a meritocracy with opportunity for all. More importantly, our actions support the value statement. There is always more that can be done and in that regard, we are working on a mentorship program, improving diversity in candidate pools and are open to other initiatives. Perhaps most importantly, we listen to our employees and do our best to honor their skills and service.
- Consistent with SBA's culture of thought leadership, I encourage SBA colleagues to be active in professional organizations relevant to their responsibilities and beneficial to the SBA. Staff are involved in the leadership of the Institutional Limited Partners Association, National Association of Public Pension Attorneys and International Corporate Governance Network. In addition, accounting, audit, Inspector General and compliance staff are active in the American Institute of Certified Public Accountants, Institute of Internal Auditors, Association of Public Pension Fund Auditors, Information Systems Audit and Control Association and the Association of Certified Fraud Examiners.

### 3) Efficiencies / Infrastructure / Operations

SBA continues to be among the very lowest cost large providers of retirement investment service providers. CEM Benchmarking, an independent third party cost analysis firm's latest compilation of peer metrics show that the Pension Plan's 5-year investment performance exceeded 95% of its peers, and its most recent one-year all-in costs were lower than 81% of peers. The keys to this productivity are internal asset management (which we continue to grow) and scale economies captured in the structure, terms and fees of our asset management and service provider relationships.

- To maintain and improve support for the investment process, trust services, FL PRIME and the FL Hurricane Catastrophe Fund, the SBA has continued to build out its IT infrastructure, including completing an important intelligent automation project (discussed below), upgrading key portfolio accounting systems and conducting critical disaster recovery failover tests in light of the start of hurricane season. This past July, the SBA Trustees approved a budget request that includes an additional \$2 million of investment directed to IT and IT security projects, including a new private market portfolio management solution, additional services geared to transitioning many of our current office solutions to the cloud, and continued investment in robotic process automation (RPA).
  - RPA is not new technology, but its implementation among large asset allocators is still in the relatively early stages. The technology uses computer software to mimic the operations that an employee would otherwise conduct "manually" using multiple computer applications. The most common example is where an employee would be required to transfer data from multiple emails, documents, spreadsheets and pdf reports into a single spreadsheet, database or report for further processing. This work is time intensive and generally not particularly satisfying to the employee. RPA software can automate this work to be performed more accurately and in a fraction of the time. This past year, we created an RPA Center of Excellence within the SBA, developed an RPA Operating Model, selected an RPA Project Steering Committee, selected an RPA software vendor and implemented an RPA pilot project. The RPA pilot project automated three relatively simple tasks, saving over 1,000 human hours of work annually. The human hours "saved" can now be redeployed to areas where human judgement and critical and analytical thinking are required, which are higher value activities for both the employees and the SBA. We anticipate automating dozens more processes over the next three years with equivalent productivity gains.
  - IT security has been a topic in prior letters and remains a priority as cyber-crime is perhaps the world fastest growing business. Over the past year, we have formally adopted a Cybersecurity benchmark, conducted a gap analysis with respect to that

benchmark and developed a road map and timeline to close identified gaps. We have also upgraded our endpoint security and data loss prevention toolsets, and we continue to work with our annual third-party Cybersecurity auditor to test and continuously refine our security systems. On an annual basis, our IT security infrastructure, which consists of 2 full-time employees, numerous systems (including without limitation endpoint, web-gateway, email filtering and data loss prevention systems) along with a 24/7 contracted third party managed security services provider, analyzes literally hundreds of millions of security events, any one of which, if not prevented, could result in a significant negative impact to the SBA.

4) Interaction with the Investment Advisory Council and the Audit Committee

The IAC plays a central role in the credibility and success of the SBA; the expert independent oversight and guidance provided to the Trustees and stakeholders is one of the keys to the success of our governance model, especially relative to many of our peers. I defer to your judgement on the quality and productivity of our relationship. Regarding the Audit Committee, I attend and actively participate in their meetings and maintain good rapport with its members. Please feel free to contact any of the members of the Audit Committee individually to hear their perception of my interaction with them (see attachment 3 for their contact information).

Thank you for sharing your time and talent by serving on the IAC and for your additional commitment to serve on the Compensation Subcommittee. Your effort and wisdom are valued and have contributed meaningfully to our investment success and the strength of our organization. You have advanced the economic interests of our beneficiaries in the purest sense of fiduciary duty, while also benefiting stakeholders and taxpayers.

With best regards,



Ashbel C. Williams

# Attachment 3C

## MEMO

**TO:** Vinny Olmstead, Chairman, Compensation Subcommittee of the Investment Advisory Council, State Board of Administration

**DATE:** September 14, 2020

**FROM:** Jon Mason & Josh Wilson, Mercer

**SUBJECT:** Mercer's Review of SBA Compensation study and Salary Recommendation for Executive Director/Chief Investment Officer (ED/CIO)

Dear Chairman Olmstead

In 2012-13, Mercer was engaged to conduct a compensation study for the State Board of Administration of Florida (SBA). Near the conclusion of that study, Mercer issued a letter of recommendation to Chuck Newman, a prior Chairman of the Compensation Subcommittee of the Investment Advisory Council, State Board of Administration with regard to the SBA's ED/CIO (Mr. Ash Williams) compensation. The recommendation was to increase the ED/CIO's annual salary to \$410,000 which approximated the median of the five largest public pension funds in the United States. Mr. Williams' salary was adjusted from \$325,000 to \$367,500 effective 12/10/13 and adjusted again to \$389,500 effective 12/1/2014. Mr. Williams' salary was not adjusted in 2015.

In 2016, the SBA refreshed the analysis done in 2013 but did so internally (as a fee savings measure) and Mercer reviewed and validated the work. In Mercer's view, the process undertaken by the SBA was appropriate and consistent with the approach Mercer would have taken. Mercer's recommendation for 2016 was to increase Mr. Williams' base salary to \$425,000 (with the intention of ultimately adjusting the ED/CIO to \$455,000, but over a two-year period). However, in 2016 Mr. Williams' base salary was actually adjusted to \$411,000.

In 2017 & 2018, SBA continued conducting the benchmarking work internally with validation from Mercer. Based on the 2017 assessment and the ED/CIO's annual performance review, Mercer maintained its prior recommendation of an ultimate adjustment to \$455,000 which the Subcommittee accepted. In 2018 Mercer recommended two alternatives for adjustments and the IAC adopted the higher of the two proposals (a salary of \$525,000) based on Mr. Williams' performance and positioning in the marketplace.

Finally, in 2019, Mercer recommended an adjustment to \$575,000 based on that year's market study and the results from the Executive Director/CIO's performance assessment. At the time, we also offered a more conservative alternative adjustment to \$545,000 and the Committee ultimately opted to adjust the ED/CIO's base salary to the higher alternative of \$575,000.

2020 Review of ED/CIO's performance

Mercer received feedback from all four members of the Compensation Subcommittee pertaining to the annual performance of the ED/CIO. Consistent with prior years, Mr. Williams received high marks in all categories, with all Subcommittee members giving the highest ratings with respect to performance related to the organization's mission, Efficiencies/Operations/Infrastructure and Mr. Williams' overall individual performance. The Subcommittee has consistently communicated its desire to retain Mr. Williams and the intention to provide market competitive compensation to all SBA employees, including Mr. Williams.

#### Mercer's Recommendations Regarding SBA's ED/CIO Compensation

The SBA compiled multiple salary market reference points for the ED/CIO position including:

- 1) Median of top 5 public pension funds - \$450,000 (Group consists of CalPERS, CalSTRS, New York State Common, New York City Retirement, Teachers Retirement System of Texas)
- 2) 75<sup>th</sup> percentile of Larger Public Pension Funds peer group (n=14) - \$566,500
- 3) 75<sup>th</sup> percentile of Broader Public Pension Funds peer group (n=20) - \$515,500

For the first time since we began working with SBA, the compensation data have remained approximately flat or have declined slightly. For context, among the 14 larger public funds peer group, four had new CIOs in 2020. Three of four were internal promotions and all of the four were first time CIOs (one was previously "Interim CIO"). As an additional data reference point, Mercer conducts a periodic survey of large and leading public pension funds (n=12). The base salary 75<sup>th</sup> percentile for that group of public pension CIO's is \$586,500.

Based on the above inputs, we do not believe a *market-based* adjustment is in order. Due to strong performance, tenure, and a desire to maintain consistent positioning, SBA may consider a typical merit adjustment in the range of 2-4% (or consistent with SBA's broader merit budget adjusted for individual performance). A 3% adjustment would yield a salary of \$592,250.

Additionally, several SBA employees, including Mr. Williams, are eligible for a performance-based incentive that is closely tied to the results of the funds. Mr. Williams is eligible for incentive compensation ranging from 17.5% to 52.5% of salary. For reference, a majority of SBA's public pension peers also have incentive programs and this year's study illuminated that those incentives are generally more lucrative than those offered by the SBA. For example, while the maximum incentive compensation for SBA's ED/CIO is 52.5% of base salary, at median, the maximum incentive for SBA's peers is 150% of base salary. The magnitude of these opportunities should be contemplated as the SBA evaluates the competitiveness of the incentive programs across the SBA.

If you have any questions, please do not hesitate to contact us.

Thank you,  
Jon & Josh

# Attachment 4

# 2019-2020 SBA Compensation Update





# SBA Incentive Compensation Update

	FY2015-2016	FY2016-2017	FY2017-2018	FY2018-2019	FY2019-2020
Total Eligible Positions	63	63	63	63	64
Total Participants Receiving an Award	57	59	54	58	62
Maximum Possible Quantitative Award	\$1,786,970	\$1,783,384	\$1,831,456	\$1,962,033	\$2,188,657
Actual Quantitative Award (Paid over 2 years)	\$1,382,538	\$1,610,799	\$1,648,299	\$1,783,358	N/A
Maximum Possible Individual Award	\$339,580	\$343,442	\$350,144	\$369,655	\$424,117
Actual Individual Award (Paid over 2 years)	\$255,999	\$296,867	\$311,107	\$335,657	N/A
Maximum Possible Award	\$2,126,550	\$2,126,827	\$2,181,600	\$2,331,688	\$2,612,774
Actual Total Award Earned (Paid over 2 years)	\$1,638,535	\$1,907,665	\$1,959,406	\$2,119,014	N/A
Total Earned Quantitative ÷ Max Possible	77%	90%	90%	91%	N/A
Total Earned Individual ÷ Max Possible	75%	86%	89%	91%	N/A
Total Earned ÷ Max Possible	77%	90%	90%	91%	N/A
% Participants Earning Max Possible	53%	63%	69%	37%	N/A
Total Awards Paid in December following FY	\$869,218*	\$1,728,304	\$1,886,568	\$2,063,465*	N/A
Total Awards Deferred to December after next FY	\$769,318	\$953,833	\$979,703	\$922,488	N/A

\*More than 50% of earned awards were paid out due to two individuals (in each year) reaching age 65 in the calendar year and triggering 100% payout pursuant to the Plan Document.

# SBA Base Compensation Comparison for 2018 & 2019 Salary Adjustments

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	December 2018 Adjustments	December 2019 Adjustments	December 2018 Adjustments	December 2019 Adjustments	December 2018 Adjustments	December 2019 Adjustments
<b>Total Employees</b>	193	182	135	127	58	55
<b>Employees as % of Total Employees</b>	-	-	70%	70%	30%	30%
<b>SBA Compa-Ratio (Total Salaries ÷ Total Midpoints)</b>	94%	94%	98%	98%	90%	89%

The table above reflects adjustments to SBA employees only and excludes position reclassifications and the ED/CIO adjustment.

NOTE: The base pay plan was updated in conjunction with the base salary increase effective 12/01/2020.

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	December 2018 Adjustments	December 2019 Adjustments	December 2018 Adjustments	December 2019 Adjustments	December 2018 Adjustments	December 2019 Adjustments
<b>Aggregate Rate Increase</b>	\$734,384	\$820,393	\$467,413	\$509,856	\$266,971	\$310,537
<b>Median Base Pay Increase</b>	\$4,001	\$4,165	\$3,550	\$3,702	\$5,768	\$4,812
<b>Average Base Pay Increase</b>	\$4,800	\$4,508	\$4,328	\$4,015	\$5,933	\$5,646
<b>Median % of Base Pay Increase</b>	5.0%	4.7%	5.5%	5.0%	4.2%	4.1%
<b>Average % of Base Pay Increase</b>	5.1%	4.8%	5.6%	5.1%	4.1%	4.1%

The table above reflects adjustments to SBA employees only and excludes position reclassifications and the ED/CIO adjustment.

# SBA Base Compensation Distribution Update as of December 2019 – Latest Cycle

% of Increase	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	# of Employees	% of Employees	# of Employees	% of Employees	# of Employees	% of Employees
<b>0% - 3%</b>	18	9.9%	12	9.4%	6	10.9%
<b>3.1% - 6%</b>	141	77.5%	95	74.8%	46	83.6%
<b>6.1% - 10%</b>	19	10.4%	16	12.6%	3	5.5%
<b>Greater than 10%</b>	4	2.2%	4	3.1%	0	0.0%

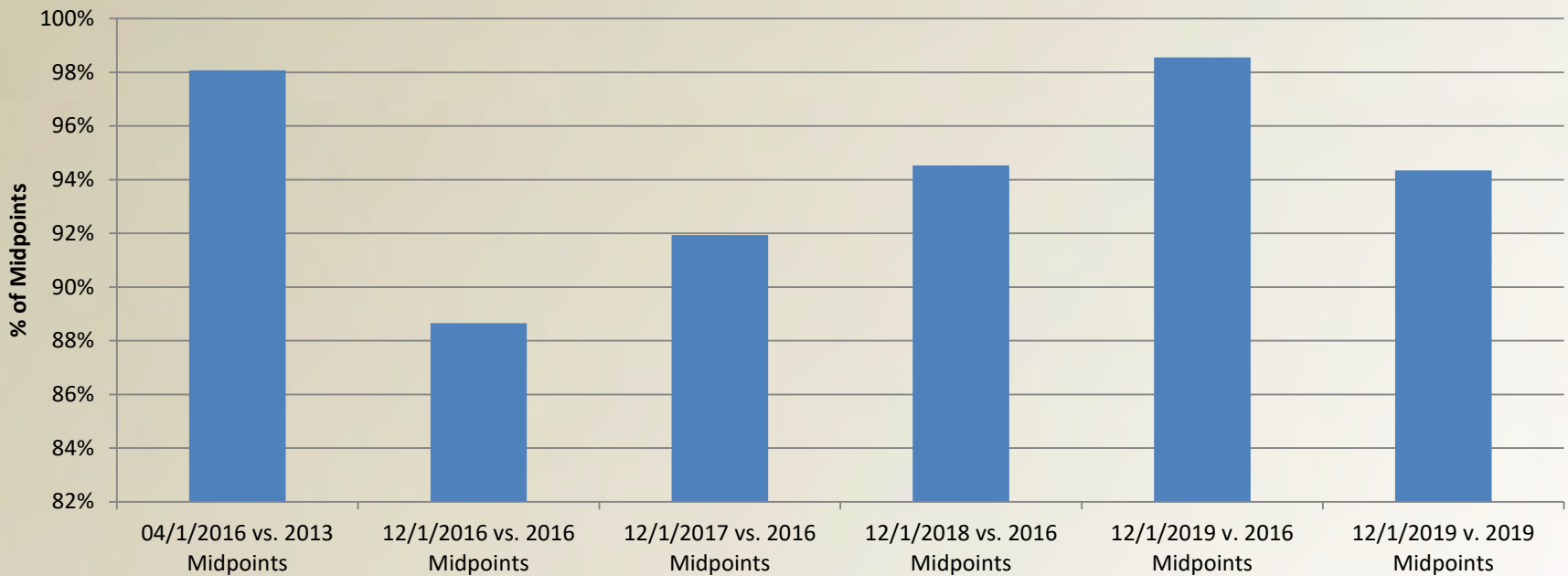
The table above reflects adjustments to SBA employees only and excludes position reclassifications and the ED/CIO adjustment.

# Progress Toward Target Salaries

(Organization-wide Compa-Ratio)

## Progress Toward Target Salaries

Salary as Percent of Pay Grade Midpoint  
(Total Salaries ÷ Total Midpoints)

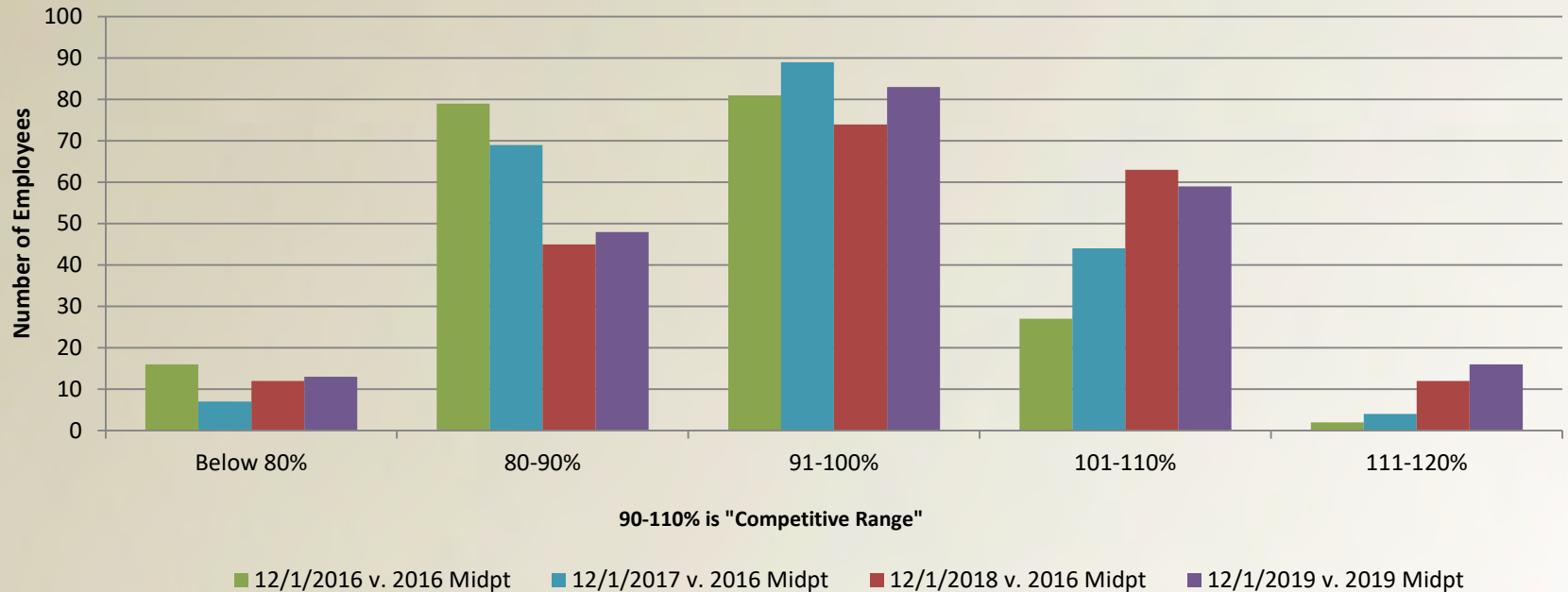


90-110% is "Competitive Range"

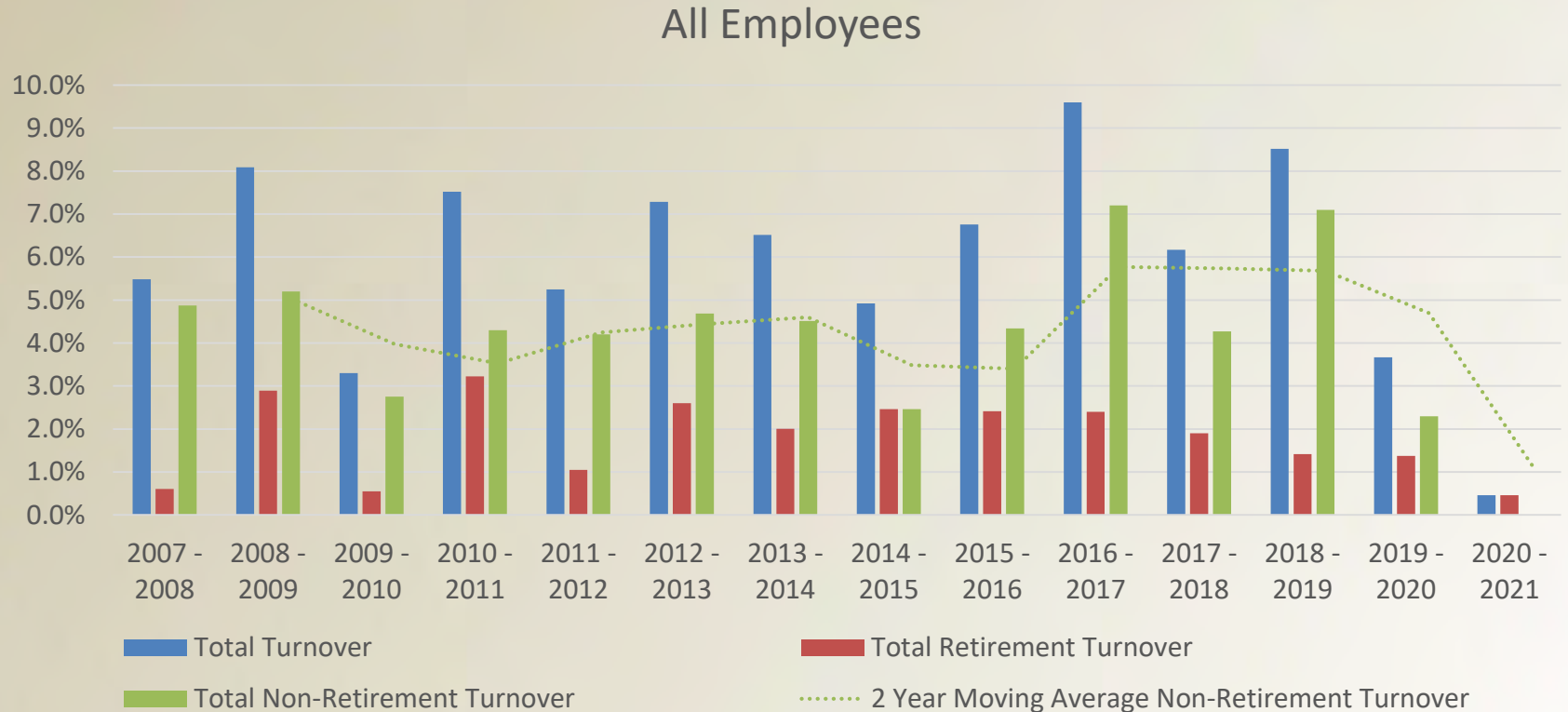
# Progress Toward Target Salaries

## (Distribution of Employees by Compa-Ratio)

**Progress Toward Target Salaries**  
Salary as Percent of Pay Grade Midpoint

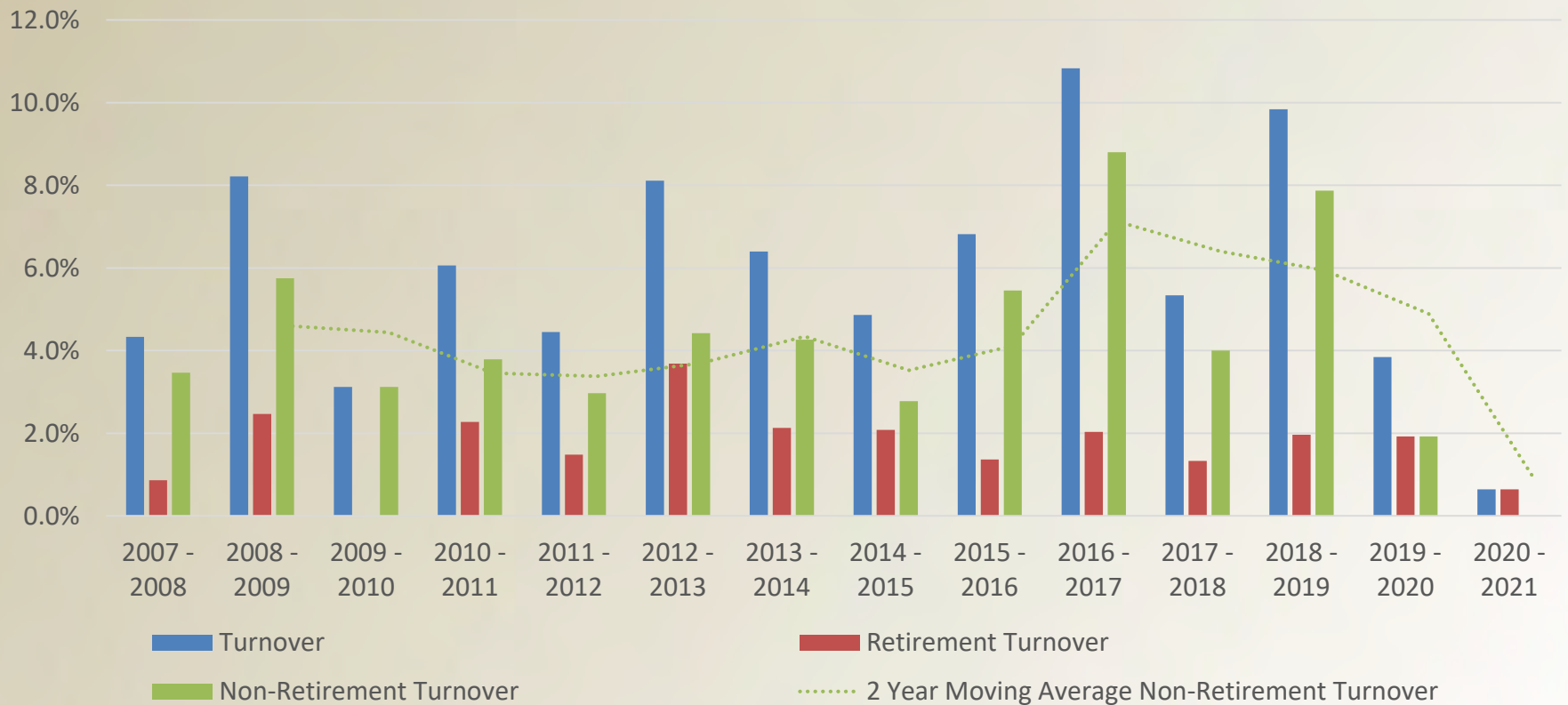


# Turnover for all SBA, ODCP, and FHCF Staff



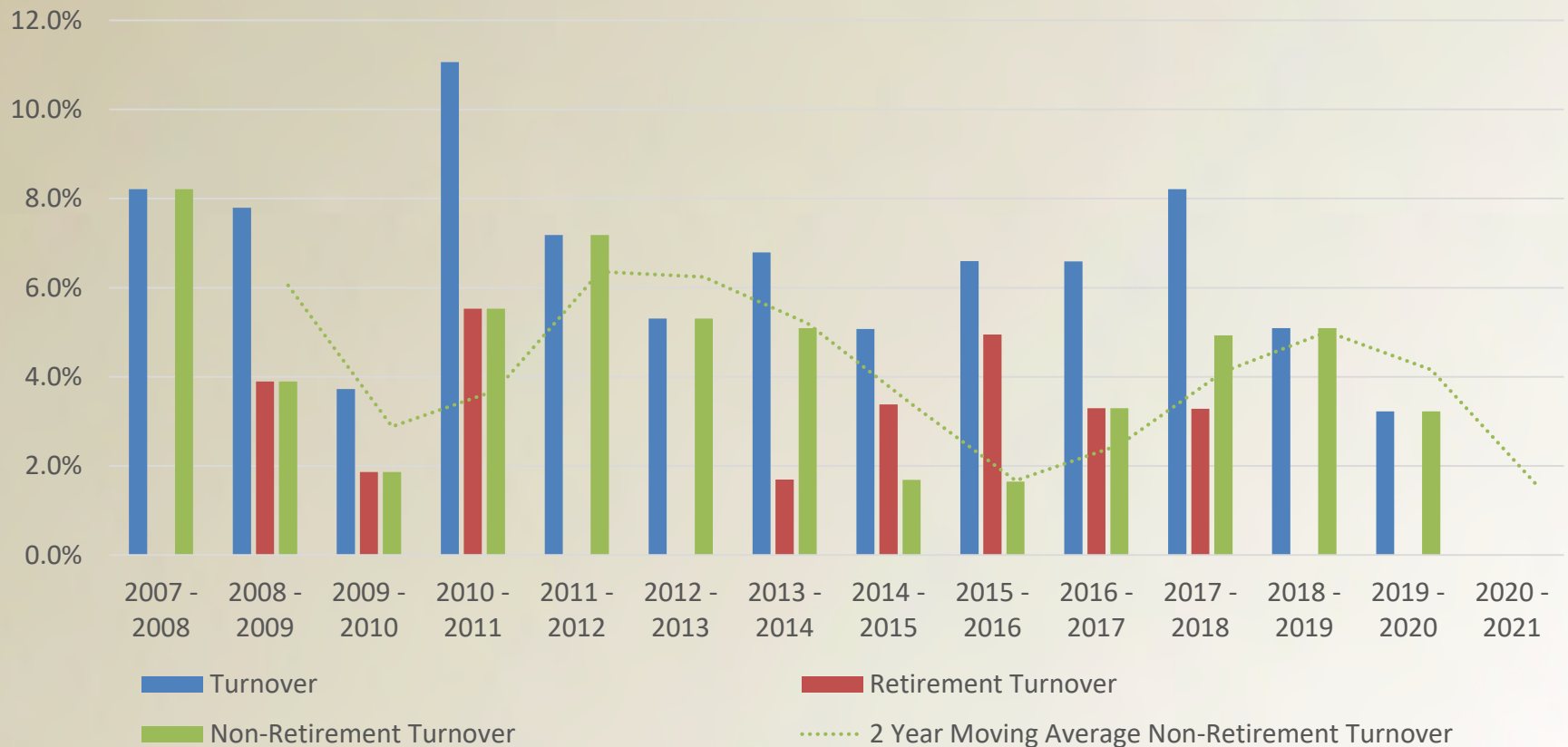
# Turnover for all SBA, ODCP, and FHCF Non-Incentive Eligible Staff

Non-Incentive Eligible



# Turnover for all SBA, ODCP, and FHCF Incentive Eligible Staff

Incentive Eligible





# Projected Retirements by December 2026 for all SBA, ODACP, and FHCF Staff

- 77 (35.5%) of 217 employees are eligible to retire by the end of 2026.
- 42 (54.5%) of 77 employees eligible to retire are manager/supervisor-level and above.
- There are 42 (48.8%) manager/supervisor-level and above employees eligible to retire of the 86 total manager/supervisor-level and above employees. This means that 48.8% of the SBA's manager/supervisor-level and above positions could be replaced by the end of 2026.
- Of the 77 employees eligible to retire, 16 (20.8%) are already in DROP. Of the 16 in DROP, 6 (37.5%) are supervisor/manager-level and above.
- Of the 77 employees eligible to retire, 17 (22.1%) are in an asset class and 60 (77.9%) are in operations.
- There are 61 filled incentive eligible positions with 21 (34.4%) eligible to retire by the end of 2026.

# State Board of Administration

## *Position Description*

<b>Position Number:</b> <u>00000001</u> <b>Position Title:</b> <u>Executive Director &amp; CIO</u> <b>Department:</b> <u>100 - Executive Director</u> <b>Current Incumbent:</b> <u>Williams Jr., Ashbel C</u> <b>Wage Class:</b> <u>Executive</u> <b>Salary Grade:</b> <u>017</u> <u>\$592,250.00</u> <b>Hrs/Wk:</b>	<p style="text-align: center;"><i>Human Resources Use Only</i></p> <b>Current Action:</b> _____ <b>Effective Date:</b> _____ <b>Last Revision Date:</b> _____
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**Job Responsibilities:**

The State Board of Administration (SBA) is governed by the Board of Trustees, composed of the Governor as Chair, the Chief Financial Officer and the Attorney General. The Board of Trustees have delegated to the Executive Director & Chief Investment Officer (ED & CIO) the authority and responsibility for all administrative, operational and investment management functions, in compliance with federal and state laws, administrative rules and policies of the SBA. The ED & CIO responsibilities include the development of investment policies and the prudent investment of assets of the Florida Retirement System (FRS) Pension Plan (defined benefit), FRS Investment Plan (defined contribution), Lawton Chiles Endowment Fund, Local Government Investment Pool, miscellaneous trust funds, debt service and other mandates and trusts. The ED & CIO must discharge his/her fiduciary duties while adhering to the highest ethical, fiduciary, and professional standards.

Develops and maintains relationships with stakeholders and provides leadership for investment management, administrative, and operational functions

- Maintains effective relationships with SBA Trustees, Investment Advisory Council members, Audit Committee members, legislators, clients, and other stakeholders
- Provides leadership to employees managing and directing the day-to-day operations of the SBA to include, but not limited to: administrative, procurement, human resources, budget, external communications, accounting, finance, corporate governance, audit, Inspector General, legal, information technology, trust services, risk and compliance, and Florida Hurricane Catastrophe Fund functions
- Provides leadership to employees managing and directing the day-to-day investment management of the SBA to include, but not limited to: fixed income, global equity, private equity, strategic investments, and real estate asset classes; investment policy; and defined contribution programs

Oversees investment and fiduciary responsibilities mandated to the SBA

- Provides leadership to employees managing and directing all aspects of the implementation and oversight of investment management functions to achieve risk and return objectives, including the strategic and tactical allocation of investment assets
- Provides leadership to employees developing specific individual investment portfolio objectives and policy guidelines and applying analytical models to measure risk tolerance and portfolio performance against appropriate benchmarks
- Provides leadership to employees maintaining diversified portfolios, and maximizing returns with respect to the broadly diversified market standards of individual asset classes, consistent with appropriate risk constraints
- Provides leadership to employees evaluating the appropriateness of the goals and objectives of the SBA in light of actuarial studies and recommends changes to the Board of Trustees when appropriate
- Reviews and approves investment strategies and annual investment work plans
- Provides leadership to employees monitoring investment performance and portfolio risk characteristics
- Oversees investment manager selection, retention, termination and monitoring
- Consults with investment managers, investment consultants, industry experts and peers
- Provides the Board of Trustees with regular reports of investment activities

Provides leadership and oversight of enterprise risk management

- Identifies, monitors and controls/mitigates key investment and operational risks
- Maintains an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise-level
- Maintains an appropriate and effective control environment for SBA investment and operational responsibilities
- Approves risk allocations and limits, including total fund and asset class risk budgets

# State Board of Administration

## *Position Description*

Page 2 of 4

Performs other duties delegated by the Board of Trustees to guide the SBA in carrying out the strategic direction of the day-to-day financial investments and operations functions

### **Job Requirements:**

A bachelor's degree from an accredited college or university in finance, economics, accounting, or a related field and ten years of progressively complex investment related and policymaking experience, with five years in a senior management role.

### Preferences:

- Master of Business Administration or master's degree from an accredited college or university in finance, economics, accounting, or a related field; or Juris Doctor
- Chartered Financial Analyst (CFA) credential
- Experience in senior management with fiduciary responsibilities in a public sector multibillion dollar pension plan

### Knowledge, Skills and Abilities:

- Extensive knowledge of and experience in asset management industry (investment and operational practices), including risk management, investment management, and operational and administrative oversight
- Exceptional leadership and mentoring skills with a commitment to colleague development
- Excellent interpersonal skills with colleagues at all levels of the organization and external stakeholders to build trust and cooperation
- Exceptional verbal and written communications skills
- Ability to provide leadership effectively across functional areas and business units within the SBA
- Ability to adapt well to change and serve as a change agent within the SBA
- Strategic thinker with the ability to oversee the implementation of creative solutions to investment management
- Personal integrity, emotional intelligence, professionalism and accountability
- Exhibits the highest level of fiduciary care
- Travels frequently to various locations throughout the United States and/or internationally. Involves work outside of normal business hours

and working remotely to maintain contact with others and normal office-related duties

Employees must abide by the rules, procedures, and policies of the State Board of Administration.

The State Board of Administration is an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, the State Board of Administration will provide reasonable accommodations to qualified individuals with disabilities and encourages both prospective and current employees to discuss potential accommodations with the employer.

### Physical Demands:

- vision
  - o near acuity (continuously)
  - o far acuity (frequently)
  - o depth perception (frequently)
  - o color vision (continuously)
  - o peripheral vision (frequently)
- hearing (continuously)
- talking (continuously)
- manual dexterity (continuously)
- repetitive use of hands/arms (continuously)
- reaching (frequently)
- lifting and carrying
  - o 10 lbs or less (frequently)
  - o 11 lbs to 25 lbs (occasionally)
- pushing and pulling
  - o 10 lbs or less (frequently)
  - o 11 lbs to 25 lbs (occasionally)
- sitting (continuously)
- standing (frequently)

**State Board of Administration**  
***Position Description***

Page 3 of 4

- walking (frequently)
- crouching (occasionally)
- stooping (occasionally)

For information related to accommodation due to a disability, please refer to the Reasonable Accommodation Request Guidelines or contact Human Resources.

General Requirements: Must be capable of executing all terms and conditions set forth in the State Board of Administration's policies and procedures manual, including, but not limited to:

- a. Works in a safety conscious manner, ensuring that safe work practices are used in order not to pose a risk to self or others in the workplace
- b. Complies with the State Board of Administration's policies and procedures, and local, state, and federal regulations
- c. Interacts in a tactful, diplomatic, and humanistic manner with supervisors, guests/visitors, and colleagues
- d. Maintains confidentiality of necessary information
- e. Maintains a dependable attendance record

<b>Supervisor's Position Number:</b> <u>00000001</u>	<b>Supervisor's Title:</b> <u>Executive Director &amp; CIO</u>
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<b>Subordinate Position Number</b>	<b>Subordinate Title</b>
00000221	Inspector General
00000062	General Counsel
00000098	Executive Assistant
00000196	Chief Audit Executive
00000021	Sr Invstmt Off-Fixed Income
00000004	Chief Operating/Financial Off.
00000242	Chief Risk & Compliance Off
00000046	Sr Invstmt Off-Real Estate
00000225	SIO-Private Equity
00000025	Sr Invstmt Off-Global Equity
00000039	SIO-Strategic Investments
00000215	Deputy Executive Dir
00000158	Chief of DC Programs
00000150	Chief Operating Officer - FHCF
00000051	Sr Investment Policy Officer
00000045	Sr Off-Invst Prog & Governance
00000175	Deputy Chief Investment Off

*I certify that these are the job responsibilities and requirements for the position.*

\_\_\_\_\_  
*Signature of Immediate Supervisor*

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

*These job responsibilities and requirements have been explained to me and I understand that I am responsible for the satisfactory execution of the job responsibilities.*

\_\_\_\_\_  
*Signature of Incumbent*

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

*These job responsibilities and requirements have been reviewed and are in accordance with organization policies and guidelines.*

**State Board of Administration**  
***Position Description***

Page 4 of 4



\_\_\_\_\_  
*Signature of Human Resources Representative*

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

**AGENDA**  
**STATE BOARD OF ADMINISTRATION FINANCE CORPORATION**

Governor DeSantis, Chair  
Chief Financial Officer Patronis  
Attorney General Moody  
J. Ben Watkins, III  
Anne Bert, President

**December 15, 2020**

9:00 A.M. (Following the SBA Trustees Meeting)  
Contact Person: Anne Bert (850) 413-1340  
LL-03, The Capitol  
Tallahassee, Florida

**AGENDA**

**ITEM 1.           REQUEST APPROVAL OF MAY 28, 2020 MINUTES.**

**(See Attachments)**

**ACTION REQUIRED**

**ITEM 2.           REQUEST ADOPTION OF A RESOLUTION APPOINTING GINA WILSON AS PRESIDENT AND  
JOEL MEYER AS TREASURER OF THE CORPORATION.**

**(See Attachments)**

**ACTION REQUIRED**

# Memo

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

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

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

**DATE:** November 25, 2020

**SUBJECT:** SBA Finance Corporation Board Meeting, December 15, 2020

Request adoption of a resolution of the Board of Directors of the State Board of Administration Finance Corporation appointing a President and a Treasurer of the Corporation.

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**ITEM 1. REQUEST APPROVAL OF MAY 28, 2020 MINUTES.**

**ITEM 2. REQUEST ADOPTION OF A RESOLUTION APPOINTING A PRESIDENT AND A TREASURER OF THE CORPORATION.**

**SUMMARY AND REASON FOR CHANGE:** The bylaws of the State Board of Administration (SBA) Finance Corporation provide for a President to be elected or appointed by the Board of Directors. The current President is Anne Bert, Chief Operating Officer of the Florida Hurricane Catastrophe Fund (FHCF) and the current Treasurer is Gina Wilson, Senior Director of Operations and Examinations of the FHCF. Because of the upcoming retirement of Ms. Bert, the proposed resolution provides for appointment of a new President and Treasurer. Both Ms. Bert and Ms. Wilson have submitted letters of resignation from their respective Finance Corporation offices, effective upon the appointment and qualification of their successors.

The proposed resolution of the Board of Directors, which will take effect immediately upon adoption, appoints Gina Wilson, Senior Director of Operations and Examinations of the FHCF, as President, and Joel Meyer, Manager of Financial Operations of the FHCF, as Treasurer. The Secretary of the Corporation is John Brenneis, Assistant General Counsel of the State Board of Administration, and he will continue in that role.

**ACTION REQUESTED:** It is requested that the proposed resolution be presented to the Cabinet Aides on December 9, 2020, and to the Board of Directors of the SBA Finance Corporation on December 15, 2020, with a request for approval of the resolution.

**ATTACHMENTS TO BE INCLUDED WITH THE SBA FINANCE CORPORATION  
AGENDA:**

- May 28, 2020 meeting minutes
- Proposed Resolution of the Board of Directors
- Biographies of Gina Wilson and Joel Meyer
- Letters of Resignation for Anne Bert as President and Gina Wilson as Treasurer



# STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

May 28, 2020

## MINUTES

A meeting of the State Board of Administration Finance Corporation was held on May 28, 2020, via Zoom, Tallahassee, Florida.

Board Members present were:

Governor Ron DeSantis, Chair  
Attorney General Ashley Moody  
Chief Financial Officer Jimmy Patronis  
Ben Watkins, Director, Division of Bond Finance  
Anne Bert, Chief Operating Officer, Florida Hurricane Catastrophe Fund

- ITEM 1.      Approved the minutes of December 6, 2016.
- ITEM 2.      Approved the request that the Board of Directors of the State Board of Administration Finance Corporation adopt a resolution authorizing the issuance and negotiated sale of pre-event revenue bonds or notes in a principal amount up to but not exceeding \$5,000,000,000 upon determination of the Corporation President that issuance is necessary.

The State Board of Administration Finance Corporation's agenda was concluded.



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John Bragneis  
Secretary  
State Board of Administration Finance Corporation

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE STATE BOARD OF ADMINISTRATION FINANCE CORPORATION APPOINTING A PRESIDENT AND A TREASURER OF THE CORPORATION; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, Section 215.555, Florida Statutes (the "Act"), created the Florida Hurricane Catastrophe Fund (the "Fund"), a trust fund administered by the State Board of Administration of Florida (the "Board"), for the purpose of establishing a program to provide insurers who write covered policies, as defined in the Section 215.555(2)(c), Florida Statutes, with reimbursement for a portion of their catastrophic hurricane losses; and

**WHEREAS**, the Act also created a public benefits corporation known as the State Board of Administration Finance Corporation (the "Corporation"), formerly known as the Florida Hurricane Catastrophe Fund Finance Corporation, for the purpose of providing a mechanism for the cost-effective issuance of bonds and engaging in other financial transactions; and

**WHEREAS**, the Act designates the membership of the Board of Directors of the Corporation as the Governor, the Chief Financial Officer, the Attorney General, the Director of the Division of Bond Finance of the Board, and the Chief Operating Officer of the Florida Hurricane Catastrophe Fund; and

**WHEREAS**, the bylaws of the Corporation provide for a President, a Treasurer, and a Secretary to be elected or appointed by the Board of Directors; and

**WHEREAS**, the current President and Treasurer of the Corporation have each submitted letters resigning from the respective offices effective upon the appointment of their successors as provided in Article IV, Section 1 of the bylaws of the Corporation; and

**WHEREAS**, the Board of Directors of the Corporation desires to appoint Gina Wilson, Senior Director of Operations and Examinations of the Florida Hurricane Catastrophe Fund, as President of the Corporation; and

**WHEREAS**, the Board of Directors of the Corporation desires to appoint Joel Meyer, Manager of Financial Operations of the Florida Hurricane Catastrophe Fund, as Treasurer of the Corporation; and

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the State Board of Administration Finance Corporation, as follows:

1. The Board of Directors of the Corporation hereby finds, determines, and declares the matters hereinabove set forth.

2. The Board of Directors of the Corporation hereby appoints Gina Wilson as President of the Corporation, effective on the effective date of this resolution.

3. The Board of Directors of the Corporation hereby appoints Joel Meyer as Treasurer of the Corporation, effective on the effective date of this resolution.

4. This resolution shall take effect immediately upon its adoption.

**ADOPTED THIS** \_\_\_\_\_ day of December, \_\_\_\_\_.

**STATE OF FLORIDA**

**COUNTY OF LEON**

I, \_\_\_\_\_, do hereby certify that the above and foregoing is a true and correct copy of the resolution passed and adopted by the State Board of Administration Finance Corporation on the \_\_\_\_ day of \_\_\_\_\_, 2020.

**IN WITNESS WHEREOF**, I hereunto set my hand and official seal of the State Board of Administration Finance Corporation this \_\_\_\_ day of \_\_\_\_\_, 2020.

(SEAL)

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Secretary  
State Board of Administration Finance  
Corporation

**Gina Wilson**  
**Senior Director of Operations & Examinations**  
**Florida Hurricane Catastrophe Fund**

Gina Wilson is the Senior Director of Operations and Examinations for the Florida Hurricane Catastrophe Fund (FHCF) and Treasurer of the State Board of Administration Finance Corporation. She is responsible for assisting the Chief Operating Officer in matters related to the day to day operations and administration of the FHCF and the SBA Finance Corporation, which includes assisting in strategic and operational planning, reviewing and evaluation of proposed legislative and regulatory actions, coordinating and communicating with the Florida Office of Insurance Regulation on FHCF issues, oversight of contractual agreements between the FHCF and service providers, and preparation of the annual budget. Mrs. Wilson also assists with activities related to the Florida Commission on Hurricane Loss Projection Methodology and oversees all matters related to the exposure and claims examinations programs, which includes developing training programs for all contract examiners, monitoring all program changes and the work of contract examiners and participants and overseeing the design, development, implementation and ongoing oversight of the WIRE program.

Mrs. Wilson joined the FHCF in October 1996 and has worked as the Director of the FHCF Examinations Program. In her prior position as the Director of FHCF Examinations, Mrs. Wilson designed and developed examination processes, oversaw and trained contract examiners, prepared and finalized examination report recommendations and governed the implementation of examination results by participants. Her responsibilities included interpretation of statutes and rules and communicating them to external contractors and participants to enhance the integrity of the data submitted to the FHCF. Annually, Mrs. Wilson manages approximately 100 exposure examinations; however, the number of examinations conducted annually increased when hurricanes occurred that resulted in participants receiving reimbursements from the FHCF.

Prior to coming to the SBA, Mrs. Wilson worked for the Florida Department of Insurance (now the Office of Insurance Regulation) for five years. She has also worked as an auditor in private industry. Ms. Wilson received her Bachelor of Business Administration from Georgia Southwestern University. Ms. Wilson also has the professional designations of Certified Public Accountant (CPA), Certified Public Manager (CPM) from Florida State University, Associate in Reinsurance (ARe), and Chartered Property and Casualty Underwriter (CPCU).

**Joel Meyer**  
**Manager of Financial Operations**  
**Florida Hurricane Catastrophe Fund**

Joel Meyer joined the Florida Hurricane Catastrophe Fund (FHCF) in December 2017, where he is the Manager of Financial Operations, and is responsible for all matters related to the financial operations of the Florida Hurricane Catastrophe Fund, the State Board of Administration Finance Corporation as well as the administration of the Insurance Capital Build-up Incentive Program. Prior to joining the FHCF, Mr. Meyer was a Financial Administrator for the Florida Office of Insurance Regulation, Division of Property and Casualty Financial Oversight, where Mr. Meyer had been employed since August 2011. During his six years at the Florida Office of Insurance Regulation, Mr. Meyer's responsibilities included providing administrative and technical supervision to property and casualty staff in the examination, investigation and analysis of insurance companies' financial condition and compliance with Florida Statutes. He was also responsible for the oversight of the annual reinsurance data calls and catastrophe stress test of insurance companies.

Mr. Meyer received his Bachelor of Arts degree in Economics from Lenoir-Rhyne University in May of 2003. He has since earned the Professional in Insurance Regulation (PIR) designation from the NAIC and two state of Florida insurance licenses. The PIR designation awarded to Mr. Meyer is currently inactive due to Mr. Meyer no longer being employed by an insurance regulator. Prior to his work at the Florida Office of Insurance Regulation, Mr. Meyer worked in insurance and banking in the private sector as a loan officer, customer service representative and head teller.



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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

**POST OFFICE BOX 13300  
32317-3300**

**RON DESANTIS  
GOVERNOR  
CHAIR**

**JIMMY PATRONIS  
CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**ASHBEL C. WILLIAMS  
EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

November 25, 2020

Hon. Ron DeSantis  
Governor and Chairman of the State Board of Administration Finance  
Corporation Board of Directors

Dear Governor DeSantis:

I hereby resign as President of the State Board of Administration Finance Corporation. As provided in Article IV, Section 1 of the Bylaws of the Corporation, this resignation takes effect immediately upon the appointment and qualification of my successor.

Sincerely,

A handwritten signature in blue ink that reads "Anne T. Bert".

Anne T. Bert  
Chief Operating Officer, Florida Hurricane Catastrophe Fund



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CHIEF FINANCIAL OFFICER**

**ASHLEY MOODY  
ATTORNEY GENERAL**

**ASH WILLIAMS  
EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER**

November 25, 2020

Hon. Ron DeSantis  
Governor and Chairman of the State Board of Administration Finance  
Corporation Board of Directors

Dear Governor DeSantis:

I hereby resign as Treasurer of the State Board of Administration Finance Corporation. As provided in Article IV, Section 1 of the Bylaws of the Corporation, this resignation takes effect immediately upon the appointment and qualification of my successor.

Sincerely,

A handwritten signature in blue ink that reads "Gina Wilson".

Gina Wilson

Senior Director of Operations and Examinations, Florida Hurricane Catastrophe Fund