

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

JUNE 23, 2015

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AGENDA

ITEM 1. REQUEST APPROVAL OF THE MINUTES OF THE APRIL 24, 2015 AND MAY 5, 2015 MEETINGS.

(See Attachments 1A and 1B)

ACTION REQUIRED

ITEM 2. REQUEST APPROVAL OF A FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING \$10,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (PETERBOROUGH APARTMENTS).

(See Attachment 2A)

ACTION REQUIRED

ITEM 3. REQUEST APPROVAL OF A FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING \$4,100,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (HARBOR COURT APARTMENTS).

(See Attachment 3A)

ACTION REQUIRED

ITEM 4. REQUEST APPROVAL OF A FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING \$3,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (BROOKSIDE VILLAGE APARTMENTS).

(See Attachment 4A)

ACTION REQUIRED

ITEM 5. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA'S INVESTMENTS ACT (PFIA).

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

(See Attachment 5A)

ACTION REQUIRED

ITEM 6. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING THAT THE SBA TRUSTEES HAVE "REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME AND FUND B MANAGEMENT SUMMARY] REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY [MATERIAL] IMPACTS," AND "HAVE CONDUCTED A REVIEW OF THE [FUND B] TRUST FUND AND THAT THE TRUST FUND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS SECTION." (SECTIONS 218.409(6)(a)1 AND 218.421(2)(a), F.S.)

During the first quarter of 2015, there were no material impacts. Copies of the January, February, and March 2015 reports are attached.

(See Attachments 6A – 6D)

ACTION REQUIRED

ITEM 7. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE FOR ANNUAL CERTIFICATION OF LEGAL COMPLIANCE AND BEST INVESTMENT PRACTICES FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS "FLORIDA PRIME"), AS REQUIRED UNDER s. 218.405 (3), F.S.

Lewis, Longman & Walker, P.A. independently performed the statutory compliance review and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 22, 2015.

Hewitt EnnisKnupp independently performed a comprehensive review of the various aspects of the Local Government Investment Pool to determine whether the

management and operations are in line with best practices and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 22, 2015.

(See Attachments 7A – 7C)

ACTION REQUIRED

- ITEM 8. REQUEST APPROVAL OF INVESTMENT POLICY STATEMENTS FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS “FLORIDA PRIME”), AS REQUIRED UNDER s. 218.409(2)(d), F.S. AND FOR THE FUND B SURPLUS FUNDS TRUST FUND AS REQUIRED UNDER s. 218.421(2)(c), F.S.**

The Investment Policy Guidelines for the Local Government Surplus Funds Trust Fund must be annually reviewed by the Investment Advisory Council and the Participant Local Government Advisory Council, and reviewed and approved by the Trustees. The last review and approval of the Local Government Surplus Funds Trust Fund Investment Policy Guidelines by the Trustees was on June 17, 2014.

(See Attachments 8A – 8C)

ACTION REQUIRED

- ITEM 9. REQUEST APPOINTMENT OF 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. DURING A REGULARLY SCHEDULED MEETING ON JUNE 2, 2015, THE COMMISSION VOTED TO RECOMMEND TO THE TRUSTEES THAT LORILEE MEDDERS, PH.D., BE APPOINTED TO SERVE AS CHAIR.**

A copy of Dr. Medders’s curriculum vitae and a list of all Commission members are provided.

(See Attachments 9A and 9B)

ACTION REQUIRED

- ITEM 10. INCENTIVE COMPENSATION PROGRAM UPDATE AND EXECUTIVE DIRECTOR AND CHIEF INVESTMENT OFFICER INCENTIVE COMPENSATION PLAN. [PENDING INVESTMENT ADVISORY COUNCIL (IAC) ACTION]**

(See Attachments 10A and 10B) – BACKUP TO FOLLOW

ACTION REQUIRED

ITEM 11. QUARTERLY REPORTS PURSUANT TO SECTION 215.44 (2)(e), FLORIDA STATUTES.

- Executive Director & CIO Introductory Remarks and Standing Reports –
Ash Williams
- Major Mandates Investment Performance Reports as of March 31, 2015 –
Kristen Doyle – Hewitt EnnisKnupp
 - Florida Retirement System Pension Plan (DB)
 - Florida Retirement System Investment Plan (DC)
 - Florida PRIME (Local Government Surplus Funds Trust Fund) and Fund B
 - Florida Hurricane Catastrophe Fund (FHCF)

(See Attachments 11A – 11I)

INFORMATION/DISCUSSION ITEMS

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND
CABINET

VOLUME 1

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

DATE: TUESDAY, APRIL 14, 2015

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

REPORTED BY: NANCY S. METZKE, RPR, FPR
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STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: Last we have, and then we'll go back, but the Executive Director Ash Williams with the State Board of Administration.

How we doing, Ash?

EXECUTIVE DIRECTOR WILLIAMS: Very well. Thank you, Governor. Good afternoon. And good afternoon, Cabinet members.

Item 1, request approval of the minutes of the March 10, 2015, meeting.

GOVERNOR SCOTT: Is there a motion on the item?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded, show the minutes approved without objection.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Let me give you the update I usually give you at the outset.

GOVERNOR SCOTT: Why don't we do 2 and 3 together?

EXECUTIVE DIRECTOR WILLIAMS: Okay. All right. Items 2 and 3, request approval --

1 GOVERNOR SCOTT: Is there a motion on 2 and 3?

2 ATTORNEY GENERAL BONDI: So moved.

3 GOVERNOR SCOTT: Is there a second?

4 CFO ATWATER: Second.

5 GOVERNOR SCOTT: Any comments or objections?

6 (NO RESPONSE).

7 GOVERNOR SCOTT: Hearing none, the motion
8 carries.

9 Item 4.

10 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

11 Item 4 is a resolution of the State Board of
12 Administration making a fiscal determination in
13 connection with the issuance of an amount of bonds
14 not exceeding eight --

15 GOVERNOR SCOTT: Why don't we do 4 and 5
16 together? Is there a motion on Items 4 and 5?

17 ATTORNEY GENERAL BONDI: I'll move that unless
18 the CFO wants to.

19 GOVERNOR SCOTT: The CFO by a head nod is
20 seconding it.

21 Any comments or objections?

22 (NO RESPONSE).

23 GOVERNOR SCOTT: Hearing none, the motion
24 carries.

25 Item 6.

1 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

2 GOVERNOR SCOTT: An appointment to the
3 Investment Advisory Council. Is there a motion on
4 the item?

5 COMMISSIONER PUTNAM: So moved.

6 GOVERNOR SCOTT: Is there a second?

7 ATTORNEY GENERAL BONDI: Second.

8 GOVERNOR SCOTT: Comments or objections?

9 (NO RESPONSE).

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

12 Audit committee appointment, is there a motion
13 on the item?

14 COMMISSIONER PUTNAM: So moved.

15 GOVERNOR SCOTT: Is there a second?

16 CFO ATWATER: Second.

17 GOVERNOR SCOTT: Comments or objections?

18 (NO RESPONSE).

19 GOVERNOR SCOTT: Hearing none, the motion
20 carries.

21 Item 8.

22 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

23 Item 8, request approval of the 2015-'16
24 Florida Hurricane Catastrophe Fund Reimbursement
25 Premium Formula. This is the formula that we use

1 each year by which we calculate exposure rates,
2 et cetera, for the Fund. It has been reviewed in
3 public in prior meetings and recommended by the
4 Florida Hurricane Catastrophe Fund Advisory
5 Council. There are no significant changes from the
6 2014-'15 Premium Formula.

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

9 CFO ATWATER: So moved.

10 GOVERNOR SCOTT: Is there a second?

11 ATTORNEY GENERAL BONDI: Second.

12 GOVERNOR SCOTT: Comments or objections?

13 (NO RESPONSE).

14 GOVERNOR SCOTT: Hearing none, the motion
15 carries.

16 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

17 Item 9, request authority to file notice of
18 a proposed rule for the Florida Hurricane
19 Catastrophe Fund Reimbursement Premium Formula.
20 This is the rule to implement the formula we just
21 talked about.

22 GOVERNOR SCOTT: Is there a motion on the
23 item?

24 CFO ATWATER: So moved.

25 GOVERNOR SCOTT: Is there a second?

1 ATTORNEY GENERAL BONDI: Second.

2 GOVERNOR SCOTT: Comments or objections?

3 (NO RESPONSE).

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

6 Item 10.

7 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

8 Item 10, request authority to file notice of
9 a proposed rule for the Florida Hurricane
10 Catastrophe Fund Reimbursement Contract and to
11 file a rule along with incorporated forms for
12 adoption if no member of the public requests a
13 hearing.

14 This simply corrects a scrivener's error.

15 GOVERNOR SCOTT: I think we read it.

16 Is there a motion on the item?

17 CFO ATWATER: So moved.

18 GOVERNOR SCOTT: Is there a second?

19 ATTORNEY GENERAL BONDI: Second.

20 GOVERNOR SCOTT: Comments or objections?

21 (NO RESPONSE).

22 GOVERNOR SCOTT: Hearing none, the motion
23 carries.

24 Item 11.

25 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

1 Item 11, you'll recall at our last meeting we
2 discussed the possibility of going into the market
3 to achieve full liquidity of the Hurricane
4 Catastrophe Fund.

5 The Fund today is at the strongest point it
6 has ever been at in its history since creation in
7 1993, and that's reflected by several things.
8 First of all, the amount of cash we have on hand is
9 the greatest amount we've ever had.

10 Secondly, we are closer to full funding than
11 we've ever been. If you look at our cash, which is
12 \$12.8 billion, together with our proceeds from
13 pre-event bond issuance, an additional two billion,
14 we're within \$2.2 billion of our statutory
15 liability limit.

16 We thought it would be prudent, given that
17 position of strength that we're in now, to look at
18 the possibility of how we might accomplish full
19 funding through some or all of two modalities: One
20 would be risk transfer, essentially reinsurance;
21 the other would be additional pre-event issuance.

22 We discussed this a little bit at the last
23 meeting, and it was agreed that we would go into
24 the field, get detailed numbers on reinsurance
25 costs, get you good estimates on debt costs, and

1 come back with a recommendation with full
2 supporting detail. So that's what we have today.

3 And for purposes of framing up how we might
4 proceed, I would suggest the following: We can --
5 I'll be happy to walk you through in a second the
6 memo that was delivered previously detailing all of
7 the background and costs and what --

8 GOVERNOR SCOTT: I don't think you have to go
9 through it. I think we all had the opportunity to
10 read the memo, right?

11 EXECUTIVE DIRECTOR WILLIAMS: All right.

12 GOVERNOR SCOTT: I think we'd rather just have
13 your recommendation.

14 EXECUTIVE DIRECTOR WILLIAMS: Okay. My
15 recommendation would be that we move forward with
16 \$1 billion of reinsurance and 1.2 billion of
17 pre-event issuance to achieve full liquidity, and
18 the key decision there is the reinsurance today;
19 and as far as any pre-event issuance, we would work
20 with the Division of Bond Finance, let them figure
21 out structure, tenor, et cetera to get the most
22 cost-effective transaction we could.

23 GOVERNOR SCOTT: All right. Are there any
24 other speakers?

25 MR. STANDER: Thank you, Governor.

1 GOVERNOR SCOTT: Good afternoon.

2 MR. STANDER: I'm William Stander. I'm
3 representing the Florida Property and Casualty
4 Association.

5 The Florida Property and Casualty Association
6 represents Florida-based homeowners insurance
7 companies, and together they write almost a million
8 and a half of Florida residential policies, which
9 is actually three times the Citizens -- three times
10 of the number of policies that Citizens write.

11 GOVERNOR SCOTT: There are more now than four
12 years ago, right?

13 MR. STANDER: Every day. Yes, sir, we are
14 very proud of the fact that we are doing the hard
15 work of participating in the takeouts and the
16 keep-outs and writing new policies organically and
17 providing the markets and the solutions that
18 Floridians need.

19 And we would oppose the purchase of
20 reinsurance and, in fact, instead recommend that
21 you fully fund the \$2.2 billion using pre-event
22 bonds for the following reasons: First, the
23 purchase of reinsurance is more expensive. In the
24 document that you've received, you'll see that the
25 purchase of reinsurance costs approximately 6.78%

1 rate on-line where the bonding comes in at 3.23.
2 It's actually a gross amount of 34 and a half
3 million dollars more to purchase the reinsurance.
4 So there's just the direct effect of the
5 reinsurance being more expensive.

6 Secondly, as we stand here right now, my
7 members are in Bermuda and in London negotiating
8 their reinsurance treaties, and you can be assured
9 that individuals in those locations are watching
10 this meeting because they want to know whether or
11 not you're going to purchase a billion dollars of
12 what they're offering.

13 You know, we often talk about how government
14 should not compete with the private market as a
15 seller of goods and services, but we should also be
16 careful that government does not compete with the
17 private market as a buyer, particularly when that
18 competition can distort what is available for other
19 buyers.

20 We firmly believe that if you were to go
21 forward and authorize the Cat Fund to purchase a
22 billion dollars of reinsurance that the prices that
23 my companies would be receiving in the marketplace
24 would be higher than they would have been otherwise
25 had you not purchased -- had the Cat Fund not

1 purchased that reinsurance. I can't quantify that
2 for you, but simple supply and demand suggests that
3 when you take a billion dollars out of supply,
4 something will happen to the price.

5 But, again, you have a good option available
6 to you. If you fund that \$2.2 billion using solely
7 the pre-event bonds, as the Cat Fund notes in its
8 own analysis, the pre-event bonds are less
9 expensive, you get to hold on to the liquidity,
10 just like the 2013 pre-event bonds continue to
11 provide liquidity even now, \$2 billion; and the
12 potential rate impact to the consumer is less; and
13 you don't run the risk of distorting the private
14 reinsurance market where we are now going to
15 market.

16 And so for those reasons, Governor and
17 Cabinet, we would recommend that you fund the
18 \$2.2 billion using pre-event bonds and not purchase
19 reinsurance.

20 GOVERNOR SCOTT: All right. Any questions?

21 CFO ATWATER: Yeah, just one. What are you
22 anticipating happening over -- in these
23 negotiations? Will rates be coming down?

24 MR. STANDER: As I believe Ash has mentioned
25 before, we have seen that overall the rate levels

1 for reinsurance quotes have been lower than they
2 were than this time last year.

3 CFO ATWATER: Are your members on average
4 buying more, or are they going to buy less? What's
5 their plan for the coming year?

6 MR. STANDER: I don't know specifically member
7 by member. I have heard them doing both.
8 Interestingly, by the way, one side effect -- and
9 it's, in fact, also noted here in the document from
10 the Cat Fund, because the private reinsurance rates
11 have been coming down, some companies now -- now
12 that the Cat Fund has defeased the bonds and
13 companies are not locked into the 90% share
14 requirement, they can choose either 90%, 75% or 45%
15 when they buy -- when they do their mandatory
16 purchase of the Cat Fund. Some companies,
17 anecdotally, are reporting that they're going to
18 buy at the lower amounts because the private
19 reinsurance is, in some places and at some layers
20 and levels, competitive with the Cat Fund. And so
21 that in and of itself will help support the
22 capacity of the Cat Fund.

23 CFO ATWATER: So they're finding a lot of
24 availability and capacity in the marketplace?

25 MR. STANDER: I think they're finding better

1 prices. We are told that there is a lot of
2 capacity, but even a lot is not finite -- excuse
3 me, is not infinite; it is finite. And so we're
4 hopeful that, again, without the interference in
5 the private market, in the private reinsurance
6 market, we can hopefully realize some very good
7 prices from the reinsurance.

8 CFO ATWATER: It really is important what
9 you're saying, and I get the theme of what you're
10 saying, and that's an important part of the
11 conversation. But I think what you're saying is
12 you're walking up to the edge but you're saying I
13 can't quantify that there is a greater cost, it's
14 just the laws of supply and demand. Is that what
15 I'm hearing?

16 MR. STANDER: Well, that's correct. I
17 wouldn't be able to tell you how much prices are
18 going to go up or down, more or less if you were to
19 make that purchase. That's something,
20 unfortunately, that none of us can determine.

21 CFO ATWATER: Okay. All right. But I respect
22 the theme of it all, I get the point. But if you
23 had other evidence or had an analysis, that would
24 be particularly helpful, but I get the theme. I
25 appreciate that.

1 MR. STANDER: Yes, sir.

2 CFO ATWATER: Okay.

3 GOVERNOR SCOTT: All right. Any other
4 questions?

5 (NO RESPONSE).

6 GOVERNOR SCOTT: All right. Thank you.

7 Ash, would you like to address the option
8 again and why you would recommend that we don't it
9 all the way that this gentleman --

10 EXECUTIVE DIRECTOR WILLIAMS: Yes, I think
11 the reason for this is one of balance. There are
12 differences in the role that pre-event debt
13 issuance and reinsurance play in the scheme. And
14 to Mr. Stander's point, if the wind doesn't blow
15 and you don't need to pay damages, then pre-event
16 debt issuance is cheaper because you pay debt
17 service over a period of time; you have the
18 proceeds, they're reinvested; the earnings on the
19 proceeds that are reinvested offset the debt
20 service and everything is great; and when the bonds
21 mature, you give the money back.

22 But if the wind blows and you have to pay a
23 billion dollars in claims, then you've got to pay
24 back the billion and the debt service. Now on that
25 basis, paying \$6.78 billion or less, and that's a

1 maximum number, not a minimum number, we're still
2 working to drive that number down, then that looks
3 like one of the better investments you'll ever make
4 in your life.

5 So that's where we are. And to the point of
6 capacity, let me see if I can put a little detail
7 to the question of global reinsurance capacity.
8 In the past year alone, \$35 billion of additional
9 capital has come into the global reinsurance
10 market, and the level at 2014 was 575 billion.
11 That's up from 410 billion in 2007. And the
12 low-rate environment has continued to cause more
13 and more institutions to pile into this space.

14 So to the CFO's point, on a relative basis if
15 the Cat Fund comes in for a billion dollars, yes,
16 that's a billion dollars that maybe somebody else
17 wouldn't take up; but in light of the fact that 35
18 times that amount has come in in the past year in
19 new capital, I find it hard to believe that creates
20 a condition of constraint in capacity. And I
21 couldn't find any evidence in all of the
22 conversations we had with regulators, other public
23 entities, various types of insurance companies,
24 civic groups, et cetera, in the lead-up to this
25 because obviously we have no interest in doing

1 anything that's going to be destructive to the
2 strength of the primary insurers in our state; that
3 would be contrary to our mission.

4 So if we believed that was a problem, we
5 wouldn't make this recommendation. I think on
6 balance, blending the two gets you a little bit of
7 both. You get the benefit of risk transfer, if the
8 wind does blow. And with the pre-event, you get
9 the lower cost of attaining full liquidity,
10 compared to reinsurance; and you also get with
11 pre-event issuance, you get more durability because
12 you can go forward for multiple years.

13 Reinsurance is a one-time purchase for one
14 season, and while reinsurance rates are at an
15 all-time low, keep in mind we've been looking at
16 reinsurance on an annual basis going back to the
17 very beginning of the Cat Fund in '93. Have you
18 ever heard us recommend it before unambiguously? I
19 don't think you have. And the reason is the prices
20 are unbelievably lower than they were.

21 If we look back at the past few years, in 2014
22 alone, market changes in Florida were down 20%. So
23 this is an area -- I don't know where the bottom
24 is, but if rates begin to turn and go back up,
25 those capital flows may change and next year we may

1 be in a different place.

2 So I thought it was responsible to come
3 forward at this point, given the relative value of
4 these different products, lower interest rates, low
5 reinsurance costs and recommend this particular
6 combination.

7 Again, I'll go back to what I opened with:
8 The Cat Fund is at the strongest position it has
9 ever been in today. I'm simply recommending this
10 because it's an opportunity that, as a value
11 proposition, has never been there before. If you
12 elect not to go forward with it, we're still in the
13 strongest position we've ever been in, but at the
14 margin -- I think it's my job to bring things to
15 your attention that we think are constructive, and
16 that's why we're here.

17 GOVERNOR SCOTT: All right. You have a
18 question?

19 ATTORNEY GENERAL BONDI: Yeah. And this won't
20 cause policyholder rates to go up?

21 EXECUTIVE DIRECTOR WILLIAMS: We defeased the
22 last of our pre-event -- no, that's not right. We
23 defeased the last outstanding claims that we had
24 that led to assessments, and we repealed the
25 assessments as of January 1, 2015.

1 Those aggregated 1.3% of premiums. And those
2 changes, if we look at the total cost of all of
3 the changes in the new rate formula that we
4 adopted a moment ago, the cost of the risk transfer
5 and pre-event issuance, we still end up below the
6 level by which rates increased -- decreased on
7 January 1.

8 GOVERNOR SCOTT: All right. Are there any
9 other speakers?

10 Good afternoon.

11 REPRESENTATIVE ARTILES: Thank you, Governor.
12 CFO, madam.

13 My name is Frank Artiles. I'm State
14 Representative of District 118 down in Miami-Dade
15 County.

16 As you well know, I am a consumer advocate.
17 The decision that the Cabinet must make today must
18 be based on facts and not the sky-is-falling
19 scenarios:

20 Fact Number 1, forecasters see fewer than
21 average hurricanes for the 2015 hurricane season.
22 That is a fact.

23 Fact Number 2, many Floridians have thoroughly
24 prepared and hardened their homes since the
25 2004/2005 hurricane season -- storm season.

1 Fact Number 3, insurance companies have
2 removed coverage, such as pool enclosures, and
3 increased deductibles.

4 And Fact Number 4, the homeowners and
5 consumers will pay for an increase because
6 insurance costs are passed on to the consumer.

7 And Fact Number 5, the purchase is a waste of
8 money and nothing more than corporate welfare.

9 The mentality of purchasing reinsurance when
10 it is not needed is similar to purchasing an
11 additional car because the prices have dropped.
12 It's wasteful.

13 Instead, it should be based on the weight of
14 the possibilities of a 1-in-100-year storm, not a
15 1-in-200-year storm. It has been a decade since we
16 have had a hurricane, and Floridians are paying the
17 highest rates of insurance in the nation.

18 The Cabinet has an opportunity to pass along
19 those savings to Floridians while having more than
20 enough money to pay out a Hurricane-Andrew-type
21 catastrophe. We have 12.8 billion in the bank with
22 two billion in bonding capacity for a total of
23 \$14.8 billion.

24 If safety is our concern, then why isn't the
25 purchase a tiered approach? If we effectuate

1 \$3 billion of loss and then you come in with 250
2 million, and so on and so forth. We have to expend
3 \$14.8 billion before reinsurance kicks in.

4 I think that with the forecasters of having an
5 average hurricane season, below average for 2015, I
6 think that we can do another year without these
7 insurance -- without the reinsurance.

8 In conclusion, this upcoming hurricane season,
9 we'll see fewer than average hurricanes. We have
10 enough money in reserves for our 1-in-100-year
11 storm. This purchase is for a 1-in-200-year storm;
12 and, again, I ask and I plead, wait one more year.

13 We have spent hundreds of millions of dollars
14 in reinsurance in the State of Florida for the last
15 seven years. I think it's time for us to say, you
16 know what, let's pass on the savings to Floridians.
17 Because by keeping the reinsurance purchasing
18 power right now, you are literally taking two,
19 three, billion dollars away from the market; thus,
20 the domestic carriers have to pass that cost on to
21 the insured, which is our Floridians and our
22 consumers.

23 And with that, I ask that we reject the
24 reinsurance purchase this year. Thank you very
25 much.

1 GOVERNOR SCOTT: Any questions?

2 (NO RESPONSE) .

3 GOVERNOR SCOTT: Thank you.

4 Good afternoon.

5 MR. OWEN: Thank you. Thank you, Governor. I
6 wanted to answer a couple of questions.

7 GOVERNOR SCOTT: You want to introduce
8 yourself?

9 MR. OWEN: I'm sorry. Yes, I'm Jamie Owen,
10 president and CEO of FAIR, the Florida Association
11 for Insurance Reform, and we have members across
12 the insurance spectrum. We're a consumer group,
13 but we have company members and we've had a lot of
14 interesting conversation since the Board authorized
15 the Fund to go into the market.

16 It does increase rates. It's a laudable goal.
17 I think they have a laudable goal in what they want
18 to do, but I would encourage the Board to take a
19 more holistic approach.

20 The rate increase that's in the memorandum
21 that you gave is indicated to be .66%. Now that
22 may not sound like a lot. That's only \$13.20 for
23 the average ratepayer annually, but there's a
24 second component of how it's affecting rates; and
25 that is, the disruption in the market.

1 Now we hear that there is excess capacity. A
2 lot of that is alternative risk transfer. It's
3 hedge funds and sovereign funds. If you want to
4 sell bonds to those folks, it takes longer than a
5 couple of months. It's about a three-month to
6 six-month lead time.

7 So a lot of the companies were planning on a
8 component of their reinsurance buy being
9 traditional Bermuda reinsurance, and they've gone
10 in -- and I've gotten conversations like, they've
11 stopped getting quotes, they've said that they're
12 going to reevaluate the pricing -- these are quotes
13 from some of our company members -- due to
14 disruptions in the supply and demand channel. We
15 have at least a dozen companies where we've asked
16 them what the rate impact would be if the market
17 stayed static. And it would be more like a 3.3%
18 increase in rates, which would translate to \$66 for
19 the average ratepayer.

20 Now, again, that may not seem like a lot, but
21 it is having an impact. And I think if -- you
22 know, that was with expectations that there were
23 going to be 2.2 billion possibly in risk transfer.
24 It's down to a billion. So will the market over
25 the next six weeks probably come down from there?

1 Yes, but there is an irony in that the fund that's
2 set up to stabilize the market is in effect
3 de-stabilizing. I don't mean in any way to think
4 that was intentional, I just think that's been part
5 of the effect.

6 But I think you also have to look at really,
7 you know, assessments. Nobody likes assessments;
8 it's a tax, okay? But so is a price increase up
9 front. So I think you have to quantify those.

10 Dennis MacKee, who I don't know but I was
11 copied on a memo, where he said that if the entire
12 2.2 billion wasn't risk transfer and we had to
13 assess on that whole amount, it would be \$14.40 a
14 year for our ratepayer for ten years. Of just the
15 one billion that's being recommended, that amount
16 would be \$6.60 a year.

17 So this is the analogy. Let's say you're a
18 small business and you've probably cut your own
19 salary and you've struggled to try to keep
20 everybody employed and I come to you and I say, I
21 want you to pay 10% more to avoid a 4% chance of
22 having to pay 12%. It doesn't make sense, and it
23 would go on every year.

24 So I think the one other point that just has
25 to be rumor, you've talked about all of this money

1 that's in the Fund. That money wouldn't be in the
2 Fund if we transferred it to Bermuda every season.
3 Money that stays in the Fund and is not used in a
4 non-storm year stays in the Fund to cover future
5 years. Money that's transferred to Bermuda becomes
6 underwriting profit at the end of the season.

7 So I think that a holistic approach
8 remembering that every dime that we raise private
9 rates keeps policies from coming out of Citizen.
10 The primary reason that there has been such
11 successful depopulation over the last couple of
12 years is that reinsurance costs have been coming
13 down and the private rates are more competitive.
14 Our robust market is very, very competitive, very
15 innovative, and I think we need to do everything
16 possible to make sure that that continues.

17 And I can tell you that the corporate members
18 are -- some of them are furious. You know, out of
19 the -- we have about two dozen company members, and
20 I've talked to at least half of that. There were
21 two of them who said, oh, they really don't care,
22 it doesn't really affect us that much. But there
23 are probably six or seven of them who are just
24 furious about it.

25 So I would recommend -- the pre-event bonding,

1 we wouldn't go so far as to recommend the whole 2.2
2 billion, but that would be a better option.
3 And the advantage you'd get there would be not
4 only a lower rate indication increase to consumers,
5 but also you completely take this volatility and
6 this disruption in the market out. We'd still have
7 six weeks for companies to fill out their
8 reinsurance buys; and we would avoid, I think,
9 those extra rate increases we're getting from the
10 market disruption.

11 GOVERNOR SCOTT: Thank you.

12 MR. OWEN: Thank you, Governor.

13 GOVERNOR SCOTT: Any questions?

14 (NO RESPONSE).

15 GOVERNOR SCOTT: All right. Is there a motion
16 on the item?

17 CFO ATWATER: Governor, I think some things
18 have been laid out there, and Mr. Williams
19 responded to it one time. But I would ask if these
20 comments that have been made -- Commissioner
21 McCarty is here. He may have a perspective on
22 what's being referred to as -- I've worked with
23 Mr. Neal on several items in the past. If that's a
24 concern that you're having, I'd like to see if
25 Commissioner McCarty could lay out -- and

1 Mr. Stander raised the same issue. What is your
2 take, and do you feel like you're in a position to
3 offer us a perspective on whether or not -- the
4 first issue is just, if we go into the marketplace
5 for upwards of -- upwards of a billion dollars, is
6 that going to cause disruption in the marketplace
7 to our domestics that are out there at the same
8 time?

9 COMMISSIONER McCARTY: Well, that's difficult
10 to say, but I can say that I have not seen the
11 reinsurance market and alternative reinsurance
12 market with such a flood of capital.

13 Last year when Citizens went in the
14 marketplace, a lot of the same concerns were
15 raised, that there will be a displacement in the
16 marketplace. And in point of fact, the marketplace
17 increased by 18%. So we actually had more capital
18 in the market.

19 I don't believe that the single factor of
20 going into the market for a billion dollars will
21 cause price increases. There may be a confluence
22 of other events that occur, you know, catastrophes.
23 And then you hear people say, well, Bermuda is
24 waiting to see what happens. Bermuda is -- and no
25 disrespect to our friends in Bermuda, they're

1 always looking at ways of keeping the rates stable
2 or raising those rates. But what we have seen is
3 that those rates have continued to go down.

4 April is not a really good indicator because
5 April is not a month for a lot of going --
6 companies to go to the market, but prices are
7 softening again this year to 10 to 15%. As a
8 previous speaker has said, we don't know where the
9 bottom will be. But in my conversations with
10 economists and actuaries, it is their considered
11 belief, a belief which I share, that a billion
12 dollars in and of itself is not going to have an
13 impact on the marketplace, particularly since we
14 continue to see increased growth, particularly in
15 the alternative risk transfer marketplace.

16 CFO ATWATER: So you're anticipating rates
17 coming down?

18 COMMISSIONER McCARTY: I'm anticipating rates
19 coming down.

20 CFO ATWATER: It's too soon to ask, but I
21 would also anticipate the consumers will benefit
22 from that as well?

23 COMMISSIONER McCARTY: We've had this
24 dialogue, yes, sir, and I am continually,
25 vigilantly monitoring that.

1 CFO ATWATER: That's not why I asked you to
2 come up, Mr. McCarty, but I -- no, your perspective
3 would be valuable. These players, I would assume,
4 would be informing your office, or in conversations
5 with those who work with them directly would be
6 having those conversations.

7 COMMISSIONER McCARTY: Okay. Yes, sir. Thank
8 you.

9 CFO ATWATER: Thank you.

10 GOVERNOR SCOTT: All right. Is there a motion
11 on the item?

12 CFO ATWATER: Governor, I'm going to -- yes,
13 I'm going to make a motion on the item, and I know
14 I probably wouldn't wait too long on the other
15 item. I think, again, all the people who brought
16 forward concerns today I thought were all very
17 legitimate. I think they're all, I think -- but at
18 some point -- they're legitimate.

19 I find it interesting that -- I've been, you
20 know, at least closely associated with this matter
21 for a number of years and knowing that I sit in
22 this capacity, when this came before the Cabinet
23 two -- whenever it was, at least two weeks ago, it
24 was possible we might have taken action and offered
25 direction at that time, and we said timeout. No

1 one had come by to see me expressing any concern,
2 and only after we -- and not only after that, we
3 sent you with a specific directive: Come back with
4 a recommendation. Still I, you know, felt like the
5 Rodney Dangerfield of no one caring.

6 So only of recent when the memo comes out does
7 some feedback start. I don't know if that's not
8 legitimate, but I feel if Commissioner McCarty is
9 telling us he's not seeing this action as being
10 disruptive in the market or driving up rates and
11 what Ash is telling us is the same, you can
12 disagree with that, again, I think these are all
13 legitimate concerns. Anybody could say -- and I
14 think, again, Mr. Neal says if we didn't spend 68
15 million to reinsure ourselves for a possible event,
16 that would all go to next year; it would all be
17 building, and I get that completely.

18 But I'm willing to accept the recommendation
19 that has been made by those individuals charged
20 with trying to walk this balancing act, and I'll
21 make the motion.

22 GOVERNOR SCOTT: All right. Is there a
23 second?

24 ATTORNEY GENERAL BONDI: Second.

25 GOVERNOR SCOTT: All right. If there are no

1 comments or objections, the motion carries.

2 (WHEREUPON, THE TRANSCRIPT CONTINUES IN VOLUME
3 2 WITHOUT OMISSION) .

4
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6 * * * *

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND
CABINET

VOLUME 2

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

DATE: TUESDAY, APRIL 14, 2015

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

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

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STATE BOARD OF ADMINISTRATION FINANCE CORPORATION

(WHEREUPON, THE TRANSCRIPT CONTINUES IN
SEQUENCE FROM VOLUME 1 WITHOUT OMISSION).

GOVERNOR SCOTT: So now we've finished --
because we did that, we finished -- we're now going
to the minutes of the State Board of Administration
Finance Corporation.

So the first is minutes from June 17, 2014.
Is there a motion on the item?

CFO ATWATER: So moved.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Show the
minutes approved without objection.

Next is the pre-event revenue bonds
\$2.2 million (sic), right?

ATTORNEY GENERAL BONDI: Ash.

GOVERNOR SCOTT: Ash, do you want to make a --

EXECUTIVE DIRECTOR WILLIAMS: Yes, Item 2,
request adoption of a resolution authorizing the
issuance and negotiated sale of pre-event -- of
revenue bonds or notes in a principal amount up to
but not exceeding \$2.2 billion.

GOVERNOR SCOTT: All right. Is there a motion

1 on the item?

2 ATTORNEY GENERAL BONDI: So moved.

3 CFO ATWATER: Second.

4 GOVERNOR SCOTT: Hearing no comments or
5 objections, the motion carries.

6 Thank you, Ash.

7 EXECUTIVE DIRECTOR WILLIAMS: Thank you.

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STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR
AND CABINET

CABINET MEMBERS:

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

DATE:

TUESDAY, MAY 5, 2015

LOCATION:

CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY:

YVONNE LAFLAMME, FPR
COURT REPORTER and
NOTARY PUBLIC

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I N D E X

APPROVAL OF MINUTES

By Governor Rick Scott

APPOINTMENT - INTERIM SECRETARY

By Governor Rick Scott

APPOINTMENT - INTERIM EXECUTIVE DIRECTOR

By Governor Rick Scott

APPOINTMENT DISCUSSION

By Governor Rick Scott

BOARD OF TRUSTEES IMPROVEMENT FUND

By Secretary Jon Steverson

STATE BOARD OF ADMINISTRATION

By Executive Director Ash Williams

DEPARTMENT OF VETERANS AFFAIRS

By Executive Director Mike Prendergast

OFFICE OF FINANCIAL REGULATION

By Commissioner Drew Breakspear

DEPARTMENT OF REVENUE

By Executive Director Marshall Stranburg

AGENCY MEASURES - OIR

By Commissioner Kevin McCarty

AGENCY MEASURES - DOR

By Commissioner Drew Breakspear

1 - - - -

2 GOVERNOR SCOTT: Good morning. Please have a
3 seat. I would like to welcome everyone to the May 5th
4 Cabinet meeting.

5 Before we get started, the first thing I want to
6 do is to thank our Attorney General. Our Attorney
7 General and her team worked diligently, and they filed
8 a lawsuit last week against the Obama Administration
9 for their attempts to coerce our state into ending
10 ObamaCare -- into ObamaCare expansion by ending an
11 existing low income pool program and telling us to
12 expand Medicaid instead.

13 Not only has she done a great job on this, but on
14 top of that, her relationships around the states have
15 had an impact. Both the new Governor, who is a friend
16 of hers, who was the Attorney General there, in the
17 state of Kansas have already announced they are going
18 to file amicus briefs.

19 But Attorney General, you and your team have been
20 done a great job. It's wrong for the Federal
21 Government to try to coerce us by ending a low-income
22 pool for low-income families to try to coerce us to
23 expand Obama care, so thank you very much for doing
24 that.

25 So now to start the meeting, I would like to

1 welcome Emma McGibany, an 8th grader from Holy
2 Comforter Episcopal School to lead the invocation. If
3 you'll please remain standing at the end of the
4 invocation for the Pledge of Allegiance, which is
5 going to be led by our National Guard. We will have a
6 second Pledge of Allegiance later, because we have a
7 4th grade class that is going to come here and do the
8 pledge with us.

9 (Thereupon, the invocation was given.)

10 *****

STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT: Next, we have Ash Williams with the State Board of Administration.

EXECUTIVE DIRECTOR ASH WILLIAMS: Good morning, Governor, Cabinet members.

By way of a fund update, as of last night's close, the Florida Retirement System Trust Fund was up 5.3 percent fiscal year-to-date; that's 64 basis points ahead of target and the increase in the balance of \$1.4 billion from the onset of the fiscal year, and that's net of distributions roughly \$600 million monthly.

GOVERNOR SCOTT: So Ash, how much are we up for the year, for the fiscal year?

EXECUTIVE DIRECTOR ASH WILLIAMS: For the fiscal year is 1.4 billion net, but that's net of distributions.

Item 1, request approval of the minutes of the March 24 meeting.

GOVERNOR SCOTT: Is there a second?

ATTORNEY GENERAL BONDI: Second.

GOVERNOR SCOTT: Moved and seconded. Show the minutes approved without objection.

1 EXECUTIVE DIRECTOR ASH WILLIAMS: Thank you.

2 Item 2, request approval of the fiscal determination
3 and connection with the issuance not exceeding \$9.25
4 million Florida Housing Finance, Corporation, mortgage
5 revenue bonds.

6 Request approval.

7 GOVERNOR SCOTT: Is there a motion?

8 ATTORNEY GENERAL BONDI: So moved.

9 GOVERNOR SCOTT: Is there a second?

10 CHIEF FINANCIAL OFFICER ATWATER: Second.

11 GOVERNOR SCOTT: Any comments or objections?

12 Hearing none, the motion carries.

13 EXECUTIVE DIRECTOR ASH WILLIAMS: Item 3, request
14 approval of the State Board of Administration proposed
15 budgets for fiscal year 2015 and '16. These include
16 the State Board of Administration, the FRS Investment
17 Plan, Florida Hurricane Catastrophe Fund, bond finance
18 and pre-paid college board.

19 Full detail has been provided to you, and I think
20 it suffices to say the theme across these budgets is
21 they continue to be mindful of costs. We continue to
22 be a low-cost provider in our space while mitigating
23 human capital risk.

24 GOVERNOR SCOTT: You've done a great job.

25 Is there a motion on the item?

1 ATTORNEY GENERAL BONDI: So moved.

2 GOVERNOR SCOTT: Is there a second?

3 CFO ATWATER: Second.

4 GOVERNOR SCOTT: Any comments or objections?

5 Hearing none, the motion carries.

6 EXECUTIVE DIRECTOR ASH WILLIAMS: Item 4 requests
7 approvals of the reappointments of Les Daniels and
8 Michael Price and the appointment of Bobby Jones, the
9 Investment Advisory Council.

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

11 CFO ATWATER: So moved.

12 GOVERNOR SCOTT: Is there a second?

13 ATTORNEY GENERAL BONDI: Governor, let me get all
14 four in line. Hang on.

15 Yeah, we're fine with this.

16 GOVERNOR SCOTT: Any comments or objections?

17 Hearing none, the motion carries.

18 EXECUTIVE DIRECTOR ASH WILLIAMS: Thank you.

19 GOVERNOR SCOTT: Thanks, Ash.

0 CFO ATWATER: Governor, may I? Ash, I
21 think you need to take a minute, there was a gathering
22 of your peers last month and a recognition was made,
23 the most outstanding and innovative public fund asset
24 management in the country, and your team received the
25 distinction of being recognized among your peers as

1 Number 1.

2 GOVERNOR SCOTT: Yay.

3 EXECUTIVE DIRECTOR ASH WILLIAMS: Thank you.

4 CFO ATWATER: Might you take a moment
5 and just share with us the attributes and the analysis
6 that would have gone into that conversation among your
7 peers. Because I know this is a selection among your
8 peers; can you kind of walk us through it?

9 I think it speaks volumes, really, to the credit
10 to you and to the team to their success; and among
11 your peers, people recognized your team as the
12 outstanding player in the country.

13 EXECUTIVE DIRECTOR ASH WILLIAMS: Thank you.
14 Well, first, I would say the key word in that is
15 "team" and it's a total organization performance.

16 And I think what's involved with this award
17 you're referring to, CFO, is organized by Investor
18 magazine. Annually, they do a series of awards called
19 the Investor Intelligence Awards, and they're sort of
20 the nerd's version of the Academy Awards in the
21 investment sector in the public end of thing. So it's
22 a pretty narrow slice of life.

23 GOVERNOR SCOTT: Red carpet, everything?

24 EXECUTIVE DIRECTOR ASH WILLIAMS: It's brown:
25 It's Government's awards.

1 At any rate, basically the things that go into
2 the award that we received are, one, investment
3 competence and consistent overall achievement over a
4 long period of time;

5 Two, that achievement is qualified by being done
6 in a way that is very intent to risk and compliance,
7 so no legal issues, no risk issues, no blow ups, none
8 of that kind of thing.

9 And also, being innovative and creative. We do a
10 lot of things very differently from a number of our
11 peers. You've heard me talk about our direct
12 investing in real estate; a number of the things
13 you've done in the alternative space that have been
14 very profitable for us, and at the same time actually
15 someone counter-intuitively reduce risk on a total
16 fund basis. And we've done all of that while
17 continuing to be a low cost provider, which you're
18 aware of.

19 So, you know, the public fund world is sort of
20 like college sports or anything else: All of the
21 coaches and staffs know each other and we all know
22 what we're doing and there's a little network. We
23 have several of our alumni from our Florida State
24 Board who are now chief investment officers in other
25 states: Wisconsin, North Carolina are two examples

1 that come to mind, and we don't want to provide our
2 staff to any more of those jobs. We want to keep them
3 here.

4 But we are proud of our honor, and it's a
5 reflection of our team, so thank you for recognizing
6 it.

7 CFO ATWATER: It truly is, and I think
8 suddenly in the comment that the talent you have
9 in-house has been able to keep cost drivers down which
10 is provided for in the bills of returns that you can
11 stay with us or stay with the long-term participants
12 in the plan. And there is a risk, talent risk, that
13 we have to mitigate and be sure that this kind of
14 talent is performing top notch among the industry is
15 staying with us.

16 So I just know all of us feel and it's not rare
17 that we would feel questions as we are at and around
18 the state from individuals, because they are reading a
19 broader narrative as to how pensions are being
20 managed, and frankly, the challenge that so many of
21 them are in. And this is not the case in Florida, and
22 to your credit.

23 EXECUTIVE DIRECTOR ASH WILLIAMS: Thank you.

4 CFO ATWATER: Thank you.

25 GOVERNOR SCOTT: Of course, we expected you to be

1 Number 1, and we expect you to continue to be
2 Number 1. Do you realize that?

3 EXECUTIVE DIRECTOR ASH WILLIAMS: It's a low
4 pressure environment. Thank you.

5 ATTORNEY GENERAL BONDI: Watch those benchmarks.

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: June 9, 2015



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$10,000,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (PETERBOROUGH APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$10,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Pinellas County, Florida (Peterborough Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$10,000,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (PETERBOROUGH APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$10,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Pinellas County, Florida (Peterborough Apartments); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Peterborough Apartments), in an amount not exceeding \$10,000,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED June 23, 2015

June 5, 2015

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$10,000,000 Tax-Exempt Bonds
Peterborough Apartments

Dear Mr. Williams:

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

This bond issue will be a Limited Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's June 23, 2015 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Brantley Henderson
Multifamily Programs Administrator

BH

Enclosures

\$7,600,000
Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds

Peterborough Apartments

Combined Debt Coverage Table

	Revenue Net Operating Income (1)	Bond Payments		Sub Loans FHFC SAIL & ELI Payments	Total Bond Debt Service	Debt Service		Surplus Revenues	Debt Service Coverage		Bond Balance
		Principal Bonds (2)	Interest 5.00%			Total Bond & Subord DS	Total Bond & Subord DS w/out Fees		Bond Debt Service DCR	Total Bond & Subord DCR	
YR 1	\$ 491,670	\$ 60,000	\$ 380,000	\$ 39,398	\$ 440,000	\$ 479,398	\$ 479,398	\$ 12,272	1.12	1.03	\$ 7,600,000
YR 2	\$ 496,009	\$ 65,000	\$ 377,000	\$ 39,398	\$ 442,000	\$ 481,398	\$ 481,398	14,611	1.12	1.03	\$ 7,540,000
YR 3	\$ 500,218	\$ 70,000	\$ 373,750	\$ 39,398	\$ 443,750	\$ 483,148	\$ 483,148	17,070	1.13	1.04	\$ 7,475,000
YR 4	\$ 504,286	\$ 75,000	\$ 370,250	\$ 39,398	\$ 445,250	\$ 484,948	\$ 484,948	19,529	1.15	1.05	\$ 7,405,000
YR 5	\$ 508,204	\$ 80,000	\$ 366,750	\$ 39,398	\$ 446,750	\$ 486,748	\$ 486,748	22,000	1.16	1.06	\$ 7,335,000
YR 6	\$ 511,963	\$ 85,000	\$ 363,000	\$ 39,398	\$ 448,000	\$ 488,548	\$ 488,548	24,471	1.17	1.07	\$ 7,260,000
YR 7	\$ 515,552	\$ 90,000	\$ 359,000	\$ 39,398	\$ 449,000	\$ 490,348	\$ 490,348	26,942	1.18	1.08	\$ 7,180,000
YR 8	\$ 518,960	\$ 95,000	\$ 355,000	\$ 39,398	\$ 450,000	\$ 492,148	\$ 492,148	29,413	1.19	1.09	\$ 7,100,000
YR 9	\$ 522,176	\$ 100,000	\$ 350,000	\$ 39,398	\$ 450,500	\$ 493,948	\$ 493,948	31,884	1.20	1.10	\$ 6,920,000
YR 10	\$ 525,189	\$ 105,000	\$ 346,000	\$ 39,398	\$ 451,000	\$ 495,748	\$ 495,748	34,355	1.21	1.11	\$ 6,820,000
YR 11	\$ 526,636	\$ 110,000	\$ 341,000	\$ 39,398	\$ 451,250	\$ 497,548	\$ 497,548	36,826	1.22	1.12	\$ 6,715,000
YR 12	\$ 529,205	\$ 115,000	\$ 335,750	\$ 39,398	\$ 451,750	\$ 499,348	\$ 499,348	39,297	1.23	1.13	\$ 6,600,000
YR 13	\$ 531,532	\$ 120,000	\$ 330,000	\$ 39,398	\$ 452,000	\$ 501,148	\$ 501,148	41,768	1.24	1.14	\$ 6,485,000
YR 14	\$ 533,605	\$ 125,000	\$ 324,250	\$ 39,398	\$ 452,250	\$ 502,948	\$ 502,948	44,239	1.25	1.15	\$ 6,360,000
YR 15	\$ 535,408	\$ 130,000	\$ 318,000	\$ 39,398	\$ 452,500	\$ 504,748	\$ 504,748	46,710	1.26	1.16	\$ 6,225,000
YR 16	\$ 536,892	\$ 135,000	\$ 311,250	\$ 39,398	\$ 452,750	\$ 506,548	\$ 506,548	49,181	1.27	1.17	\$ 6,085,000
YR 17	\$ 537,758	\$ 140,000	\$ 304,250	\$ 39,398	\$ 453,000	\$ 508,348	\$ 508,348	51,652	1.28	1.18	\$ 5,940,000
YR 18	\$ 537,664	\$ 145,000	\$ 297,000	\$ 39,398	\$ 453,250	\$ 510,148	\$ 510,148	54,123	1.29	1.19	\$ 5,785,000
YR 19	\$ 538,238	\$ 150,000	\$ 289,250	\$ 39,398	\$ 453,500	\$ 511,948	\$ 511,948	56,594	1.30	1.20	\$ 5,620,000
YR 20	\$ 538,464	\$ 155,000	\$ 281,000	\$ 39,398	\$ 453,750	\$ 513,748	\$ 513,748	59,065	1.31	1.21	\$ 5,450,000
YR 21	\$ 538,892	\$ 160,000	\$ 272,500	\$ 39,398	\$ 454,000	\$ 515,548	\$ 515,548	61,536	1.32	1.22	\$ 5,270,000
YR 22	\$ 539,367	\$ 165,000	\$ 263,500	\$ 39,398	\$ 454,250	\$ 517,348	\$ 517,348	64,007	1.33	1.23	\$ 5,080,000
YR 23	\$ 539,437	\$ 170,000	\$ 254,000	\$ 39,398	\$ 454,500	\$ 519,148	\$ 519,148	66,478	1.34	1.24	\$ 4,885,000
YR 24	\$ 539,085	\$ 175,000	\$ 244,250	\$ 39,398	\$ 454,750	\$ 520,948	\$ 520,948	68,949	1.35	1.25	\$ 4,680,000
YR 25	\$ 532,288	\$ 180,000	\$ 234,000	\$ 39,398	\$ 455,000	\$ 522,748	\$ 522,748	71,420	1.36	1.26	\$ 4,465,000
YR 26	\$ 528,549	\$ 185,000	\$ 223,250	\$ 39,398	\$ 455,250	\$ 524,548	\$ 524,548	73,891	1.37	1.27	\$ 4,240,000
YR 27	\$ 525,799	\$ 190,000	\$ 212,000	\$ 39,398	\$ 455,500	\$ 526,348	\$ 526,348	76,362	1.38	1.28	\$ 4,010,000
YR 28	\$ 522,537	\$ 195,000	\$ 200,500	\$ 39,398	\$ 455,750	\$ 528,148	\$ 528,148	78,833	1.39	1.29	\$ 3,770,000
YR 29	\$ 518,740	\$ 200,000	\$ 188,500	\$ 39,398	\$ 456,000	\$ 530,000	\$ 530,000	81,304	1.40	1.30	\$ 3,520,000
YR 30	\$ 514,383	\$ 205,000	\$ 176,000	\$ 39,398	\$ 456,250	\$ 531,848	\$ 531,848	83,775	1.41	1.31	\$ 3,260,000
YR 31	\$ 507,921	\$ 210,000	\$ 163,000	\$ 39,398	\$ 456,500	\$ 533,698	\$ 533,698	86,246	1.42	1.32	\$ 2,985,000
YR 32	\$ 502,367	\$ 215,000	\$ 149,250	\$ 39,398	\$ 456,750	\$ 535,498	\$ 535,498	88,717	1.43	1.33	\$ 2,700,000
YR 33	\$ 496,173	\$ 220,000	\$ 135,000	\$ 39,398	\$ 457,000	\$ 537,298	\$ 537,298	91,188	1.44	1.34	\$ 2,400,000
YR 34	\$ 489,311	\$ 225,000	\$ 120,000	\$ 39,398	\$ 457,250	\$ 539,098	\$ 539,098	93,659	1.45	1.35	\$ 2,085,000
YR 35	\$ 481,750	\$ 230,000	\$ 104,250	\$ 39,398	\$ 457,500	\$ 540,898	\$ 540,898	96,130	1.46	1.36	\$ 1,755,000
YR 36	\$ 471,896	\$ 235,000	\$ 87,750	\$ 39,398	\$ 457,750	\$ 542,698	\$ 542,698	98,601	1.47	1.37	\$ 1,420,000
YR 37	\$ 462,846	\$ 240,000	\$ 71,000	\$ 39,398	\$ 458,000	\$ 544,498	\$ 544,498	101,072	1.48	1.38	\$ 1,075,000
YR 38	\$ 453,002	\$ 245,000	\$ 53,750	\$ 39,398	\$ 458,250	\$ 546,298	\$ 546,298	103,543	1.49	1.39	\$ 725,000
YR 39	\$ 442,330	\$ 250,000	\$ 36,250	\$ 39,398	\$ 458,500	\$ 548,098	\$ 548,098	106,014	1.50	1.40	\$ 365,000
YR 40	\$ 430,794	\$ 255,000	\$ 18,250	\$ 39,398	\$ 458,750	\$ 549,898	\$ 549,898	108,485	1.51	1.41	\$ -

(1) NOI based on "Projected Operating Revenue" Schedule

(2) Based on estimated bond sinking fund schedule beginning in year 2, following the 1.5 year interest only period.

(3) The Bond Interest Rate is based on current market conditions for a negotiated private placement (5.00%). The Bond fees are included in the project operating expenses ahead of the NOI and Debt Service Calculation, therefore not included in the above.

(4) The Bond term is 41.5 years, with a Bondholder's Optional Tender in year 16. The term includes up to a 1.5 year interest only period followed by 40 years of fully amortizing debt service. At the Optional Tender date in year 16, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinancing 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.

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: June 9, 2015



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$4,100,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE
DESIGNATED) (HARBOUR COURT APARTMENTS)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$4,100,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Polk County, Florida (Harbour Court Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE
OF AN AMOUNT NOT EXCEEDING \$4,100,000 FLORIDA HOUSING FINANCE
CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS,
(SERIES TO BE DESIGNATED) (HARBOUR COURT APARTMENTS)**

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$4,100,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Polk County, Florida (Harbour Court Apartments); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Harbour Court Apartments), in an amount not exceeding \$4,100,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED June 23, 2015

June 5, 2015

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$4,100,000 Tax-Exempt Bonds
Harbour Court Apartments

Dear Mr. Williams:

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

This bond issue will be a Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's June 23, 2015 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Brantley Henderson
Multifamily Programs Administrator

BH

Enclosures

Rick Scott, Governor

Board of Directors: Bernard "Barney" Smith, Chairman • Natacha Munilla, Vice Chairman
Renier Díaz de la Portilla • Ray Dubuque • John David Hawthorne Jr. • Brian Katz • Leonard Tyka • Howard Wheeler
Bill Killingsworth, Florida Department of Economic Opportunity

Executive Director Stephen P. Auger

Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds, 2015 Series_
(Harbour Court Apartments)

Principal Amount of Bonds Issued: \$ 4,100,000
Interest Rate: 0.450%
Assumed Initial Deposit to the Bond Fund: \$ 20,000.00

Deposit of Funds: It is assumed that the bond proceeds will be deposited at closing to the Project Fund. Immediately thereafter, the lender will wire proceeds that will be deposited to the Collateral Fund. Immediately thereafter, funds on deposit in the Project Fund will be remitted to the Lender to reimburse them for funds expended to acquire the project.

Cash Flow Report

Date	Funds Available to Pay Debt Service (1)				Debt Service And Fees Payable			Remaining Assets	Princ. & Intr. Debt Coverage Ratio (DCR) (2)
	Cumulative Funds on Deposit In Collateral Fund	Cumulative Funds on Deposit In the Bond Fund	Earnings On Investments at 0.00%	Total Assets On Deposit In Indenture	Interest Due On Bonds	Principal Due On Bonds	Debt Service And Fees Payable		
7/8/2015	\$ 4,100,000.00	\$ 20,000.00	\$ -	\$ 4,120,000.00	\$ 10,403.75	\$ -	\$ -	\$ 4,120,000.00	P&I Debt Coverage Ratio (DCR)
2/1/2016	\$ 4,100,000.00	\$ 20,000.00	\$ -	\$ 4,120,000.00	\$ 9,225.00	\$ 4,100,000.00	\$ 10,403.75	\$ 4,109,596.25	396.0111
8/1/2016	\$ 4,100,000.00	\$ 9,596.25	\$ -	\$ 4,109,596.25	\$ 19,628.75	\$ 4,100,000.00	\$ 4,109,225.00	\$ 371.25	1.0001
Total		\$ -	\$ -	\$ -	\$ 19,628.75	\$ 4,100,000.00	\$ 4,119,628.75		

Notes:

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

(2) The DCR is provided to demonstrate the overall coverage of pledged assets against the total amount due at each Semi-Annual Bond Debt Service payment and upon final maturity when principal is due.

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

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: June 9, 2015



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

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$3,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Lee County, Florida (Brookside Village Apartments). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

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

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$3,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (the "Bonds") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Lee County, Florida (Brookside Village Apartments); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, (series to be designated) (Brookside Village Apartments), in an amount not exceeding \$3,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED June 23, 2015

June 5, 2015

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed \$3,500,000 Tax-Exempt Bonds
Brookside Village Apartments

Dear Mr. Williams:

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

This bond issue will be a Public Offering. We request that this item be placed on the agenda for approval at the State Board of Administration's June 23, 2015 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,



Brantley Henderson
Multifamily Programs Administrator

BH

Enclosures

Florida Housing Finance Corporation
Multifamily Housing Revenue Bonds, 2015 Series_
(Brookside Village Apartments)

Principal Amount of Bonds Issued: \$ 3,500,000
Interest Rate: 0.450%
Assumed Initial Deposit to the Bond Fund: \$ 16,000.00

Deposit of Funds: It is assumed that the bond proceeds will be deposited at closing to the Project Fund. Immediately thereafter, the lender will wire proceeds that will be deposited to the Collateral Fund. Immediately thereafter, funds on deposit in the Project Fund will be remitted to the Lender to reimburse them for funds expended to acquire the project.

Cash Flow Report

Date	Funds Available to Pay Debt Service (1)				Debt Service And Fees Payable			Remaining Assets	Princ. & Infr. Debt Coverage Ratio (DCR) (2)
	Cumulative Funds on Deposit In Collateral Fund	Cumulative Funds on Deposit In the Bond Fund	Earnings On Investments at 0.00%	Total Assets On Deposit In Indenture	Interest Due On Bonds	Principal Due On Bonds	Debt Service And Fees Payable		
7/30/2015	\$ 3,500,000.00	\$ 16,000.00	\$ -	\$ 3,516,000.00	\$ 7,918.75	\$ -	\$ -	\$ 3,516,000.00	P&I Debt Coverage Ratio (DCR)
2/1/2016	\$ 3,500,000.00	\$ 16,000.00	\$ -	\$ 3,516,000.00	\$ 7,875.00	\$ 3,500,000.00	\$ 7,918.75	\$ 3,508,081.25	444.0095
8/1/2016	\$ 3,500,000.00	\$ 8,081.25	\$ -	\$ 3,508,081.25	\$ 15,793.75	\$ 3,500,000.00	\$ 3,507,875.00	\$ 206.25	1.0001
Total					\$ 15,793.75	\$ 3,500,000.00	\$ 3,515,793.75		

Notes:

- (1) At the bond closing cash proceeds from the FHLMC Loan and other sources will be deposited with the Trustee as pledged assets to fully collateralize the repayment of the Bonds as well as the payment of future anticipated debt service through to maturity.
- (2) The DCR is provided to demonstrate the overall coverage of pledged assets against the total amount due at each Semi-Annual Bond Debt Service payment and upon final maturity when principal is due.

Protecting Florida's Investments Act (PFIA)

Quarterly Report – June 23, 2015



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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.

As of March 31, 2015, the net asset value of total funds under SBA management was approximately \$182.6 billion. 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.

Introduction

On June 8, 2007, the Protecting Florida's Investments Act ("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.

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, 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 or Iran portions of the PFIA are discontinued if the Congress or President of the United States passes legislation, executive order, or other written certification that:
 - a. Darfur genocide has been halted for at least 12 months;
 - b. Sanctions imposed against the Government of Sudan are revoked;
 - c. Government of Sudan honors 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;
 - d. Government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;
 - e. Sanctions imposed against the government of Iran are revoked; or
 - f. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.
11. 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.
12. 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 section 215.473, Florida Statutes.
13. 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 PFIA.
14. 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.

Definition of a Scrutinized Company

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

Sudan:

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

Iran:

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

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries which can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether or not companies are affiliated, examining parent company-subsidary ownership on a pro rata basis.

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

SBA Scrutinized Companies Identification Methodology

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

1. **EIRIS Conflict Risk Network (CRN).** In May 2013, the Conflict Risk Network became part of EIRIS, a global provider of environmental, social, governance, and ethical performance of companies. EIRIS provides services to more than 150 asset owners and managers globally, with a staff of over 60, based primarily in London. CRN was formerly known as the Sudan Divestment Task Force (SDTF).
2. **MSCI ESG Research (MSCI)** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.
3. **IW Financial (IWF).** IWF is a provider of environmental, social, and governance research and consulting. IWF partners with Conflict Securities Advisory Group (CSAG) to provide clients with detailed 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:

- Industry Analysts
- Index Providers (e.g., Russell)
- 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)
- SEC Office of Global Security (EDGAR)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

Non-Governmental Organizations (NGOs):

- American Enterprise Institute (AEI)
- Amnesty International
- Yale University (Allard K. Lowenstein International Human Rights Project)
- Human Rights Watch

Other Sources:

- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Any other publicly available information.

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. [Sudan] or Section 215.473 (4)(t)1. [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. [Sudan] or Section 215.473, (4)(t)1. [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.

Key Changes Since the Previous PFIA Quarterly Report

Sudan

Companies added to the Sudan Scrutinized List this quarter:

- **None**

Companies removed from the Sudan Scrutinized List this quarter:

- **Ranhill Bhd (The company is no longer operating in Sudan.)**
- **Ranhill Power Sdn Bhd (subsidiary of Ranhill Bhd)**
- **Ranhill Powertron Sdn (subsidiary of Ranhill Bhd)**
- **Ranhill Powertron II Sdn (subsidiary of Ranhill Bhd)**

Companies added to the Sudan Continued Examination List this quarter:

- **Shanghai Electric Group Co.**

Companies removed from the Sudan Continued Examination List this quarter:

- **None**

Iran

Companies added to the Iran Scrutinized List this quarter:

- **None**

Companies removed from the Iran Scrutinized List this quarter:

- **None**

Companies added to the Iran Continued Examination List this quarter:

- **None**

Companies removed from the Iran Continued Examination List this quarter:

- **None**

Recent Developments Regarding Iran:

On 2 April 2015, negotiators from the P5+1 announced a framework that provides a path for sanctions on Iran to be suspended and eventually terminated in the future, if it complies with stringent limitations on its nuclear programme. The parameters announced in April do not immediately relieve, suspend or terminate any sanctions on Iran, but form a framework for a final Joint Comprehensive Plan of Action (JCPOA) between Iran and the P5+1. The JCPOA will be agreed on between now and June 30, and until then the current sanctions architecture remains in place. Upon conclusion of the JCPOA, UN and EU sanctions will be eased but U.S. sanctions on Iran for terrorism, human rights abuses, and ballistic missiles will remain in place. The only sanctions relief presently in force is the relief provided pursuant to the temporary Joint Plan of Action (JPOA) reached on 24 November 2013 and extended through 30 June 2015. (Source: Sustainalytics)

Table 1: Scrutinized Companies with Activities in Sudan
New companies on the list are shaded and in bold. (No companies added this quarter.)

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPEC) Sinopec	China	September 19, 2007
CNPC General Capital Ltd	China	June 26, 2012
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Energy House Holding Company (fka: AREF Energy Holdings Co)	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	China	September 19, 2007
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	China	September 19, 2007
Jinan Diesel Engine Co. Ltd	China	July 28, 2009
Kingdream PLC	China	April 14, 2009
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd.	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Engineering Group Co Ltd	China	March 18, 2014

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	41	

The following companies were removed from the Sudan Scrutinized List during the quarter.

<i>Removed Company</i>	<i>Country of Incorporation</i>
<i>Ranhill Bhd</i>	<i>Malaysia</i>
<i>Ranhill Power Sdn Bhd</i>	<i>Malaysia</i>
<i>Ranhill Powertron Sdn</i>	<i>Malaysia</i>
<i>Ranhill Powertron II Sdn</i>	<i>Malaysia</i>

Table 2: Continued Examination Companies with Activities in Sudan
New companies on the list are shaded and in bold.

Continued Examination Company: Sudan	Country of Incorporation
Alstom	France
Alstom Projects India	India
ASEC Company for Mining S.A.E.	Egypt
Bharat Heavy Electricals, Ltd	India
Bollore Group	France
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Drake & Scull International PJSC	United Arab Emirates
El Sewedy Cables Holding Company	Egypt
Emperor Oil Ltd	Canada
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
JX Holdings Inc.	Japan
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
PT Pertamina Persero	Indonesia
Reliance Industries Ltd	India
Scomi Engineering Bhd	Malaysia
Scomi Group Bhd	Malaysia
Shanghai Electric Group Co.	China
Statesman Resources Ltd	Canada
Wartsila Oyj	Finland
# of Sudan Continued Examination Companies	26

No companies were removed from the Sudan Continued Examination List during the quarter.

Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector
New companies on the list are shaded and in bold. (No companies added this quarter.)

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Oilfield Services Ltd.	China	June 16, 2011
CNOOC Ltd.	China	June 16, 2011
CNOOC Finance Limited	China	September 24, 2013
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
Daelim Industrial Co Ltd.	South Korea	June 16, 2011
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007
Petrolia Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2013 Ltd.	China	March 18, 2014
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Shanghai Petrochemical	China	September 19, 2007
Sinopec Yizheng Chemical Fibre	China	March 25, 2008

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
# of Iran Scrutinized Companies	35	

No companies were removed from the Iran Scrutinized List during the quarter.

Table 4: Continued Examination Companies with Petroleum Energy Activities in Iran
New companies on the list are shaded and in bold. (No companies added this quarter.)

Continued Examination Company: Iran	Country of Incorporation
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GAIL (India) Limited, aka GAIL Ltd.	India
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Lukoil OAO	Russia
Maire Tecnimont SpA	Italy
Oil India Ltd.	India
Petronet LNG Ltd.	India
Shanghai Zhenhua Heavy Industry Co. Ltd.	China
# of Iran Continued Examination Companies	9

No companies were removed from the Iran Continued Examination List during the quarter.

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007, Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008, letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Moved to Sudan Continued Examination List
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Sudan Scrutinized Classification Continues
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Dongfeng Motor Group Co. Ltd.	No	Moved to Sudan Continued Examination List
Electricity Generating Public Co	No	Removed from Sudan Scrutinized List
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Moved to Iran Continued Examination List
Gazprom	Yes; November 1, 2007 and August 18, 2014	Iran Scrutinized Classification Continues
Gazprom Neft	Yes; August 15, 2013	Iran Scrutinized as subsidiary of Gazprom
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Moved to Sudan Continued Examination List
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Moved to Iran Continued Examination List
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List
Lundin International SA	No	Removed from Sudan Scrutinized List

Company	Company Responsive to SBA Communications	Status
Malaysia Marine & Heavy Engineering Holdings Bhd	Yes; November 14, 2014	Iran & Sudan Scrutinized Classification Continues
Mangalore Refinery & Petrochemicals Ltd	Yes; March 8, 2013	Iran & Sudan Scrutinized Classification Continues
MISC Bhd	No	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30, 2007	Removed from Iran Scrutinized List
Oil & Natural Gas Corp (ONGC)	Yes; July 23, 2014	Iran & Sudan Scrutinized Classification Continues
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Continued Examination List
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized and CE Lists
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007, Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construcción y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bolloré Group	No	Sudan CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd	No	Moved to Iran Scrutinized List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafta DD Zagreb	Yes	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNG	No	Iran CE Classification Continues
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Sudan CE Classification Continues
Nam Fatt	No	Removed from Sudan List

Company	Company Responsive to SBA Communications	Continued Examination Status
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List
PTT Public Company Limited	Yes; October 1, 2010	Removed from Sudan CE List
Saipem SpA	Yes; December 12, 2007	Removed from Iran Lists
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Removed from Iran CE List
Seadrill Ltd	Yes; September 20, 2010	Removed from Sudan CE List
Siam Cement Group (SCG)	Yes; September 24, 2010	Iran CE Classification Continues
Siemens AG	Yes; October 22, 2009 October 8, 2010	Removed from Iran CE List
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Iran CE Classification Continues
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Removed from Sudan CE Classification
Technip	Yes; April 30, 2010 and November 30, 2010	Removed from Iran CE Classification
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Sudan CE Classification Continues
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Iran CE Classification Continues

Key Dates for PFIA Activities

June 8, 2007 — Legislation's effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by the State.

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 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

Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Cumulative Divestment	
Royal Dutch Shell**	\$215,784,700.79
Total SA**	\$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	\$206,135,264.10
ENI**	\$141,403,034.78
CNOOC Ltd	\$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	\$71,275,453.14
Alstom**	\$65,897,698.67
Repsol YPF**	\$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	\$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	\$38,455,440.48
PetroChina	\$25,723,158.75
Inpex Corp.**	\$24,835,110.63
MISC Bhd	\$16,448,397.44
Snam Rete Gas**	\$9,596,905.78
Lukoil OAO**	\$9,487,631.46
OMV AG **	\$8,601,977.98
Shell International Finance**	\$8,599,813.40
China BlueChemical Ltd	\$7,538,215.73
Wärtsilä Oyj**	\$1,797,871.96
Daelim Industrial Co Ltd	\$1,566,926.73
Petrofac Ltd **	\$1,496,881.43
The Weir Group PLC **	\$1,322,666.62
Petrobras International Finance**	\$1,148,750.00
Lundin Petroleum AB **	\$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	\$945,363.83
Petrobras Energia (Participaciones) **	\$298,632.08
Dongfeng Motor Group**	\$158,623.49
Electricity Generating Public Company**	\$121,321.38
Gazprom Neft	\$37,892.73
** denotes companies no longer on the Prohibited Company list.	\$1,306,825,533.68

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

Table 7: List of Prohibited Investments (Scrutinized Companies)
New companies on the list are shaded and in bold. (No companies added this quarter.)

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Yes
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNPC General Capital Ltd	Sudan	China	June 26, 2012	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes
Daelim Industrial Co Ltd	Iran	South Korea	June 16, 2011	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Energy House Holding Company (fka: AREF Energy Holdings Co)	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Harbin Electric Co. Ltd. (fka: Harbin Power Equipment)	Sudan	China	September 19, 2007	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation (aka Hongdu Aviation)	Sudan	China	September 19, 2007	Yes
Jinan Diesel Engine	Sudan	China	July 28, 2009	Yes
Kingdream PLC	Sudan	China	April 14, 2009	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
ONGC Videsh Limited (OVL)	Sudan & Iran	India	March 18, 2014	Yes
Orca Gold Inc.	Sudan	Canada	December 9, 2014	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petrolam 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
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Sinopec Yizheng Chemical Fibre	Sudan & Iran	China	March 25, 2008	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
# of Prohibited Investments	50	-	-	

The following companies were removed from the Prohibited Investments List this quarter.

Removed Company	Country of Incorporation
<i>Ranhill Bhd</i>	<i>Malaysia</i>
<i>Ranhill Power Sdn Bhd</i>	<i>Malaysia</i>
<i>Ranhill Powertron Sdn</i>	<i>Malaysia</i>
<i>Ranhill Powertron II Sdn</i>	<i>Malaysia</i>

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

As of March 31, 2015, the SBA did not hold shares of any company on the 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 66 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.

For more information, please contact:

State Board of Administration of Florida (SBA)
Investment Programs & Governance
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308
www.sbafla.com

or send an email to:

pfia@sbafla.com





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OF FLORIDA**

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

June 23, 2015

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

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

Dear Representative Raulerson and Senator Abruzzo:

Pursuant to section 218.409(6)(a)1, Florida Statutes, the Trustees of the State Board of Administration are required to "provide a quarterly report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [on the Florida PRIME and Fund B Management Summary] and actions taken, if any, to address any [material] impacts," and "have conducted a review of the [Fund B] trust fund and that the trust fund is in compliance with the requirements of this section." (Sections 218.409(6)(a)1 and 218.421(2)(a), F.S.)

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period January 1, 2015 through March 31, 2015, there were no material impacts on the trust funds in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

Ashbel C. Williams
Executive Director & CIO

ACW/db
Attachments

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



Monthly Summary Report for January 2015

Including Fund B

State Board of Administration

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FUND B

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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 money market funds 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 and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

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

This report, which covers the period from January 1, 2015 through January 31, 2015, 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.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

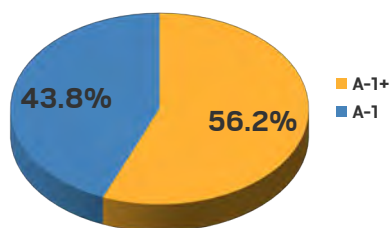
There were no developments during January 2015 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION JANUARY 31, 2015

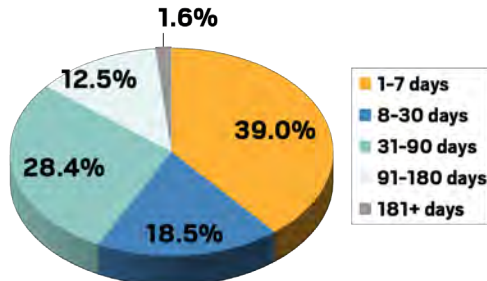
Florida PRIME Assets

\$ 7,822,533,292

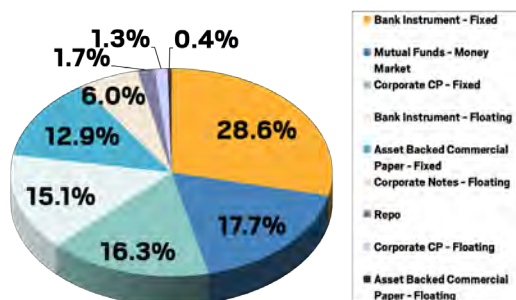
Credit Quality Composition



Effective Maturity Schedule



Portfolio Composition



PORTFOLIO MANAGER COMMENTARY

January Market Conditions

We search tirelessly for the highest yield, yet these days it can feel like a scavenger hunt. Sometimes it goes well. For instance, early in January we went out the curve for some 1-year products, both fixed- and floating-rate, that brought better returns, and we did not have to rely on the Federal Reserve as much. Other days can be less fruitful in this land of historically low rates.

The truth is, for all cash managers, the irregular movement of rates and uneven supply simply makes trading more difficult than it need be. You have good rates for a week or two, say 15 or 20 basis points, and then get zero for three or four days. It has been like this since 2011-12. But the Fed's offering of term repo has helped and will help (the last meeting of the Federal Open Market Committee included an announcement from the New York Fed of more term repo in upcoming months and at quarter-end). The \$300 billion allotment for 2014's year-end definitely helped to smooth what might have been a difficult trading period. Actually, it does not even hurt the Fed to offer large amounts because it might not all be bought. Some of that 2014 year-end \$300 billion term repo, and even some of the \$300 billion in overnights, went unused. That suggests there was enough liquidity and supply in the open market so that cash managers did not need to rely solely on the Fed.

Of course, we would love to return to a time when the Fed was not the lender of "first" resort, and we could work primarily with our traditional partners. But we need rates to rise first. While "international developments" (as the Fed's recent policy statement referred to weakening Europe), the swooning price of oil and continued low inflation concern the Fed, our outlook still puts liftoff of the target fed funds rate somewhere around mid-year, perhaps at the August or September FOMC meeting. We feel we are on the right track at this point for tightening.

JANUARY 31, 2015

Top Holdings and Average Maturity

1. Federated Prime Obligations Fund	9.0%
2. Federated Prime Cash Obligations Fund	8.6%
3. Sumitomo Mitsui Financial Group, Inc.	5.1%
4. BNP Paribas SA	5.0%
5. Standard Chartered PLC	5.0%
6. Mitsubishi UFJ Financial Group, Inc.	4.7%
7. JPMorgan Chase & Co.	4.4%
8. Wells Fargo & Co.	4.3%
9. DNB Bank ASA	4.2%
10. Mizuho Financial Group, Inc.	4.1%

Average Effective Maturity (WAM)

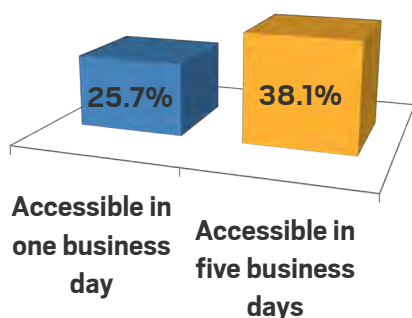
37.6 Days

Weighted Average Life (Spread WAM)

68.2 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

Although we seem to be going nicely in the U.S., we are not isolationists. We are impacted by other issues and have to see how potent they are. The European Central Bank finally made its move, laying out its plan for quantitative easing (QE) at €60 billion a month, about twice what the market was expecting. While we do invest a great deal with European banks, all are from the stronger countries with robust banking systems—and they are global. But like everyone else, we are in a mode of “wait and see” how this all turns out in the coming months.

Portfolio Investment Strategy

At \$7.8 billion, the Pool’s total assets, while fluctuating due to the typical deposits and withdrawals for participants’ operational needs, remained roughly the same as in December 2014. That’s because there was a substantial inflow at the end of the year that we did not invest until January, and therefore placed it in repo and money market securities. That accounts for much of the shift in the composition of the portfolio in January, namely large increases in the banking sector (up by 5% to 29% of the portfolio) and in commercial paper (up by 5% to 34%), as we invested the year-end cash that resulted in the decrease in repo (down 4% to 2% of the portfolio) and money market funds (down 3% to 18%). Over the course of the month we found attractive opportunities, including commercial paper along the curve, bank paper and even some variable-rate notes, although the allotment to the latter fell 3% to 17% of the portfolio.

The gross yield on the Pool increased to 19 basis points, up by one basis point from December. Weighted average maturity (WAM) came in two days to 38; weighted average life (WAL) decreased five days to 68.

FLORIDA PRIME SUMMARY OF CASH FLOWS

January 2015

Opening Balance (01/01/15)	\$	7,880,588,160
Participant Deposits		1,094,562,942
Gross Earnings		1,284,744
Participant Withdrawals		(1,153,791,266)
Fees		(111,288)
Closing Balance (01/31/15)		7,822,533,292
Net Change over Month		(58,054,868)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$58.1 million during January 2015.

This change in value consisted of positive flows of \$1.09 billion in participant deposits and 1.3 million in earnings. Negative flows consisted of \$1.15 billion in participant withdrawals and about \$111,000 in fees.

Overall, the fund ended the month with a closing balance of \$7.82 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

January 2015	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 67,242.07	\$ 1.03
Federated Investment Management Fee	20,835.80	0.32
BNY Mellon Custodial Fee**	9,806.49	0.15
Bank of America Transfer Agent Fee	5,288.59	0.08
S&P Rating Maintenance Fee	3,397.26	0.05
Audit/External Review Fees	4,718.03	0.07
Total Fees	\$ 111,288.24	1.70

*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 \$7,851,560,726.

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

Florida PRIME Investment Advisor Receives iMoneyNet Awards

Florida PRIME's investment advisor, Federated Investors, was recognized by iMoneyNet in their most recent Money Fund Report. iMoneyNet, the leading provider of money market mutual fund information and analysis, recently recognized money funds that reported the highest gross total returns for 2014 in several different fund categories. Federated portfolio managers received the "Top Manager Award" for their management of prime institutional money funds. In addition to Federated's role as investment advisor, Florida PRIME also looks to Federated to provide overnight liquidity for the pool via two Federated AAAM-rated prime money market funds.

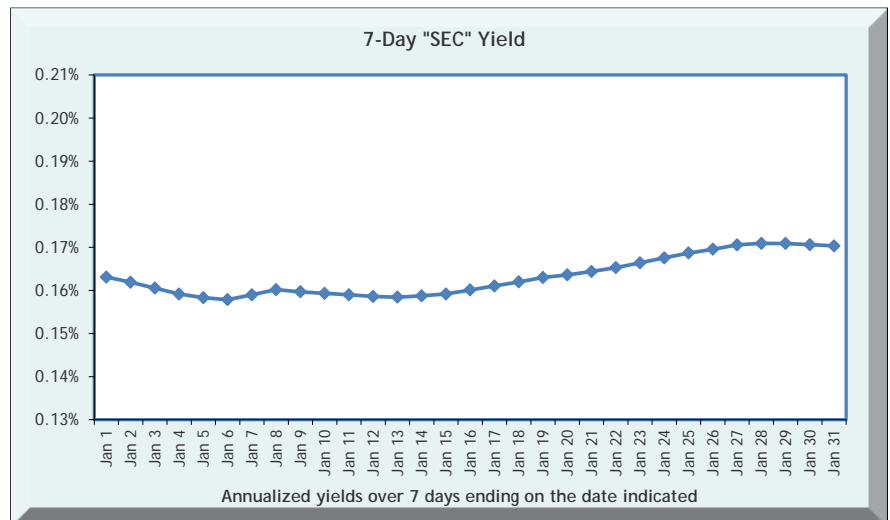
FUND PERFORMANCE THROUGH JANUARY 31, 2015

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.17%	0.05%	0.12%
3 mos	0.16%	0.05%	0.11%
12 mos	0.16%	0.05%	0.11%
3 yrs	0.22%	0.07%	0.15%
5 yrs	0.24%	0.09%	0.15%
10 yrs	1.75%	1.61%	0.14%
Since 1.96	2.89%	2.68%	0.21%

Net asset value at month end: \$7,822.5 m

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

NOTES TO PERFORMANCE TABLE

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

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

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

NOTES TO CHART

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.

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.

INVENTORY OF HOLDINGS JANUARY 31, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/20/2015		38,000,000	0.23	\$37,994,902	\$37,996,895	\$1,994
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/23/2015		138,000,000	0.22	\$137,979,760	\$137,986,849	\$7,089
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2015		100,000,000	0.22	\$99,971,889	\$99,980,580	\$8,691
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		3/10/2015		35,000,000	0.23	\$34,991,279	\$34,994,162	\$2,883
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	2/2/2015		100,000,000	0.21	\$100,000,000	\$100,000,670	\$670
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	2/4/2015		40,000,000	0.21	\$40,000,000	\$40,000,444	\$444
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	2/5/2015		80,000,000	0.21	\$80,000,000	\$79,999,040	-\$960
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	3/4/2015		50,000,000	0.24	\$50,000,000	\$50,002,745	\$2,745
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/9/2015		50,000,000	0.23	\$50,000,000	\$50,000,000	\$0
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	3/23/2015		35,000,000	0.26	\$35,000,000	\$34,999,125	-\$875
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0.06	2/2/2015		135,000,000	0.06	\$135,000,000	\$135,000,000	\$0
Bank of Montreal, Apr 01, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/1/2015	2/2/2015	20,000,000	0.25	\$20,000,000	\$19,999,360	-\$640
Bank of Montreal, Apr 21, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	4/21/2015	2/23/2015	25,000,000	0.23	\$25,000,000	\$24,999,650	-\$350
Bank of Montreal, Dec 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	12/10/2015	2/10/2015	100,000,000	0.28	\$100,000,000	\$99,982,900	-\$17,100
Bank of Montreal, Feb 20, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	2/20/2015	2/20/2015	50,000,000	0.24	\$50,000,000	\$49,999,250	-\$750
Bank of Montreal, Mar 11, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	3/11/2015	2/11/2015	100,000,000	0.25	\$100,000,000	\$99,997,800	-\$2,200
Bank of Montreal, Sr. Unsecured, Aug 20, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	8/20/2015	2/20/2015	5,000,000	0.27	\$5,003,527	\$4,999,945	-\$3,582
Bank of Nova Scotia, Tor, .25%	CALLABLE CERTIFICATE OF DEPOSIT	0.25	3/12/2015		75,000,000	0.25	\$75,000,000	\$75,012,795	\$12,795
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/27/2015		25,000,000	0.28	\$24,965,389	\$24,968,315	\$2,926
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.15	2/11/2015		150,000,000	0.15	\$150,000,000	\$149,998,500	-\$1,500
Barclays Bank PLC, Sr. Unsec'd. Note, 2.75%, 2/23/2015	CORPORATE NOTE	2.75	2/23/2015		4,500,000	0.43	\$4,506,764	\$4,505,715	-\$1,049
Barclays Bank PLC, Sr. Unsec'd. Note, 2.75%, 2/23/2015	CORPORATE NOTE	2.75	2/23/2015		1,000,000	0.48	\$1,001,463	\$1,001,270	-\$193
Barclays Bank PLC, Sr. Unsec'd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		1,110,000	0.43	\$1,116,719	\$1,116,707	-\$12
Barclays Bank PLC, Sr. Unsec'd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		1,105,000	0.43	\$1,111,685	\$1,111,676	-\$9
Barclays Bank PLC, Sr. Unsec'd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		878,000	0.55	\$883,455	\$883,305	-\$150
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		70,000,000	0.25	\$69,954,306	\$69,960,702	\$6,396
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/5/2015		50,000,000	0.25	\$49,967,014	\$49,971,370	\$4,356
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/27/2015		21,000,000	0.23	\$20,984,303	\$20,986,487	\$2,184
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/1/2015		20,000,000	0.33	\$19,972,978	\$19,980,408	\$7,430
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		9/14/2015		12,000,000	0.34	\$11,975,030	\$11,976,317	\$1,287
Bedford Row Funding Corp., Sep 09, 2015	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.28	9/9/2015	2/9/2015	30,000,000	0.28	\$30,000,000	\$29,996,190	-\$3,810
Caisse des Depots et Consignations (CDC) CP	COMMERCIAL PAPER		2/24/2015		25,000,000	0.16	\$24,997,222	\$24,998,368	\$1,145
Caisse des Depots et Consignations (CDC) CP	COMMERCIAL PAPER		6/16/2015		75,000,000	0.25	\$74,928,646	\$74,933,978	\$5,332
Canadian Imperial Bank of Commerce, May 26, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	5/26/2015	2/24/2015	215,000,000	0.35	\$215,000,000	\$215,005,805	\$5,805
Caterpillar Financial Se, Unsec'd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1.10	5/29/2015		18,150,000	0.30	\$18,197,529	\$18,197,716	\$187
Caterpillar Financial Se, Unsec'd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1.10	5/29/2015		425,000	0.31	\$426,101	\$426,117	\$17
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.30	5/15/2015		50,000,000	0.30	\$50,000,000	\$50,013,050	\$13,050
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	5/1/2015		50,000,000	0.29	\$50,000,000	\$50,000,000	\$0

See notes at end of table.

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Credit Suisse, Zurich, .25%	CALLABLE CERTIFICATE OF DEPOSIT	0.25	4/24/2015		55,000,000	0.25	\$55,000,000	\$55,001,282	\$1,282
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.13	2/3/2015		325,000,000	0.13	\$325,000,000	\$325,000,358	\$358
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	5/22/2015		100,000,000	0.28	\$100,000,000	\$99,999,990	-\$10
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	2/2/2015		6,234,345	0.01	\$6,234,345	\$6,234,345	\$0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.04	2/2/2015	2/2/2015	675,678,702	0.04	\$675,678,702	\$675,678,702	\$0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.03	2/2/2015	2/2/2015	701,049,190	0.04	\$701,049,190	\$701,049,190	\$0
General Electric Cap Corp, Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		1,625,000	0.38	\$1,666,471	\$1,664,804	-\$1,667
General Electric Cap Corp, Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		4,750,000	0.43	\$4,869,930	\$4,866,351	-\$3,579
General Electric Cap Corp, Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		1,858,000	0.44	\$1,904,855	\$1,903,512	-\$1,343
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.29	7/2/2015	4/2/2015	1,335,000	0.26	\$1,340,877	\$1,340,495	-\$383
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.29	7/2/2015	4/2/2015	1,935,000	0.28	\$1,943,401	\$1,942,964	-\$437
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.29	7/2/2015	4/2/2015	400,000	0.29	\$401,705	\$401,646	-\$59
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	3.50	6/29/2015		4,701,000	0.34	\$4,761,830	\$4,762,010	\$180
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	3.50	6/29/2015		1,546,000	0.36	\$1,565,891	\$1,566,064	\$173
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	6.90	9/15/2015		800,000	0.41	\$832,355	\$832,731	\$377
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	6.90	9/15/2015		3,000,000	0.41	\$3,121,281	\$3,122,742	\$1,461
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,975,000	0.32	\$1,985,799	\$1,985,827	\$28
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,000,000	0.32	\$1,005,468	\$1,005,482	\$14
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		300,000	0.34	\$301,615	\$301,645	\$29
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		35,859,000	0.34	\$36,051,193	\$36,055,579	\$4,386
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		18,000,000	0.34	\$18,096,447	\$18,098,676	\$2,229
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,929,000	0.34	\$1,939,337	\$1,939,575	\$237
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		5,130,000	0.34	\$5,173,197	\$5,168,157	-\$5,041
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		1,500,000	0.34	\$1,512,580	\$1,511,157	-\$1,423
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		4,788,000	0.34	\$4,828,116	\$4,823,613	-\$4,503
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		7,500,000	0.35	\$7,562,670	\$7,555,785	-\$6,885
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		10,000,000	0.35	\$10,083,743	\$10,074,380	-\$9,363
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		2,415,000	0.45	\$2,434,198	\$2,432,963	-\$1,235
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	0.75	4/13/2015	4/13/2015	1,233,000	0.26	\$1,234,249	\$1,234,124	-\$125
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	0.75	4/13/2015	4/13/2015	500,000	0.28	\$500,483	\$500,456	-\$27

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
General Electric Capital Corp., Sr. Unsecured, Sep 23, 2015	VARIABLE MEDIUM TERM NOTE	1.00	9/23/2015	3/23/2015	2,500,000	0.35	2,511,332	2,511,373	\$41
General Electric Capital, Floating Rate Note - Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	0.85	1/8/2016	4/8/2015	10,000,000	0.31	\$10,052,430	\$10,051,000	-\$1,430
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		1,000,000	0.27	\$1,004,215	\$1,003,776	-\$439
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		9,500,000	0.30	\$9,539,418	\$9,535,872	-\$3,546
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		11,795,000	0.30	\$11,843,928	\$11,839,538	-\$4,390
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		597,000	0.32	\$599,466	\$599,254	-\$212
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		450,000	0.32	\$451,846	\$451,699	-\$147
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	4.88	3/4/2015		2,714,000	0.33	\$2,725,185	\$2,724,248	-\$937
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0.48	1/14/2016	4/14/2015	8,160,000	0.31	\$8,174,330	\$8,174,394	\$64
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0.48	1/14/2016	4/14/2015	10,000,000	0.32	\$10,016,934	\$10,017,640	\$706
General Electric Capital, Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	0.45	1/8/2016	4/8/2015	255,000	0.34	\$255,300	\$255,347	\$47
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		9,952,000	0.41	\$10,093,765	\$10,093,806	\$41
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		1,089,000	0.41	\$1,104,508	\$1,104,517	\$9
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		8,000,000	0.41	\$8,113,880	\$8,113,992	\$112
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		1,000,000	0.51	\$1,013,442	\$1,014,249	\$807
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5.00	1/8/2016		7,650,000	0.51	\$7,971,198	\$7,969,135	-\$2,063
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5.00	1/8/2016		1,185,000	0.61	1,233,685	1,234,435	\$750
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	0.63	7/10/2015	4/10/2015	6,500,000	0.26	6,511,147	6,509,763	-\$1,384
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	0.63	7/10/2015	4/10/2015	375,000	0.29	375,595	375,563	-\$32
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.00	8/11/2015	2/11/2015	1,335,000	0.27	\$1,340,314	\$1,339,789	-\$525
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.00	8/11/2015	2/11/2015	2,958,000	0.28	\$2,969,541	\$2,968,610	-\$931
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.00	8/11/2015	2/11/2015	3,000,000	0.29	\$3,011,521	\$3,010,761	-\$760
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/3/2015		5,000,000	0.12	\$4,999,933	\$4,999,922	-\$11
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/26/2015		60,000,000	0.17	\$59,992,350	\$59,992,488	\$138
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/6/2015		100,000,000	0.18	\$99,982,500	\$99,983,470	\$970
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/11/2015		50,000,000	0.18	\$49,990,000	\$49,990,555	\$555
HSBC USA, Inc. CP	COMMERCIAL PAPER		3/2/2015		50,000,000	0.24	\$49,989,667	\$49,993,930	\$4,263
HSBC USA, Inc. CP	COMMERCIAL PAPER		3/4/2015		50,000,000	0.24	\$49,989,000	\$49,993,400	\$4,400
HSBC USA, Inc. CP	COMMERCIAL PAPER		5/14/2015		50,000,000	0.25	\$49,964,611	\$49,966,825	\$2,214
HSBC USA, Inc. CP	COMMERCIAL PAPER		6/9/2015		50,000,000	0.26	\$49,953,056	\$49,954,860	\$1,804
HSBC USA, Inc., Sr. Unsec'd. Note, 2.375%, 02/13/2015	CORPORATE BOND	2.38	2/13/2015		6,300,000	0.31	\$6,304,911	\$6,303,868	-\$1,043
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		2/5/2015		50,000,000	0.17	\$49,998,583	\$49,998,915	\$332
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		2/5/2015		50,000,000	0.20	\$49,998,333	\$49,998,915	\$582
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		3/2/2015		100,000,000	0.21	\$99,981,917	\$99,987,000	\$5,083
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		2/27/2015		25,000,000	0.34	\$24,993,583	\$24,996,150	\$2,567
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/6/2015		50,000,000	0.27	\$49,975,250	\$49,981,665	\$6,415
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/16/2015		25,000,000	0.27	\$24,985,750	\$24,989,428	\$3,678
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		30,000,000	0.25	\$29,980,417	\$29,984,256	\$3,839
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/2/2015		25,000,000	0.27	\$24,976,938	\$24,981,978	\$5,040
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/4/2015		75,000,000	0.27	\$74,929,688	\$74,944,875	\$15,188

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		7/13/2015		25,000,000	0.30	\$24,965,833	\$24,974,375	\$8,542
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		10/9/2015		25,000,000	0.41	\$24,930,000	\$24,958,350	\$28,350
JPMorgan Chase Bank, N.A., Feb 05, 2016	VARIABLE RATE BANK NOTE	0.36	2/5/2016	3/9/2015	15,000,000	0.36	\$15,000,000	\$15,000,765	\$765
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2015		22,000,000	0.23	\$21,995,643	\$21,996,779	\$1,136
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2015		30,000,000	0.23	\$29,991,183	\$29,993,406	\$2,223
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2015		40,000,000	0.27	\$39,981,700	\$39,986,376	\$4,676
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/9/2015		10,000,000	0.20	\$9,999,444	\$9,999,589	\$145
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/17/2015		50,000,000	0.19	\$49,995,250	\$49,996,000	\$750
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/24/2015		66,000,000	0.17	65,992,208	65,992,483	\$274
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	3/12/2015		100,000,000	0.25	\$99,971,547	\$99,932,684	-\$38,863
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	3/20/2015		100,000,000	0.26	\$99,965,315	\$99,932,754	-\$32,561
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	3/24/2015		50,000,000	0.26	\$50,000,000	\$50,002,940	\$2,940
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/14/2015		30,000,000	0.24	30,000,000	30,000,000	\$0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.21	2/27/2015		40,000,000	0.21	\$39,999,998	\$39,999,995	-\$3
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.14	1/1/2028	2/5/2015	13,500,000	0.14	\$13,500,000	\$13,500,000	\$0
NRW Bank CP	COMMERCIAL PAPER		2/3/2015		190,000,000	0.12	\$189,997,467	\$189,997,264	-\$203
National Australia Bank , Sr. Unsec'd. Note, 1.6%, 8/07/2015	CORPORATE BOND	1.60	8/7/2015		900,000	0.47	905,294	904,847	-\$447
Ontario, Province of, Sr. Unsec'd. Note, Series MTN, 04/01/2015	CORPORATE NOTE	0.41	4/1/2015	4/1/2015	14,000,000	0.26	\$14,003,636	\$14,002,884	-\$752
Royal Bank of Canada, Montreal, Feb 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.38	2/4/2016	4/6/2015	125,000,000	0.38	\$125,000,000	\$125,000,375	\$375
Royal Bank of Canada, Montreal, Jan 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	1/13/2016	2/13/2015	25,000,000	0.27	\$25,000,000	\$24,997,575	-\$2,425
Royal Bank of Canada, Montreal, Mar 27, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	3/27/2015	2/27/2015	25,000,000	0.25	\$25,000,000	\$24,999,325	-\$675
Royal Bank of Canada, Montreal, Series GMTN, .550%, 05/01/2015	CORPORATE BOND	0.55	5/1/2015		20,000,000	0.28	\$20,013,431	\$20,007,740	-\$5,691
Royal Bank of Canada, Montreal, Sr. Unsec'd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	2.63	12/15/2015		9,550,000	0.50	\$9,727,056	\$9,733,723	\$6,667
Royal Bank of Canada, Montreal, Sr. Unsec'd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	2.63	12/15/2015		785,000	0.55	\$799,206	\$800,102	\$896
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0.46	4/29/2015	4/29/2015	1,800,000	0.26	\$1,800,963	\$1,800,918	-\$45
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0.46	4/29/2015	4/29/2015	2,000,000	0.27	\$2,001,012	\$2,001,020	\$8
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/6/2015		25,000,000	0.22	\$24,998,931	\$24,999,418	\$487
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/24/2015		25,000,000	0.24	\$24,986,000	\$24,988,568	\$2,568
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	3/10/2015		100,000,000	0.23	\$100,000,000	\$100,000,000	\$0
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.30	3/31/2015		14,000,000	0.30	\$14,000,000	\$14,001,946	\$1,946
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		2/3/2015		70,000,000	0.21	\$69,998,367	\$69,998,992	\$625
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		3/3/2015		25,000,000	0.24	\$24,994,667	\$24,996,600	\$1,933
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		3/18/2015		30,000,000	0.24	\$29,990,600	\$29,993,223	\$2,623
Standard Chartered Bank plc TD	TIME DEPOSIT	0.06	2/2/2015		390,000,000	0.06	\$390,000,000	\$390,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/19/2015		25,000,000	0.22	\$24,996,944	\$24,997,778	\$833
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2015		50,000,000	0.23	\$49,990,097	\$49,992,680	\$2,583
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/4/2015		75,000,000	0.23	\$74,984,187	\$74,988,315	\$4,128

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

JANUARY 31, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/6/2015		50,000,000	0.23	\$49,988,819	\$49,991,735	\$2,916
State Street Bank and Trust Co., Apr 13, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/13/2015	4/13/2015	15,000,000	0.26	\$15,000,000	\$14,998,740	-\$1,260
State Street Bank and Trust Co., Jun 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	6/15/2015	2/17/2015	50,000,000	0.23	\$50,000,000	\$49,997,950	-\$2,050
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	5/20/2015		30,000,000	0.26	\$30,000,000	\$29,998,167	-\$1,833
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	4/2/2015		25,000,000	0.23	\$25,000,000	\$25,000,000	\$0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.22	2/3/2015		100,000,000	0.22	\$100,000,000	\$100,000,440	\$440
Sumitomo Mitsui Banking Corp., Apr 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/10/2015	2/10/2015	30,000,000	0.25	\$30,000,000	\$29,998,830	-\$1,170
Sumitomo Mitsui Banking Corp., Mar 11, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.24	3/11/2015	3/2/2015	70,000,000	0.24	\$70,000,000	\$70,000,070	\$70
Sumitomo Mitsui Banking Corp., May 28, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	5/28/2015	2/27/2015	14,800,000	0.27	\$14,800,000	\$14,799,423	-\$577
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	6/10/2015		75,000,000	0.24	\$75,000,000	\$75,000,000	\$0
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	9/10/2015		25,000,000	0.35	\$25,000,000	\$25,009,213	\$9,213
Toronto Dominion Bank, Apr 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/15/2015	4/15/2015	25,000,000	0.26	\$25,000,000	\$24,997,825	-\$2,175
Toronto Dominion Bank, Feb 06, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	2/6/2015	2/6/2015	25,000,000	0.24	\$25,000,000	\$24,999,950	-\$50
Toronto Dominion Bank, Sep 04, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	9/4/2015	2/4/2015	50,000,000	0.26	\$50,000,000	\$49,994,150	-\$5,850
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0.41	5/1/2015	2/9/2015	29,580,000	0.24	\$29,593,750	\$29,592,926	-\$823
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0.41	5/1/2015	2/9/2015	1,000,000	0.26	\$1,000,410	\$1,000,437	\$27
Toyota Motor Credit Corp., Apr 08, 2015	VARIABLE MEDIUM TERM NOTE	0.40	4/8/2015	4/8/2015	500,000	0.25	\$500,143	\$500,130	-\$14
Toyota Motor Credit Corp., Mar 10, 2015	VARIABLE MEDIUM TERM NOTE	0.39	3/10/2015	3/10/2015	1,120,000	0.24	\$1,120,194	\$1,120,164	-\$30
Toyota Motor Credit Corp., Sep 03, 2015	VARIABLE RATE COMMERCIAL PAPER	0.26	9/3/2015	2/10/2015	100,000,000	0.26	\$100,000,000	\$99,988,200	-\$11,800
Wells Fargo & Co., Sr. Unsec. Note, 1.5%, 7/01/2015	CORPORATE BOND	1.50	7/1/2015		17,576,000	0.36	\$17,659,858	\$17,658,273	-\$1,585
Wells Fargo & Co., Sr. Unsec. Note, Series MTN, 1.25%, 2/13/2015	CORPORATE BOND	1.25	2/13/2015		1,000,000	0.29	\$1,000,362	\$1,000,230	-\$132
Wells Fargo Bank, N.A., Feb 19, 2016	VARIABLE RATE BANK NOTE	0.34	2/19/2016	3/20/2015	100,000,000	0.34	\$100,000,000	\$100,008,400	\$8,400
Wells Fargo Bank, N.A., Feb 22, 2016	VARIABLE MEDIUM TERM NOTE	0.39	2/22/2016	3/23/2015	50,000,000	0.39	\$50,000,000	\$50,001,350	\$1,350
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	12,500,000	0.28	\$12,515,770	\$12,513,263	-\$2,508
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	18,500,000	0.29	\$18,522,908	\$18,519,629	-\$3,280
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	25,000,000	0.29	\$25,031,059	\$25,026,525	-\$4,534
Wells Fargo Bank, N.A., Sr. Unsecured, Sep 08, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	9/8/2015	3/4/2015	95,700,000	0.27	\$95,700,000	\$95,686,698	-\$13,302
Total Value of Investments					7,821,335,237		\$7,822,818,607	\$7,822,852,572	\$33,965

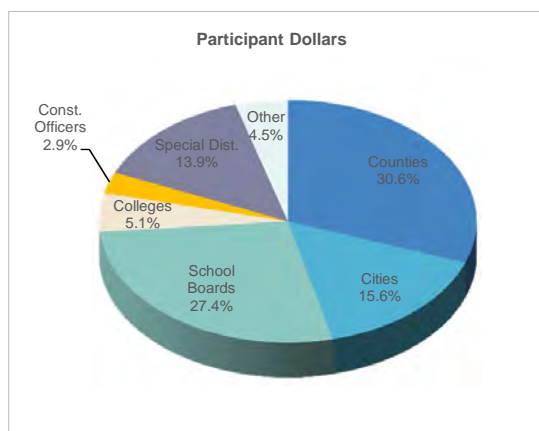
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

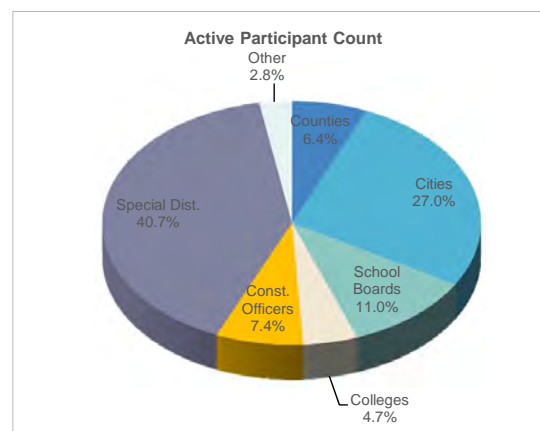
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - JANUARY 31, 2015

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	5.1%	4.7%
Top 10	36.6%	1.3%	Top 10	4.6%	1.3%
\$100 million or more	52.6%	2.5%	\$100 million or more	2.0%	0.1%
\$10 million up to \$100 million	39.4%	12.0%	\$10 million up to \$100 million	2.4%	0.9%
\$1 million up to \$10 million	7.2%	19.3%	\$1 million up to \$10 million	0.7%	1.4%
Under \$1 million	0.8%	66.2%	Under \$1 million	0.01%	2.3%
Counties	30.6%	6.4%	Constitutional Officers	2.9%	7.4%
Top 10	24.1%	1.3%	Top 10	1.0%	1.3%
\$100 million or more	21.7%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	8.2%	1.5%	\$10 million up to \$100 million	2.0%	0.6%
\$1 million up to \$10 million	0.6%	1.1%	\$1 million up to \$10 million	0.8%	1.9%
Under \$1 million	0.0%	2.8%	Under \$1 million	0.1%	4.9%
Municipalities	15.6%	27.0%	Special Districts	13.9%	40.7%
Top 10	9.3%	1.3%	Top 10	8.8%	1.3%
\$100 million or more	4.8%	0.4%	\$100 million or more	3.8%	0.3%
\$10 million up to \$100 million	8.6%	3.3%	\$10 million up to \$100 million	8.3%	2.8%
\$1 million up to \$10 million	2.0%	5.9%	\$1 million up to \$10 million	1.5%	5.0%
Under \$1 million	0.3%	17.4%	Under \$1 million	0.3%	32.7%
School Boards	27.4%	11.0%	Other	4.5%	2.8%
Top 10	22.8%	1.3%	Top 10	3.9%	1.3%
\$100 million or more	18.8%	0.6%	\$100 million or more	1.5%	0.1%
\$10 million up to \$100 million	7.2%	2.0%	\$10 million up to \$100 million	2.6%	0.9%
\$1 million up to \$10 million	1.3%	2.9%	\$1 million up to \$10 million	0.4%	1.0%
Under \$1 million	0.1%	5.4%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$7,822,533,292



Total Active Participant Count: 793

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - JANUARY 2015

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

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

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

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

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

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

TRADING ACTIVITY FOR JANUARY 2015

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
BANK OF NOVA SCOTIACP4-2	07/27/15	01/27/15	01/27/15	25,000,000	24,964,806	0	24,964,806	0
BANK OF TOKYO-MITSUCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/29/15	01/22/15	01/22/15	25,000,000	25,000,000	0	25,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/23/15	01/23/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/23/15	01/23/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/23/15	01/23/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/23/15	01/23/15	50,000,000	50,000,000	0	50,000,000	0
BARCLAYS BANK PLC	04/07/15	01/06/15	01/09/15	878,000	885,164	8,751	893,915	0
BARCLAYS BANK PLC	04/07/15	01/30/15	02/04/15	1,105,000	1,111,685	14,006	1,125,691	0
BARCLAYS BANK PLC	04/07/15	01/30/15	02/04/15	1,110,000	1,116,719	14,069	1,130,788	0
BARCLAYS US FUNDINGCP4-2	05/04/15	01/29/15	01/29/15	50,000,000	49,967,014	0	49,967,014	0
BARCLAYS US FUNDINGCP4-2	05/04/15	01/29/15	01/29/15	20,000,000	19,986,806	0	19,986,806	0
BARCLAYS US FUNDINGCP4-2	05/05/15	01/30/15	01/30/15	50,000,000	49,967,014	0	49,967,014	0
CAISSE DES DEPOTS ECP	02/24/15	01/23/15	01/23/15	25,000,000	24,996,444	0	24,996,444	0
CREDIT AGRICOLE CORCDYAN	05/01/15	01/29/15	01/29/15	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICH	04/24/15	01/16/15	01/16/15	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICH	04/24/15	01/16/15	01/16/15	5,000,000	5,000,000	0	5,000,000	0
DNB NOR BANK ASACDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	25,000,000	25,000,000	0	25,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	01/27/15	01/27/15	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	05/22/15	01/20/15	01/22/15	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	05/22/15	01/20/15	01/22/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/12/15	01/05/15	01/05/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/12/15	01/05/15	01/05/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/12/15	01/05/15	01/05/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/13/15	01/06/15	01/06/15	40,000,000	40,000,000	0	40,000,000	0
DEUTSCHE BANK AGCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/13/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/12/15	01/12/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/12/15	01/12/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/12/15	01/12/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/12/15	01/12/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/13/15	01/13/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0

TRADING ACTIVITY FOR JANUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
DEUTSCHE BANK AGCDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	01/27/15	01/20/15	01/20/15	50,000,000	50,000,000	0	50,000,000	0
GENERAL ELECTRIC CAPITAL CORP	09/21/15	01/16/15	01/22/15	1,858,000	1,906,457	27,322	1,933,778	0
GENERAL ELECTRIC CAPITAL CORP	09/21/15	01/22/15	01/27/15	4,750,000	4,871,468	72,734	4,944,202	0
GENERAL ELECTRIC CAPITAL CORP	08/11/15	01/07/15	01/07/15	3,000,000	3,012,894	4,667	3,017,560	0
GENERAL ELECTRIC CAPITAL CORP	08/11/15	01/20/15	01/21/15	875,000	878,541	1,701	880,243	0
GENERAL ELECTRIC CAPITAL CORP	09/23/15	01/07/15	01/07/15	2,500,000	2,512,436	972	2,513,408	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/20/15	01/23/15	10,000,000	10,053,500	3,546	10,057,046	0
GENERAL ELECTRIC CAPITAL CORP	01/09/15	01/06/15	01/06/15	50,000,000	50,002,125	75,539	50,077,664	0
GENERAL ELECTRIC CAPITAL CORP	01/14/16	01/06/15	01/09/15	8,160,000	8,175,192	0	8,184,263	0
GENERAL ELECTRIC CAPITAL CORP	01/08/16	01/07/15	01/12/15	1,185,000	1,236,239	658	1,236,898	0
GOTHAM FUNDING CORPCPABS4	02/03/15	01/30/15	01/30/15	5,000,000	4,999,933	0	4,999,933	0
GOTHAM FUNDING CORPCPABS4	02/26/15	01/16/15	01/16/15	10,000,000	9,998,064	0	9,998,064	0
GOTHAM FUNDING CORPCPABS4	02/26/15	01/16/15	01/16/15	50,000,000	49,990,319	0	49,990,319	0
GOTHAM FUNDING CORPCPABS4	03/06/15	01/27/15	01/27/15	50,000,000	49,990,500	0	49,990,500	0
GOTHAM FUNDING CORPCPABS4	03/06/15	01/27/15	01/27/15	50,000,000	49,990,500	0	49,990,500	0
GOTHAM FUNDING CORPCPABS4	03/11/15	01/22/15	01/22/15	50,000,000	49,988,000	0	49,988,000	0
J.P. MORGAN SECURITCP4-2	07/13/15	01/14/15	01/14/15	25,000,000	24,962,500	0	24,962,500	0
J.P. MORGAN SECURITCP4-2	10/09/15	01/13/15	01/13/15	25,000,000	24,925,278	0	24,925,278	0
LLOYDS TSB BANK PLCCP	01/27/15	01/20/15	01/20/15	50,000,000	49,998,736	0	49,998,736	0
LLOYDS TSB BANK PLCCP	01/27/15	01/20/15	01/20/15	50,000,000	49,998,736	0	49,998,736	0
LLOYDS TSB BANK PLCCP	01/27/15	01/20/15	01/20/15	50,000,000	49,998,736	0	49,998,736	0
LLOYDS TSB BANK PLCCP	01/27/15	01/20/15	01/20/15	50,000,000	49,998,736	0	49,998,736	0
MANHATTAN ASSET FUNCPABS4	02/17/15	01/16/15	01/16/15	50,000,000	49,991,556	0	49,991,556	0
MANHATTAN ASSET FUNCPABS4	02/24/15	01/23/15	01/23/15	50,000,000	49,992,444	0	49,992,444	0
MANHATTAN ASSET FUNCPABS4	02/24/15	01/23/15	01/23/15	16,000,000	15,997,582	0	15,997,582	0
MIZUHO BANK LTD,CDYAN	04/14/15	01/15/15	01/15/15	30,000,000	30,000,000	0	30,000,000	0
NRW,BANKCP	01/23/15	01/15/15	01/15/15	50,000,000	49,998,611	0	49,998,611	0
NRW,BANKCP	01/23/15	01/15/15	01/15/15	50,000,000	49,998,611	0	49,998,611	0
NRW,BANKCP	01/28/15	01/21/15	01/21/15	50,000,000	49,998,736	0	49,998,736	0
NRW,BANKCP	01/28/15	01/21/15	01/21/15	25,000,000	24,999,368	0	24,999,368	0
NRW,BANKCP	02/03/15	01/27/15	01/27/15	50,000,000	49,998,833	0	49,998,833	0
NRW,BANKCP	02/03/15	01/27/15	01/27/15	50,000,000	49,998,833	0	49,998,833	0
NRW,BANKCP	02/03/15	01/27/15	01/27/15	50,000,000	49,998,833	0	49,998,833	0
NRW,BANKCP	02/03/15	01/27/15	01/27/15	40,000,000	39,999,067	0	39,999,067	0
NATIONAL AUSTRALIA BANK LTD/NEW YORK	08/07/15	01/20/15	01/23/15	900,000	905,490	6,640	912,130	0
ROYAL BANK OF CANADA/NEW YORK NY	01/13/16	01/13/15	01/13/15	25,000,000	25,000,000	0	25,000,000	0
SHEFFIELD RECEIVABLECPABS4	04/24/15	01/23/15	01/26/15	25,000,000	24,985,333	0	24,985,333	0
SUMITOMO MITSUI BANCDYAN	05/20/15	01/20/15	01/20/15	30,000,000	30,000,000	0	30,000,000	0
SUMITOMO MITSUI BANKING CORP/ NEW YORK	05/28/15	01/28/15	01/28/15	14,800,000	14,800,000	0	14,800,000	0
WELLS FARGO & CO	07/01/15	01/13/15	01/15/15	17,576,000	17,668,133	10,253	17,678,386	0
WELLS FARGO BANK NA	07/20/15	01/22/15	01/27/15	18,500,000	18,523,310	1,930	18,525,240	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/06/15	01/06/15	2,657,492	2,657,492	0	2,657,492	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/08/15	01/08/15	3,333,863	3,333,863	0	3,333,863	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/09/15	01/09/15	324,030	324,030	0	324,030	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/14/15	01/14/15	3,205,778	3,205,778	0	3,205,778	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/16/15	01/16/15	2,605,323	2,605,323	0	2,605,323	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/21/15	01/21/15	2,867,883	2,867,883	0	2,867,883	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/23/15	01/23/15	1,311,565	1,311,565	0	1,311,565	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/26/15	01/26/15	1,459,562	1,459,562	0	1,459,562	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/27/15	01/27/15	1,592,529	1,592,529	0	1,592,529	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/29/15	01/29/15	1,015,013	1,015,013	0	1,015,013	0

TRADING ACTIVITY FOR JANUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	01/01/15	01/01/15	7,150	7,150	0	7,150	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	01/01/15	01/01/15	7,217	7,217	0	7,217	0
DEUTSCHE BANK	01/05/15	01/02/15	01/02/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	01/05/15	01/02/15	01/02/15	280,000,000	280,000,000	0	280,000,000	0
DEUTSCHE BANK	01/06/15	01/05/15	01/05/15	385,000,000	385,000,000	0	385,000,000	0
BANK OF AMERICA TRIPARTY	01/06/15	01/05/15	01/05/15	250,000,000	250,000,000	0	250,000,000	0
DEUTSCHE BANK	01/07/15	01/06/15	01/06/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	01/07/15	01/06/15	01/06/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/08/15	01/07/15	01/07/15	175,000,000	175,000,000	0	175,000,000	0
BANK OF AMERICA TRIPARTY	01/08/15	01/07/15	01/07/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/09/15	01/08/15	01/08/15	200,000,000	200,000,000	0	200,000,000	0
BANK OF AMERICA TRIPARTY	01/09/15	01/08/15	01/08/15	185,000,000	185,000,000	0	185,000,000	0
DEUTSCHE BANK	01/12/15	01/09/15	01/09/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	01/12/15	01/09/15	01/09/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/13/15	01/12/15	01/12/15	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	01/13/15	01/12/15	01/12/15	315,000,000	315,000,000	0	315,000,000	0
DEUTSCHE BANK	01/14/15	01/13/15	01/13/15	130,000,000	130,000,000	0	130,000,000	0
BANK OF AMERICA TRIPARTY	01/14/15	01/13/15	01/13/15	245,000,000	245,000,000	0	245,000,000	0
DEUTSCHE BANK	01/15/15	01/14/15	01/14/15	170,000,000	170,000,000	0	170,000,000	0
BANK OF AMERICA TRIPARTY	01/15/15	01/14/15	01/14/15	195,000,000	195,000,000	0	195,000,000	0
DEUTSCHE BANK	01/16/15	01/15/15	01/15/15	25,000,000	25,000,000	0	25,000,000	0
BANK OF AMERICA TRIPARTY	01/16/15	01/15/15	01/15/15	285,000,000	285,000,000	0	285,000,000	0
BANK OF AMERICA TRIPARTY	01/20/15	01/16/15	01/16/15	210,000,000	210,000,000	0	210,000,000	0
BANK OF AMERICA TRIPARTY	01/21/15	01/20/15	01/20/15	360,000,000	360,000,000	0	360,000,000	0
BANK OF AMERICA TRIPARTY	01/22/15	01/21/15	01/21/15	260,000,000	260,000,000	0	260,000,000	0
BANK OF AMERICA TRIPARTY	01/23/15	01/22/15	01/22/15	160,000,000	160,000,000	0	160,000,000	0
BANK OF AMERICA TRIPARTY	01/26/15	01/23/15	01/23/15	145,000,000	145,000,000	0	145,000,000	0
BANK OF AMERICA TRIPARTY	01/27/15	01/26/15	01/26/15	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	01/28/15	01/27/15	01/27/15	245,000,000	245,000,000	0	245,000,000	0
DEUTSCHE BANK	01/29/15	01/28/15	01/28/15	75,000,000	75,000,000	0	75,000,000	0
BANK OF AMERICA TRIPARTY	01/29/15	01/28/15	01/28/15	230,000,000	230,000,000	0	230,000,000	0
BANK OF AMERICA TRIPARTY	01/30/15	01/29/15	01/29/15	245,000,000	245,000,000	0	245,000,000	0
BANK OF AMERICA TRIPARTY	02/02/15	01/30/15	01/30/15	135,000,000	135,000,000	0	135,000,000	0
STANDARD CHARTERED TD	01/16/15	01/15/15	01/15/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD	01/20/15	01/16/15	01/16/15	395,000,000	395,000,000	0	395,000,000	0
Total Buys				11,318,584,404	11,318,726,689	242,788	11,318,978,549	0
Deposits								
SVENSKA HANDELSBANKTDCAY 0.13 20150105	01/05/15	01/02/15	01/02/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.13 20150106	01/06/15	01/05/15	01/05/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150107	01/07/15	01/06/15	01/06/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150108	01/08/15	01/07/15	01/07/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150109	01/09/15	01/08/15	01/08/15	395,000,000	395,000,000	0	395,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150112	01/12/15	01/09/15	01/09/15	395,000,000	395,000,000	0	395,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150113	01/13/15	01/12/15	01/12/15	395,000,000	395,000,000	0	395,000,000	0

TRADING ACTIVITY FOR JANUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.12 20150114	01/14/15	01/13/15	01/13/15	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150115	01/15/15	01/14/15	01/14/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150121	01/21/15	01/20/15	01/20/15	400,000,000	400,000,000	0	400,000,000	0
STANDARD CHARTERED TD 0.13 20150122	01/22/15	01/21/15	01/21/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150123	01/23/15	01/22/15	01/22/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150126	01/26/15	01/23/15	01/23/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150127	01/27/15	01/26/15	01/26/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150128	01/28/15	01/27/15	01/27/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150129	01/29/15	01/28/15	01/28/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.12 20150130	01/30/15	01/29/15	01/29/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.06 20150202	02/02/15	01/30/15	01/30/15	390,000,000	390,000,000	0	390,000,000	0
Total Deposits				7,090,000,000	7,090,000,000	0	7,090,000,000	0
Maturities								
BANK OF NOVA SCOTIA/THE	01/12/15	01/12/15	01/12/15	3,000,000	3,000,000	0	3,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/23/15	01/23/15	01/23/15	40,000,000	40,000,000	0	40,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/05/15	01/05/15	01/05/15	200,000,000	200,000,000	0	200,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/13/15	01/13/15	01/13/15	150,000,000	150,000,000	0	150,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/20/15	01/20/15	01/20/15	200,000,000	200,000,000	0	200,000,000	0
BANK OF TOKYO-MITSUCDYAN	01/29/15	01/29/15	01/29/15	25,000,000	25,000,000	0	25,000,000	0
COOPERATIEVE CENTRALE RAIF- FEISEN-BOERENLEENBANK BA/NY	01/05/15	01/05/15	01/05/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	01/20/15	01/20/15	01/20/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	01/27/15	01/27/15	01/27/15	100,000,000	100,000,000	0	100,000,000	0
DEUTSCHE BANK AGCDYAN	01/12/15	01/12/15	01/12/15	200,000,000	200,000,000	0	200,000,000	0
DEUTSCHE BANK AGCDYAN	01/13/15	01/13/15	01/13/15	190,000,000	190,000,000	0	190,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/20/15	01/20/15	200,000,000	200,000,000	0	200,000,000	0
DEUTSCHE BANK AGCDYAN	01/20/15	01/20/15	01/20/15	200,000,000	200,000,000	0	200,000,000	0
DEUTSCHE BANK AGCDYAN	01/27/15	01/27/15	01/27/15	200,000,000	200,000,000	0	200,000,000	0
GENERAL ELECTRIC CAPITAL CORP	01/09/15	01/09/15	01/09/15	37,094,000	37,094,000	0	37,094,000	0
GENERAL ELECTRIC CAPITAL CORP	01/09/15	01/09/15	01/09/15	83,000,000	83,000,000	0	83,000,000	0
GOTHAM FUNDING CORPCPABS4	01/14/15	01/14/15	01/14/15	63,000,000	63,000,000	0	63,000,000	0
GOTHAM FUNDING CORPCPABS4	01/22/15	01/22/15	01/22/15	95,000,000	95,000,000	0	95,000,000	0
JPMORGAN CHASE & CO	01/20/15	01/20/15	01/20/15	13,745,000	13,745,000	0	13,745,000	0
LLOYDS TSB BANK PLOCP	01/27/15	01/27/15	01/27/15	200,000,000	200,000,000	0	200,000,000	0
LMA-AMERICAS LLCPCABS4-2	01/26/15	01/26/15	01/26/15	58,300,000	58,300,000	0	58,300,000	0
LMA-AMERICAS LLCPCABS4-2	01/27/15	01/27/15	01/27/15	46,000,000	46,000,000	0	46,000,000	0
MANHATTAN ASSET FUNCPABS4	01/16/15	01/16/15	01/16/15	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPABS4	01/23/15	01/23/15	01/23/15	70,000,000	70,000,000	0	70,000,000	0
MIZUHO BANK LTD,CDYAN	01/15/15	01/15/15	01/15/15	30,000,000	30,000,000	0	30,000,000	0
NRW,BANKCP	01/23/15	01/23/15	01/23/15	100,000,000	100,000,000	0	100,000,000	0
NRW,BANKCP	01/28/15	01/28/15	01/28/15	75,000,000	75,000,000	0	75,000,000	0

TRADING ACTIVITY FOR JANUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
ROYAL BANK OF CANADA	01/06/15	01/06/15	01/06/15	56,010,000	56,010,000	0	56,010,000	0
SUMITOMO MITSUI BANCDYAN	01/20/15	01/20/15	01/20/15	20,000,000	20,000,000	0	20,000,000	0
TORONTO DOMINION BACDYAN	01/27/15	01/27/15	01/27/15	25,000,000	25,000,000	0	25,000,000	0
TOYOTA MOTOR CREDIT CORP	01/23/15	01/23/15	01/23/15	5,550,000	5,550,000	0	5,550,000	0
TOYOTA MOTOR CREDIT CORP	01/15/15	01/15/15	01/15/15	1,000,000	1,000,000	0	1,000,000	0
BANK OF AMERICA TRIPARTY	01/02/15	01/02/15	01/02/15	450,000,000	450,000,000	0	450,000,000	0
DEUTSCHE BANK	01/05/15	01/05/15	01/05/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	01/05/15	01/05/15	01/05/15	280,000,000	280,000,000	0	280,000,000	0
DEUTSCHE BANK	01/06/15	01/06/15	01/06/15	385,000,000	385,000,000	0	385,000,000	0
BANK OF AMERICA TRIPARTY	01/06/15	01/06/15	01/06/15	250,000,000	250,000,000	0	250,000,000	0
DEUTSCHE BANK	01/07/15	01/07/15	01/07/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF AMERICA TRIPARTY	01/07/15	01/07/15	01/07/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/08/15	01/08/15	01/08/15	175,000,000	175,000,000	0	175,000,000	0
BANK OF AMERICA TRIPARTY	01/08/15	01/08/15	01/08/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/09/15	01/09/15	01/09/15	200,000,000	200,000,000	0	200,000,000	0
BANK OF AMERICA TRIPARTY	01/09/15	01/09/15	01/09/15	185,000,000	185,000,000	0	185,000,000	0
DEUTSCHE BANK	01/12/15	01/12/15	01/12/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	01/12/15	01/12/15	01/12/15	270,000,000	270,000,000	0	270,000,000	0
DEUTSCHE BANK	01/13/15	01/13/15	01/13/15	280,000,000	280,000,000	0	280,000,000	0
BANK OF AMERICA TRIPARTY	01/13/15	01/13/15	01/13/15	315,000,000	315,000,000	0	315,000,000	0
DEUTSCHE BANK	01/14/15	01/14/15	01/14/15	130,000,000	130,000,000	0	130,000,000	0
BANK OF AMERICA TRIPARTY	01/14/15	01/14/15	01/14/15	245,000,000	245,000,000	0	245,000,000	0
DEUTSCHE BANK	01/15/15	01/15/15	01/15/15	170,000,000	170,000,000	0	170,000,000	0
BANK OF AMERICA TRIPARTY	01/15/15	01/15/15	01/15/15	195,000,000	195,000,000	0	195,000,000	0
DEUTSCHE BANK	01/16/15	01/16/15	01/16/15	25,000,000	25,000,000	0	25,000,000	0
BANK OF AMERICA TRIPARTY	01/16/15	01/16/15	01/16/15	285,000,000	285,000,000	0	285,000,000	0
BANK OF AMERICA TRIPARTY	01/20/15	01/20/15	01/20/15	210,000,000	210,000,000	0	210,000,000	0
BANK OF AMERICA TRIPARTY	01/21/15	01/21/15	01/21/15	360,000,000	360,000,000	0	360,000,000	0
BANK OF AMERICA TRIPARTY	01/22/15	01/22/15	01/22/15	260,000,000	260,000,000	0	260,000,000	0
BANK OF AMERICA TRIPARTY	01/23/15	01/23/15	01/23/15	160,000,000	160,000,000	0	160,000,000	0
BANK OF AMERICA TRIPARTY	01/26/15	01/26/15	01/26/15	145,000,000	145,000,000	0	145,000,000	0
BANK OF AMERICA TRIPARTY	01/27/15	01/27/15	01/27/15	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	01/28/15	01/28/15	01/28/15	245,000,000	245,000,000	0	245,000,000	0
DEUTSCHE BANK	01/29/15	01/29/15	01/29/15	75,000,000	75,000,000	0	75,000,000	0
BANK OF AMERICA TRIPARTY	01/29/15	01/29/15	01/29/15	230,000,000	230,000,000	0	230,000,000	0
BANK OF AMERICA TRIPARTY	01/30/15	01/30/15	01/30/15	245,000,000	245,000,000	0	245,000,000	0
SVENSKA HANDELSBANKTDCAY 0.04 20150102	01/02/15	01/02/15	01/02/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.13 20150105	01/05/15	01/05/15	01/05/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.13 20150106	01/06/15	01/06/15	01/06/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150107	01/07/15	01/07/15	01/07/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150108	01/08/15	01/08/15	01/08/15	390,000,000	390,000,000	0	390,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150109	01/09/15	01/09/15	01/09/15	395,000,000	395,000,000	0	395,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150112	01/12/15	01/12/15	01/12/15	395,000,000	395,000,000	0	395,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150113	01/13/15	01/13/15	01/13/15	395,000,000	395,000,000	0	395,000,000	0

TRADING ACTIVITY FOR JANUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.12 20150114	01/14/15	01/14/15	01/14/15	400,000,000	400,000,000	0	400,000,000	0
SVENSKA HANDELSBANKTDCAY 0.12 20150115	01/15/15	01/15/15	01/15/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD	01/16/15	01/16/15	01/16/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD	01/20/15	01/20/15	01/20/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150121	01/21/15	01/21/15	01/21/15	400,000,000	400,000,000	0	400,000,000	0
STANDARD CHARTERED TD 0.13 20150122	01/22/15	01/22/15	01/22/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150123	01/23/15	01/23/15	01/23/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150126	01/26/15	01/26/15	01/26/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150127	01/27/15	01/27/15	01/27/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150128	01/28/15	01/28/15	01/28/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.13 20150129	01/29/15	01/29/15	01/29/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.12 20150130	01/30/15	01/30/15	01/30/15	395,000,000	395,000,000	0	395,000,000	0
Total Maturities				17,931,699,000	17,931,699,000	0	17,931,699,000	0
Sells								
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/27/15	01/27/15	50,000,000	50,000,000	833	50,000,833	(0)
BANK OF TOKYO-MITSUCDYAN	02/11/15	01/27/15	01/27/15	50,000,000	50,000,000	833	50,000,833	(0)
MIZUHO BANK LTD,CDYAN	02/06/15	01/29/15	01/29/15	50,000,000	50,000,444	25,556	50,025,999	444
MIZUHO BANK LTD,CDYAN	02/06/15	01/29/15	01/29/15	20,000,000	20,000,177	10,222	20,010,400	177
SHEFFIELD RECEIVABLECPABS4	02/06/15	01/23/15	01/26/15	25,000,000	24,998,931	0	24,998,931	611
SUMITOMO MITSUI BANCYAN	03/13/15	01/28/15	01/28/15	14,800,000	14,800,360	8,140	14,808,500	360
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/02/15	01/02/15	993,623	993,623	0	993,623	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/02/15	01/02/15	148,923,824	148,923,824	0	148,923,824	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/05/15	01/05/15	4,788,019	4,788,019	0	4,788,019	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/07/15	01/07/15	1,399,403	1,399,403	0	1,399,403	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/12/15	01/12/15	1,876,613	1,876,613	0	1,876,613	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/13/15	01/13/15	74,374	74,374	0	74,374	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/13/15	01/13/15	2,542,933	2,542,933	0	2,542,933	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/15/15	01/15/15	114,558	114,558	0	114,558	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/15/15	01/15/15	1,483,297	1,483,297	0	1,483,297	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/20/15	01/20/15	2,450,923	2,450,923	0	2,450,923	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/15	01/22/15	1,850,565	1,850,565	0	1,850,565	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/15	01/22/15	324,030	324,030	0	324,030	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/22/15	01/22/15	1,732,671	1,732,671	0	1,732,671	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/28/15	01/28/15	1,473,108	1,473,108	0	1,473,108	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/28/15	01/28/15	154,400	154,400	0	154,400	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/28/15	01/28/15	116,956	116,956	0	116,956	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	01/30/15	01/30/15	1,895,250	1,895,250	0	1,895,250	0
FEDERATED PRIME CASH OBLIGA- TIONS FUND	10/01/40	01/23/15	01/23/15	75,000,000	75,000,000	0	75,000,000	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	01/23/15	01/23/15	75,000,000	75,000,000	0	75,000,000	0
Total Sells				531,994,548	531,994,459	45,584	532,040,043	1,592

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective was to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consisted of Segregated Securities, which were securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating. On September 26, 2014, Apollo completed the sale of all Fund B collateral assets.

DISTRIBUTIONS

Participants in Fund B received periodic distributions to the extent that Fund B received proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken until all principal was returned.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR. Underlying assets sold and position closed August 2014.

Florida Funding I: Restructured from Ottimo (Issuer Entity). Underlying assets sold and position closed in May 2014.

Florida Funding II: Restructured from Axon. Underlying assets sold and position closed October 2014.

COMMENTARY ON PORTFOLIO MANAGEMENT

As of September 2014, \$2,009,451,941, or 100 percent of the original participants principal was returned. Fund B participants did not realize any losses on their original principal balances.

For information on the historical performance of Fund B, see prior month's PRIME Monthly Summary Reports.

The Fund B Surplus Funds Trust Fund will continue to hold the remaining reserve until directed by the SBA Trustees to distribute proceeds. Although a direct transfer from Fund B to Florida PRIME™, with a subsequent distribution to pool participants, is viewed as legally compliant with Florida Statutes, Council members and Trustee staff have indicated a preference for the SBA to work towards a distribution based on the participant account listing as of November 2007 (effectively distributing all Fund B remaining reserves as the unallocated November 2007 interest earnings). The SBA has begun to work with Trustee staff, Legislative staff, and relevant stakeholder groups to achieve the preferred method of allocating the final distribution of Fund B reserves.

LEGAL ISSUE

There were no outstanding legal issues during January 2015 that had an impact on the liquidity or operation of Fund B.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during January 2015 that had a material impact on the liquidity or operation of Fund B.

FUND B

HOLDINGS, COMPLIANCE AND TRADING ACTIVITY

INVENTORY OF HOLDINGS - AS OF JANUARY 2015

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost	Mkt Value	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		43,223,845	0	\$43,223,845	\$43,223,845	\$0
Total Value of Investments			43,223,845		\$43,223,845	\$43,223,845	\$0

COMPLIANCE WITH INVESTMENT POLICY - JANUARY 2015

Investment Policy Statement (IPS) Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with the guideline requirements stipulated in the IPS. Since the principal holdings in the fund were the notes issued by the four Fund B special purpose entities, and no deposits or withdrawals are permitted by participants, transactions were limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) distributions to participants. Since all collateral sales have been completed, and 100% of principal has now been returned to participants, the cash reserve balance will remain in Fund B and will be invested in AAAM money market funds pending final distributions. For the month of January 2015, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - JANUARY 2015

Security Description	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys							
DREYFUS GOVERNMENT CASH MANAGEMENT	01/05/15	01/05/15	350	350	0	350	0
DREYFUS GOVERNMENT CASH MANAGEMENT	01/29/15	01/29/15	1,439,146	1,439,146	0	1,439,146	0
Total Buys			1,439,496	1,439,496	0	1,439,496	0
Sells							
DREYFUS GOVERNMENT CASH MANAGEMENT	01/02/15	01/02/15	56	56	0	56	0
DREYFUS GOVERNMENT CASH MANAGEMENT	01/13/15	01/13/15	355	355	0	355	0
Total Sells			411	411	0	411	0

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 for February 2015

Including Fund B

State Board of Administration

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FUND B

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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 money market funds 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 and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

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

This report, which covers the period from February 1, 2015 through February 28, 2015, 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.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

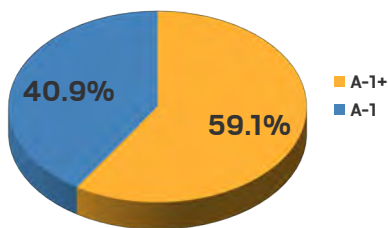
There were no developments during February 2015 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION FEBRUARY 28, 2015

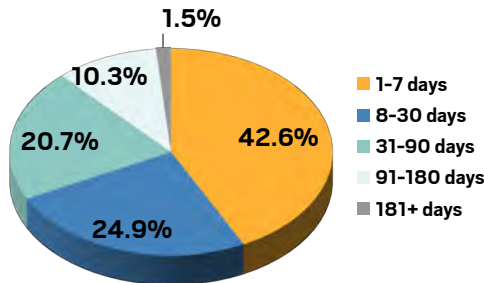
Florida PRIME Assets

\$ 7,715,006,086

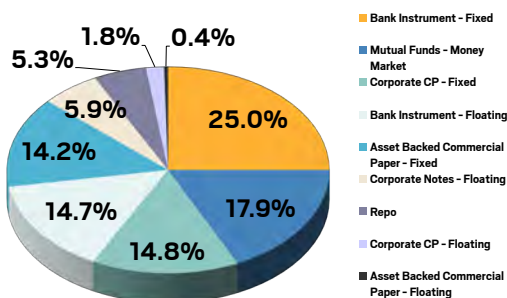
Credit Quality Composition



Effective Maturity Schedule



Portfolio Composition



Portfolio Manager Commentary

February Market Conditions

Things are getting interesting when the timing of the Federal Reserve's long-delayed hike in rates is not the most uncertain issue facing cash managers.

Liftoff—probably to another target range rather than a specific number—is pretty much written in stone for 2015. It is just a question of the timing. At present, we think the move will take place midyear, in one of the two policymaking meetings of June or July. The consensus is around 70% for the hike to be approved at one of those two meetings, and nearly everyone agrees the latest it will come is at the September meeting. Neither the minutes of the recent Federal Open Market Committee (FOMC) or Chair Janet Yellen's testimony on Capitol Hill last week altered this outlook significantly.

Less clear is the path money funds will take to adapt to the new Securities and Exchange Commission's 2014 ruling. If you recall, the SEC announced that starting in 2016, prime institutional money funds must state the value of its shares down to the fourth decimal place. This means a move from the stable \$1 per share to a "floating" net asset value (NAV). There are many strategies out there for money market firms, from transitioning an institutional fund into a retail product (which are permitted to maintain the stable NAV), or changing a fund's composition, such as converting a prime fund into one that invests in government securities.

While these potential moves will affect the competitive landscape, their effect on the supply of government debt could be a greater issue. Plenty of short-term Treasuries is available now. But if more players get in the game, the supply could diminish. For example, money currently invested in CDs, commercial paper, and the like could soak up Treasuries and agencies on a massive scale.

As we wait for its big decision, the Fed continues to give us plenty to handle on a weekly basis. It is constantly tweaking its reverse repurchase program (RRP) in an effort to "ensure that this tool will be ready to support the monetary policy objectives of the FOMC." In addition to the \$300 billion overnight reverse repo program, the policymakers undertook four smaller weekly term operations and also announced a quarter-end term offering

FEBRUARY 28, 2015

Top Holdings and Average Maturity

1. Federated Prime Obligations Fund	9.1%
2. Federated Prime Cash Obligations Fund	8.8%
3. Sumitomo Mitsui Financial Group, Inc.	5.0%
4. Standard Chartered PLC	5.0%
5. Mitsubishi UFJ Financial Group, Inc.	5.0%
6. ING Groep N.V.	4.9%
7. JPMorgan Chase & Co.	4.7%
8. Mizuho Financial Group, Inc.	4.5%
9. Wells Fargo & Co.	4.3%
10. Royal Bank of Canada, Montreal	3.8%

Average Effective Maturity (WAM)

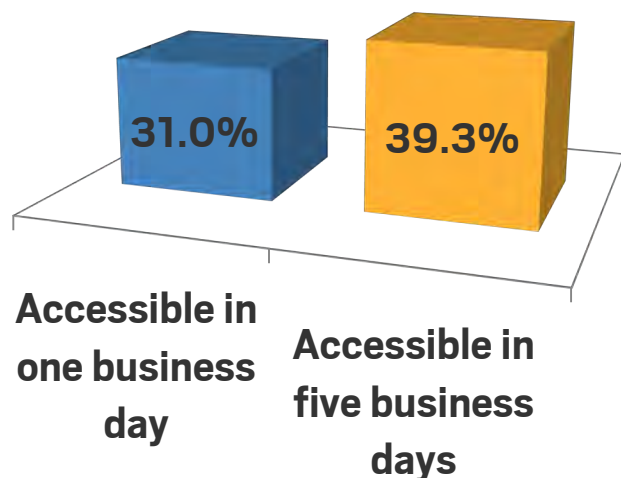
33.1 Days

Weighted Average Life (Spread WAM)

64.1 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

in March. Why all the complication? The Fed is experimenting with how the participants react to rate adjustments. Think of it as a litmus test to see what will work when the Fed raises the federal funds rate. These term reverse-repo offerings have not had a significant effect. Participants are generally not using all the overnight repo as it is, meaning that the Fed's guaranteed five-basis-point return has been often providing that crucial floor for participants.

Portfolio Investment Strategy

The assets of the pool dipped slightly over the month of February, reflecting the end of the tax-collection period that begins in November, decreasing \$108 million to finish at \$7.7 billion. The yield on the pool was up one basis point. The pool's Weighted Average Maturity (WAM) and Weighted Average Life (WAL) were both slightly shorter, at 33 and 64 days, respectively.

The purchases we focused on for the month were in the variable-rate sector in anticipation of the Fed liftoff. The reasoning is, of course, to take advantage of the fact that those securities reset quicker than fixed-rate instruments, which allows us to capture upside value as expectations grow for the rate rise. We are already seeing rates increase on the longer end of the money market curve. For example, the 1-month London interbank offered rate (LIBOR) curve was flat at 17 in February, but the 3-, 6- and 12-month rates all increased: the 3-month up 1 basis point to 26, the 6-month up 2 basis points to 38 and the 12-month up 4 basis points to 68.

The composition of the portfolio did not change substantially in February. The banking sector allotment fell by 4% to 25% of total and that of commercial paper fell 1% to 33%. The repo portion of the portfolio rose 3% to become 5%, and that of variable-rate notes rose 2% to 19%. The allotment to money market funds remained at 18%.

FLORIDA PRIME SUMMARY OF CASH FLOWS

February 2015		
Opening Balance (02/01/15)	\$	7,822,533,292
Participant Deposits		988,115,894
Gross Earnings		1,241,478
Participant Withdrawals		(1,096,773,505)
Fees		(111,073)
Closing Balance (02/28/15)		7,715,006,086
Net Change over Month		(107,527,206)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$107.5 million during February 2015.

This change in value consisted of positive flows of \$988.1 million in participant deposits and 1.2 million in earnings. Negative flows consisted of \$1.10 billion in participant withdrawals and about \$111,000 in fees.

Overall, the fund ended the month with a closing balance of \$7.72 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

February 2015	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 59,716.07	\$ 0.92
Federated Investment Management Fee	26,542.28	0.41
BNY Mellon Custodial Fee**	10,600.57	0.16
Bank of America Transfer Agent Fee	6,883.89	0.11
S&P Rating Maintenance Fee	3,068.49	0.05
Audit/External Review Fees	4,261.45	0.07
Total Fees	\$ 111,072.75	1.72

*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 \$7,768,769,689.

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

Do you need to update your PRIME account information?

Employees leave and retire. You hire new employees periodically. Could the information for your PRIME account be outdated?

To get a copy of the Participant Account Maintenance Form to update your information call the PRIME line at 850-488-7311 or email us at localgovpool@sbafla.com.

FUND PERFORMANCE THROUGH FEBRUARY 28, 2015

NOTES TO PERFORMANCE TABLE

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

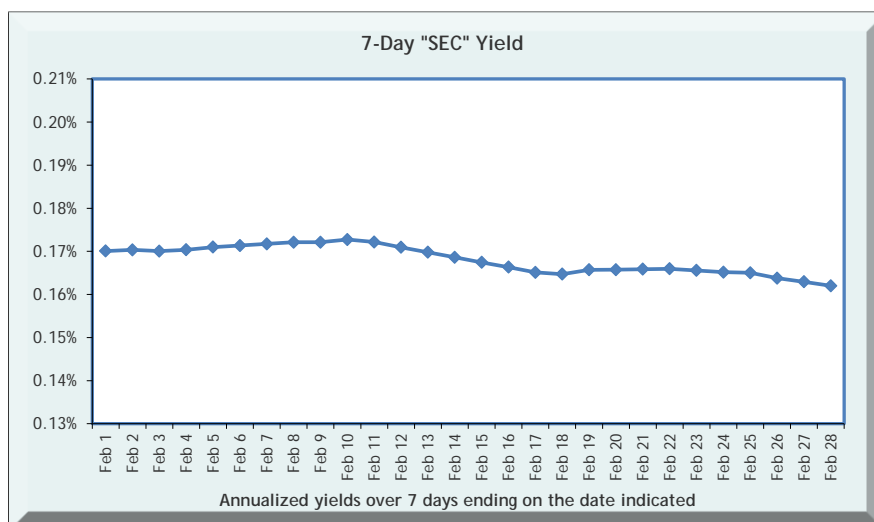
²The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.19%	0.05%	0.14%
3 mos	0.17%	0.05%	0.12%
12 mos	0.16%	0.05%	0.11%
3 yrs	0.21%	0.07%	0.15%
5 yrs	0.24%	0.09%	0.15%
10 yrs	1.74%	1.59%	0.14%
Since 1.96	2.88%	2.67%	0.21%
Net asset value at month end:			\$7,714.9 m

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

NOTES TO CHART

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.

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.

INVENTORY OF HOLDINGS FEBRUARY 28, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2015		100,000,000	0	\$99,989,000	\$99,993,000	4000
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2015		40,000,000	0	\$39,989,400	\$39,989,340	-60
BNP Paribas Finance, Inc. CP	COMMERCIAL PAPER		3/10/2015		35,000,000	0	\$34,997,540	\$34,998,716	1175
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/4/2015		50,000,000	0	\$50,000,000	\$50,000,625	625
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/9/2015		50,000,000	0	\$50,000,000	\$50,000,000	0
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/23/2015		35,000,000	0	\$35,000,000	\$34,999,125	-875
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	5/15/2015		50,000,000	0	\$50,000,000	\$50,000,000	0
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0	3/2/2015		405,000,000	0	\$405,000,000	\$405,000,000	0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	8/12/2015		20,000,000	0	\$20,000,000	\$19,999,998	-2
Bank of Montreal, Apr 01, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/1/2015	3/2/2015	20,000,000	0	\$20,000,000	\$19,999,700	-300
Bank of Montreal, Apr 21, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/21/2015	3/23/2015	25,000,000	0	\$25,000,000	\$25,000,050	50
Bank of Montreal, Dec 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	12/10/2015	3/10/2015	100,000,000	0	\$100,000,000	\$99,984,500	-15500
Bank of Montreal, Mar 11, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	3/11/2015	3/11/2015	100,000,000	0	\$100,000,000	\$99,999,400	-600
Bank of Montreal, Sr. Unsecured, Aug 20, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	8/20/2015	5/20/2015	5,000,000	0	\$5,003,038	\$4,999,675	-3363
Bank of Nova Scotia, Tor, .25%	CALLABLE CERTIFICATE OF DEPOSIT	0	3/12/2015		75,000,000	0	\$75,000,000	\$75,004,598	4598
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/27/2015		25,000,000	0	\$24,970,833	\$24,977,083	6249
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	4	4/7/2015		1,110,000	0	\$1,114,226	\$1,113,849	-377
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	4	4/7/2015		1,105,000	0	\$1,109,205	\$1,108,832	-373
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	4	4/7/2015		878,000	1	\$881,175	\$881,045	-130
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		70,000,000	0	\$69,967,917	\$69,975,101	7184
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/5/2015		50,000,000	0	\$49,976,736	\$49,981,855	5119
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/27/2015		21,000,000	0	\$20,988,059	\$20,990,189	2130
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/1/2015		20,000,000	0	\$19,977,956	\$19,984,454	6498
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		9/14/2015		12,000,000	0	\$11,978,110	\$11,979,524	1414
Bedford Row Funding Corp., Sep 09, 2015	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0	9/9/2015	3/9/2015	30,000,000	0	\$30,000,000	\$29,996,670	-3330
Caisse des Depots et Consignations (CDC) CP	COMMERCIAL PAPER		6/16/2015		75,000,000	0	\$74,943,229	\$74,952,615	9386
Canadian Imperial Bank of Commerce, May 26, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	5/26/2015	3/24/2015	215,000,000	0	\$215,000,000	\$215,005,805	5805
Caterpillar Financial Se, Unsecd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1	5/29/2015		18,150,000	0	\$18,186,346	\$18,185,901	-445
Caterpillar Financial Se, Unsecd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1	5/29/2015		425,000	0	\$425,842	\$425,841	-1
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0	5/15/2015		50,000,000	0	\$50,000,000	\$50,009,565	9565
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	5/1/2015		50,000,000	0	\$50,000,000	\$50,004,370	4370
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	6/2/2015		50,000,000	0	\$50,000,000	\$50,000,000	0
Credit Suisse, Zurich, .25%	CALLABLE CERTIFICATE OF DEPOSIT	0	4/24/2015		55,000,000	0	\$55,000,000	\$55,004,274	4274
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/3/2015		250,000,000	0	\$250,000,000	\$250,000,000	0
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	5/22/2015		100,000,000	0	\$100,000,000	\$100,006,980	6980
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	6/4/2015		50,000,000	0	\$50,000,000	\$49,997,300	-2700

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

FEBRUARY 28, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0	3/2/2015		6,081,510	0	\$6,081,510	\$6,081,510	0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0	3/2/2015	3/2/2015	675,702,109	0	\$675,702,109	\$675,702,109	0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0	3/2/2015	3/2/2015	701,070,365	0	\$701,070,365	\$701,070,365	0
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4	9/21/2015		1,625,000	0	\$1,661,509	\$1,659,882	-1627
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4	9/21/2015		4,750,000	0	\$4,855,580	\$4,851,964	-3616
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4	9/21/2015		1,858,000	0	\$1,899,248	\$1,897,884	-1364
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1	7/2/2015	4/2/2015	1,335,000	0	\$1,339,802	\$1,339,336	-466
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1	7/2/2015	4/2/2015	1,935,000	0	\$1,941,864	\$1,941,285	-579
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1	7/2/2015	4/2/2015	400,000	0	\$401,393	\$401,299	-94
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	4	6/29/2015		4,701,000	0	\$4,750,475	\$4,748,908	-1567
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	4	6/29/2015		1,546,000	0	\$1,562,178	\$1,561,755	-422
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	7	9/15/2015		800,000	0	\$828,381	\$827,937	-444
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	7	9/15/2015		3,000,000	0	\$3,106,387	\$3,104,763	-1624
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		1,975,000	0	\$1,983,823	\$1,983,461	-362
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		1,000,000	0	\$1,004,468	\$1,004,284	-184
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		300,000	0	\$301,320	\$301,285	-34
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		35,859,000	0	\$36,016,020	\$36,012,620	-3400
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		18,000,000	0	\$18,078,797	\$18,077,112	-1685
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	2	7/2/2015		1,929,000	0	\$1,937,446	\$1,937,264	-182
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		5,130,000	0	\$5,165,187	\$5,163,078	-2109
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		1,500,000	0	\$1,510,247	\$1,509,672	-575
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		4,788,000	0	\$4,820,677	\$4,818,873	-1804
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		7,500,000	0	\$7,551,049	\$7,548,360	-2689
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		10,000,000	0	\$10,068,215	\$10,064,480	-3735
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2	6/30/2015		2,415,000	0	\$2,430,638	\$2,430,572	-66
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	1	4/13/2015	4/13/2015	1,233,000	0	\$1,233,770	\$1,233,626	-144
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	1	4/13/2015	4/13/2015	500,000	0	\$500,297	\$500,254	-43
General Electric Capital Corp., Sr. Unsecured, Sep 23, 2015	VARIABLE MEDIUM TERM NOTE	1	9/23/2015	3/23/2015	2,500,000	0	\$2,509,987	\$2,509,785	-202

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

FEBRUARY 28, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
General Electric Capital, Floating Rate Note - Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	1	1/8/2016	4/8/2015	10,000,000	0	\$10,048,150	\$10,047,670	-480
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		1,000,000	0	\$1,000,639	\$1,000,000	-639
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		9,500,000	0	\$9,505,972	\$9,500,000	-5972
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		11,795,000	0	\$11,802,413	\$11,795,000	-7413
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		597,000	0	\$597,374	\$597,000	-374
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		450,000	0	\$450,280	\$450,000	-280
General Electric Capital, Note, Series MTN, 4.875%, 3/04/2015	CORPORATE BOND	5	3/4/2015		2,714,000	0	\$2,715,695	\$2,714,000	-1695
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0	1/14/2016	4/14/2015	8,160,000	0	\$8,173,180	\$8,172,436	-744
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0	1/14/2016	4/14/2015	10,000,000	0	\$10,015,575	\$10,015,240	-335
General Electric Capital, Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	0	1/8/2016	4/8/2015	255,000	0	\$255,275	\$255,351	76
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2	11/9/2015		9,952,000	0	\$10,079,739	\$10,071,344	-8394
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2	11/9/2015		1,089,000	0	\$1,102,974	\$1,102,059	-915
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2	11/9/2015		8,000,000	0	\$8,102,613	\$8,095,936	-6677
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2	11/9/2015		1,000,000	1	\$1,012,112	\$1,011,992	-120
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5	1/8/2016		7,650,000	1	\$7,944,978	\$7,944,395	-583
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5	1/8/2016		1,185,000	1	\$1,229,710	\$1,230,602	892
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	1	7/10/2015	4/10/2015	\$6,500,000	0	\$6,509,209	\$6,507,787	-1422
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	1	7/10/2015	4/10/2015	\$375,000	0	\$375,492	\$375,449	-42
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1	8/11/2015	5/11/2015	\$1,335,000	0	\$1,339,543	\$1,339,089	-454
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1	8/11/2015	5/11/2015	\$2,958,000	0	\$2,967,867	\$2,967,060	-807
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1	8/11/2015	5/11/2015	\$3,000,000	0	\$3,009,849	\$3,009,189	-660
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/6/2015		\$100,000,000	0	\$99,996,500	\$99,997,470	970
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/11/2015		\$50,000,000	0	\$49,997,000	\$49,997,515	515
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/12/2015		\$25,000,000	0	\$24,998,465	\$24,998,620	155
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2015		\$159,000,000	0	\$158,986,485	\$158,987,280	795
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/17/2015		\$50,000,000	0	\$49,987,750	\$49,986,730	-1020
HSBC USA, Inc. CP	COMMERCIAL PAPER		3/2/2015		\$50,000,000	0	\$49,999,000	\$49,999,625	625
HSBC USA, Inc. CP	COMMERCIAL PAPER		3/4/2015		\$50,000,000	0	\$49,998,333	\$49,999,375	1042
HSBC USA, Inc. CP	COMMERCIAL PAPER		5/14/2015		\$50,000,000	0	\$49,974,139	\$49,978,080	3941
HSBC USA, Inc. CP	COMMERCIAL PAPER		6/9/2015		\$50,000,000	0	\$49,963,167	\$49,963,165	-2
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		3/2/2015		\$100,000,000	0	\$99,998,250	\$99,998,920	670
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/13/2015		\$100,000,000	0	\$99,950,000	\$99,958,330	8330
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/20/2015		\$100,000,000	0	\$99,945,333	\$99,953,310	7977
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/29/2015		\$50,000,000	0	\$49,968,403	\$49,973,330	4927
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/3/2015		\$30,000,000	0	\$29,980,000	\$29,982,561	2561
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/6/2015		\$50,000,000	0	\$49,985,750	\$49,989,425	3675
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/16/2015		\$25,000,000	0	\$24,991,000	\$24,993,333	2333
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		\$30,000,000	0	\$29,986,250	\$29,988,780	2530
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/2/2015		\$25,000,000	0	\$24,982,188	\$24,985,245	3058
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/4/2015		\$75,000,000	0	\$74,945,438	\$74,954,670	9233

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)
FEBRUARY 28, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		7/13/2015		\$25,000,000	0	\$24,971,667	\$24,976,325	4658
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		10/9/2015		\$25,000,000	0	\$24,937,778	\$24,947,268	9490
J.P. Morgan Securities LLC, Nov 10, 2015	VARIABLE RATE COMMERCIAL PAPER - 4-2	0	11/10/2015	5/11/2015	\$40,000,000	0	\$40,000,000	\$39,996,480	-3520
JPMorgan Chase Bank, N.A., Mar 04, 2016	VARIABLE RATE BANK NOTE	0	3/4/2016	3/9/2015	\$15,000,000	0	\$15,000,000	\$15,000,060	60
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2015		\$22,000,000	0	\$21,999,578	\$21,999,762	184
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/17/2015		\$30,000,000	0	\$29,996,550	\$29,997,600	1050
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2015		\$40,000,000	0	\$39,990,100	\$39,993,620	3520
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/10/2015		\$11,000,000	0	\$10,999,395	\$10,999,513	118
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/13/2015		\$45,000,000	0	\$44,996,850	\$44,997,269	419
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/19/2015		\$10,000,000	0	\$9,999,000	\$9,999,111	111
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/2/2015		\$60,000,000	0	\$59,989,800	\$59,990,082	282
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/26/2015		\$53,000,000	0	\$52,950,946	\$52,952,872	1927
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0	3/12/2015		\$100,000,000	0	\$99,990,978	\$99,932,684	-58294
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0	3/20/2015		\$100,000,000	0	\$99,985,135	\$99,932,754	-52381
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/24/2015		\$50,000,000	0	\$50,000,000	\$50,001,385	1385
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	4/14/2015		\$30,000,000	0	\$30,000,000	\$30,000,000	0
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	5/15/2015		\$70,000,000	0	\$70,000,000	\$69,995,506	-4494
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0	1/1/2028	3/5/2015	\$13,500,000	0	\$13,500,000	\$13,500,000	0
National Australia Bank, Sr. Unsec'd. Note, 1.6%, 8/07/2015	CORPORATE BOND	2	8/7/2015		\$900,000	0	\$904,510	\$905,118	609
Ontario, Province of, Sr. Unsec'd. Note, Series MTN, 04/01/2015	CORPORATE NOTE	0	4/1/2015	4/1/2015	\$14,000,000	0	\$14,001,967	\$14,001,470	-497
Royal Bank of Canada, Montreal, Apr 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/4/2016	4/6/2015	\$125,000,000	0	\$125,000,000	\$124,999,500	-500
Royal Bank of Canada, Montreal, Jan 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	1/13/2016	3/13/2015	\$25,000,000	0	\$25,000,000	\$24,989,225	-10775
Royal Bank of Canada, Montreal, Mar 27, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	3/27/2015	3/27/2015	\$25,000,000	0	\$25,000,000	\$24,999,500	-500
Royal Bank of Canada, Montreal, Series GMTN, .550%, 05/01/2015	CORPORATE BOND	1	5/1/2015		\$20,000,000	0	\$20,009,298	\$20,007,480	-1818
Royal Bank of Canada, Montreal, Sr. Unsec'd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	3	12/15/2015		\$9,550,000	0	\$9,711,515	\$9,711,720	205
Royal Bank of Canada, Montreal, Sr. Unsec'd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	3	12/15/2015		\$785,000	1	\$797,959	\$798,293	334
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0	4/29/2015	4/29/2015	\$1,800,000	0	\$1,800,660	\$1,800,574	-86
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0	4/29/2015	4/29/2015	\$2,000,000	0	\$2,000,693	\$2,000,638	-55
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/25/2015		\$50,000,000	0	\$49,993,500	\$49,994,005	505
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/24/2015		\$25,000,000	0	\$24,990,667	\$24,992,805	2138
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/10/2015		\$100,000,000	0	\$100,000,000	\$100,000,000	0
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	3/31/2015		\$14,000,000	0	\$14,000,000	\$14,001,946	1946
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		3/3/2015		\$25,000,000	0	\$24,999,333	\$24,999,640	307
Societe Generale, Paris CP4-2	COMMERCIAL PAPER - 4-2		3/18/2015		\$30,000,000	0	\$29,996,200	\$29,997,831	1631

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

FEBRUARY 28, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Standard Chartered Bank plc TD	TIME DEPOSIT	0	3/2/2015		\$385,000,000	0	\$385,000,000	\$385,000,000	0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/2/2015		\$50,000,000	0	\$49,999,042	\$49,999,460	418
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/4/2015		\$75,000,000	0	\$74,997,604	\$74,998,643	1038
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/6/2015		\$50,000,000	0	\$49,997,764	\$49,998,735	971
State Street Bank and Trust Co., Apr 13, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/13/2015	4/13/2015	\$15,000,000	0	\$15,000,000	\$14,999,175	-825
State Street Bank and Trust Co., Jun 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	6/15/2015	3/16/2015	\$50,000,000	0	\$50,000,000	\$49,998,350	-1650
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	5/20/2015		\$30,000,000	0	\$30,000,000	\$29,999,994	-6
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	4/2/2015		\$25,000,000	0	\$25,000,000	\$25,000,000	0
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	6/5/2015		\$25,000,000	0	\$25,000,000	\$24,998,638	-1363
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	6/12/2015		\$12,000,000	0	\$12,000,000	\$11,999,299	-701
Sumitomo Mitsui Banking Corp., Apr 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/10/2015	3/10/2015	\$30,000,000	0	\$30,000,000	\$29,999,340	-660
Sumitomo Mitsui Banking Corp., Mar 11, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	3/11/2015	3/2/2015	\$70,000,000	0	\$70,000,000	\$69,999,720	-280
Sumitomo Mitsui Banking Corp., May 28, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	5/28/2015	2/27/2015	\$14,800,000	0	\$14,800,000	\$14,799,660	-340
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	6/10/2015		\$75,000,000	0	\$75,000,000	\$75,000,000	0
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0	9/10/2015		\$25,000,000	0	\$25,000,000	\$25,010,758	10758
Toronto Dominion Bank, Apr 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	4/15/2015	4/15/2015	\$25,000,000	0	\$25,000,000	\$24,998,550	-1450
Toronto Dominion Bank, Feb 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	2/12/2016	5/12/2015	\$25,000,000	0	\$25,000,000	\$24,997,125	-2875
Toronto Dominion Bank, Sep 04, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	9/4/2015	3/4/2015	\$50,000,000	0	\$50,000,000	\$49,995,000	-5000
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0	5/1/2015	5/1/2015	\$29,580,000	0	\$29,589,519	\$29,591,655	2136
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0	5/1/2015	5/1/2015	\$1,000,000	0	\$1,000,284	\$1,000,394	110
Toyota Motor Credit Corp., Apr 08, 2015	VARIABLE MEDIUM TERM NOTE	0	4/8/2015	4/8/2015	\$500,000	0	\$500,084	\$500,066	-19
Toyota Motor Credit Corp., Mar 10, 2015	VARIABLE MEDIUM TERM NOTE	0	3/10/2015	3/10/2015	\$1,120,000	0	\$1,120,055	\$1,120,026	-29
Toyota Motor Credit Corp., Sep 03, 2015	VARIABLE RATE COMMERCIAL PAPER	0	9/3/2015	3/10/2015	\$100,000,000	0	\$100,000,000	\$99,989,900	-10100
Wells Fargo & Co., Sr. Unsec'd. Note, 1.5%, 7/01/2015	CORPORATE BOND	2	7/1/2015		\$17,576,000	0	\$17,644,410	\$17,642,367	-2043
Wells Fargo Bank, N.A., Mar 18, 2016	VARIABLE RATE BANK NOTE	0	3/18/2016	3/20/2015	\$100,000,000	0	\$100,000,000	\$100,002,600	2600
Wells Fargo Bank, N.A., Mar 22, 2016	VARIABLE MEDIUM TERM NOTE	0	3/22/2016	3/23/2015	\$50,000,000	0	\$50,000,000	\$50,000,300	300
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	1	7/20/2015	4/20/2015	\$12,500,000	0	\$12,513,188	\$12,511,775	-1413
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	1	7/20/2015	4/20/2015	\$18,500,000	0	\$18,519,157	\$18,517,427	-1730
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	1	7/20/2015	4/20/2015	\$25,000,000	0	\$25,025,973	\$25,023,550	-2423
Wells Fargo Bank, N.A., Sr. Unsecured, Sep 08, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0	9/8/2015	3/4/2015	\$95,700,000	0	\$95,700,000	\$95,690,239	-9761
Total Value of Investments					\$7,711,426,985		\$7,712,604,602	\$7,712,515,844	-88758

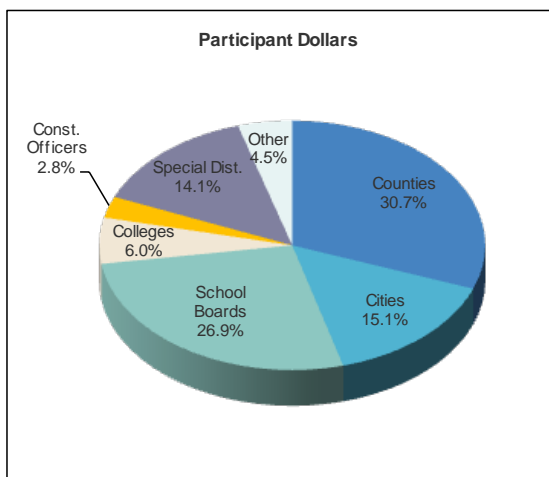
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

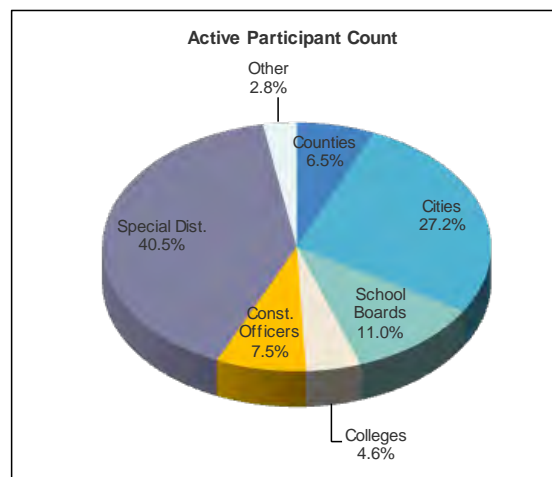
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - FEBRUARY 28, 2015

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	6.0%	4.6%
Top 10	37.7%	1.3%	Top 10	5.5%	1.3%
\$100 million or more	51.1%	2.3%	\$100 million or more	2.8%	0.1%
\$10 million up to \$100 million	41.2%	12.6%	\$10 million up to \$100 million	2.4%	0.9%
\$1 million up to \$10 million	7.0%	19.2%	\$1 million up to \$10 million	0.7%	1.4%
Under \$1 million	0.8%	66.0%	Under \$1 million	0.01%	2.2%
Counties	30.7%	6.5%	Constitutional Officers	2.8%	7.5%
Top 10	24.5%	1.3%	Top 10	1.1%	1.3%
\$100 million or more	22.2%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	7.8%	1.5%	\$10 million up to \$100 million	2.0%	0.8%
\$1 million up to \$10 million	0.6%	1.1%	\$1 million up to \$10 million	0.7%	1.9%
Under \$1 million	0.0%	2.8%	Under \$1 million	0.1%	4.8%
Municipalities	15.1%	27.2%	Special Districts	14.1%	40.5%
Top 10	8.6%	1.3%	Top 10	9.0%	1.3%
\$100 million or more	3.7%	0.3%	\$100 million or more	4.0%	0.3%
\$10 million up to \$100 million	9.1%	3.4%	\$10 million up to \$100 million	8.3%	2.8%
\$1 million up to \$10 million	2.0%	6.1%	\$1 million up to \$10 million	1.5%	5.1%
Under \$1 million	0.3%	17.4%	Under \$1 million	0.3%	32.4%
School Boards	26.9%	11.0%	Other	4.5%	2.8%
Top 10	21.8%	1.3%	Top 10	4.0%	1.3%
\$100 million or more	16.8%	0.5%	\$100 million or more	1.5%	0.1%
\$10 million up to \$100 million	8.9%	2.3%	\$10 million up to \$100 million	2.6%	0.9%
\$1 million up to \$10 million	1.1%	2.5%	\$1 million up to \$10 million	0.4%	1.0%
Under \$1 million	0.1%	5.7%	Under \$1 million	0.0%	0.8%



Total Fund Value: \$7,715,006,086



Total Active Participant Count: 788

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - FEBRUARY 2015

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

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

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

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

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

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

TRADING ACTIVITY FOR FEBRUARY 2015

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ALPINE SECURITIZATCPABS4	04/21/15	02/20/15	02/20/15	40,000,000	39,988,000	0	39,988,000	0
BNP PARIBAS SACDYAN	05/15/15	02/06/15	02/06/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL (CCDYAN	08/12/15	02/10/15	02/11/15	20,000,000	20,000,000	0	20,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	02/04/15	02/04/15	30,000,000	30,000,000	0	30,000,000	0
CREDIT AGRICOLE CORCDYAN	02/18/15	02/11/15	02/11/15	50,000,000	50,000,000	0	50,000,000	0
CREDIT AGRICOLE CORCDYAN	02/18/15	02/11/15	02/11/15	30,000,000	30,000,000	0	30,000,000	0
CREDIT AGRICOLE CORCDYAN	06/02/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	02/24/15	02/24/15	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	06/04/15	02/02/15	02/04/15	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCPABS4	03/12/15	02/12/15	02/12/15	25,000,000	24,996,694	0	24,996,694	0
GOTHAM FUNDING CORPCPABS4	03/17/15	02/12/15	02/12/15	50,000,000	49,992,208	0	49,992,208	0
GOTHAM FUNDING CORPCPABS4	03/17/15	02/12/15	02/12/15	50,000,000	49,992,208	0	49,992,208	0
GOTHAM FUNDING CORPCPABS4	03/17/15	02/12/15	02/12/15	9,000,000	8,998,598	0	8,998,598	0
GOTHAM FUNDING CORPCPABS4	03/17/15	02/12/15	02/12/15	50,000,000	49,992,208	0	49,992,208	0
GOTHAM FUNDING CORPCPABS4	04/17/15	02/26/15	02/26/15	50,000,000	49,987,500	0	49,987,500	0
ING (U.S.) FUNDING CP	05/13/15	02/05/15	02/05/15	50,000,000	49,967,667	0	49,967,667	0
ING (U.S.) FUNDING CP	05/13/15	02/05/15	02/05/15	50,000,000	49,967,667	0	49,967,667	0
ING (U.S.) FUNDING CP	05/20/15	02/10/15	02/10/15	50,000,000	49,967,000	0	49,967,000	0
ING (U.S.) FUNDING CP	05/20/15	02/10/15	02/10/15	50,000,000	49,967,000	0	49,967,000	0
ING (U.S.) FUNDING CP	05/29/15	02/19/15	02/19/15	50,000,000	49,965,625	0	49,965,625	0
ING (U.S.) FUNDING CP	06/03/15	02/23/15	02/23/15	30,000,000	29,979,167	0	29,979,167	0
JP MORGAN SECURITIES LLC	11/10/15	02/10/15	02/10/15	40,000,000	40,000,000	0	40,000,000	0
MANHATTAN ASSET FUNCPABS4	03/10/15	02/09/15	02/09/15	11,000,000	10,998,405	0	10,998,405	0
MANHATTAN ASSET FUNCPABS4	03/13/15	02/13/15	02/13/15	45,000,000	44,993,700	0	44,993,700	0
MANHATTAN ASSET FUNCPABS4	03/19/15	02/09/15	02/09/15	10,000,000	9,998,100	0	9,998,100	0
MANHATTAN ASSET FUNCPABS4	04/02/15	02/24/15	02/24/15	10,000,000	9,998,150	0	9,998,150	0
MANHATTAN ASSET FUNCPABS4	04/02/15	02/24/15	02/24/15	50,000,000	49,990,750	0	49,990,750	0
MANHATTAN ASSET FUNCPABS4	06/26/15	02/25/15	02/26/15	50,000,000	49,953,333	0	49,953,333	0
MANHATTAN ASSET FUNCPABS4	06/26/15	02/25/15	02/26/15	3,000,000	2,997,200	0	2,997,200	0

TRADING ACTIVITY FOR FEBRUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MIZUHO BANK LTD,CDYAN	05/15/15	02/11/15	02/11/15	50,000,000	50,000,000	333	50,000,333	0
MIZUHO BANK LTD,CDYAN	05/15/15	02/11/15	02/11/15	20,000,000	20,000,000	133	20,000,133	0
NRW,BANKCP	02/10/15	02/03/15	02/03/15	50,000,000	49,998,882	0	49,998,882	0
NRW,BANKCP	02/10/15	02/03/15	02/03/15	50,000,000	49,998,882	0	49,998,882	0
NRW,BANKCP	02/26/15	02/19/15	02/19/15	50,000,000	49,998,785	0	49,998,785	0
NRW,BANKCP	02/26/15	02/19/15	02/19/15	50,000,000	49,998,785	0	49,998,785	0
SALISBURY RECEIVABLEPABS4	03/25/15	02/25/15	02/25/15	50,000,000	49,993,000	0	49,993,000	0
SOCIETE GENERALE, PCDYAN	02/10/15	02/03/15	02/03/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	02/17/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	02/17/15	02/10/15	02/10/15	10,000,000	10,000,000	0	10,000,000	0
SOCIETE GENERALE, PCDYAN	02/24/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	02/24/15	02/17/15	02/17/15	15,000,000	15,000,000	0	15,000,000	0
SUMITOMO MITSUI BANCDYAN	06/05/15	02/05/15	02/05/15	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI BANCDYAN	06/12/15	02/13/15	02/13/15	12,000,000	12,000,000	0	12,000,000	0
TORONTO-DOMINION BANK/NY	02/12/16	02/10/15	02/12/15	25,000,000	25,000,000	0	25,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/02/15	02/02/15	2,162,461	2,162,461	0	2,162,461	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/03/15	02/03/15	239,239	239,239	0	239,239	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/05/15	02/05/15	3,596,044	3,596,044	0	3,596,044	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/09/15	02/09/15	2,370,671	2,370,671	0	2,370,671	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/10/15	02/10/15	743,047	743,047	0	743,047	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/13/15	02/13/15	1,808,518	1,808,518	0	1,808,518	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/17/15	02/17/15	3,698,445	3,698,445	0	3,698,445	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/19/15	02/19/15	606,460	606,460	0	606,460	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/20/15	02/20/15	1,649,035	1,649,035	0	1,649,035	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/25/15	02/25/15	2,910,798	2,910,798	0	2,910,798	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/27/15	02/27/15	3,053,209	3,053,209	0	3,053,209	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	02/01/15	02/01/15	23,407	23,407	0	23,407	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	02/01/15	02/01/15	21,175	21,175	0	21,175	0
BANK OF AMERICA TRIPARTY	02/03/15	02/02/15	02/02/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	02/04/15	02/03/15	02/03/15	460,000,000	460,000,000	0	460,000,000	0
BANK OF AMERICA TRIPARTY	02/05/15	02/04/15	02/04/15	380,000,000	380,000,000	0	380,000,000	0
BANK OF AMERICA TRIPARTY	02/06/15	02/05/15	02/05/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	02/09/15	02/06/15	02/06/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	02/10/15	02/09/15	02/09/15	435,000,000	435,000,000	0	435,000,000	0
BANK OF AMERICA TRIPARTY	02/11/15	02/10/15	02/10/15	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	02/12/15	02/11/15	02/11/15	505,000,000	505,000,000	0	505,000,000	0
BANK OF AMERICA TRIPARTY	02/13/15	02/12/15	02/12/15	265,000,000	265,000,000	0	265,000,000	0
BANK OF AMERICA TRIPARTY	02/17/15	02/13/15	02/13/15	223,000,000	223,000,000	0	223,000,000	0
BANK OF AMERICA TRIPARTY	02/18/15	02/17/15	02/17/15	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/19/15	02/18/15	02/18/15	385,000,000	385,000,000	0	385,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	02/20/15	02/19/15	02/19/15	95,000,000	95,000,000	0	95,000,000	0
BANK OF AMERICA TRIPARTY	02/23/15	02/20/15	02/20/15	140,000,000	140,000,000	0	140,000,000	0
BANK OF AMERICA TRIPARTY	02/24/15	02/23/15	02/23/15	267,000,000	267,000,000	0	267,000,000	0
BANK OF AMERICA TRIPARTY	02/25/15	02/24/15	02/24/15	345,000,000	345,000,000	0	345,000,000	0
BANK OF AMERICA TRIPARTY	02/26/15	02/25/15	02/25/15	275,000,000	275,000,000	0	275,000,000	0
BANK OF AMERICA TRIPARTY	02/27/15	02/26/15	02/26/15	365,000,000	365,000,000	0	365,000,000	0
BANK OF AMERICA TRIPARTY	03/02/15	02/27/15	02/27/15	405,000,000	405,000,000	0	405,000,000	0
Total Buys				9,087,882,510	9,087,562,024	467	9,087,562,490	0
Deposits								
STANDARD CHARTERED TD 0.13 20150203	02/03/15	02/02/15	02/02/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150204	02/04/15	02/03/15	02/03/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150205	02/05/15	02/04/15	02/04/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150206	02/06/15	02/05/15	02/05/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150209	02/09/15	02/06/15	02/06/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150210	02/10/15	02/09/15	02/09/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150211	02/11/15	02/10/15	02/10/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150212	02/12/15	02/11/15	02/11/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150213	02/13/15	02/12/15	02/12/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150217	02/17/15	02/13/15	02/13/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150218	02/18/15	02/17/15	02/17/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150219	02/19/15	02/18/15	02/18/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150220	02/20/15	02/19/15	02/19/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.12 20150223	02/23/15	02/20/15	02/20/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150224	02/24/15	02/23/15	02/23/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150225	02/25/15	02/24/15	02/24/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150226	02/26/15	02/25/15	02/25/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150227	02/27/15	02/26/15	02/26/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.05 20150302	03/02/15	02/27/15	02/27/15	385,000,000	385,000,000	0	385,000,000	0
Total Deposits				7,365,000,000	7,365,000,000	0	7,365,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Maturities								
ALPINE SECURITIZATICPABS4	02/20/15	02/20/15	02/20/15	38,000,000	38,000,000	0	38,000,000	0
ALPINE SECURITIZATICPABS4	02/23/15	02/23/15	02/23/15	138,000,000	138,000,000	0	138,000,000	0
BNP PARIBAS SACDYAN	02/02/15	02/02/15	02/02/15	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACDYAN	02/04/15	02/04/15	02/04/15	40,000,000	40,000,000	0	40,000,000	0
BNP PARIBAS SACDYAN	02/05/15	02/05/15	02/05/15	80,000,000	80,000,000	0	80,000,000	0
BANK OF MONTREAL/CHICAGO IL	02/20/15	02/20/15	02/20/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	02/11/15	02/11/15	150,000,000	150,000,000	0	150,000,000	0
BANK OF TOKYO-MITSUCDYAN	02/11/15	02/11/15	02/11/15	30,000,000	30,000,000	0	30,000,000	0
BARCLAYS BANK PLC	02/23/15	02/23/15	02/23/15	5,500,000	5,500,000	0	5,500,000	0
CAISSE DES DEPOTS ECP	02/24/15	02/24/15	02/24/15	25,000,000	25,000,000	0	25,000,000	0
CREDIT AGRICOLE CORCDYAN	02/18/15	02/18/15	02/18/15	80,000,000	80,000,000	0	80,000,000	0
DNB NOR BANK ASACDYAN	02/03/15	02/03/15	02/03/15	325,000,000	325,000,000	0	325,000,000	0
DNB NOR BANK ASACDYAN	02/10/15	02/10/15	02/10/15	300,000,000	300,000,000	0	300,000,000	0
DNB NOR BANK ASACDYAN	02/17/15	02/17/15	02/17/15	300,000,000	300,000,000	0	300,000,000	0
DNB NOR BANK ASACDYAN	02/24/15	02/24/15	02/24/15	300,000,000	300,000,000	0	300,000,000	0
GOTHAM FUNDING CORPCPABS4	02/03/15	02/03/15	02/03/15	5,000,000	5,000,000	0	5,000,000	0
GOTHAM FUNDING CORPCPABS4	02/26/15	02/26/15	02/26/15	60,000,000	60,000,000	0	60,000,000	0
HSBC USA INC	02/13/15	02/13/15	02/13/15	6,300,000	6,300,000	0	6,300,000	0
ING (U.S.) FUNDING CP	02/05/15	02/05/15	02/05/15	100,000,000	100,000,000	0	100,000,000	0
J,P, MORGAN SECURITCP4-2	02/27/15	02/27/15	02/27/15	25,000,000	25,000,000	0	25,000,000	0
MANHATTAN ASSET FUNCPABS4	02/09/15	02/09/15	02/09/15	10,000,000	10,000,000	0	10,000,000	0
MANHATTAN ASSET FUNCPABS4	02/17/15	02/17/15	02/17/15	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPABS4	02/24/15	02/24/15	02/24/15	66,000,000	66,000,000	0	66,000,000	0
MIZUHO BANK LTD,CDYAN	02/27/15	02/27/15	02/27/15	40,000,000	40,000,000	0	40,000,000	0
NRW,BANKCP	02/03/15	02/03/15	02/03/15	190,000,000	190,000,000	0	190,000,000	0
NRW,BANKCP	02/10/15	02/10/15	02/10/15	100,000,000	100,000,000	0	100,000,000	0
NRW,BANKCP	02/26/15	02/26/15	02/26/15	100,000,000	100,000,000	0	100,000,000	0
SHEFFIELD RECEIVABLCPABS4	02/06/15	02/06/15	02/06/15	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCDYAN	02/10/15	02/10/15	02/10/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	02/17/15	02/17/15	02/17/15	60,000,000	60,000,000	0	60,000,000	0
SOCIETE GENERALE, PCDYAN	02/24/15	02/24/15	02/24/15	65,000,000	65,000,000	0	65,000,000	0
SOCIETE GENERALE, PCP4-2	02/03/15	02/03/15	02/03/15	70,000,000	70,000,000	0	70,000,000	0
STARBIRD FUNDING COCPABS4	02/19/15	02/19/15	02/19/15	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI BANCYAN	02/03/15	02/03/15	02/03/15	100,000,000	100,000,000	0	100,000,000	0
TORONTO-DOMINION BANK/NY	02/06/15	02/06/15	02/06/15	25,000,000	25,000,000	0	25,000,000	0
WELLS FARGO & CO	02/13/15	02/13/15	02/13/15	1,000,000	1,000,000	0	1,000,000	0
BANK OF AMERICA TRIPARTY	02/02/15	02/02/15	02/02/15	135,000,000	135,000,000	0	135,000,000	0
BANK OF AMERICA TRIPARTY	02/03/15	02/03/15	02/03/15	250,000,000	250,000,000	0	250,000,000	0
BANK OF AMERICA TRIPARTY	02/04/15	02/04/15	02/04/15	460,000,000	460,000,000	0	460,000,000	0
BANK OF AMERICA TRIPARTY	02/05/15	02/05/15	02/05/15	380,000,000	380,000,000	0	380,000,000	0
BANK OF AMERICA TRIPARTY	02/06/15	02/06/15	02/06/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	02/09/15	02/09/15	02/09/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	02/10/15	02/10/15	02/10/15	435,000,000	435,000,000	0	435,000,000	0
BANK OF AMERICA TRIPARTY	02/11/15	02/11/15	02/11/15	475,000,000	475,000,000	0	475,000,000	0
BANK OF AMERICA TRIPARTY	02/12/15	02/12/15	02/12/15	505,000,000	505,000,000	0	505,000,000	0
BANK OF AMERICA TRIPARTY	02/13/15	02/13/15	02/13/15	265,000,000	265,000,000	0	265,000,000	0
BANK OF AMERICA TRIPARTY	02/17/15	02/17/15	02/17/15	223,000,000	223,000,000	0	223,000,000	0
BANK OF AMERICA TRIPARTY	02/18/15	02/18/15	02/18/15	255,000,000	255,000,000	0	255,000,000	0
BANK OF AMERICA TRIPARTY	02/19/15	02/19/15	02/19/15	385,000,000	385,000,000	0	385,000,000	0

TRADING ACTIVITY FOR FEBRUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	02/20/15	02/20/15	02/20/15	95,000,000	95,000,000	0	95,000,000	0
BANK OF AMERICA TRIPARTY	02/23/15	02/23/15	02/23/15	140,000,000	140,000,000	0	140,000,000	0
BANK OF AMERICA TRIPARTY	02/24/15	02/24/15	02/24/15	267,000,000	267,000,000	0	267,000,000	0
BANK OF AMERICA TRIPARTY	02/25/15	02/25/15	02/25/15	345,000,000	345,000,000	0	345,000,000	0
BANK OF AMERICA TRIPARTY	02/26/15	02/26/15	02/26/15	275,000,000	275,000,000	0	275,000,000	0
BANK OF AMERICA TRIPARTY	02/27/15	02/27/15	02/27/15	365,000,000	365,000,000	0	365,000,000	0
STANDARD CHARTERED TD 0.06 20150202	02/02/15	02/02/15	02/02/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150203	02/03/15	02/03/15	02/03/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150204	02/04/15	02/04/15	02/04/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150205	02/05/15	02/05/15	02/05/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150206	02/06/15	02/06/15	02/06/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150209	02/09/15	02/09/15	02/09/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150210	02/10/15	02/10/15	02/10/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150211	02/11/15	02/11/15	02/11/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150212	02/12/15	02/12/15	02/12/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150213	02/13/15	02/13/15	02/13/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150217	02/17/15	02/17/15	02/17/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150218	02/18/15	02/18/15	02/18/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150219	02/19/15	02/19/15	02/19/15	390,000,000	390,000,000	0	390,000,000	0
STANDARD CHARTERED TD 0.13 20150220	02/20/15	02/20/15	02/20/15	395,000,000	395,000,000	0	395,000,000	0
STANDARD CHARTERED TD 0.12 20150223	02/23/15	02/23/15	02/23/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150224	02/24/15	02/24/15	02/24/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150225	02/25/15	02/25/15	02/25/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150226	02/26/15	02/26/15	02/26/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.12 20150227	02/27/15	02/27/15	02/27/15	385,000,000	385,000,000	0	385,000,000	0
Total Maturities				16,539,800,000	16,539,800,000	0	16,539,800,000	0

TRADING ACTIVITY FOR FEBRUARY 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Sells								
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/04/15	02/04/15	855,677	855,677	0	855,677	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/04/15	02/04/15	1,311,565	1,311,565	0	1,311,565	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/04/15	02/04/15	1,459,562	1,459,562	0	1,459,562	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/04/15	02/04/15	372,086	372,086	0	372,086	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/06/15	02/06/15	1,370,512	1,370,512	0	1,370,512	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/11/15	02/11/15	1,220,443	1,220,443	0	1,220,443	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/11/15	02/11/15	48,362	48,362	0	48,362	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/12/15	02/12/15	966,651	966,651	0	966,651	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/12/15	02/12/15	3,589,062	3,589,062	0	3,589,062	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/18/15	02/18/15	2,370,671	2,370,671	0	2,370,671	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/18/15	02/18/15	2,262,287	2,262,287	0	2,262,287	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/23/15	02/23/15	86,518	86,518	0	86,518	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/24/15	02/24/15	705,431	705,431	0	705,431	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/24/15	02/24/15	239,239	239,239	0	239,239	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/24/15	02/24/15	1,496,544	1,496,544	0	1,496,544	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	6,982	6,982	0	6,982	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	743,047	743,047	0	743,047	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	311,973	311,973	0	311,973	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	1,436,159	1,436,159	0	1,436,159	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	606,460	606,460	0	606,460	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	02/26/15	02/26/15	1,531,531	1,531,531	0	1,531,531	0
Total Sells				22,990,763	22,990,763	0	22,990,763	0

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective was to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consisted of Segregated Securities, which were securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating. On September 26, 2014, Apollo completed the sale of all Fund B collateral assets.

DISTRIBUTIONS

Participants in Fund B received periodic distributions to the extent that Fund B received proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken until all principal was returned.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR. Underlying assets sold and position closed August 2014.

Florida Funding I: Restructured from Ottimo (Issuer Entity). Underlying assets sold and position closed in May 2014.

Florida Funding II: Restructured from Axon. Underlying assets sold and position closed October 2014.

COMMENTARY ON PORTFOLIO MANAGEMENT

As of September 2014, \$2,009,451,941, or 100 percent of the original participants principal was returned. Fund B participants did not realize any losses on their original principal balances.

For information on the historical performance of Fund B, see prior month's PRIME Monthly Summary Reports.

The Fund B Surplus Funds Trust Fund will continue to hold the remaining reserve until directed by the SBA Trustees to distribute proceeds. Although a direct transfer from Fund B to Florida PRIME™, with a subsequent distribution to pool participants, is viewed as legally compliant with Florida Statutes, Council members and Trustee staff have indicated a preference for the SBA to work towards a distribution based on the participant account listing as of November 2007 (effectively distributing all Fund B remaining reserves as the unallocated November 2007 interest earnings). The SBA has begun to work with Trustee staff, Legislative staff, and relevant stakeholder groups to achieve the preferred method of allocating the final distribution of Fund B reserves.

LEGAL ISSUE

There were no outstanding legal issues during February 2015 that had an impact on the liquidity or operation of Fund B.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during February 2015 that had a material impact on the liquidity or operation of Fund B.

FUND B

HOLDINGS, COMPLIANCE AND TRADING ACTIVITY

INVENTORY OF HOLDINGS - AS OF FEBRUARY 2015

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost	Mkt Value	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		43,224,935	0	\$43,224,935	\$43,224,935	\$0
Total Value of Investments			43,224,935		\$43,224,935	\$43,224,935	\$0

COMPLIANCE WITH INVESTMENT POLICY - FEBRUARY 2015

Investment Policy Statement (IPS) Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with the guideline requirements stipulated in the IPS. Since the principal holdings in the fund were the notes issued by the four Fund B special purpose entities, and no deposits or withdrawals are permitted by participants, transactions were limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) distributions to participants. Since all collateral sales have been completed, and 100% of principal has now been returned to participants, the cash reserve balance will remain in Fund B and will be invested in AAAM money market funds pending final distributions. For the month of February 2015, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - FEBRUARY 2015

Security Description	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys							
DREYFUS GOVERNMENT CASH MANAGEMENT	02/03/15	02/03/15	356	356	0	356	0
DREYFUS GOVERNMENT CASH MANAGEMENT	02/27/15	02/27/15	1,158	1,158	0	1,158	0
Total Buys			1,514	1,514	0	1,514	0
Sells							
DREYFUS GOVERNMENT CASH MANAGEMENT	02/02/15	02/02/15	57	57	0	57	0
DREYFUS GOVERNMENT CASH MANAGEMENT	02/11/15	02/11/15	367	367	0	367	0
Total Sells			424	424	0	424	0

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 for March 2015

Including Fund B

State Board of Administration

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FUND B

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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 money market funds 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 and Fund B in accordance with Section 218.409(6)(a), Florida Statutes. The statute requires:

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

This report, which covers the period from March 1, 2015 through March 31, 2015, 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.

During the reporting period, Florida PRIME and Fund B were in material compliance with investment policy. Details are available in the PRIME policy compliance table and the Fund B compliance narrative in the body of this report. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

DISCLOSURE OF MATERIAL IMPACTS

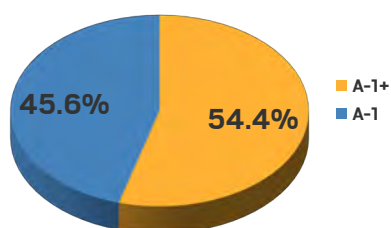
There were no developments during March 2015 that had a material impact on the liquidity or operation of Florida PRIME.

PORTFOLIO COMPOSITION MARCH 31, 2015

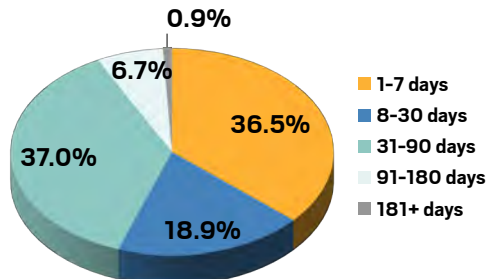
Florida PRIME Assets

\$ 7,502.389.759

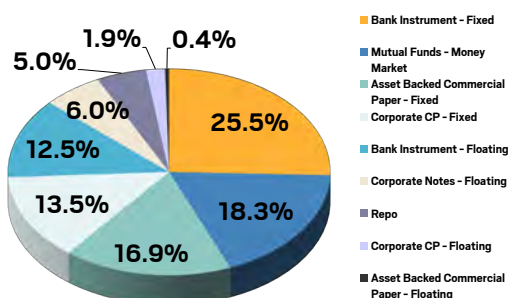
Credit Quality Composition



Effective Maturity Schedule



Portfolio Composition



Portfolio Manager Commentary

March Market Conditions

The Federal Reserve has always operated with a good measure of mystery. Even former Chairman Ben Bernanke's implementation of press conferences and the vast amount of Fed governor speeches have shed little light on what the Fed will actually do in any given Federal Open Market Committee (FOMC) meeting. Lately, however, it has been more ambiguous and taking more seemingly conflicting positions than typical.

On one hand, comments by Fed officials, including Chair Janet Yellen, and changes in statement language seem to confirm a hike is likely in 2015, and maybe sooner rather than later. If the policymakers are not "impatient," they at least often sound eager to get the process underway. That would seem to point to a September date for liftoff.

But on the other hand, the Fed has expressed that any rate move will be data dependent and economic data has not been stellar as of late. Strong employment growth has been somewhat offset by poor wage gains. Inflation is still low, although recently the Fed has basically been saying it does not have to get to two percent to trigger a hike. So what are they looking at? Are they considering housing or gross domestic product (GDP)? There are many things that could deter them from raising rates in the near term due to this soft patch. A lot of people are blaming it on weather conditions in the first quarter, but the economy definitely slowed down some in March.

Then you have the surging dollar. The Fed says currency is never a focus, but in this case it is probably high on the list of ancillary data simply because it has a potentially bigger impact on what the growth from an overall economic perspective will be. Obviously, a stronger dollar is less than helpful to our exports, but it really depends on who the dollar is strengthening against. Unfortunately, at this point it is most of our largest trading partners in Europe and Asia. But the FOMC is never going to point to that as a reason for or against normalization.

MARCH 31, 2015

Top Holdings and Average Maturity

1. Federated Prime Obligations Fund	9.3%
2. Federated Prime Cash Obligations Fund	9.0%
3. Mitsubishi UFJ Financial Group, Inc.	5.1%
4. Mizuho Financial Group, Inc.	5.0%
5. Standard Chartered PLC	5.0%
6. Sumitomo Mitsui Financial Group, Inc.	5.0%
7. JPMorgan Chase & Co.	4.8%
8. Toronto Dominion Bank	4.7%
9. Wells Fargo & Co.	4.4%
10. Credit Suisse Group AG	4.0%

Average Effective Maturity (WAM)

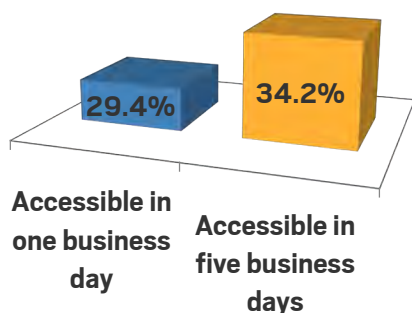
34.8 Days

Weighted Average Life (Spread WAM)

62.0 Days

Percentages based on total value of investments

Highly Liquid Holdings (% at month end)



PORTFOLIO MANAGER COMMENTARY (CON'T.)

And it is important to keep in mind that the next stage of Fed maneuvers is indeed not “tightening” but “normalization.” Traditionally what we think of as tightening is when the Fed starts raising interest rates. What Yellen keeps emphasizing, and what the market does not always get, is we have to withdraw from ultra-accommodative monetary policy before a rise in rates will have the same impact as tightening has had in the past. If the federal funds rate increased to a range around even 1.25%, it is probably still easy money. It is important to distinguish between normalizing in an increasing rate environment and tightening in an increasing rate environment.

Portfolio Investment Strategy

The pool ended the month with \$7.5 billion in assets, down \$212.6 million from February. This outflow reflects standard operating procedure during this time period of the tax season. The yield of the pool remained constant. Its Weighted Average Maturity (WAM) and Weighted Average Life (WAL) were 35 and 62 days, respectively, from 33 and 64 days the month prior.

With some doubt now raised about how close the Fed really is to a rate liftoff, we did not see enough value out the curve to entice us to buy longer-term paper. There was simply not enough of a Fed move priced in. So we kept our purchases for the month focused on the shorter end: either bank paper in the two-to-four month space or asset-backed commercial paper in the one-to-four month space.

The composition of the portfolio reflects a 2% drop in allocation to variable rate paper (now 17% of total), with an additional percent to both commercial paper and bank instruments (34% and 26%, respectively). The portion of the portfolio allocated to money market funds and repo did not change from February (18% and 5% of total, respectively).

FLORIDA PRIME SUMMARY OF CASH FLOWS

March 2015

Opening Balance (03/01/15)	\$	7,715,006,086
Participant Deposits		873,394,842
Gross Earnings		1,301,578
Participant Withdrawals		(1,087,199,273)
Fees		(113,474)
Closing Balance (03/31/15)		7,502,389,759
Net Change over Month		(212,616,327)

Valuations based on amortized cost

As shown in the table above, Florida PRIME experienced a net outflow of \$212.6 million during March 2015.

This change in value consisted of positive flows of \$873.4 million in participant deposits and 1.3 million in earnings. Negative flows consisted of \$1.09 billion in participant withdrawals and about \$113,000 in fees.

Overall, the fund ended the month with a closing balance of \$7.50 billion.

FLORIDA PRIME DETAILED FEE DISCLOSURE

March 2015	Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	\$ 64,575.31	\$ 1.02
Federated Investment Management Fee	26,700.43	0.42
BNY Mellon Custodial Fee**	9,737.99	0.15
Bank of America Transfer Agent Fee	4,344.68	0.07
S&P Rating Maintenance Fee	3,397.26	0.05
Audit/External Review Fees	4,718.03	0.07
Total Fees	\$ 113,473.70	1.79

*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 \$7,608,697,923.

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

Do you need to update your PRIME account information?

Employees leave and retire. You hire new employees periodically. Could the information for your PRIME account be outdated?

To get a copy of the Participant Account Maintenance Form to update your information call the PRIME line at 850-488-7311 or email us at localgovpool@sbafla.com.

FUND PERFORMANCE THROUGH MARCH 31, 2015

NOTES TO PERFORMANCE TABLE

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

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

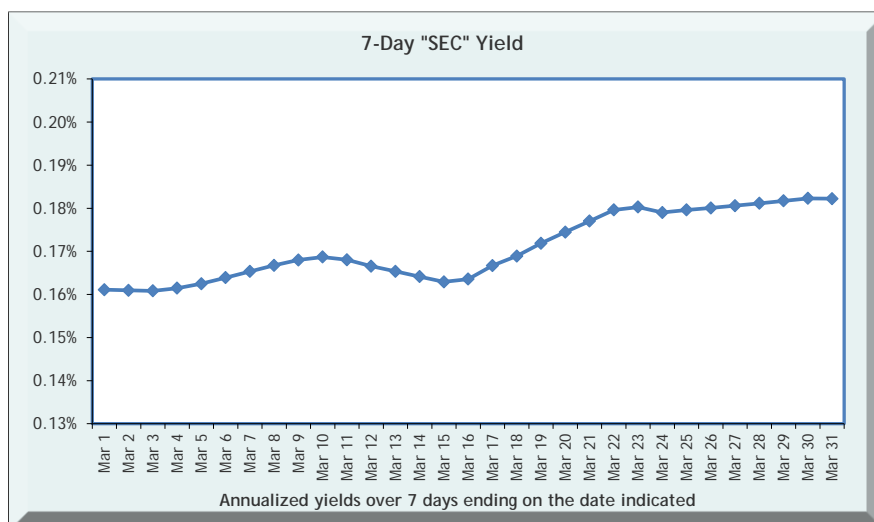
Net asset value includes investments at market value, plus all cash, accrued interest receivable and payables.

Florida PRIME Participant Performance Data

	Net Participant Yield ¹	Net-of-Fee Benchmark ²	Above (Below) Benchmark
1 mo	0.18%	0.06%	0.12%
3 mos	0.18%	0.05%	0.13%
12 mos	0.17%	0.05%	0.11%
3 yrs	0.21%	0.07%	0.14%
5 yrs	0.24%	0.09%	0.15%
10 yrs	1.71%	1.57%	0.14%
Since 1.96	2.87%	2.66%	0.21%

Net asset value at month end: \$7,502.4 m

Florida PRIME 7-Day "SEC" Yields During the Month



For performance comparisons to other short-term investment options, see www.sbafla.com/prime and click on "Pool Performance."

NOTES TO CHART

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.

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.

INVENTORY OF HOLDINGS MARCH 31, 2015

Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ABN Amro Bank NV CDEUR	CERTIFICATE OF DEPOSIT - EURO	0.00	4/20/2015		75,000,000	0.21	\$74,991,252	\$74,990,250	-\$1,002
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/8/2015		10,000,000	0.15	\$9,999,667	\$9,999,680	\$13
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2015		40,000,000	0.18	\$39,995,800	\$39,996,033	\$233
Alpine Securitization Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/15/2015		175,000,000	0.22	\$174,951,875	\$174,958,438	\$6,563
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	5/15/2015		50,000,000	0.25	\$50,000,000	\$50,006,246	\$6,246
BNP Paribas SA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	7/2/2015		100,000,000	0.26	\$100,000,000	\$100,002,579	\$2,579
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0.15	4/1/2015		375,000,000	0.15	\$375,000,000	\$375,000,000	\$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	8/12/2015		20,000,000	0.27	\$20,000,000	\$20,003,192	\$3,192
Bank of Montreal, Apr 01, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	4/1/2015	4/1/2015	20,000,000	0.26	\$20,000,000	\$20,000,000	\$0
Bank of Montreal, Apr 21, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	4/21/2015	4/21/2015	25,000,000	0.24	\$25,000,000	\$25,000,325	\$325
Bank of Montreal, Dec 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	12/10/2015	4/10/2015	100,000,000	0.28	\$100,000,000	\$99,986,200	-\$13,800
Bank of Montreal, Sr. Unsecd. Note, Series MTN, .8%, 11/06/2015	CORPORATE NOTE	0.80	11/6/2015		1,300,000	0.49	\$1,302,404	\$1,303,329	\$925
Bank of Montreal, Sr. Unsecured, Aug 20, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.40	8/20/2015	5/20/2015	5,000,000	0.28	\$5,002,479	\$4,999,730	-\$2,749
Bank of Nova Scotia, Toronto CP4-2	COMMERCIAL PAPER - 4-2		7/27/2015		25,000,000	0.28	\$24,977,056	\$24,987,217	\$10,161
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		1,110,000	0.43	\$1,110,759	\$1,110,101	-\$658
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		1,105,000	0.43	\$1,105,755	\$1,105,101	-\$654
Barclays Bank PLC, Sr. Unsecd. Note, 3.9%, 4/07/2015	CORPORATE BOND	3.90	4/7/2015		878,000	0.55	\$878,570	\$878,080	-\$490
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		70,000,000	0.25	\$69,983,472	\$69,988,893	\$5,421
Barclays US Funding Corp. CP4-2	COMMERCIAL PAPER - 4-2		5/5/2015		50,000,000	0.25	\$49,987,847	\$49,991,736	\$3,889
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/27/2015		21,000,000	0.23	\$20,992,353	\$20,994,414	\$2,062
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/1/2015		20,000,000	0.33	\$19,983,644	\$19,990,136	\$6,491
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		9/14/2015		12,000,000	0.34	\$11,981,630	\$11,985,137	\$3,507
Bedford Row Funding Corp., Sep 09, 2015	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.29	9/9/2015	4/9/2015	30,000,000	0.29	\$30,000,000	\$29,997,150	-\$2,850
Caisse des Depots et Consignations (CDC) CP	COMMERCIAL PAPER		6/16/2015		75,000,000	0.25	\$74,959,896	\$74,972,569	\$12,673
Canadian Imperial Bank of Commerce, May 26, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.35	5/26/2015	4/24/2015	215,000,000	0.36	\$215,000,000	\$215,004,300	\$4,300
Caterpillar Financial Se, Unsecd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1.10	5/29/2015		18,150,000	0.30	\$18,173,565	\$18,176,898	\$3,333
Caterpillar Financial Se, Unsecd. Note, Series MTN, 1.1%, 05/29/2015	CORPORATE BOND	1.10	5/29/2015		425,000	0.31	\$425,546	\$425,630	\$84
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.30	5/15/2015		50,000,000	0.30	\$50,000,000	\$50,013,736	\$13,736
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.29	5/1/2015		50,000,000	0.29	\$50,000,000	\$50,006,756	\$6,756
Credit Agricole Corporate and Investment Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	6/2/2015		50,000,000	0.26	\$50,000,000	\$50,000,000	\$0
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	5/12/2015		50,000,000	0.20	\$50,000,000	\$49,999,999	\$0
Credit Suisse, Zurich, .25%	CALLABLE CERTIFICATE OF DEPOSIT	0.25	4/24/2015		55,000,000	0.25	\$55,000,000	\$55,001,829	\$1,829
DNB Nor Bank ASA CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.05	4/7/2015		100,000,000	0.05	\$100,000,000	\$100,000,000	\$0
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.28	5/22/2015		100,000,000	0.28	\$100,000,000	\$100,010,092	\$10,092
DZ Bank AG Deutsche Zentral-Genossenschaftsbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	6/4/2015		50,000,000	0.26	\$50,000,000	\$50,004,505	\$4,505
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.01	4/1/2015		4,203,684	0.01	\$4,203,684	\$4,203,684	\$0

See notes at end of table.

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.06	4/1/2015	4/1/2015	675,724,641	0.04	\$675,724,641	\$675,724,641	\$0
Federated Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.06	4/1/2015	4/1/2015	701,090,181	0.05	\$701,090,181	\$701,090,181	\$0
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		1,625,000	0.38	\$1,655,838	\$1,655,332	-\$505
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		700,000	0.41	\$713,123	\$713,066	-\$57
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		4,750,000	0.43	\$4,839,179	\$4,838,664	-\$516
General Electric Cap Corp., Sr. Unsec'd. Note, Series GMTN, 4.375%, 9/21/2015	CORPORATE BOND	4.38	9/21/2015		1,858,000	0.44	\$1,892,841	\$1,892,681	-\$159
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.30	7/2/2015	4/2/2015	1,335,000	0.26	\$1,338,573	\$1,338,123	-\$450
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.30	7/2/2015	4/2/2015	1,935,000	0.28	\$1,940,107	\$1,939,526	-\$581
General Electric Capital Corp., Jul 02, 2015	VARIABLE MEDIUM TERM NOTE	1.30	7/2/2015	4/2/2015	400,000	0.29	\$401,036	\$400,936	-\$101
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	3.50	6/29/2015		4,701,000	0.34	\$4,737,498	\$4,734,377	-\$3,121
General Electric Capital Corp., Series MTN, 3.500%, 06/29/2015	CORPORATE BOND	3.50	6/29/2015		1,546,000	0.36	\$1,557,934	\$1,556,977	-\$958
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	6.90	9/15/2015		800,000	0.41	\$823,840	\$822,679	-\$1,161
General Electric Capital Corp., Sr. Note, Series MTNA, 6.900%, 09/15/2015	CORPORATE BOND	6.90	9/15/2015		3,000,000	0.41	\$3,089,365	\$3,085,047	-\$4,318
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,975,000	0.32	\$1,981,564	\$1,980,992	-\$572
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,000,000	0.32	\$1,003,324	\$1,003,034	-\$290
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		300,000	0.34	\$300,982	\$300,910	-\$72
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		35,859,000	0.34	\$35,975,823	\$35,967,796	-\$8,027
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		18,000,000	0.34	\$18,058,625	\$18,054,612	-\$4,013
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,929,000	0.34	\$1,935,283	\$1,934,853	-\$431
General Electric Capital Corp., Sr. Unsec'd. Note, 1.625%, 7/02/2015	CORPORATE BOND	1.63	7/2/2015		1,300,000	0.36	\$1,304,172	\$1,303,944	-\$227
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		5,130,000	0.34	\$5,156,033	\$5,154,491	-\$1,542
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		1,500,000	0.34	\$1,507,581	\$1,507,161	-\$420
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		4,788,000	0.34	\$4,812,176	\$4,810,858	-\$1,318
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		7,500,000	0.35	\$7,537,768	\$7,535,805	-\$1,963
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		10,000,000	0.35	\$10,050,468	\$10,047,740	-\$2,728
General Electric Capital Corp., Sr. Unsec'd. Note, Series MTN, 2.375%, 06/30/2015	CORPORATE BOND	2.38	6/30/2015		2,415,000	0.45	\$2,426,570	\$2,426,529	-\$40
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	0.75	4/13/2015	4/13/2015	1,233,000	0.26	\$1,233,222	\$1,233,110	-\$113
General Electric Capital Corp., Sr. Unsecured, Apr 13, 2015	VARIABLE MEDIUM TERM NOTE	0.75	4/13/2015	4/13/2015	500,000	0.28	\$500,086	\$500,045	-\$41
General Electric Capital Corp., Sr. Unsecured, Sep 23, 2015	VARIABLE MEDIUM TERM NOTE	1.00	9/23/2015	6/23/2015	2,500,000	0.35	\$2,508,451	\$2,508,063	-\$388
General Electric Capital Corp., Sr. Unsecured, Sep 23, 2015	VARIABLE MEDIUM TERM NOTE	1.00	9/23/2015	6/23/2015	255,000	0.46	\$255,713	\$255,822	\$110

See notes at end of table.

INVENTORY OF HOLDINGS (CONTINUED)

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
General Electric Capital, Floating Rate Note - Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	0.87	1/8/2016	4/8/2015	10,000,000	0.31	\$10,043,259	\$10,043,780	\$521
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0.48	1/14/2016	4/14/2015	14,225,000	0.31	\$14,245,947	\$14,244,631	-\$1,317
General Electric Capital, Sr. Note, 1/14/2016	CORPORATE NOTE	0.48	1/14/2016	4/14/2015	10,000,000	0.32	10,014,022	10,013,800	-\$222
General Electric Capital, Sr. Note, Series MTN, 1/08/2016	CORPORATE BOND	0.47	1/8/2016	4/8/2015	255,000	0.34	\$255,247	\$255,347	\$99
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		9,952,000	0.41	\$10,063,709	\$10,055,421	-\$8,288
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		1,089,000	0.41	\$1,101,220	\$1,100,317	-\$904
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		8,000,000	0.41	\$8,089,736	\$8,083,136	-\$6,600
General Electric Capital, Sr. Unsec'd. Note, 2.25%, 11/09/2015	CORPORATE BOND	2.25	11/9/2015		1,000,000	0.51	\$1,010,592	\$1,010,392	-\$200
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5.00	1/8/2016		7,650,000	0.51	\$7,915,012	\$7,909,878	-\$5,134
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 5%, 1/08/2016	CORPORATE BOND	5.00	1/8/2016		1,185,000	0.61	\$1,225,168	\$1,225,256	\$87
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	0.63	7/10/2015	4/10/2015	6,500,000	0.26	\$6,506,993	\$6,505,590	-\$1,403
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	0.63	7/10/2015	4/10/2015	375,000	0.29	\$375,373	\$375,323	-\$51
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 7/10/2015	CORPORATE BOND	0.63	7/10/2015	4/10/2015	1,000,000	0.31	\$1,000,977	\$1,000,860	-\$117
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.01	8/11/2015	5/11/2015	1,335,000	0.28	\$1,338,662	\$1,338,219	-\$443
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.01	8/11/2015	5/11/2015	2,958,000	0.29	\$2,965,953	\$2,965,132	-\$822
General Electric Capital, Sr. Unsec'd. Note, Series MTN, 8/11/2015	CORPORATE BOND	1.01	8/11/2015	5/11/2015	3,000,000	0.30	\$3,007,939	\$3,007,233	-\$706
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/9/2015		95,000,000	0.17	\$94,995,963	\$94,996,485	\$523
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/16/2015		50,000,000	0.17	\$49,996,222	\$49,993,389	-\$2,833
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/17/2015		50,000,000	0.18	49,995,750	49,995,986	\$236
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/21/2015		10,000,000	0.17	9,999,008	9,999,008	-\$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/22/2015		77,000,000	0.16	76,992,471	76,992,000	-\$471
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/28/2015		100,000,000	0.16	\$99,987,556	\$99,989,611	\$2,055
HSBC USA, Inc. CP	COMMERCIAL PAPER		5/14/2015		50,000,000	0.25	\$49,985,028	\$49,991,506	\$6,478
HSBC USA, Inc. CP	COMMERCIAL PAPER		6/9/2015		50,000,000	0.26	\$49,974,722	\$49,983,764	\$9,042
HSBC USA, Inc. CP	COMMERCIAL PAPER		9/1/2015		30,000,000	0.32	\$29,959,575	\$29,967,275	\$7,700
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/13/2015		100,000,000	0.24	\$99,971,333	\$99,980,053	\$8,720
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/20/2015		100,000,000	0.24	\$99,966,667	\$99,975,417	\$8,750
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		5/29/2015		50,000,000	0.25	\$49,979,514	\$49,984,513	\$4,999
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/3/2015		30,000,000	0.25	\$29,986,667	\$29,989,707	\$3,040
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/6/2015		50,000,000	0.27	\$49,997,750	\$49,998,917	\$1,167
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		4/16/2015		25,000,000	0.27	\$24,997,000	\$24,998,533	\$1,533
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		5/4/2015		30,000,000	0.25	\$29,992,917	\$29,995,608	\$2,692
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/2/2015		25,000,000	0.27	\$24,988,188	\$24,991,600	\$3,413
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		6/4/2015		75,000,000	0.27	\$74,963,438	\$74,973,865	\$10,427
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		7/13/2015		25,000,000	0.30	\$24,978,333	\$24,983,461	\$5,128
J.P. Morgan Securities LLC CP4-2	COMMERCIAL PAPER - 4-2		10/9/2015		25,000,000	0.41	\$24,946,667	\$24,955,733	\$9,067
J.P. Morgan Securities LLC, Nov 10, 2015	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.33	11/10/2015	5/11/2015	40,000,000	0.33	\$40,000,000	\$39,996,720	-\$3,280
JPMorgan Chase Bank, N.A., May 06, 2016	VARIABLE RATE BANK NOTE	0.42	5/6/2016	6/8/2015	15,000,000	0.39	\$15,000,000	\$15,000,015	\$15
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/1/2015		40,000,000	0.27	\$39,999,700	\$39,999,869	\$169
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2015		20,000,000	0.25	\$19,991,250	\$19,992,580	\$1,330

See notes at end of table.

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/12/2015		35,000,000	0.25	\$34,982,257	\$34,984,457	\$2,200
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/22/2015		30,000,000	0.25	\$29,982,708	\$29,984,438	\$1,729
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/2/2015		60,000,000	0.18	\$59,999,400	\$59,999,597	\$197
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/28/2015		10,000,000	0.19	\$9,998,522	\$9,998,678	\$156
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/26/2015		53,000,000	0.28	\$52,964,137	\$52,970,797	\$6,660
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/13/2015		45,000,000	0.28	\$44,963,600	\$44,967,110	\$3,510
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/14/2015		35,000,000	0.28	\$34,971,417	\$34,973,969	\$2,552
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/15/2015		23,000,000	0.28	\$22,981,038	\$22,982,595	\$1,558
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	4/14/2015		30,000,000	0.24	\$30,000,000	\$29,999,857	-\$143
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	5/15/2015		70,000,000	0.24	\$70,000,000	\$69,999,118	-\$882
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	5/28/2015		100,000,000	0.23	100,003,214	99,998,378	-\$4,836
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	6/4/2015		30,000,000	0.26	\$30,000,000	\$29,999,997	-\$3
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	6/15/2015		12,300,000	0.27	\$12,300,000	\$12,299,999	-\$1
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	6/17/2015		35,000,000	0.25	\$35,000,000	\$34,998,460	-\$1,540
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.25	6/23/2015		100,000,000	0.25	100,000,000	99,995,333	-\$4,667
Mullenix-St. Charles Properties, L.P., Times Centre Apartments Project Series 2004, Jan 01, 2028	VARIABLE RATE DEMAND NOTE	0.14	1/1/2028	4/2/2015	13,500,000	0.14	\$13,500,000	\$13,500,000	\$0
National Australia Bank , Sr. Unsecd. Note, 1.6%, 8/07/2015	CORPORATE BOND	1.60	8/7/2015		900,000	0.47	\$903,613	\$903,774	\$160
Ontario, Province of, Sr. Unsecd. Note, Series MTN, 04/01/2015	CORPORATE NOTE	0.42	4/1/2015	4/1/2015	14,000,000	0.26	\$14,000,060	\$14,000,000	-\$60
Royal Bank of Canada, Montreal, Jan 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.28	1/13/2016	4/13/2015	25,000,000	0.28	25,000,000	24,990,300	-\$9,700
Royal Bank of Canada, Montreal, May 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.39	5/4/2016	4/6/2015	125,000,000	0.38	\$125,000,000	\$124,995,125	-\$4,875
Royal Bank of Canada, Montreal, Series GMTN, .550%, 05/01/2015	CORPORATE BOND	0.55	5/1/2015		20,000,000	0.28	\$20,004,575	\$20,002,700	-\$1,875
Royal Bank of Canada, Montreal, Sr. Unsecd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	2.63	12/15/2015		9,550,000	0.50	\$9,693,754	\$9,693,919	\$165
Royal Bank of Canada, Montreal, Sr. Unsecd. Note, Series MTN, 2.625%, 12/15/2015	CORPORATE BOND	2.63	12/15/2015		785,000	0.55	\$796,534	\$796,830	\$296
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0.46	4/29/2015	4/29/2015	1,800,000	0.26	\$1,800,314	\$1,800,225	-\$89
Royal Bank of Canada, Montreal, Sr. Unsecured, Apr 29, 2015	VARIABLE MEDIUM TERM NOTE	0.46	4/29/2015	4/29/2015	2,000,000	0.27	\$2,000,330	\$2,000,250	-\$80
Salisbury Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/2/2015		100,000,000	0.18	\$99,999,000	\$99,999,328	\$328
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/10/2015		33,500,000	0.17	\$33,498,418	\$33,498,595	\$177
Sheffield Receivables Company LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		4/24/2015		25,000,000	0.24	\$24,996,000	\$24,997,167	\$1,167
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.20	5/8/2015		75,000,000	0.20	\$75,000,000	\$75,000,789	\$789
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	6/18/2015		108,000,000	0.27	\$108,000,000	\$107,999,990	-\$10
Societe Generale, Paris CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	6/24/2015		25,000,000	0.26	\$25,000,000	\$25,006,490	\$6,490
Standard Chartered Bank plc TD	TIME DEPOSIT	0.03	4/1/2015		375,000,000	0.03	\$375,000,000	\$375,000,000	\$0
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2015		50,000,000	0.26	\$49,977,250	\$49,981,450	\$4,200
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/23/2015		50,000,000	0.27	\$49,968,500	\$49,973,634	\$5,134

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Security Name	Security Classification	Cpn/Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
State Street Bank and Trust Co., Apr 13, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/13/2015	4/13/2015	15,000,000	0.26	\$15,000,000	\$14,999,820	-\$180
State Street Bank and Trust Co., Jun 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.23	6/15/2015	4/15/2015	50,000,000	0.24	\$50,000,000	\$49,998,700	-\$1,300
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.26	5/20/2015		30,000,000	0.26	\$30,000,000	\$30,002,495	\$2,495
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.23	4/2/2015		25,000,000	0.23	\$25,000,000	\$25,000,097	\$97
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	6/5/2015		25,000,000	0.27	\$25,000,000	\$25,003,204	\$3,204
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	6/12/2015		12,000,000	0.27	\$12,000,000	\$12,001,701	\$1,701
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.27	7/15/2015		10,000,000	0.27	\$10,000,000	\$9,999,411	-\$589
Sumitomo Mitsui Banking Corp., Apr 10, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.26	4/10/2015	4/10/2015	30,000,000	0.26	\$30,000,000	\$29,999,880	-\$120
Sumitomo Mitsui Banking Corp., May 28, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.28	5/28/2015	4/28/2015	14,800,000	0.28	\$14,800,000	\$14,799,615	-\$385
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.24	6/10/2015		75,000,000	0.24	\$75,000,000	\$75,009,592	\$9,592
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.35	9/10/2015		25,000,000	0.35	\$25,000,000	\$25,010,684	\$10,684
Toronto Dominion Bank, Apr 15, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.25	4/15/2015	4/15/2015	25,000,000	0.26	\$25,000,000	\$24,999,600	-\$400
Toronto Dominion Bank, Feb 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.29	2/12/2016	5/12/2015	25,000,000	0.29	\$25,000,000	\$24,997,275	-\$2,725
Toronto Dominion Bank, Sep 04, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.27	9/4/2015	4/6/2015	50,000,000	0.27	\$50,000,000	\$49,995,900	-\$4,100
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0.44	5/1/2015	5/1/2015	29,580,000	0.26	\$29,584,684	\$29,584,851	\$167
Toronto Dominion Bank, Sr. Unsecured, MTN, May 01, 2015	VARIABLE MEDIUM TERM NOTE	0.44	5/1/2015	5/1/2015	1,000,000	0.28	\$1,000,140	\$1,000,164	\$24
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		5/7/2015		125,000,000	0.16	\$124,979,444	\$124,979,445	\$1
Toyota Motor Credit Corp., Apr 08, 2015	VARIABLE MEDIUM TERM NOTE	0.40	4/8/2015	4/8/2015	500,000	0.25	\$500,017	\$500,004	-\$13
Toyota Motor Credit Corp., Sep 03, 2015	VARIABLE RATE COMMERCIAL PAPER	0.27	9/3/2015	4/10/2015	100,000,000	0.27	\$100,000,000	\$99,991,600	-\$8,400
Wal-Mart Stores, Inc., Sr. Unsecd. Note, 4.5%, 7/01/2015	CORPORATE BOND	4.50	7/1/2015		8,500,000	0.25	\$8,590,321	\$8,584,524	-\$5,797
Wells Fargo & Co., Sr. Unsecd. Note, 1.5%, 7/01/2015	CORPORATE BOND	1.50	7/1/2015		17,576,000	0.36	\$17,626,756	\$17,622,225	-\$4,531
Wells Fargo Bank, N.A., Apr 19, 2016	VARIABLE RATE BANK NOTE	0.36	4/19/2016	6/22/2015	100,000,000	0.37	\$100,000,000	\$100,001,800	\$1,800
Wells Fargo Bank, N.A., Apr 21, 2016	VARIABLE MEDIUM TERM NOTE	0.40	4/21/2016	6/22/2015	50,000,000	0.41	\$50,000,000	\$50,000,000	\$0
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	12,500,000	0.28	\$12,510,237	\$12,509,075	-\$1,162
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	18,500,000	0.29	\$18,514,870	\$18,513,431	-\$1,439
Wells Fargo Bank, N.A., Sr. Unsecured, Jul 20, 2015	VARIABLE MEDIUM TERM NOTE	0.54	7/20/2015	4/20/2015	25,000,000	0.29	\$25,020,161	\$25,018,150	-\$2,011
Wells Fargo Bank, N.A., Sr. Unsecured, Sep 08, 2015	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.29	9/8/2015	6/4/2015	95,700,000	0.29	\$95,700,000	\$95,685,167	-\$14,834
Total Value of Investments					7,499,335,507		7,500,276,046	7,500,373,640	\$97,594

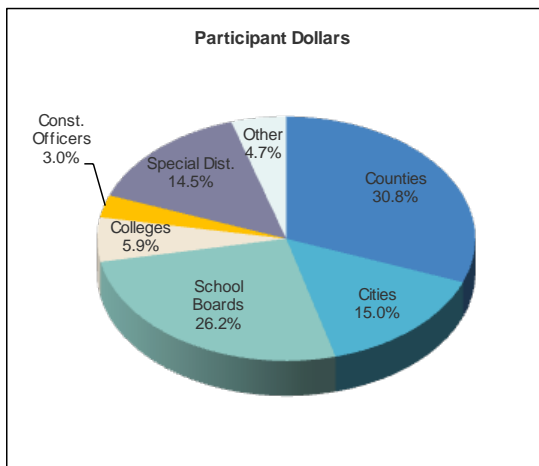
Notes: The data included in this report is unaudited. Amounts above are the value of investments. Income accruals, payables and uninvested cash are not included. Amortizations/accretions are reported with a one-day lag in the above valuations.

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

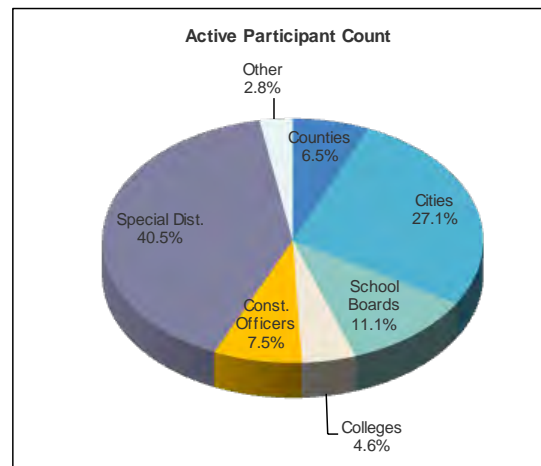
² Amortized cost is calculated using a straight line method.

PARTICIPANT CONCENTRATION DATA - MARCH 31, 2015

Participant Balance	Share of Total Fund	Share of Participant Count	Participant Balance	Share of Total Fund	Share of Participant Count
All Participants	100.0%	100.0%	Colleges & Universities	5.9%	4.6%
Top 10	37.8%	1.3%	Top 10	5.3%	1.3%
\$100 million or more	51.9%	2.3%	\$100 million or more	2.9%	0.1%
\$10 million up to \$100 million	40.4%	12.8%	\$10 million up to \$100 million	2.3%	1.0%
\$1 million up to \$10 million	6.9%	18.6%	\$1 million up to \$10 million	0.6%	1.3%
Under \$1 million	0.8%	66.3%	Under \$1 million	0.01%	2.2%
Counties	30.8%	6.5%	Constitutional Officers	3.0%	7.5%
Top 10	25.0%	1.3%	Top 10	1.0%	1.3%
\$100 million or more	22.7%	1.0%	\$100 million or more	0.0%	0.0%
\$10 million up to \$100 million	7.5%	1.5%	\$10 million up to \$100 million	2.2%	0.9%
\$1 million up to \$10 million	0.6%	1.0%	\$1 million up to \$10 million	0.7%	1.7%
Under \$1 million	0.1%	2.9%	Under \$1 million	0.1%	5.0%
Municipalities	15.0%	27.1%	Special Districts	14.5%	40.5%
Top 10	8.9%	1.3%	Top 10	9.4%	1.3%
\$100 million or more	4.2%	0.3%	\$100 million or more	4.4%	0.3%
\$10 million up to \$100 million	8.5%	3.2%	\$10 million up to \$100 million	8.4%	2.9%
\$1 million up to \$10 million	2.1%	6.2%	\$1 million up to \$10 million	1.5%	5.1%
Under \$1 million	0.3%	17.4%	Under \$1 million	0.3%	32.2%
School Boards	26.2%	11.1%	Other	4.7%	2.8%
Top 10	21.0%	1.3%	Top 10	4.1%	1.3%
\$100 million or more	16.2%	0.5%	\$100 million or more	1.5%	0.1%
\$10 million up to \$100 million	8.7%	2.4%	\$10 million up to \$100 million	2.7%	0.9%
\$1 million up to \$10 million	1.1%	2.4%	\$1 million up to \$10 million	0.4%	0.9%
Under \$1 million	0.1%	5.7%	Under \$1 million	0.0%	0.9%



Total Fund Value: \$7,502,389,759



Total Active Participant Count: 786

FLORIDA PRIME COMPLIANCE WITH INVESTMENT POLICY - MARCH 2015

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

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

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

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

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

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

TRADING ACTIVITY FOR MARCH 2015

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ALPINE SECURITIZATICPABS4	04/08/15	03/23/15	03/23/15	10,000,000	9,999,333	0	9,999,333	0
ALPINE SECURITIZATICPABS4	05/15/15	03/16/15	03/16/15	50,000,000	49,981,667	0	49,981,667	0
ALPINE SECURITIZATICPABS4	05/15/15	03/16/15	03/16/15	25,000,000	24,990,833	0	24,990,833	0
ALPINE SECURITIZATICPABS4	05/15/15	03/17/15	03/17/15	50,000,000	49,981,972	0	49,981,972	0
ALPINE SECURITIZATICPABS4	05/15/15	03/17/15	03/17/15	50,000,000	49,981,972	0	49,981,972	0
ATLANTIC ASSET SECUCPABS4	03/13/15	03/12/15	03/12/15	50,000,000	49,999,833	0	49,999,833	0
BNP PARIBAS SACDYAN	07/02/15	03/26/15	03/26/15	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACDYAN	07/02/15	03/26/15	03/26/15	50,000,000	50,000,000	0	50,000,000	0
BANK OF MONTREAL	11/06/15	03/09/15	03/09/15	1,300,000	1,302,644	3,553	1,306,198	0
ABN AMRO BANK NVCEUR	04/20/15	03/17/15	03/19/15	75,000,000	74,986,003	0	74,986,003	0
CATERPILLAR FINANCIAL SERVICES CORP	05/29/15	03/31/15	04/06/15	250,000	250,275	970	251,245	0
CREDIT SUISSE, ZURICDYAN	05/12/15	03/13/15	03/13/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/26/15	03/19/15	03/19/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/26/15	03/19/15	03/19/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/27/15	03/20/15	03/20/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/27/15	03/20/15	03/20/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/27/15	03/20/15	03/20/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/31/15	03/24/15	03/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	03/31/15	03/24/15	03/24/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	04/07/15	03/31/15	03/31/15	50,000,000	50,000,000	0	50,000,000	0
DNB NOR BANK ASACDYAN	04/07/15	03/31/15	03/31/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/03/15	03/03/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/10/15	03/10/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/18/15	03/11/15	03/11/15	30,000,000	30,000,000	0	30,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/17/15	03/17/15	50,000,000	50,000,000	0	50,000,000	0
GENERAL ELECTRIC CAPITAL CORP	09/21/15	03/02/15	03/05/15	700,000	715,084	0	729,036	0
GENERAL ELECTRIC CAPITAL CORP	09/23/15	03/26/15	03/31/15	255,000	255,713	57	255,769	0
GENERAL ELECTRIC CAPITAL CORP	07/02/15	03/10/15	03/13/15	1,300,000	1,304,979	4,166	1,309,145	0
GENERAL ELECTRIC CAPITAL CORP	07/10/15	03/12/15	03/17/15	1,000,000	1,001,112	1,124	1,002,236	0
GENERAL ELECTRIC CAPITAL CORP	01/14/16	03/11/15	03/16/15	6,065,000	6,074,552	4,962	6,079,514	0
GOTHAM FUNDING CORPCPABS4	04/09/15	03/06/15	03/06/15	50,000,000	49,991,972	0	49,991,972	0

TRADING ACTIVITY FOR MARCH 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
GOTHAM FUNDING CORPCPABS4	04/09/15	03/06/15	03/06/15	45,000,000	44,992,775	0	44,992,775	0
GOTHAM FUNDING CORPCPABS4	04/16/15	03/17/15	03/17/15	50,000,000	49,992,917	0	49,992,917	0
GOTHAM FUNDING CORPCPABS4	04/21/15	03/19/15	03/19/15	10,000,000	9,998,442	0	9,998,442	0
GOTHAM FUNDING CORPCPABS4	04/22/15	03/16/15	03/17/15	27,000,000	26,995,680	0	26,995,680	0
GOTHAM FUNDING CORPCPABS4	04/22/15	03/16/15	03/17/15	50,000,000	49,992,000	0	49,992,000	0
GOTHAM FUNDING CORPCPABS4	04/28/15	03/17/15	03/17/15	50,000,000	49,990,667	0	49,990,667	0
GOTHAM FUNDING CORPCPABS4	04/28/15	03/17/15	03/17/15	50,000,000	49,990,667	0	49,990,667	0
HSBC USA, INC,CP	09/01/15	03/04/15	03/04/15	30,000,000	29,952,488	0	29,952,488	0
LMA-AMERICAS LLCPCABS4-2	06/02/15	03/02/15	03/02/15	20,000,000	19,987,222	0	19,987,222	0
LMA-AMERICAS LLCPCABS4-2	06/12/15	03/10/15	03/10/15	35,000,000	34,977,153	0	34,977,153	0
LMA-AMERICAS LLCPCABS4-2	06/22/15	03/17/15	03/17/15	30,000,000	29,979,792	0	29,979,792	0
MANHATTAN ASSET FUNCPABS4	04/28/15	03/30/15	03/30/15	10,000,000	9,998,469	0	9,998,469	0
MANHATTAN ASSET FUNCPABS4	07/13/15	03/13/15	03/13/15	45,000,000	44,957,300	0	44,957,300	0
MANHATTAN ASSET FUNCPABS4	07/14/15	03/17/15	03/17/15	35,000,000	34,967,606	0	34,967,606	0
MANHATTAN ASSET FUNCPABS4	07/15/15	03/17/15	03/17/15	23,000,000	22,978,533	0	22,978,533	0
MIZUHO BANK LTD,CDYAN	05/28/15	03/16/15	03/17/15	50,000,000	50,001,995	9,375	50,011,370	0
MIZUHO BANK LTD,CDYAN	05/28/15	03/16/15	03/17/15	50,000,000	50,001,995	9,375	50,011,370	0
MIZUHO BANK LTD,CDYAN	06/04/15	03/04/15	03/04/15	30,000,000	30,000,000	0	30,000,000	0
MIZUHO BANK LTD,CDYAN	06/15/15	03/11/15	03/11/15	12,300,000	12,300,000	92	12,300,092	0
MIZUHO BANK LTD,CDYAN	06/17/15	03/17/15	03/17/15	35,000,000	35,000,000	0	35,000,000	0
MIZUHO BANK LTD,CDYAN	06/23/15	03/23/15	03/23/15	50,000,000	50,000,000	0	50,000,000	0
MIZUHO BANK LTD,CDYAN	06/23/15	03/23/15	03/23/15	50,000,000	50,000,000	0	50,000,000	0
SALISBURY RECEIVABLCPABS4	04/02/15	03/05/15	03/05/15	50,000,000	49,993,000	0	49,993,000	0
SALISBURY RECEIVABLCPABS4	04/02/15	03/05/15	03/05/15	50,000,000	49,993,000	0	49,993,000	0
SHEFFIELD RECEIVABLCPABS4	04/10/15	03/26/15	03/26/15	33,500,000	33,497,627	0	33,497,627	0
SOCIETE GENERALE, PCDYAN	05/08/15	03/04/15	03/04/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	05/08/15	03/04/15	03/04/15	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCDYAN	06/18/15	03/10/15	03/11/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	06/18/15	03/10/15	03/11/15	8,000,000	8,000,000	0	8,000,000	0
SOCIETE GENERALE, PCDYAN	06/18/15	03/10/15	03/11/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	06/24/15	03/24/15	03/24/15	25,000,000	25,000,000	0	25,000,000	0
STARBIRD FUNDING COCPABS4	03/13/15	03/12/15	03/12/15	50,000,000	49,999,861	0	49,999,861	0
STARBIRD FUNDING COCPABS4	03/13/15	03/12/15	03/12/15	2,344,000	2,343,993	0	2,343,993	0
STARBIRD FUNDING COCPABS4	03/13/15	03/12/15	03/12/15	50,000,000	49,999,861	0	49,999,861	0
STARBIRD FUNDING COCPABS4	06/02/15	03/04/15	03/04/15	50,000,000	49,967,500	0	49,967,500	0
STARBIRD FUNDING COCPABS4	06/23/15	03/25/15	03/25/15	50,000,000	49,966,250	0	49,966,250	0
SUMITOMO MITSUI BANCDYAN	07/15/15	03/17/15	03/17/15	10,000,000	10,000,000	0	10,000,000	0
TORONTO DOMINION HOC4-2	05/07/15	03/31/15	03/31/15	50,000,000	49,991,778	0	49,991,778	0
TORONTO DOMINION HOC4-2	05/07/15	03/31/15	03/31/15	25,000,000	24,995,889	0	24,995,889	0
TORONTO DOMINION HOC4-2	05/07/15	03/31/15	03/31/15	50,000,000	49,991,778	0	49,991,778	0
WAL-MART STORES INC	07/01/15	03/16/15	03/19/15	8,500,000	8,602,103	82,875	8,684,978	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/02/15	03/02/15	2,256,540	2,256,540	0	2,256,540	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/05/15	03/05/15	4,474,856	4,474,856	0	4,474,856	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/10/15	03/10/15	4,810,284	4,810,284	0	4,810,284	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/11/15	03/11/15	270,586	270,586	0	270,586	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/17/15	03/17/15	3,964,126	3,964,126	0	3,964,126	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/19/15	03/19/15	838,498	838,498	0	838,498	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/20/15	03/20/15	3,337,860	3,337,860	0	3,337,860	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/24/15	03/24/15	1,698,512	1,698,512	0	1,698,512	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/26/15	03/26/15	2,893,921	2,893,921	0	2,893,921	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	03/01/15	03/01/15	22,532	22,532	0	22,532	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	03/02/15	03/02/15	19,816	19,816	0	19,816	0
BANK OF AMERICA TRIPARTY	03/03/15	03/02/15	03/02/15	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	03/04/15	03/03/15	03/03/15	490,000,000	490,000,000	0	490,000,000	0

TRADING ACTIVITY FOR MARCH 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	03/05/15	03/04/15	03/04/15	510,000,000	510,000,000	0	510,000,000	0
BANK OF AMERICA TRIPARTY	03/06/15	03/05/15	03/05/15	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	03/09/15	03/06/15	03/06/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	03/10/15	03/09/15	03/09/15	445,000,000	445,000,000	0	445,000,000	0
BANK OF AMERICA TRIPARTY	03/11/15	03/10/15	03/10/15	595,000,000	595,000,000	0	595,000,000	0
BANK OF AMERICA TRIPARTY	03/12/15	03/11/15	03/11/15	625,000,000	625,000,000	0	625,000,000	0
BANK OF AMERICA TRIPARTY	03/13/15	03/12/15	03/12/15	625,000,000	625,000,000	0	625,000,000	0
BANK OF AMERICA TRIPARTY	03/16/15	03/13/15	03/13/15	750,000,000	750,000,000	0	750,000,000	0
BANK OF AMERICA TRIPARTY	03/17/15	03/16/15	03/16/15	685,000,000	685,000,000	0	685,000,000	0
BANK OF AMERICA TRIPARTY	03/18/15	03/17/15	03/17/15	415,000,000	415,000,000	0	415,000,000	0
BANK OF AMERICA TRIPARTY	03/19/15	03/18/15	03/18/15	495,000,000	495,000,000	0	495,000,000	0
BANK OF AMERICA TRIPARTY	03/20/15	03/19/15	03/19/15	240,000,000	240,000,000	0	240,000,000	0
BANK OF AMERICA TRIPARTY	03/23/15	03/20/15	03/20/15	215,000,000	215,000,000	0	215,000,000	0
BANK OF AMERICA TRIPARTY	03/24/15	03/23/15	03/23/15	125,000,000	125,000,000	0	125,000,000	0
BANK OF AMERICA TRIPARTY	03/25/15	03/24/15	03/24/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	03/26/15	03/25/15	03/25/15	315,000,000	315,000,000	0	315,000,000	0
BANK OF AMERICA TRIPARTY	03/27/15	03/26/15	03/26/15	440,000,000	440,000,000	0	440,000,000	0
BANK OF AMERICA TRIPARTY	03/30/15	03/27/15	03/27/15	565,000,000	565,000,000	0	565,000,000	0
BANK OF AMERICA TRIPARTY	03/31/15	03/30/15	03/30/15	515,000,000	515,000,000	0	515,000,000	0
BANK OF AMERICA TRIPARTY	04/01/15	03/31/15	03/31/15	375,000,000	375,000,000	0	375,000,000	0
Total Buys				13,835,101,530	13,834,803,814	116,549	13,834,934,315	0
Deposits								
STANDARD CHARTERED TD 0.13 20150303	03/03/15	03/02/15	03/02/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150304	03/04/15	03/03/15	03/03/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150305	03/05/15	03/04/15	03/04/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150306	03/06/15	03/05/15	03/05/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150309	03/09/15	03/06/15	03/06/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150310	03/10/15	03/09/15	03/09/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150311	03/11/15	03/10/15	03/10/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150312	03/12/15	03/11/15	03/11/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150313	03/13/15	03/12/15	03/12/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150316	03/16/15	03/13/15	03/13/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150317	03/17/15	03/16/15	03/16/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150318	03/18/15	03/17/15	03/17/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150319	03/19/15	03/18/15	03/18/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150320	03/20/15	03/19/15	03/19/15	380,000,000	380,000,000	0	380,000,000	0

TRADING ACTIVITY FOR MARCH 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
STANDARD CHARTERED TD 0.13 20150323	03/23/15	03/20/15	03/20/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150324	03/24/15	03/23/15	03/23/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150325	03/25/15	03/24/15	03/24/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150326	03/26/15	03/25/15	03/25/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150327	03/27/15	03/26/15	03/26/15	370,000,000	370,000,000	0	370,000,000	0
STANDARD CHARTERED TD 0.13 20150330	03/30/15	03/27/15	03/27/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150331	03/31/15	03/30/15	03/30/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.03 20150401	04/01/15	03/31/15	03/31/15	375,000,000	375,000,000	0	375,000,000	0
Total Deposits				8,310,000,000	8,310,000,000	0	8,310,000,000	0
Maturities								
ALPINE SECURITIZATICPABS4	03/17/15	03/17/15	03/17/15	100,000,000	100,000,000	0	100,000,000	0
ATLANTIC ASSET SECUCPABS4	03/13/15	03/13/15	03/13/15	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS FINANCE, INC,	03/10/15	03/10/15	03/10/15	35,000,000	35,000,000	0	35,000,000	0
BNP PARIBAS SACDYAN	03/04/15	03/04/15	03/04/15	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACDYAN	03/09/15	03/09/15	03/09/15	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACDYAN	03/23/15	03/23/15	03/23/15	35,000,000	35,000,000	0	35,000,000	0
BANK OF MONTREAL/CHICAGO IL	03/11/15	03/11/15	03/11/15	100,000,000	100,000,000	0	100,000,000	0
BANK OF NOVA SCOTIA/HOUSTON	03/12/15	03/12/15	03/12/15	75,000,000	75,000,000	0	75,000,000	0
MIZUHO BANK LTD,CDEUR	03/12/15	03/12/15	03/12/15	100,000,000	100,000,000	0	100,000,000	0
MIZUHO BANK LTD,CDEUR	03/20/15	03/20/15	03/20/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	03/03/15	03/03/15	03/03/15	250,000,000	250,000,000	0	250,000,000	0
DNB NOR BANK ASACDYAN	03/17/15	03/17/15	03/17/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	03/24/15	03/24/15	03/24/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	03/26/15	03/26/15	03/26/15	100,000,000	100,000,000	0	100,000,000	0
DNB NOR BANK ASACDYAN	03/27/15	03/27/15	03/27/15	130,000,000	130,000,000	0	130,000,000	0
DNB NOR BANK ASACDYAN	03/31/15	03/31/15	03/31/15	100,000,000	100,000,000	0	100,000,000	0
DEUTSCHE BANK AGCDYAN	03/10/15	03/10/15	03/10/15	350,000,000	350,000,000	0	350,000,000	0
DEUTSCHE BANK AGCDYAN	03/17/15	03/17/15	03/17/15	350,000,000	350,000,000	0	350,000,000	0
DEUTSCHE BANK AGCDYAN	03/18/15	03/18/15	03/18/15	30,000,000	30,000,000	0	30,000,000	0
DEUTSCHE BANK AGCDYAN	03/24/15	03/24/15	03/24/15	350,000,000	350,000,000	0	350,000,000	0
GENERAL ELECTRIC CAPITAL CORP	03/04/15	03/04/15	03/04/15	26,056,000	26,056,000	0	26,056,000	0
GOTHAM FUNDING CORPCPABS4	03/06/15	03/06/15	03/06/15	100,000,000	100,000,000	0	100,000,000	0
GOTHAM FUNDING CORPCPABS4	03/11/15	03/11/15	03/11/15	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCPABS4	03/12/15	03/12/15	03/12/15	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	03/17/15	03/17/15	03/17/15	159,000,000	159,000,000	0	159,000,000	0
HSBC USA, INC,CP	03/02/15	03/02/15	03/02/15	50,000,000	50,000,000	0	50,000,000	0
HSBC USA, INC,CP	03/04/15	03/04/15	03/04/15	50,000,000	50,000,000	0	50,000,000	0
ING (U.S.) FUNDING CP	03/02/15	03/02/15	03/02/15	100,000,000	100,000,000	0	100,000,000	0
LMA-AMERICAS LLCCPABS4-2	03/02/15	03/02/15	03/02/15	22,000,000	22,000,000	0	22,000,000	0
LMA-AMERICAS LLCCPABS4-2	03/17/15	03/17/15	03/17/15	30,000,000	30,000,000	0	30,000,000	0
MANHATTAN ASSET FUNCPABS4	03/10/15	03/10/15	03/10/15	11,000,000	11,000,000	0	11,000,000	0
MANHATTAN ASSET FUNCPABS4	03/13/15	03/13/15	03/13/15	45,000,000	45,000,000	0	45,000,000	0
MANHATTAN ASSET FUNCPABS4	03/19/15	03/19/15	03/19/15	10,000,000	10,000,000	0	10,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	03/27/15	03/27/15	03/27/15	25,000,000	25,000,000	0	25,000,000	0

TRADING ACTIVITY FOR MARCH 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SALISBURY RECEIVABLES	03/25/15	03/25/15	03/25/15	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCDYAN	03/10/15	03/10/15	03/10/15	100,000,000	100,000,000	0	100,000,000	0
SOCIETE GENERALE, PCDYAN	03/31/15	03/31/15	03/31/15	14,000,000	14,000,000	0	14,000,000	0
SOCIETE GENERALE, PCP4-2	03/03/15	03/03/15	03/03/15	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCDYAN	03/18/15	03/18/15	03/18/15	30,000,000	30,000,000	0	30,000,000	0
STARBIRD FUNDING COCPABS4	03/02/15	03/02/15	03/02/15	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	03/04/15	03/04/15	03/04/15	75,000,000	75,000,000	0	75,000,000	0
STARBIRD FUNDING COCPABS4	03/06/15	03/06/15	03/06/15	50,000,000	50,000,000	0	50,000,000	0
STARBIRD FUNDING COCPABS4	03/13/15	03/13/15	03/13/15	102,344,000	102,344,000	0	102,344,000	0
SUMITOMO MITSUI BANKING CORP/ NEW YORK	03/11/15	03/11/15	03/11/15	70,000,000	70,000,000	0	70,000,000	0
TOYOTA MOTOR CREDIT CORP	03/10/15	03/10/15	03/10/15	1,120,000	1,120,000	0	1,120,000	0
BANK OF AMERICA TRIPARTY	03/02/15	03/02/15	03/02/15	405,000,000	405,000,000	0	405,000,000	0
BANK OF AMERICA TRIPARTY	03/03/15	03/03/15	03/03/15	580,000,000	580,000,000	0	580,000,000	0
BANK OF AMERICA TRIPARTY	03/04/15	03/04/15	03/04/15	490,000,000	490,000,000	0	490,000,000	0
BANK OF AMERICA TRIPARTY	03/05/15	03/05/15	03/05/15	510,000,000	510,000,000	0	510,000,000	0
BANK OF AMERICA TRIPARTY	03/06/15	03/06/15	03/06/15	320,000,000	320,000,000	0	320,000,000	0
BANK OF AMERICA TRIPARTY	03/09/15	03/09/15	03/09/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	03/10/15	03/10/15	03/10/15	445,000,000	445,000,000	0	445,000,000	0
BANK OF AMERICA TRIPARTY	03/11/15	03/11/15	03/11/15	595,000,000	595,000,000	0	595,000,000	0
BANK OF AMERICA TRIPARTY	03/12/15	03/12/15	03/12/15	625,000,000	625,000,000	0	625,000,000	0
BANK OF AMERICA TRIPARTY	03/13/15	03/13/15	03/13/15	625,000,000	625,000,000	0	625,000,000	0
BANK OF AMERICA TRIPARTY	03/16/15	03/16/15	03/16/15	750,000,000	750,000,000	0	750,000,000	0
BANK OF AMERICA TRIPARTY	03/17/15	03/17/15	03/17/15	685,000,000	685,000,000	0	685,000,000	0
BANK OF AMERICA TRIPARTY	03/18/15	03/18/15	03/18/15	415,000,000	415,000,000	0	415,000,000	0
BANK OF AMERICA TRIPARTY	03/19/15	03/19/15	03/19/15	495,000,000	495,000,000	0	495,000,000	0
BANK OF AMERICA TRIPARTY	03/20/15	03/20/15	03/20/15	240,000,000	240,000,000	0	240,000,000	0
BANK OF AMERICA TRIPARTY	03/23/15	03/23/15	03/23/15	215,000,000	215,000,000	0	215,000,000	0
BANK OF AMERICA TRIPARTY	03/24/15	03/24/15	03/24/15	125,000,000	125,000,000	0	125,000,000	0
BANK OF AMERICA TRIPARTY	03/25/15	03/25/15	03/25/15	390,000,000	390,000,000	0	390,000,000	0
BANK OF AMERICA TRIPARTY	03/26/15	03/26/15	03/26/15	315,000,000	315,000,000	0	315,000,000	0
BANK OF AMERICA TRIPARTY	03/27/15	03/27/15	03/27/15	440,000,000	440,000,000	0	440,000,000	0
BANK OF AMERICA TRIPARTY	03/30/15	03/30/15	03/30/15	565,000,000	565,000,000	0	565,000,000	0
BANK OF AMERICA TRIPARTY	03/31/15	03/31/15	03/31/15	515,000,000	515,000,000	0	515,000,000	0
STANDARD CHARTERED TD 0.05 20150302	03/02/15	03/02/15	03/02/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150303	03/03/15	03/03/15	03/03/15	385,000,000	385,000,000	0	385,000,000	0
STANDARD CHARTERED TD 0.13 20150304	03/04/15	03/04/15	03/04/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150305	03/05/15	03/05/15	03/05/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150306	03/06/15	03/06/15	03/06/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150309	03/09/15	03/09/15	03/09/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150310	03/10/15	03/10/15	03/10/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150311	03/11/15	03/11/15	03/11/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150312	03/12/15	03/12/15	03/12/15	380,000,000	380,000,000	0	380,000,000	0

TRADING ACTIVITY FOR MARCH 2015 (CONTINUED)

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
STANDARD CHARTERED TD 0.13 20150313	03/13/15	03/13/15	03/13/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150316	03/16/15	03/16/15	03/16/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150317	03/17/15	03/17/15	03/17/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150318	03/18/15	03/18/15	03/18/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150319	03/19/15	03/19/15	03/19/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150320	03/20/15	03/20/15	03/20/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150323	03/23/15	03/23/15	03/23/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150324	03/24/15	03/24/15	03/24/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150325	03/25/15	03/25/15	03/25/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150326	03/26/15	03/26/15	03/26/15	375,000,000	375,000,000	0	375,000,000	0
STANDARD CHARTERED TD 0.13 20150327	03/27/15	03/27/15	03/27/15	370,000,000	370,000,000	0	370,000,000	0
STANDARD CHARTERED TD 0.13 20150330	03/30/15	03/30/15	03/30/15	380,000,000	380,000,000	0	380,000,000	0
STANDARD CHARTERED TD 0.13 20150331	03/31/15	03/31/15	03/31/15	375,000,000	375,000,000	0	375,000,000	0
Total Maturities				22,280,520,000	22,280,520,000	0	22,280,520,000	0
Sells								
MIZUHO BANK LTD,CDYAN	03/24/15	03/10/15	03/10/15	50,000,000	50,001,748	27,444	50,029,192	1,748
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/03/15	03/03/15	2,469,265	2,469,265	0	2,469,265	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/04/15	03/04/15	1,782,640	1,782,640	0	1,782,640	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/06/15	03/06/15	3,320,938	3,320,938	0	3,320,938	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/09/15	03/09/15	2,906,441	2,906,441	0	2,906,441	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/12/15	03/12/15	386,927	386,927	0	386,927	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/13/15	03/13/15	117,504	117,504	0	117,504	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/13/15	03/13/15	420,708	420,708	0	420,708	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/15	03/16/15	54,606	54,606	0	54,606	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/15	03/16/15	146,767	146,767	0	146,767	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/15	03/16/15	1,153,918	1,153,918	0	1,153,918	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/16/15	03/16/15	153,877	153,877	0	153,877	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/18/15	03/18/15	4,262,911	4,262,911	0	4,262,911	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/23/15	03/23/15	1,560,135	1,560,135	0	1,560,135	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/25/15	03/25/15	53,192	53,192	0	53,192	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/25/15	03/25/15	547,373	547,373	0	547,373	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/25/15	03/25/15	116,709	116,709	0	116,709	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/25/15	03/25/15	2,965,750	2,965,750	0	2,965,750	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/27/15	03/27/15	1,656,828	1,656,828	0	1,656,828	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/30/15	03/30/15	1,327,474	1,327,474	0	1,327,474	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	03/31/15	03/31/15	1,019,045	1,019,045	0	1,019,045	0
Total Sells				76,423,008	76,424,756	27,444	76,452,201	1,748

FUND B

FUND B FACTS

INVESTMENT OBJECTIVE

Fund B's primary objective was to maximize the present value of distributions from the Fund.

COMPOSITION

Fund B principally consisted of Segregated Securities, which were securities originally purchased for the LGIP that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (NRSRO) that provides Florida PRIME's AAAM rating. On September 26, 2014, Apollo completed the sale of all Fund B collateral assets.

DISTRIBUTIONS

Participants in Fund B received periodic distributions to the extent that Fund B received proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken until all principal was returned.

ACCOUNTING

Fund B is accounted for as a fluctuating NAV pool, not a 2a-7-like money market fund. That is, accounting valuations reflect estimates of the market value of securities rather than their amortized cost.

STATUS OF INVESTMENTS

Florida East and West: Restructured from KKR. Underlying assets sold and position closed August 2014.

Florida Funding I: Restructured from Ottimo (Issuer Entity). Underlying assets sold and position closed in May 2014.

Florida Funding II: Restructured from Axon. Underlying assets sold and position closed October 2014.

COMMENTARY ON PORTFOLIO MANAGEMENT

As of September 2014, \$2,009,451,941, or 100 percent of the original participants principal was returned. Fund B participants did not realize any losses on their original principal balances.

For information on the historical performance of Fund B, see prior month's PRIME Monthly Summary Reports.

The Fund B Surplus Funds Trust Fund will continue to hold the remaining reserve until directed by the SBA Trustees to distribute proceeds. Although a direct transfer from Fund B to Florida PRIME™, with a subsequent distribution to pool participants, is viewed as legally compliant with Florida Statutes, Council members and Trustee staff have indicated a preference for the SBA to work towards a distribution based on the participant account listing as of November 2007 (effectively distributing all Fund B remaining reserves as the unallocated November 2007 interest earnings). The SBA has begun to work with Trustee staff, Legislative staff, and relevant stakeholder groups to achieve the preferred method of allocating the final distribution of Fund B reserves.

LEGAL ISSUE

There were no outstanding legal issues during March 2015 that had an impact on the liquidity or operation of Fund B.

DISCLOSURE OF MATERIAL IMPACTS

There were no developments during March 2015 that had a material impact on the liquidity or operation of Fund B.

FUND B

HOLDINGS, COMPLIANCE AND TRADING ACTIVITY

INVENTORY OF HOLDINGS - AS OF MARCH 2015

Security Name	Type	Rate Reset	Par	Current Yield	Amort Cost	Mkt Value	Unrealized Gain (Loss)
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND		43,224,159	0	\$43,224,159	\$43,224,159	\$0
Total Value of Investments			43,224,159		\$43,224,159	\$43,224,159	\$0

COMPLIANCE WITH INVESTMENT POLICY - MARCH 2015

Investment Policy Statement (IPS) Compliance is conducted on Fund B by SBA Risk Management and Compliance and reported on a monthly basis to the Investment Oversight Group. Portfolio activity is reviewed to ensure that transactions and holdings are in compliance with the guideline requirements stipulated in the IPS. Since the principal holdings in the fund were the notes issued by the four Fund B special purpose entities, and no deposits or withdrawals are permitted by participants, transactions were limited to 1) the receipt cash flows from the underlying note collateral, 2) the investment of these cash flows in AAAM money market funds, and 3) distributions to participants. Since all collateral sales have been completed, and 100% of principal has now been returned to participants, the cash reserve balance will remain in Fund B and will be invested in AAAM money market funds pending final distributions. For the month of March 2015, Fund B was in compliance with its Investment Policy Statement.

TRADING ACTIVITY - MARCH 2015

Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
DREYFUS GOVERNMENT CASH MANAGEMENT		03/03/15	03/03/15	332	332	0	332	0
Total Buys				332	332	0	332	0
Sells								
DREYFUS GOVERNMENT CASH MANAGEMENT		03/02/15	03/02/15	60	60	0	60	0
DREYFUS GOVERNMENT CASH MANAGEMENT		03/05/15	03/05/15	716	716	0	716	0
DREYFUS GOVERNMENT CASH MANAGEMENT		03/17/15	03/17/15	332	332	0	332	0
Total Sells				1,108	1,108	0	1,108	0

Our Mission

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



Federated



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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

June 23, 2015

Honorable Joseph Abruzzo
Alternating Chair
Joint Legislative Auditing Committee
222 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399-1100

Honorable Lake Ray
Alternating Chair
Joint Legislative Auditing Committee
405 House Office Building
402 South Monroe Street
Tallahassee, Florida 32399-1300

Dear Senator Abruzzo and Representative Ray:

Section 218.405(3), Florida Statutes, requires the Trustees of the State Board of Administration to "annually certify to the Joint Legislative Auditing Committee that the trust fund is in compliance with the requirements of this part and that the Trustees have conducted a review of the trust fund and determined that the management of the trust fund is in accordance with best investment practices."

Please be advised that the Trustees have approved the attached legal compliance and best investment practices reviews and authorized me to convey their certification of compliance and determination of management in accordance with best investment practices to you.

Please contact me if you have any questions.

Sincerely,

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

Ashbel C. Williams
Executive Director & CIO

ACW/db

Attachments

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



June 1, 2015

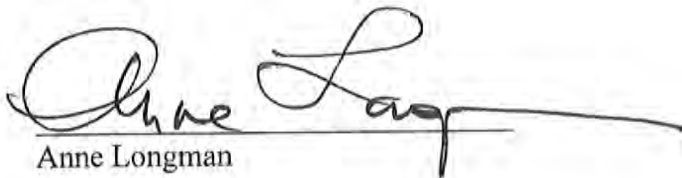
SUMMARY OF STATUTORY COMPLIANCE REVIEW, 2015

This review finds that the Local Government Surplus Funds Trust Fund, Florida PRIME™, (Fund) is in compliance with Sections 218.40 – 218.415, Florida Statutes.

Scope – The time period reviewed is May 30, 2014 through May 31, 2015.

Methodology – The review included analysis of the applicable statute, interviews with State Board of Administration personnel, review of materials posted to the Florida PRIME™ website, and materials provided by SBA personnel.

Additional Findings – Because the Fund existed long before many requirements for enrollment were added in 2008, a number of participants do not have a Disclosure Statement (a document specifically acknowledging receipt and review of enrollment materials) on file. Staff has made substantial progress in obtaining these documents, and at this point over 92 percent of the dollar value of the Fund is in accounts of participants that have Disclosure Statements on file.



Anne Longman

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Reply to: Tallahassee

June 1, 2015

LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND STATUTORY COMPLIANCE REVIEW

The Local Government Surplus Funds Trust Fund (Trust Fund or Fund) administered by the State Board of Administration (Board) was created in 1977, is governed by Part IV of Chapter 218, Florida Statutes, titled Investment of Local Government Surplus Funds, and is now known as Florida PRIME™.

THE STATUTE

Pursuant to section 218.405(3), the trustees (meaning the trustees of the State Board of Administration, section 218.403(10), constituted per section 215.44(1)) must make a two part annual certification:

(3) The trustees shall annually certify to the Joint Legislative Auditing Committee that the trust fund is in compliance with the requirements of this part and that the trustees have conducted a review of the trust fund and determined that the management of the trust fund is in accord with best investment practices. (Emphasis added.)

This is the seventh annual statutory review of the Fund under section 218.405(3). There have been no substantive changes to the statute since last year's review.

SCOPE OF REVIEW

This review addresses the first part of the annual certification and examines whether the Trust Fund, defined at section 218.403(9) as "the pooled investment fund created by s. 218.405 and known as the Local Government Surplus Fund Trust Fund," is "in compliance with the requirements of this part." "This part" refers to Part IV of Chapter 218, Florida Statutes, which includes sections 218.40 – 218.422, Florida Statutes.

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June 1, 2015

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The scope of this review is sections 218.40 – 218.415, Florida Statutes for the time period May 30, 2014 through May 31, 2015. The remainder of Part IV, Chapter 218 covers the Fund B Surplus Funds Trust Fund, which is not within the scope of this review.

The second part of the certification required by section 218.405(3), the determination that the Fund is in accord with best investment practices is being performed separately by Aon Hewitt Investment Consulting, Inc.

PURPOSE

As set out at section 218.401, Florida Statutes, the purpose of Part IV of Chapter 218 is:

[T]o promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of government, based on the principals of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes.

By its terms, the Fund is limited to units of local government, as defined at section 218.403(11):

‘Unit of local government’ means any governmental entity within the state not part of state government and shall include, but not be limited to, the following and the officers thereof: any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, authority, board, public corporations, or any other political subdivision of the state.

This broad definition covers not just “any governmental entity...not a part of state government,” but includes also authorities, boards and public corporations, and is specifically not limited to the enumerated bodies. In addition, the definition of surplus funds, found at section 218.403(8), includes:

[A]ny funds in any general or special account or fund of a unit of local government, or funds held by an independent trustee on behalf of a unit of local government, which in reasonable contemplation will not be immediately needed for the purposes intended.

Fund participants are charged by statute with determining whether it is in their interest to participate in the Fund. §218.407(2). The enrollment materials require the participant to certify that it has determined it is authorized to invest in the Fund. They also state that the SBA is not responsible for independently verifying that the participant is so authorized.

CREATION, OBJECTIVES

The Trust Fund is created at section 218.405, Florida Statutes,

- (1) There is hereby created a Local Government Surplus Funds Trust Fund to be administered by the board and to be composed of local government surplus funds deposited therein by units of local government under the procedures established in this part. The board may contract with a professional money management firm to manage the trust fund.

The Board has contracted with a professional money management firm, Federated Investors, Inc. (Federated), to manage the Trust Fund.

- (2) The primary objectives, in priority order, of investment activities shall be safety, liquidity, and competitive returns with minimization of risks.
- (3) (Certification requirement, cited above)
- (4) The board may adopt rules to administer the provisions of this section.

RULES

Both sections 218.405(4) and 218.412 make rulemaking to administer the Trust Fund permissive rather than mandatory. The Board has adopted rules for the Fund at Chapter 19-7, Florida Administrative Code. The majority of these rules were enacted in 1982, with substantial revisions in 2002 and 2010. Effective November 20, 2014, Rule 19-7.002 was amended to adopt the current Investment Policy Statement for the Fund as approved by the Trustees on June 17, 2014 and made effective July 1, 2014. The Investment Policy Statement must be revised annually per Section 218.409(2)(a) and so requires annual changes to Rule 19-7.002.

HOW THE TRUST FUND INTERACTS WITH LOCAL GOVERNMENT AUTHORITIES

Section 218.407 sets out the requirements that must be met before a unit of local government may deposit surplus funds in the Trust Fund:

- (1) Prior to any determination by the governing body that it is in the interest of the unit of local government to deposit surplus funds in the trust fund, the board or a professional money management firm must provide to the governing body enrollment materials, including a trust fund profile containing impartial educational information describing the administration and investment policy of the trust fund, including, but not limited to:

- (a) All rights and conditions of participation, including potential restrictions on withdrawals.
- (b) The historical performance, investment holdings, credit quality, and average maturity of the trust fund investments.
- (c) The applicable administrative rules.
- (d) The rate determination processes for any deposit or withdrawal.
- (e) Any fees, charges, penalties, and deductions that apply to the account.
- (f) The most recently published financial statements or independent audits, if available, prepared under generally accepted accounting principles.
- (g) A disclosure statement for signature by the appropriate local government official.

The Board, with Federated, has created enrollment materials which include a Trust Fund profile and education information which appear to be impartial and to accurately describe the administration and investment policies of the Trust Fund and which meet the specific requirements of the above section.

All materials are provided to participants and potential participants at the Board's web site: www.sbafla.com at the Florida PRIME™ link, or directly at www.sbafla.com/prime. The New Participant Enrollment Guide, the current Investment Policy Statement, the Earnings Allocation description and the applicable rules are included under the "Enrollment Materials" tab, as are the forms of two documents that must be executed by a new participant: the Disclosure Statement and the Authorizing Resolution. These materials track the statutory information required by section 218.407(1) cited above.

(2) Upon review of the enrollment materials and upon determination by the governing body that it is in the interest of the unit of local government to deposit surplus funds in the trust fund, a resolution by the governing body and the signed acceptance of the disclosure statement by the local government official, who may be the chief financial or administrative officer of the local government, shall be filed with the board and, if appropriate, a copy shall be provided to a professional money management firm authorizing investment of its surplus funds in the trust fund established by this part. The resolution shall name:

- (a) The local government official, who may be the chief financial or administrative officer of the local government, or
- (b) An independent trustee holding funds on behalf of the unit of local government, responsible for deposit and withdrawal of such funds.

The Fund was created in 1977, and so has many long-standing participants. When the governing statutes were substantially amended effective in 2008, new requirements and safeguards were added, including specific items set out in 218.407(1) and (2) above, that had

June 1, 2015

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to be given to or obtained from participants. Most of these requirements are intended to assure that the participant is fully informed about the nature, purpose, stability and processes of the Fund. Some long-standing participants do not have a Disclosure Statement on file with the Fund, as this was not required when they enrolled.

Staff has analyzed all accounts in the Trust Fund as of May 18, 2015 to determine whether a Disclosure Statement is on file. There are still a number of participants who do not have Disclosure Statements, despite efforts of staff. This issue has been addressed in previous year's reviews (see 2010 review), and that analysis still pertains: all participants have putative and actual knowledge of the workings of the Fund, through the Monthly Summary Reports and materials posted to the website. Since last year's report, staff reports the following:

- As of May 18, 2015, there were 256 participants that had not submitted a signed disclosure statement, out of 834 participants. This is 115 fewer than in last year's report, and 69.30% of participants now have Disclosure Statements on file.
- The percentage of all dollars invested in Florida PRIME which is in accounts of a participant with a Disclosure Statement on file now stands at 92.46%.
- Of the 256 participants with no Disclosure Statement on file, 35 have a balance of less than \$2.

I recommend that the Fund continue all efforts to obtain these Disclosure Statements.

(3) The board or a professional money management firm shall, upon the filing of the resolution, invest the moneys in the trust fund in the same manner and subject to the same restrictions as are set forth in s.215.47. All units of local government that qualify to be participants in the trust fund shall have surplus funds deposited into a pooled investment account.

Section 215.47, cited above, details the types of investments permitted for all Board funds, including Florida PRIME™. Pursuant to section 218.409(2)(a), the Fund also must be invested in accordance with the current written investment policy. Part two of the certification required by section 218.405(3), being conducted by Aon Hewitt Investment Consulting, Inc., will determine if the Fund's management is in accord with best investment practices (and in accord with the current Investment Policy Statement (IPS)).

ADMINISTRATION OF THE TRUST FUND, ADVISORY COUNCIL

218.409 Administration of the trust fund; creation of advisory council.—

(1) Upon receipt of the items specified in s. 218.407 from the local governing body, the board or a professional money management firm shall accept all wire

June 1, 2015

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transfers of funds into the trust fund. The board or a professional money management firm shall also wire-transfer invested local government funds to the local government upon request of the local government official named in the resolution.

A clearing account maintained by Bank of America, which is a qualified public depository, accepts money transmitted to the Board and transfers to BNY Mellon, as the custodian, as discussed further below.

(2)(a) The trustees shall ensure that the board or a professional money management firm administers the trust fund on behalf of the participants. The board or a professional money management firm shall have the power to invest such funds in accordance with a written investment policy. The investment policy shall be updated annually to conform to best investment practices. The standard of prudence to be used by investment officials shall be the fiduciary standards as set forth in s. 215.47(9), which shall be applied in the context of managing an overall portfolio. Portfolio managers acting in accordance with written procedures and an investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this part.

The Board administers the Trust Fund on behalf of the participants and handles accounting, statements, monthly reporting and compiling and maintaining enrollment materials, and has contracted with professional money management firm Federated to act as the Investment Manager and to invest the Trust Fund funds in accordance with the Investment Policy Statement. Federated also interacts with participants to answer inquiries and facilitates Standard and Poor's ratings. BNY Mellon acts as custodian of all assets of the Fund, processes all trades made by Federated, and does valuation and pricing for the Fund. The Investment Policy Statement has been updated and approved by the Trustees, and was effective July 1, 2014. It is posted at the Fund website tab "Risk Management and Oversight," and at the "Enrollment Materials" tab as a separate item and as part of the New Participant Enrollment Guide.

(b) Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business on behalf of the trust fund. They shall further disclose any personal financial or investment positions that could be related to the performance of the investment

portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the board.

All Board employees are required to complete training sessions to assure that Board officers and employees involved in the investment process are not engaged in personal business activity that could conflict with the Trust Fund program or impair their ability to make impartial decisions. The SBA Inspector General monitors completion of all mandatory policy courses and confirms that all courses required in the 2014 fiscal year rotation have been completed, including: Ethics, Insider Training, Personal Investment Activity, Sexual Harassment, Information Security, Public Records, and Sunshine Law. Public Records and Sunshine Law are only required every other year, so in 2015, these two courses will not be required. Fiduciary Training is required every four years, all employees completed it by June 30, 2014, and therefore, current employees will not take it again until 2018.

All new employees are required to take the mandatory courses at the time they start working for the SBA. This includes the seven policy courses and the Fiduciary Training.

Employees and investment officials are required to disclose material interests in financial institutions with which they also conduct Trust Fund business, and any personal financial or investment positions that could be related to performance of the Trust Fund portfolio. Policy 10-041 on Personal Investment Activity, as updated February 1, 2015, guides the Board on these issues. The Inspector General assures that any trading or investment activity by individual employees is in compliance with applicable policies.

The Board has developed a process and document to be used by professional money manager Federated to certify that it is in compliance with statutory ethics requirements. A Compliance Certification for 2014 was executed on March 5, 2015 by Federated's Chief Investment Officer and its Chief Compliance Officer.

(c) The board or a professional money management firm and all employees have an affirmative duty to immediately disclose any material impact to the trust fund to the participants. To ensure such disclosure, a system of internal controls shall be established by the board, which shall be documented in writing as part of the investment policy. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls shall also include formal escalation reporting guidelines for all employees. The guidelines shall establish procedures to address material impacts on the trust fund that require reporting and action.

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The Board internet and intranet home pages include an employee toll-free fraud hotline number which allows all employees to anonymously report any concerns with regard to any aspect of Board functions, including the Trust Fund. This number also is provided in all contracts with external service providers, in order to reach any potential problems in these relationships. The hotline is operated by an independent company and is available 24 hours a day, 7 days a week. The Inspector General receives any reports from the hotline and copies these to the Chief Risk and Compliance Officer. There have been no fraud reports to the hotline number in the review period.

The Investment Policy Statement at Section IX, Controls and Escalation Procedures, fulfills the above section by imposing extensive reporting, monitoring and escalation requirements on the executive director, all employees, the Fund custodian, the Investment Manager, an independent investment consultant and any third party used to materially implement the Fund.

The IPS requires the Executive Director to appoint a Chief Risk and Compliance Officer, whose selection, compensation, and termination are to be affirmed by the Board. This position assists the Executive Director in fulfilling the Controls and Escalation Procedures. The previous Chief Risk and Compliance Officer retired in September, 2014 and an interim officer currently holds this position.

Also in accordance with the IPS, the executive director of the Board has organized an Investment Oversight Group (IOG) to regularly review and formally escalate exceptions or events that might have a material impact on the Trust Fund. The minutes of its meetings, with a list of participants, are posted to the Fund website.

The IPS requires the Investment Manager to provide the IOG with documented compliance procedures, an assessment of the Fund's ability to withstand events likely to occur in the coming year (stress testing) and their list of designated nationally recognized statistical rating organizations (NRSRO). These materials have been provided to the IOG, with the exception of the NRSRO list, as this requirement has been suspended by a no-action letter issued by the Securities and Exchange Commission.

Federated maintains several subject-specific compliance procedures for the Fund (e.g., Maturity, Minimal Credit Risk, Diversification.) These procedures are reviewed and updated annually, with the most recent versions transmitted by Federated on July 30, 2014.

The IPS also requires the Trustees to review and approve management summaries of material impacts on the Fund and any actions or escalations, along with any required actions thereon. The Monthly Summary Reports, which are provided at the website, constitute these management summaries. (See further discussion on the contents of this Report under section 218.409(6).) As reflected in the agendas of the meetings of the Board Trustees for the

applicable period of time, which are posted to the SBA website, the requisite approvals were requested.

The above safeguards assure that the administration of the Trust Fund is in accordance with stringent standards of disclosure designed to prevent the loss of funds from fraud, error, misrepresentation, market changes or imprudent actions by the Board or a money manager, and in some aspects exceed what is required by statute.

- (d) The investment policy shall be reviewed and approved annually by the trustees or when market changes dictate, and in each event the investment policy shall be reviewed by the Investment Advisory Council and by the Participant Local Government Advisory Council.

As set out above, the Investment Policy Statement was readopted, endorsed by the Investment Advisory Council and the Participant Local Government Advisory Council and approved by the Trustees to be effective July 1, 2014.

- (3) The board or a professional money management firm may purchase such surety or other bonds as may be necessary for its officials in order to protect the trust fund. A reserve fund may be established to fulfill this purpose. However, any reserve must be a portion of the management fee and must be fully disclosed, including its purpose, in the enrollment materials at the time a unit of local government considers participation. Further, any change in the amount to be charged for a reserve must have a reasonable notice period to allow any participant to withdraw from the trust fund prior to the new reserve charge being imposed.

No surety or other bonds have been purchased to protect the Trust Fund, and there is no reserve fund.

- (4) The board or a professional money management firm shall purchase investments for a pooled investment account in which all participants share pro rata in the capital gain, income, or losses, subject to any penalties for early withdrawal. Any provisions for penalties, including their purpose, must be disclosed in the enrollment materials. Any change in the amount to be charged for a penalty must have a reasonable notice period to allow any participant to withdraw from the trust fund prior to the new penalty charge being imposed. A system shall be developed by the board, and disclosed in the enrollment materials, subject to annual approval by the trustees, to keep account balances current and to apportion pooled investment earnings to individual accounts.

All participants in the Trust Fund share pro rata in all capital gain, income or losses, as set out in the Description of Investment Pool Earnings Allocation, posted to the website. This system is designed to keep account balances current and to apportion pooled investment earnings to individual accounts.

(5) The board shall keep a separate account, designated by name and number of each participating local government. A maximum number of accounts allowed for each participant may be established by the board. Individual transactions and totals of all investments, or the share belonging to each participant, shall be recorded in the accounts.

Separate accounts are kept for each participant. With the repeal of Rule 19-7.014, there is no limit on the number of accounts a participant may have.

(6)(a) The board or a professional money management firm shall provide a report, at a minimum monthly or upon the occurrence of a material event, to every participant having a beneficial interest in the trust fund, the board's executive director, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The report shall include:

1. Reports of any material impacts on the trust fund and any actions or escalations taken by staff to address such impacts. The trustees shall provide quarterly a report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports and actions taken, if any, to address any impacts.

2. A management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month. This management summary shall be prepared in a manner that will allow anyone to ascertain whether investment activities during the reporting period have conformed to investment policies. Such reporting shall be in conformance with best market practices. The board or a professional money management firm shall furnish upon request the details of an investment transaction to any participant, the trustees, the Investment Advisory Council, and the Participant Local Government Advisory Council.

A document titled Monthly Summary Report is produced monthly to address the above requirements and made available at the Florida PRIME™ website.

The quarterly reports of the Trustees to the Joint Legislative Auditing Committee showing that the Trustees have reviewed and approved the monthly reports and taken responsive action, per the above, are memorialized in the previously mentioned agendas of the meetings of the Trustees of the State Board of Administration, posted to the SBA website.

(b) The market value of the portfolio shall be calculated daily. Withdrawals from the trust fund shall be based on a process that is transparent to participants and will ensure that advantages or disadvantages do not occur to parties making deposits or withdrawals on any particular day. A statement of the market value and amortized cost of the portfolio shall be issued to participants in conjunction with any deposits or withdrawals. In addition, this information shall be reported monthly with the items in paragraph (a) to participants, the trustees, the Investment Advisory Council, and the Participant Local Government Advisory Council.

The market value of the Fund portfolio is calculated daily by BNY Mellon and posted on the website the next day. The Information Statement and Operating Procedures, posted to the website as part of the New Participant Enrollment Guide, sets out the operating procedures for the Fund, including hours of operation, holidays and timing of transactions. These procedures are transparent and appear to ensure, to the extent possible, that disadvantages do not occur to parties making deposits or withdrawals on particular days, as each participant has equal access to the transaction system. A statement of the market value and amortized cost of the portfolio is available at all times to participants on the website, and participants receive monthly individual account statements.

The review of the investment portfolio, in terms of value and price volatility, shall be performed with practices consistent with the GFOA Recommended Practice on "Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools." In defining market value, consideration shall be given to GASB Statement 31.

Compliance with the above part of section 218.409(6)(b) will be determined in part two of the annual certification, conducted by Aon Hewitt Investment Consulting, Inc.

Additional reporting may be made to pool participants through regular and frequent ongoing multimedia educational materials and communications, including, but not limited to, historical performance, investment holdings, amortized cost and market value of the trust fund, credit quality, and average maturity of the trust fund investments.

Additional materials are available on the Trust Fund website, are provided through the monthly reports, and are available at periodic Federated and Board conference call meetings open to all participants. At these meetings, participants are able to talk with representatives of Federated, the Board Executive Director and Board staff representing various areas of expertise. In addition, Federated attends a number of participant association meetings to provide information about the Fund.

(7) Costs incurred in carrying out the provisions of this part shall be deducted from the interest earnings accruing to the trust fund. Such deductions shall be prorated among the participant local governments in the percentage that each participant's deposits bear to the total trust fund. The remaining interest earned shall be distributed monthly to participants according to the amount invested. Except for costs, the board or a professional money management firm may not transfer the interest or use the interest for any other purpose, including, but not limited to, making up investment losses.

The above statutory requirement was present in the law before the 2008 revisions and has been discussed in previous reviews because it is theoretically problematic: If fund investment values were to decline sufficiently in a given month, there would be no interest from which to pay costs, and the literal requirements of this provision could not be met within a given month. Staff have reviewed this issue and updated last year's analysis as follows:

Florida PRIME™'s current total expense ratio is approximately 3.0 basis points (or 0.03%), with the SBA's portion of the total fees equal to 1.0 basis point (or 0.01%). Historical asset levels with an average annual balance of \$6.9 billion over the last 5 years have been sufficient to generate adequate fees to cover all administrative, operational, compliance and investment management charges. SBA staff is confident the pool will continue to function very well going forward and meet all needs to recover the costs of operation.

All fees, costs and charges are disclosed in the Detailed Fee Disclosure which is part of each Monthly Summary Report.

(8)(a) The principal, and any part thereof, of each and every account constituting the trust fund shall be subject to payment at any time from the moneys in the trust fund. However, the executive director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action shall be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The trustees shall convene an emergency meeting as soon as practicable from the time the executive director has instituted such measures and review the necessity of those measures. If the trustees 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

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to continue any such measures prior to the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.

In the time period covered by this review, the principal of all accounts in the Trust Fund has been paid at any time requested by a participant and there have been no events causing the Executive Director to limit contributions or withdrawals.

(b) An order to withdraw funds may not be issued upon any account for a larger amount than the share of the particular account to which it applies; and if such order is issued, the responsible official shall be personally liable under his or her bond for the entire overdraft resulting from the payment if made.

In the time period covered by this review, there have been no orders to withdraw funds for a larger amount than the share of a particular account.

(9) The Auditor General shall conduct an annual financial audit of the trust fund, which shall include testing for compliance with the investment policy. The completed audit shall be provided to the participants, the board, the trustees, the Investment Advisory Council, the Participant Local Government Advisory Council, and the Joint Legislative Auditing Committee. As soon as practicable, but no later than 30 days after completion of the audit, the trustees shall report to the Joint Legislative Auditing Committee that the trustees have reviewed the audit of the trust fund and shall certify that any necessary items are being addressed by a corrective action plan that includes target completion dates.

The Auditor General annual financial audit of the Trust Fund, Report No. 2015-054, for the fiscal years ended June 30, 2014 and 2013, was completed in December, 2014, provided to all Fund participants that same month, and is posted at the Florida PRIME™ website under the “Audits” tab, Audited Financial Statements. The Trustees reported to the Joint Legislative Auditing Committee on March 24, 2015 and certified that the annual audit did not disclose any material deficiencies in internal control over financial reporting that were considered to be material weaknesses.

(10)(a) There is created a six-member Participant Local Government Advisory Council for the purposes of regularly reviewing the administration of the trust fund and making recommendations regarding such administration to the trustees. The members of the council shall be appointed by the board and subject to confirmation by the Senate. Members must possess special knowledge, experience, and familiarity obtained through active, long-standing, and material participation in the dealings of the trust fund. Each member shall serve a 4-year term. Any vacancy shall be filled for the remainder of the

unexpired term. The council shall annually elect a chair and vice chair from within its membership. A member may not serve consecutive terms as chair or vice chair.

Participant Local Government Advisory Council (PLGAC) membership is complete, with all appointments made. Quarterly meeting notices, agendas and minutes of Council activities are posted on the Fund website. The PLGAC reviews investment reports, including the Monthly Summary Report, and any annual reports, oversees Fund operations and provides strategic guidance on policy issues.

(b) The council shall prepare and submit a written biennial report to the board, trustees, the Investment Advisory Council, and the Joint Legislative Auditing Committee that describes the activities and recommendations of the council.

The first Biennial Report of the PLGAC was issued in February 2011; the second Biennial Report was issued in March 2013; the third Biennial Report was completed in April 2015.

AUTHORIZATION TO PROVIDE ASSISTANCE

218.411 Authorization for state technical and advisory assistance.

(1) The board is authorized, upon request, to assist local governments in investing funds that are temporarily in excess of operating needs by:

(a) Explaining investment opportunities to such local governments through publication and other appropriate means.

(b) Acquainting such local governments with the state's practice and experience in investing short-term funds.

(c) Providing, in cooperation with the Department of Community Affairs, technical assistance to local governments in investment of surplus funds.

(2) The board may establish fees to cover the cost of such services, which shall be paid by the unit of local government requesting such service. Such fees shall be deposited to the credit of the appropriation or appropriations from which the costs of providing the services have been paid or are to be charged.

The education offerings of the Fund are found at the website under the "Education Center" tab. These materials are provided by outside vendors at no cost to the Fund and are directed to participant accounting and finance employees through a learning management system, particularly as a way of satisfying professional continuing education requirements at reduced cost.

218.412 Rulemaking authority.—

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The board may adopt rules as it deems necessary to carry out the provisions of this part for the administration of the trust fund.

As noted above, the Board has adopted rules for the administration of the Fund at Chapter 19-7, Florida Administrative Code, which are up to date.

OTHER SECTIONS OF PART IV, CHAPTER 218, FLORIDA STATUTES

Part IV of Chapter 218, Florida Statutes covers other facets of investment of local government funds, such as local government investment policies (Section 218.415) and the Fund B Surplus Funds Trust Fund (Sections 218.417 through 218.422). Because this review, as mandated by Section 218.405, is of the pooled investment fund created by 218.405 only, these sections are not a part of this review.

Florida PRIME™ Best Practices Review

Florida State Board of Administration (SBA)

June 2015

Aon Hewitt Investment Consulting

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Executive Summary

Aon Hewitt Investment Consulting (AHIC) conducts a Best Practices Review of Florida PRIME™ on an annual basis. In this report, we review the responses to the annual participant survey, review the onsite due diligence meeting conducted at Federated – Florida PRIME™'s investment manager – by AHIC and Florida SBA Staff, provide an update on the SEC 2a-7 money market reforms, and review the Florida PRIME™ Investment Policy Statement. Based on our most recent review, we continue to believe that Florida PRIME™ is being managed in a manner consistent with best practices and in consideration of participants' best interests. Further we believe the SBA has a team in place to appropriately interpret and incorporate the newly issued SEC reforms with the management and administration of Florida PRIME™. As there were no directly actionable recommendations made in the 2014 annual review, we will begin the report with a summary of our current recommendations.

2015 Recommendations

- Continue to stay apprised of the pending Statement from the Governmental Accounting Standards Board (GASB) on how external investment pools shall interpret and apply the SEC's 2a-7 money market reforms and keep participant needs and best interests at the forefront of contemplated policy and/or guideline changes to the portfolio.
- Postpone modifying the Investment Policy Statement until a final Statement is released from the GASB and until the implications and best practices for Florida PRIME™ have been identified in order to prevent unnecessary disruption to the management of the portfolio and confusion in communications to pool participants.

2015 Participant Survey Results

The SBA conducts a survey of Florida PRIME™ participants every year to gain a better understanding of the participant base, overall investor satisfaction, gauge interest in various enhancements, and obtain information on investors' usage of the website and other resources. The 2015 survey attracted 80 respondents, which is a lower turnout than what was experienced last year.

A diversified group of governmental units responded to the survey, with approximately 71% indicating that they employ less than 1,000 employees and 43% indicating a level of cash assets available for short-term investment being greater than \$10 million. Of the 80 respondents, 48% indicated having a balance with Florida PRIME™ of over \$10 million. 36% of respondents indicated they have maintained less than 25% of their surplus in Florida PRIME™ and 23% indicated they have maintained between 25% and 50% with Florida PRIME™.

Respondents continue to provide strong feedback related to the Florida PRIME™ website, with 78% indicating that they visit the website at least once a month, and 62% responding that they find its functionality very easy to use and the remaining respondents finding it somewhat easy to use. The survey indicated that participants continue to utilize the website primarily to access account balances and statements, to make transactions and to access the Monthly Summary Reports. Though phone representatives are seldom used, customer service continues to receive strong feedback with over 90% of respondents rating them very courteous, knowledgeable and responsive.

When asked about the usefulness of multiple communication pieces, 92% of respondents noted that they find the monthly account statements very useful and 78% indicated that they find the email Notifications of Withdrawals & Changes to Bank Instructions very useful. Over 90% found the Periodic eNotices and Monthly Summary Reports to be either very useful or somewhat useful. The Education Center continues to see weak participation, with more than 40% of responders indicating that they have not used this service. However, of the 42 responses, over 75% have indicated they find the quality, selection and cost effectiveness of the service at least somewhat useful.

The survey also posed questions related to how and why participants utilize other competing and complementary liquidity vehicles. The survey indicated that the most commonly used vehicle in addition to Florida PRIME™ are Certificates of Deposit offered by a bank, with approximately 45% indicating their use over the past 12 months, and consistent with previous surveys, roughly 38% have also used an SEC-registered money market fund (not offered by Federated, Florida PRIME's investment manager). When asked how competing investment services have added value to the respondent organizations' investment goals, 41% indicated that the yield level added value and 29% indicated value was added through offering other complimentary investment

vehicles to choose from. This is different from previous surveys that indicated the perceived level of risk adjusted for the level of return as the leading characteristic. When asked what is preventing an organization from using Florida PRIME™ as the primary source of cash management, 54% responded that a major or moderate reason was an unattractive yield level; however, 35% responded that the yield was not a reason at all. Approximately 38% responded that diversification needs of the cash portfolio were a major or moderate reason for not utilizing Florida PRIME™ as a primary source of cash, though 46% also responded this was not a reason at all. Further, approximately 72%, 83% and 91% of respondents indicated that costs being too high, participant disclosures not being adequate and poor client service, respectfully, were not at all reasons for not using Florida PRIME™ as a primary source of cash management.

Relatedly, the survey annually takes the pulse on the demand for additional investment pools offered by the SBA. The survey specifically gauges participants' interest in a lower risk/lower return fund and/or a higher risk/higher return fund. Similar to surveys in the past, there continues to be little to no demand for a lower risk / lower return fund option. There also continues to be relatively modest demand for a higher risk / higher return fund option, with 13% responding with high interest and 34% responding with medium interest. There continues to be approximately 30% that indicate they have no interest in a higher risk / higher return type fund.

Lastly, given the recent 2014 SEC money market reforms, the survey asked participants if there was a preference to maintaining amortized cost accounting or to switch to a fluctuating NAV. The results were fairly clear of the preference for current participants to maintain the amortized cost accounting. Approximately 65% indicated strongly favoring or favoring amortizing costs and 33% and 17% indicated strong disfavor and disfavor changing to a fluctuating NAV. There were only 3 respondents that indicated they would favor or strongly favor changing to a fluctuating NAV; however, 45% indicated they felt neutral on the issue.

Overall, the survey results continue to be favorable regarding the operational and service related questions. Respondents indicated that they utilize the website fairly frequently and find it easy to use. Further respondents indicated the communications issued by the SBA are mostly useful as well. There continues to be results suggesting participants are seeking a higher yield from their cash management vehicles; however AHIC and SBA Staff's quarterly review of Florida PRIME™'s yield levels relative to the iMoneyNet universe compares favorably relative to other money market funds. Relatedly, there continues to only be mild interest in a second offering from the SBA, but expectedly interest continues to lean towards a higher risk / higher return type portfolio. Lastly, the survey results clearly indicated a preference for maintaining the current use of amortized cost accounting over moving to a fluctuating NAV given the recently released SEC money market reforms.

Federated Investors Onsite Due Diligence Meeting

The SBA has employed Federated Investors ("Federated") as the investment manager for Florida PRIME™. SBA Staff and AHIC conduct onsite due diligence meetings at the Federated offices on a regular basis. In April 2015, SBA Staff and AHIC visited the Federated offices in Pittsburgh, PA. The goal of the visit was to conduct a comprehensive overview of Federated's business and processes, and specifically those that impact the Florida PRIME™ investment pool and its participants. Below we provide a brief summary of the topics covered and the surrounding discussion.

Corporate Overview: Federated Investors is among the largest institutional money market fund managers in the industry with a sole focus on asset management. As of December 31, 2014, Federated managed a total of \$363 billion across money market, fixed income and equity strategies. Approximately \$259 billion, or 70% of Federated's assets under management (AUM), were invested in money market portfolios. Additionally, approximately \$150 billion, or 30% of Federated's AUM, were managed in prime money market strategies, under which Florida PRIME™ is classified. Prime money market funds are classified as those that are not solely comprised of U.S. Treasuries, and that also invest in floating or variable rate debt and commercial paper of corporations and securities of the U.S. government and agencies. Of the 45 domestic money market portfolios Federated manages, 14 are prime, 12 are government and 19 are tax-free (municipal bond) strategies. Federated manages assets for over 4,000 public entities across 32 states. The Federated team has 35 liquidity management professionals with 18 years of experience working together at the firm. Additionally, Federated is very active across the industry, participating in at least 10 conferences per year, frequently interacting with relevant industry participants, such as the Governmental Accounting Standards Board (GASB) regarding the 2014 SEC money market reforms, and issuing multiple market and economic communications. We find Federated to be a high-quality and proactive player in the money market space with a stable and strong organization.

Enterprise Risk Management: AHIC and SBA met with Federated's Chief Risk Officer, Michael Granito. Federated's Enterprise Risk Management (ERM) division oversees broadly the risk management of the firm. The ERM team includes over 100 professionals with 14 risk committees that are embedded within each business unit. The committees have a systematic scoring process that assesses the probability and severity of impact of identified risks allowing Federated to assess different strategies and better prepare and manage assets. Examples of key risks include the Federal Reserve exiting from extraordinary monetary policy, regulatory reform post-financial crisis with Dodd Frank, and the impact of the new SEC money market regulation on short-term investments. Risk management is kept completely separate from the investment side of the business and the team periodically provides update reports to the Fund Trustees and Board of Directors. Additionally, Federated's internal audit periodically reviews the risk committees' processes to ensure their appropriateness and effectiveness.

Information Security/ Business Continuity: Federated's Business Information Services Division (BISD) manages the communications network and information technology infrastructure and works in tandem with the Compliance Department. Within the BISD, Federated has a dedicated Money Market Services (MMS) unit located within the Investment Management Business Services (IMBS) division. The IMBS reports directly to the Chief Information Officer. AHIC and SBA met with Ed Klosky, head of the MMS. There are six dedicated professionals in the MMS unit who report to Mr. Klosky and oversee the data security through trading, compliance, credit review, etc., of money market portfolios.

Security of client and Federated information is managed at multiple levels at the firm. Procedures are in place at the desktop, network and server levels to safeguard confidential client and firm information. Federated utilizes a dual data center architecture located on separate power grids south of downtown Pittsburgh to support the business. All satellite offices connect to both data centers. The dual data center reduces risks by allowing all critical daily functions to run smoothly in the event of an emergency. Additionally, Federated does two levels of review on all third party organizations they partner with to ensure information and data is handled in an appropriate and secure manner.

In addition, Federated has sixty-one business continuity plans throughout the company. The plans are tested on an annual basis and must perform at a minimum 80% of their daily processes. Similarly to the security review, Federated also reviews their vendors' business continuity plans to ensure they are up to Federated's standards. In instances where they are not, Federated documents the issues and makes recommendations to the company for improvement.

Florida PRIME™ Operation Support: Federated provided an overview of the investment management operations and reconciliation processes specific to Florida PRIME™. Federated has a dedicated Investment Management Operations (IMO) team that oversees the operations related to trading, settlement, reconciliation, compliance, performance analysis and reporting. Federated has reconciliation processes at multiple levels and a very robust daily position reconciliation process from data import through reporting and archiving. Final reconciliation occurs after SBA's custodian, BNY Mellon, closes their books on the fifth or sixth business day each month-end.

Compliance: The Federated Compliance Department is responsible for the development of compliance programs for each business unit and for monitoring investment activities and operations within applicable regulations, client guidelines and corporate standards. The Compliance Department is comprised of over thirty employees who are structured to address compliance matters related to both the investment funds and the operating companies. Coverage includes investment management and related activities, broker/dealer distribution activities and transfer agency oversight.

AHIC and SBA met with Stephen Van Meter, the Compliance Operating Officer. Mr. Van Meter reports directly to the Chief Compliance Officer who in turn reports directly to the Chief Legal Officer. Mr. Van Meter meets with the Chief Investment Officers and the head of trading on a weekly basis. Federated utilizes four trade order management systems that the Compliance Department is responsible for overseeing. The applicable trading system utilized for stable NAV funds, and specifically for the management of Florida PRIME™, are proprietary systems (FedPorts and FedCMS). The Compliance Department works in tandem with the BISD and IMO to develop and implement automated tests within the trading systems that are conducted to assure trading compliance with applicable regulations and guidelines. Due to the proprietary nature of Federated's trading system, the Compliance Department, in conjunction with the BISD and IMO, has created a set of rules specifically for the Florida PRIME™ portfolio that are constantly reviewed and updated.

Every trade that is generated for Florida PRIME™ runs through compliance. The Compliance Department interprets the regulations and guidelines that govern the portfolio into automated tests that are embedded within the trading system. Federated has implemented a straightforward and effective system to ensure guidelines are followed. Should any trade placed not comply with the set of rules, a notice of either 'Warn,' 'Fail' or 'Stop' will be received and will need to be rectified before the trade can be processed. Each notice has a different level of importance and corresponding parameter on who can validate the trade. For instance, if a 'Stop' notice is triggered, specific senior individuals (i.e., CIO) must be consulted in order to remedy the situation.

In addition, Federated has a nightly process that runs pre-trade and batch compliance checks for the Florida PRIME™ portfolio. Federated reviews the Florida PRIME™ Compliance Checklist on a daily basis. The Compliance Checklist is also provided in the Monthly Summary Reports that are accessible via the Florida PRIME™ website. Further, the Compliance Department monitors Federated employees' personal trading activity and provides the SBA with a Code of Ethics Certification on an annual basis.

Trading and Investment Management: The Federated trading team is well tenured, consisting of twelve traders with an average of eighteen years of experience. The trading process begins with the development of the investment strategy, which is followed by thorough credit analysis before trading takes place. When trading, the team utilizes a best execution policy for selecting brokers and has a committee that meets quarterly and oversees the broker selection practices. FedPorts is Federated's proprietary order management system, as previously noted, and user access is customized based on the role in portfolio management (i.e. compliance, trading, credit analysis, portfolio management, etc.). The trading team works together with Federated's other business units to execute Florida PRIME™'s investment strategy on a seamless basis.

Federated provided an overview of the investment management process, of which the credit review process is a key component. All credits must go through Federated's Credit Committees, which are chaired by the Director of Investment Research. Voting members of the Committees include portfolio managers, senior analysts and a dedicated team of money market investment

analysts. The money market strategies managed by Federated have a team of dedicated credit analysts, which ensures a thorough understanding of the asset class including regulations, market environment, and specific considerations related to money market instruments. Once credits are identified, each issue is reviewed and assigned an internal Federated credit rating of 1 through 5, with 1 being the most favorable. Utilizing Federated's internal credit ratings, along with financial analysis, industry and market information, internal and third party research, along with hosting due diligence meetings, Federated develops an approved issuer database. It is from this database that traders select securities from which to invest the portfolio, while ensuring the portfolio stays in compliance with Florida PRIME™'s Investment Policy Statement.

Federated also works with nationally recognized statistical rating organization, Standard and Poor's (S&P), to ensure the portfolio maintains its AAAM rating. This process includes Federated sending weekly portfolio holdings to S&P, as well as a weekly summary report that includes information such as weighted average maturity, weighted average life, total net assets, total net subscriptions and redemptions, percentage portfolio holdings, total percentage illiquid securities and the percent of holdings in A1+ and A1 buckets. Further, on an annual basis S&P conducts an annual due diligence visit to Federated's offices. This communication practice is designed to ensure the integrity of the credit rating process.

Additionally, through a competitive review process, the investment team reviews the holdings of other similar funds as an additional check that particular securities are not being overlooked or as a check for rationale for why certain securities were not approved. The entire investment management team, including traders, portfolio managers and investment analysts, meet on a weekly basis to discuss and review the market landscape, recent developments, market outlook, specific credit names and relative value plays.

Conclusion

We continue to find Federated among the top managers in the money market asset management business and believe they will continue to successfully manage the Florida PRIME™ portfolio. The onsite meeting provided a comprehensive overview of the Federated's investment process and also its business, operational, and compliance infrastructure and processes. The meeting reinforced our confidence in Federated's capabilities with regard to the people, process and technology that support the management of Florida PRIME™. Further, we have confidence in Federated's ability to keep the SBA and Florida PRIME™ participants well informed and ahead of the curve as the industry progresses.

SEC Rule 2a-7 Reform Update

Background

The Florida PRIME™ investment pool is managed as a “2a-7 like pool” in accordance with the accounting and financial reporting guidelines established by the Governmental Accounting Standards Board (GASB). “2a-7 like pools” are defined as external pools that satisfy the requirements of SEC Rule 2a7 of the Investment Company Act of 1940 without actually being registered with the SEC. The GASB guidelines state that “2a7-like pools” are permitted to report their investments at amortized cost if they have a policy that they will, and do, operate in a manner consistent with the SEC’s Rule 2a-7. The guidelines also established minimum requirements for financial statements and disclosures. Federated and SBA Staff have managed Florida PRIME™ in a manner consistent with SEC Rule 2a-7 and as is laid out in Florida PRIME™’s Investment Policy Statement.

Since the 2008 financial crisis, significant time and attention has been paid to identifying the appropriate level and content of money market regulations.

2010 Reforms

In 2010, the SEC approved new money market regulations which increased transparency of money market funds’ risks and investments, and lowered the overall risk profile of the funds by increasing liquidity and limiting lower quality investments. These reforms have been fully implemented and were generally well-received by industry participants. Since approval, Florida PRIME™ continued to be managed as a “2a-7 like pool.” The new guidelines were adopted and Federated has managed the portfolio under the most up-to-date 2a-7 regulations.

2014 Reforms

Following the 2010 reforms, there was another push for additional regulations with the objective of further protecting the industry and the broader economy from another 2008 experience. The second wave of reforms was met with strong opposition from many industry participants and went through a lengthy period of evaluation and research to identify the most appropriate and effective additional regulation.

In July 2014, the SEC adopted final money market reform regulations that are intended to increase transparency and provide investors additional protection during rare periods of market stress. The reforms, made effective September 25, 2014, are intended to be implemented over the next two years and to fully be effected by October 2016. The 2014 money market reforms are summarized below:

- **Floating NAV:** Requires institutional prime and institutional municipal money market funds to have a floating net asset value (NAV), in which the daily share price fluctuates in tandem with changes in the market-based value of the fund’s assets. Penny rounding

will no longer be allowed and pricing will be required to be recorded out to four decimal places (\$1.0000).

- **Liquidity Fee:** Provide non-government money market fund boards a new tool to address runs on money market funds in periods of rare market stress.
 - If a fund's weekly liquid assets were to fall below 30%, fund's board may impose a 2% fee on redemptions
 - If a fund's weekly liquid assets were to fall below 10%, redemptions will be subject to a 1% fee, unless fund's board determines otherwise
- **Redemption Gate** Provide non-government money market fund boards a new tool to address runs on money market funds in periods of rare market stress
 - If a fund's weekly liquid assets were to fall below 30%, fund's board may suspend redemptions for up to 10 days
- **Definitions**
 - Retail funds limit shareholders to beneficial ownership by "natural persons" (individuals)
 - Government money market funds re-defined as investing 99.5% (formerly 80%) or more of its total assets in cash, government securities, and/or repurchase agreements that are collateralized solely by government securities or cash
- **Exemptions:** Both retail funds and government and U.S. treasury money market funds are exempt from the reforms

Governmental Accounting Standards Board (GASB)

As a reminder, GASB requires "2a-7 like" external investment pools to follow specific SEC 2a-7 criteria in order to qualify for amortized cost reporting. Following the issuance of the 2014 reforms, GASB recognized that some local government investment pools differ from many SEC registered money market funds and that few governments will be in a position to adopt the 2014 amendments.

Therefore, in December 2014, the GASB added *External Investment Pools* to its official agenda. The goal of the project is to research and determine the appropriate measurement criteria and disclosure requirements for external investment pools. These criteria could replace the current "2a7-like" accounting criteria for certain investment pools addressed in GASB-31, which applies to Florida PRIME™.

Specifically, the GASB project description reads, "The objective of this project is to improve the financial reporting by external investment pools and pool participants that report positions in investment pools. Improvement will be achieved by addressing recognition, measurement, of investment pools and their disclosures."¹

¹ Governmental Accounting Standards Board. External Investment Pools Project.
http://www.gasb.org/jsp/GASB/GASBContent_C/ProjectPage&cid=1176164354797

GASB has determined that the *External Investment Pool Project* will consider the following issues:

1. If a cost-based measurement for investment pools is developed, what criteria or defining characteristics describe such pools?
2. For all investment pools, what additional note disclosures are essential information for financial statement users?
3. For pool participants, what additional note disclosures are essential information for financial statement users?

To date of this report, the GASB has held four meetings since the project was added to the official agenda in December 2014. According to the meeting minutes², GASB has made meaningful progress towards identifying criteria to be included in the Executive Draft for External Investment Pools. The GASB meeting minutes indicate support for an exception to the fair value reporting requirement issued in the SEC's 2014 reforms, allowing external investment pools to report investments at amortized cost if certain criteria are met. Criteria was indicated to include limits and guidelines related to maturity levels, credit quality, liquidity levels, portfolio diversification, shadow price reporting and disclosure requirements. In the Appendix of this report, we list in complete detail the last available "Tentative Board Decisions" as provided on the GASB website.

The GASB work plan anticipates issuing the Exposure Draft in June 2015 followed by a 60 day comment period from July to August 2015. The work plan states a final GASB Statement is scheduled to be issued by December 2015, well in advance of the SEC's October 2016 deadline for funds to conform to the new regulations.

Florida PRIME™ Considerations

Following review of the tentative decisions posted by GASB, AHIC does not anticipate significant changes needed on Florida PRIME™'s investment management or operational procedures should Florida PRIME™ decide to continue to follow the potential "2a-7 like" GASB updated guidelines. As of April 2015, approximately 27% of the Florida PRIME™ portfolio had daily liquidity and 37% was available within 5 business days. The portfolio holds zero second tier securities and has a weighted average effective maturity of 28 days. Further, the fluctuating net asset value is reported on a daily basis on the Florida PRIME™ website, which is available to the public at all times. Additionally, maturity, liquidity, diversification and other relevant and important statistics are currently reported by the SBA and Federated and made available to pool participants.

Provided that the current management and reporting practices of Florida PRIME™ are mostly in line with the tentatively proposed GASB criteria for pools to maintain amortized cost accounting, and given the timeline from the GASB to issue a final Statement for external investment pool

² Governmental Accounting Standards Board. External Investment Pools Project.
http://www.gasb.org/jsp/GASB/GASBContent_C/ProjectPage&cid=1176164354797

application of the 2014 SEC money market reforms, AHIC recommends the SBA hold off on making any changes to Florida PRIME™'s investment management, operations and reporting until the final statement is issued by the GASB. AHIC, Federated and SBA Staff continue to stay apprised of developments from the GASB and will ensure Florida PRIME™ continues to be managed in the most appropriate manner to serve the needs of its participants.

Investment Policy Review

Included in the annual best practices review is a periodic assessment of the Florida PRIME™ Investment Policy Statement (“IPS”). The objective of the IPS is to set forth the objectives, strategy, guidelines, and overall responsibilities for the oversight and prudent investment of Florida PRIME™ assets.

The Florida PRIME™ IPS was last formally approved by the SBA Trustees in June of 2014. AHIC last reviewed the IPS in June 2014 as well. At that time, AHIC did not find any obvious or notable material absent from the Florida PRIME™ IPS. We continue to find the Policy to be an effective guiding document for the management of Florida PRIME™ and do not have any recommendations for additions or modifications at this time.

Provided that Florida PRIME™ is governed by the GASB, AHIC believes it is prudent to wait to make modifications to the IPS until the GASB issues its final Statement in December 2015 with guidelines for external investment pools to interpret and apply the 2014 SEC money market reforms. Enacting changes to Florida PRIME™’s IPS now could result in unnecessary disruptions to the management, reporting and overview of the portfolio pending the final opinion from the GASB. With the final Statement scheduled to be released in December 2015, should the decision be made to maintain the “2a-7 like” status, there is ample time to conform to the regulations within the SEC’s timeline. AHIC, Federated and SBA Staff continue to stay apprised of the GASB’s work plan and progress, and will continue to work together to ensure Florida PRIME™’s IPS is updated in a timely manner with appropriate guidelines in order to maintain industry best practices.

Appendix

As of May 26, 2015, and based on the meeting minutes as provided by the GASB, we list below the decisions regarding external investment pools that have thus far been tentatively decided upon. Please note the below has been extracted directly from the GASB Website.³

- In order to qualify for an amortized cost exception, the following criteria should be met:
 - A pool should transact with its participants at a stable net asset value.
 - The following portfolio maturity limits should be met:
 - A pool should not acquire any instrument with a remaining maturity of greater than 397 calendar days;
 - A pool should not maintain a dollar-weighted average portfolio maturity that exceeds 60 calendar days; and
 - A pool should not maintain a dollar-weighted average portfolio maturity, determined without reference to the exceptions regarding interest rate readjustments that exceeds 120 calendar days.
 - The following portfolio quality requirements should be met:
 - Nationally Recognized Statistical Rating Organizations credit ratings should be used for as a benchmark for portfolio quality.
 - A pool should not acquire second-tier securities.
 - As of the reporting date, a pool should not hold more than 3 percent of total assets in securities that subsequently drop to second-tier after acquisition.
 - The following portfolio diversification requirements should be met:
 - The proposed portfolio diversification requirements should be applied as of the acquisition of each security.
 - The following portfolio liquidity limits should be met:
 - A pool may not acquire any illiquid security if, immediately after the acquisition, the pool would have invested more than 5 percent of its total assets in illiquid securities.
 - A pool may not acquire any security other than a daily liquid asset if, immediately after the acquisition, the pool would have invested less than 10 percent of its total assets in daily liquid assets.
 - A pool may not acquire any security other than a weekly liquid asset if, immediately after the acquisition, the pool would have invested less than 30 percent of its total assets in weekly liquid assets.
- A pool should have a shadow price as follows:
 - The shadow price should be calculated monthly.

³ Governmental Accounting Standards Board. *External Investment Pool Project*.
http://www.gasb.org/jsp/GASB/GASBContent_C/ProjectPage&cid=1176164354797#recent_minutes

- If a pool has a deviation of 0.5 percent or more between its amortized cost share price and its fair value share price at time of calculation, the pool should not be allowed to report at amortized cost for that period.
- A pool should have the option to measure its investments at fair value, even if it meets all of the proposed criteria to report at amortized cost.
- A pool should make the disclosures required by Statement No. 72, Fair Value Application and Measurement, with respect to the fair values of investments that are already required to be disclosed by Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.
- A pool should disclose information about any withdrawal restrictions, such as withdrawal thresholds, limits, and waiting periods that the pool can impose on participants.
- A pool participant should disclose information about any withdrawal restrictions, such as withdrawal thresholds, limits, and waiting periods that the pool can impose.
- The effective date of the proposed Statement should be for fiscal periods beginning on or after June 15, 2015, except for the monthly shadow pricing criterion, which would be effective for fiscal periods beginning on or after December 15, 2015.
- Pools do not need to provide retrospective restatement of beginning balances, prior periods, or disclosures.
- Pools that have been reporting at fair value can elect to report at amortized cost going forward only at the initial effectiveness of the proposed Statement.
- Noncompliance with a criterion for amortized cost reporting may not necessarily prevent a pool from reporting using amortized cost for that reporting period or in future reporting periods, depending on the circumstances.



**STATE BOARD OF ADMINISTRATION
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**JEFF ATWATER
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**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

To: Ash Williams
CC: Senior Investment Group
From: Michael McCauley
Date: June 1, 2015
Subject: **Annual Approval of Florida PRIME & Fund B Investment Policy Statements**

With respect to Florida PRIME, Section 218.409 Florida Statutes requires:

The trustees shall ensure that the board or a professional money management firm administers the trust fund on behalf of the participants. The board or a professional money management firm shall have the power to invest such funds in accordance with a written investment policy. The investment policy shall be updated annually to conform to best investment practices. [s. 218.409(2)(a), Florida Statutes]

The investment policy shall be reviewed and approved annually by the trustees or when market changes dictate, and in each event the investment policy shall be reviewed by the Investment Advisory Council and by the Participant Local Government Advisory Council. [s. 218.409(2)(d), Florida Statutes]

There are no recommended changes at this time for the Florida PRIME Investment Policy Statement (IPS) (attached).

With respect to the Fund B Surplus Funds Trust Fund, Section 218.421 Florida Statutes requires:

The board or a professional money management firm shall administer the trust fund on behalf of the participants based on a written investment policy, approved by the trustees, and shall have the power to work out, restructure, or invest such funds. [s. 218.421(2)(a), Florida Statutes]

The investment policy shall be reviewed and approved by the trustees upon the transfer of the funds into the trust fund or when market changes dictate, and in each event, the investment policy shall be reviewed by the Investment Advisory Council and by the Participant Local Government Advisory Council. [s. 218.421(2)(c), Florida Statutes]

Given the continuing wind down of Fund B and expectation of full payout of remaining reserves in the 3rd quarter, there are no recommended updates (attached).

Let me know if you have any questions.

Attachments

**Investment Policy Statement
Local Government Surplus Funds Trust Fund (Non-Qualified)
Effective July 1, 2015**

I. Purpose and Scope

The purpose of this Investment Policy Statement (“Policy”) is to set forth the investment objective, investment strategies, and authorized portfolio securities for the Local Government Surplus Funds Trust Fund (“Florida PRIME”). The Policy also describes the risks associated with an investment in Florida PRIME. This Policy does not relate to Fund B as defined in Section 218.421, Florida Statutes.

II. Overview of Florida PRIME

The Local Government Surplus Funds Trust Fund was created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, Florida Statutes). The State Board of Administration (“SBA”) is charged with the powers and duties to administer and invest Florida PRIME, in accordance with the statutory fiduciary standards of care as contained in Section 215.47(9), Florida Statutes. The SBA has contracted with Federated Investment Counseling (the “Investment Manager”) to provide investment advisory services for Florida PRIME.

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, “Applicable Florida Law”).

III. Roles and Responsibilities

The Board of Trustees of the SBA (“Trustees”) consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Florida PRIME is in compliance with the requirements of Chapter 218, Florida Statutes, and that the management of Florida PRIME is in accord with best investment practices.

The Trustees delegate the administrative and investment authority to manage Florida PRIME to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least annually, review this Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties set forth in Applicable Florida Law.

IV. Amortized Cost Accounting

In March 1997, the Governmental Accounting Standards Board (“GASB”) issued Statement 31, titled “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 applies to Florida PRIME.

GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). GASB 31 describes a “2a-7 like” pool as an “external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940 (the “1940 Act”).” Rule 2a-7 is the rule that permits money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions.

Florida PRIME will operate in a manner consistent with the diversification, credit quality and maturity conditions of Rule 2a-7. Accordingly, it qualifies for “2a-7 like” status under GASB 31, and is thereby permitted to use the amortized cost method to maintain a stable NAV of \$1.00 per share.

V. Investment Objective

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. Investment performance of Florida PRIME will be evaluated on a monthly basis against the Standard & Poor’s U.S. AAA & AA Rated GIP All 30 Day Net Yield Index. While there is no assurance that Florida PRIME will achieve its investment objectives, it endeavors to do so by following the investment strategies described in this Policy.

VI. Investment Strategies & Specific Limitations

The Investment Manager will invest Florida PRIME’s assets in short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations (“NRSROs”), or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager also may enter into special transactions for Florida PRIME, like repurchase agreements. Each repurchase agreement counterparty must have an explicit issuer or counterparty credit rating in the highest short-term rating category from Standard & Poor’s. Certain of the fixed -income securities in which Florida PRIME invests pay interest at a rate that is periodically adjusted (“Adjustable Rate Securities”).

The Investment Manager will manage credit risk by purchasing only high quality securities. The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager’s standard for minimal credit risk. The Investment Manager monitors the credit risks of all Florida PRIME’s portfolio securities on an ongoing basis by reviewing periodic financial data, issuer news and developments, and ratings of certain NRSROs. The Investment Manager will utilize a “new products” or similar committee to review and approve new security structures prior to an investment of Florida PRIME’s assets in such securities. The Investment Manager will periodically consider and follow best practices in connection with minimal credit risk determinations (e.g., such as those described in Appendix I of the Investment Company Institute’s 2009, *Report of the Money Market Working Group*).

The Investment Manager will manage interest rate risk by purchasing only short-term fixed income securities. The Investment Manager will target a dollar-weighted average maturity range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board’s monetary policy. The Investment Manager will generally shorten Florida PRIME’s dollar-weighted average maturity when it expects interest rates to rise and extend Florida PRIME’s dollar-weighted average maturity when it expects interest rates to fall. The remaining maturity of securities purchased by the Investment Manager shall not exceed 762 days for government floating rate notes/variable rate notes and will not exceed 397 days for all other securities.

The Investment Manager will exercise reasonable care to maintain (i) a dollar weighted average maturity (“DWAM”) of 60 days or less; and (ii) a maximum weighted average life (WAL) within the range of 90-120 days, depending on the levels of exposure and ratings of certain Adjustable Rate Securities. The maximum WAL will depend upon the percentage exposures to government and non-government Adjustable Rate Securities, with sovereign (government) Adjustable Rate Securities rated AA- and higher allowed a 120-day limit, and non-sovereign (corporate) Adjustable Rate Securities (and sovereign Adjustable Rate Securities rated below AA-) restricted to a 90-day limit. The portfolio’s maximum

WAL will be based on a weighted average of the percentage exposures to each type of floating-rate instrument.

For purposes of calculating DWAM, the maturity of an Adjustable Rate Security generally will be the period remaining until its next interest rate adjustment. For purposes of calculating WAL, the maturity of an Adjustable Rate Security will be its stated final maturity, without regard to interest rate adjustments; accordingly, the WAL limitation could serve to restrict Florida PRIME's ability to invest in Adjustable Rate Securities.

The Investment Manager will exercise reasonable care to limit exposure to not more than 25% of Florida PRIME's assets in a single industry sector, with the exception that the Investment Manager may invest more than 25% in the financial services industry sector, which includes banks, broker-dealers, and finance companies. This higher limit is in recognition of the large outstanding value of money fund instruments issued by financial services firms. Government securities are not considered to be an industry.

The Investment Manager will exercise reasonable care to not acquire a security, other than (i) a Daily Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 10% of its total assets in Daily Liquid Assets; (ii) a Weekly Liquid Asset, if immediately after the acquisition Florida PRIME would have invested less than 30% of its total assets in Weekly Liquid Assets. Daily Liquid Assets include cash, direct obligations of the U.S. government and securities that convert to cash in one business day. Weekly Liquid Assets include cash, direct obligations of the U.S. government, certain government securities with remaining maturities of 60 business days or less and securities that convert to cash in five business days.

The Investment Manager will exercise reasonable care to not acquire securities that cannot be sold or disposed of in the ordinary course of business within seven days at approximately the value ascribed to them by Florida PRIME if, immediately after the acquisition, Florida PRIME would have invested more than 5% of its total assets in such securities.

In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with (i) the diversification, maturity and credit quality conditions imposed by Rule 2a-7 under the 1940 Act, (ii) the requirements imposed by any NRSRO that rates Florida PRIME to ensure that it maintains a AAAM rating (or the equivalent) and (iii) the investment limitations imposed by Section 215.47, Florida Statutes.

The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in Rule 2a-7. First, at least 50% of Florida PRIME assets will be invested in securities rated "A-1+" or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO's AAAM (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager will document each instance in which a security is deemed to be of comparable credit quality and its basis for such a determination. Second, exposure to any single non-governmental issuer will not exceed 5% and exposure to any single money market mutual fund will not exceed 10% of Florida PRIME assets.

VII. Portfolio Securities and Special Transactions

The Investment Manager will purchase only fixed income securities for Florida PRIME, and may engage in special transactions, for any purpose that is consistent with Florida PRIME's investment objective.

Fixed income securities are securities that pay interest, dividends or distributions at a specified rate. The rate may be a fixed percentage of the principal or adjusted periodically. In addition, the issuer of a short-term fixed income security must repay the principal amount of the security, normally within a specified time. The fixed income securities in which Florida PRIME may invest include corporate debt securities, bank instruments, asset backed securities, U.S. Treasury securities, U.S. government agency securities, insurance contracts, municipal securities, foreign securities, mortgage backed securities, and shares of money market mutual funds. However, Florida PRIME is not permitted to buy such fixed income securities to the extent that they require Florida PRIME to be a qualified institutional buyer.

Special transactions are transactions into which Florida PRIME may enter, including, but not limited to, repurchase agreements and delayed delivery transactions.

For a more detailed description of Florida PRIME's portfolio securities and special transactions, please see "Additional Information Regarding Florida PRIME's Principal Securities" at Appendix A.

VIII. Risks Associated with Florida PRIME

An investment in Florida PRIME is subject to certain risks. Any investor in Florida PRIME should specifically consider, among other things, the following principal risks before making a decision to purchase shares of Florida PRIME.

Risk that Florida PRIME will not Maintain a Stable Net Asset Value

Although the Investment Manager attempts to manage Florida PRIME such that it maintains a stable NAV of \$1.00 per share, there is no guarantee that it will be able to do so. Florida PRIME is not registered under the 1940 Act or regulated by the SEC.

Interest Rate Risks

The prices of the fixed income securities in which Florida PRIME will invest rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed income securities with longer maturities.

Credit Risks

Credit risk is the possibility that an issuer of a fixed income security held by Florida PRIME will default on the security by failing to pay interest or principal when due. If an issuer defaults, Florida PRIME will lose money.

Liquidity Risks

Trading opportunities are more limited for fixed income securities that are not widely held. These features make it more difficult to sell or buy securities at a favorable price or time. Consequently, Florida PRIME may have to accept a lower price to sell a security, sell other securities to raise cash or give up an investment opportunity, any of which could have a negative effect on Florida PRIME's performance.

Concentration Risks

A substantial part of Florida PRIME may be comprised of securities issued by companies in the

financial services industry, companies with similar characteristics, or securities credit enhanced by banks or companies with similar characteristics. As a result, Florida PRIME may be more susceptible to any economic, business, or political risks or other developments that generally affect finance companies. Developments affecting companies in the financial services industry or companies with similar characteristics might include changes in interest rates, changes in the economic cycle affecting credit losses and regulatory changes.

Risks of Foreign Investing

Foreign securities pose additional risks because foreign economic or political conditions may be less favorable than those of the United States. Securities in foreign markets also may be subject to taxation policies that reduce returns for U.S. investors.

Call Risks

If a fixed income security is called, Florida PRIME may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Prepayment Risks

Unlike traditional fixed income securities, which pay a fixed rate of interest until maturity (when the entire principal amount is due), payments on asset-backed securities include both interest and a partial payment of principal. Partial payment of principal may be comprised of scheduled principal payments as well as unscheduled payments from voluntary prepayment, refinancing, or foreclosure of the underlying loans. If Florida PRIME receives unscheduled prepayments, it may have to reinvest the proceeds in other fixed income securities with lower interest rates, higher credit risks or other less favorable characteristics.

Risks Associated with Amortized Cost Method of Valuation

Florida PRIME will use the amortized cost method to determine the value of its portfolio securities. Under this method, portfolio securities are valued at the acquisition cost as adjusted for amortization of premium or accumulation of discount rather than at current market value. Accordingly, neither the amount of daily income nor the NAV is affected by any unrealized appreciation or depreciation of the portfolio. In periods of declining interest rates, the indicated daily yield on shares computed by dividing the annualized daily income on Florida PRIME's portfolio by the NAV, as computed above, may tend to be higher than a similar computation made by using a method of valuation based on market prices and estimates. In periods of rising interest rates, the opposite may be true.

Changing Distribution Level Risk

There is no guarantee that Florida PRIME will provide a certain level of income or that any such income will exceed the rate of inflation. Further, Florida PRIME's yield will vary. A low interest rate environment may prevent Florida PRIME from providing a positive yield or paying expenses out of current income.

Throughout this section, it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

For additional information regarding Florida PRIME's principal securities and associated risks, please see Appendix A.

IX. Controls and Escalation Procedures

Section 218.409(2), Florida Statutes requires this Policy to document a system of internal controls designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls include formal escalation reporting guidelines for all employees to address material impacts on Florida PRIME that require reporting and action.

The SBA has engaged BNY Mellon (“Custodian”) to provide asset safekeeping, custody, fund accounting and performance measurement services to Florida PRIME. The Custodian will mark to market the portfolio holdings of Florida PRIME on a daily basis and will daily communicate both amortized cost price and mark to market price, so that the SBA and the Investment Manager can monitor the deviations between the amortized cost price and market price. By contractual agreement, the Investment Manager will reconcile accounting and performance measurement reports with the Custodian on at least a monthly basis, under the supervision of the SBA.

The NRSRO that rates Florida PRIME will perform regular independent surveillance of Florida PRIME. The SBA and an independent investment consultant will regularly monitor the Investment Manager with respect to performance and organizational factors according to SBA manager monitoring policies.

The SBA and third parties used to materially implement Florida PRIME will maintain internal control, fraud and ethics policies and procedures designed to prevent the loss of public funds.

The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board, and is authorized to directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group to regularly review, document and formally escalate compliance exceptions and events that may have a material impact on Florida PRIME. Minutes of the Investment Oversight Group’s meetings and a listing of meeting participants shall be timely posted on the Florida PRIME website.

The Investment Oversight Group will meet and report monthly to the Executive Director, except upon the occurrence of a material event. The SBA and the Investment Manager have an affirmative duty to immediately disclose any material impact on Florida PRIME to the participants, including, but not limited to:

1. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.25%, according to pricing information provided by the Custodian, the Investment Manager will establish a formal action plan. The Investment Oversight Group will review the formal action plan and prepare a recommendation for the Executive Director's consideration.
2. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.50%, according to pricing information provided by the Custodian, the Executive Director will promptly consider what action, if any, will be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, he will cause Florida PRIME to take such action as he deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.
3. The Investment Manager will perform daily compliance monitoring to ensure that investment practices comply with the requirements of this Policy, according to documented compliance procedures. The Investment Manager will provide regular compliance reports and will communicate compliance exceptions within 24 hours of identification to the Investment Oversight Group. Additionally, the Investment Oversight Group will periodically conduct independent compliance reviews.
4. In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a "Downgrade"), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME; provided however, that the Investment Manager will not be required to make such reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the Downgrade.
5. In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event ("Affected Security"), the Investment Manager must dispose of the security as soon as practical, consistent with achieving an orderly disposition of the security, by sale, exercise of a demand feature or otherwise. An Affected Security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.
6. The Investment Manager will monthly stress test Florida PRIME and at least quarterly report the results of the stress tests to the Investment Oversight Group. Stress tests must be conducted for at least the following events, or combinations of events (i) a change in short-term interest rates; (ii) an increase in net shareholder redemptions; (iii) downgrades or defaults; and (iv) changes between a benchmark overnight interest rate and the interest rates on securities held by Florida PRIME.

The Investment Manager will at least annually provide the Investment Oversight Group with: (i) their documented compliance procedures; (ii) an assessment of Florida PRIME's ability to withstand events reasonably likely to occur in the coming year and (iii) their list of NRSROs utilized as a component of the credit risk monitoring process.

The Executive Director's delegated authority as described in this section is intended to provide him with sufficient authority and operating flexibility to make professional investment decisions in response to changing market and economic conditions. Nonetheless, the Trustees will at least monthly review and approve management summaries of material impacts on Florida PRIME, any actions or escalations taken thereon, and carry out such duties and make such determinations as are otherwise necessary under applicable law, regulation or rule.

Pursuant to Florida law, the Auditor General will conduct an annual financial audit of Florida PRIME, which will include testing for compliance with this Policy.

X. Deposits and Withdrawals

Investors should refer to the separate Florida PRIME Operating Procedures for detailed descriptions regarding how to make deposits in and withdrawals from Florida PRIME, including (1) any fees and limitations that may be imposed with respect thereto; and (2) reports provided to participants.

XI. Management Reporting

The Executive Director will be responsible for providing the formal periodic reports to the Trustees, legislative committees and other entities:

1. An annual report on the SBA and its investment portfolios, including that of Florida PRIME.
2. A monthly report on performance and investment actions taken.
3. Special reports pursuant to Chapter 218, Florida Statutes.

Appendix A
Additional Information Regarding Florida PRIME's Principal Securities

Throughout this appendix it shall be understood that actions described as being taken by Florida PRIME refer to actions taken by the Investment Manager on behalf of Florida PRIME.

FIXED INCOME SECURITIES

Corporate Debt Securities

Corporate debt securities are fixed income securities issued by businesses. Notes, bonds, debentures and commercial paper are the most prevalent types of corporate debt securities. Florida PRIME also may purchase interests in bank loans to companies.

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of less than nine months. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default.

DEMAND INSTRUMENTS

Demand instruments are corporate debt securities that the issuer must repay upon demand. Other demand instruments require a third party, such as a dealer or bank, to repurchase the security for its face value upon demand. Florida PRIME treats demand instruments as short-term securities, even though their stated maturity may extend beyond one year.

Bank Instruments

Bank instruments are unsecured interest bearing deposits with banks. Bank instruments include, but are not limited to, bank accounts, time deposits, certificates of deposit and banker's acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.

Florida PRIME will not invest in instruments of domestic and foreign banks and savings and loans unless they have capital, surplus, and undivided profits of over \$100,000,000, or if the principal amount of the instrument is insured by the Bank Insurance Fund or the Savings Association Insurance Fund which are administered by the Federal Deposit Insurance Corporation. These instruments may include Eurodollar Certificates of Deposit, Yankee Certificates of Deposit, and Euro-dollar Time Deposits.

Asset Backed Securities

Asset backed securities are payable from pools of obligations, most of which involve consumer or commercial debts. However, almost any type of fixed income assets (including other fixed income securities) may be used to create an asset backed security. Asset backed securities may take the form of commercial paper, notes or pass-through certificates.

Government Securities

Government security means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of

the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

U.S. Treasury Securities

U.S. Treasury securities are direct obligations of the federal government of the United States. U.S. Treasury securities are generally regarded as having the lowest credit risks.

Agency Securities

Agency securities are issued or guaranteed by a federal agency or other government sponsored entity (GSE) acting under federal authority. Some GSE securities are supported by the full faith and credit of the United States. These include securities issued by the Government National Mortgage Association, Small Business Administration, Farm Credit System Financial Assistance Corporation, Farmer's Home Administration, Federal Financing Bank, General Services Administration, Department of Housing and Urban Development, Export-Import Bank, Overseas Private Investment Corporation, and Washington Metropolitan Area Transit Authority.

Other GSE securities receive support through federal subsidies, loans or other benefits. For example, the U.S. Treasury is authorized to purchase specified amounts of securities issued by (or otherwise make funds available to) the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Student Loan Marketing Association, and Tennessee Valley Authority in support of such obligations.

A few GSE securities have no explicit financial support, but are regarded as having implied support because the federal government sponsors their activities. These include securities issued by the Farm Credit System, Financing Corporation, and Resolution Funding Corporation.

Investors regard agency securities as having low credit risks, but not as low as Treasury securities. Florida PRIME treats mortgage-backed securities guaranteed by a GSE as if issued or guaranteed by a federal agency. Although such a guarantee protects against credit risks, it does not reduce market risks.

Insurance Contracts

Insurance contracts include guaranteed investment contracts, funding agreements and annuities. Florida PRIME treats these contracts as fixed income securities.

Municipal Securities

Municipal securities are issued by states, counties, cities and other political subdivisions and authorities.

Foreign Securities

Foreign securities are U.S. dollar-denominated securities of issuers based outside the United States. Florida PRIME considers an issuer to be based outside the United States if:

- it is organized under the laws of, or has a principal office located in, another country;
- the principal trading market for its securities is in another country; or
- it (or its subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue or profit from goods produced, services performed or sales made in another country.

Mortgage Backed Securities

Mortgage backed securities represent interests in pools of mortgages. The mortgages that comprise a pool normally have similar interest rates, maturities and other terms. Mortgages may have fixed or adjustable interest rates. Interests in pools of adjustable rate mortgages are known as ARMs.

Zero Coupon Securities

Certain of the fixed income securities in which Florida PRIME invests are zero coupon securities. Zero coupon securities do not pay interest or principal until final maturity, unlike debt securities that provide periodic payments of interest (referred to as a “coupon payment”). Investors buy zero coupon securities at a price below the amount payable at maturity. The difference between the purchase price and the amount paid at maturity represents interest on the zero coupon security. Investors must wait until maturity to receive interest and principal, which increases the interest rate and credit risks of a zero coupon security.

Callable Securities

Certain of the fixed income securities in which Florida PRIME invests are callable at the option of the issuer. Callable securities are subject to reinvestment risks.

144A Securities

The SBA has determined that Florida PRIME constitutes (i) an “accredited investor” as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the “Securities Act”), as long as Florida PRIME has total assets in excess of \$5,000,000 and (ii) a “qualified purchaser” as defined in Section 2(a)(51)(A)(iv) of the 1940 Act, as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than \$25,000,000 in investments, but does not constitute a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a “qualified institutional buyer” as defined in Rule 144A(a)(1) promulgated under the Securities Act.

Money Market Mutual Funds

Florida PRIME may invest in shares of registered investment companies that are money market mutual funds, including those that are affiliated with the Investment Manager, as an efficient means of implementing its investment strategies and/or managing its uninvested cash. These other money market mutual funds are managed independently of Florida PRIME and incur additional fees and/or expenses that would, therefore, be borne indirectly by Florida PRIME in connection with such investment. However, the Investment Manager believes that the benefits and efficiencies of this approach should outweigh the potential additional fees and/or expenses. The Investment Manager must obtain prior written consent of the SBA to invest Florida PRIME in money market mutual funds that are “affiliated persons” of the Investment Manager.

SPECIAL TRANSACTIONS

The Investment Manager on behalf of Florida PRIME may engage in the following special transactions.

Repurchase Agreements

A repurchase agreement is a transaction in which Florida PRIME buys a security from a dealer or bank

and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting Florida PRIME's return on the transaction. This return is unrelated to the interest rate on the underlying security. Florida PRIME will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Investment Manager.

Florida PRIME's custodian or subcustodian will take possession of the securities subject to repurchase agreements. The Investment Manager or subcustodian will monitor the value of the underlying security each day to ensure that the value of the security always equals or exceeds the repurchase price.

Repurchase agreements are subject to credit risks.

Delayed Delivery Transactions

Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time. During the period between purchase and settlement, no payment is made by Florida PRIME to the issuer and no interest accrues to Florida PRIME. Florida PRIME records the transaction when it agrees to buy the securities and reflects their value in determining the price of its units. Settlement dates may not be more than seven business days after entering into these transactions; nonetheless, the market values of the securities bought may vary from the purchase prices. Therefore, delayed delivery transactions create interest rate risks for Florida PRIME. Delayed delivery transactions also involve credit risks in the event of a counterparty default.

Asset Coverage

In order to secure its obligations in connection with special transactions, Florida PRIME will either own the underlying assets, enter into an offsetting transaction or set aside readily marketable securities with a value that equals or exceeds Florida PRIME's obligations. Unless Florida PRIME has other readily marketable assets to set aside, it cannot trade assets used to secure such obligations without terminating a special transaction. This may cause Florida PRIME to miss favorable trading opportunities or to realize losses on special transactions.

**Investment Policy Statement
Fund B Surplus Funds Trust Fund
(Non-Qualified)
Effective July 1, 2015**

I. Purpose and Scope

The purpose of this Investment Policy Statement (“Policy”) is to set forth the investment objective, investment strategies, and authorized portfolio securities for the Fund B Surplus Funds Trust Fund (“Fund B”). This Policy does not relate to the Local Government Surplus Funds Trust Fund (“Florida PRIME”) created by an Act of the Florida Legislature effective October 1, 1977 (Chapter 218, Part IV, Florida Statutes).

II. Overview of Fund B

Fund B was created by an Act of the Florida Legislature effective June 1, 2008 (Section 218.421, Florida Statutes). The State Board of Administration (“SBA”) is charged with the powers and duties to administer and invest Fund B.

Fund B is governed by Chapters 215 and 218, Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, “Applicable Florida Law”).

III. Roles and Responsibilities

The Board of Trustees of the SBA (“Trustees”) consists of the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary. The Trustees will annually certify that Fund B is in compliance with the requirements of Florida Law.

The Trustees delegate the administrative and investment authority to manage Fund B to the Executive Director of the SBA, subject to Applicable Florida Law. The Trustees appoint an Investment Advisory Council and a Participant Local Government Advisory Council. Both Councils will, at least annually, review this Policy and any proposed changes prior to its presentation to the Trustees and will undertake other duties as set forth in Applicable Florida Law.

IV. Fluctuating Net Asset Value Accounting

In March 1997, the Governmental Accounting Standards Board (“GASB”) issued Statement 31, titled “Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” GASB 31 applies to Fund B. GASB 31 outlines the two options for accounting and reporting for money market investment pools as either “2a-7 like” or fluctuating net asset value (“NAV”). Fund B will be accounted for as a fluctuating NAV pool.

V. Investment Objective

The primary investment objective of Fund B is to maximize the present value of distributions to participants. Fund B principally consists of segregated securities, which are securities originally purchased for Florida PRIME that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; (4) experienced elevated market illiquidity; or (5) did not meet the criteria of the nationally recognized statistical rating organization (“NRSRO”) that provides Florida PRIME’s AAAM rating (the “Segregated Securities”).

Each of the Segregated Securities is currently a note issued by Florida East Funding, LLC, Florida West Funding, LLC, Florida Funding I, LLC, or Florida Funding II, LLC (the “Special Purpose

Entities”) that holds collateral securities as security for repayment of the Segregated Securities (the “Collateral Securities”). The SBA has contracted with Apollo Capital (the “Collateral Manager”) to provide investment advisory services to the Special Purpose Entities with the objective of maximizing the present value of distributions to the Segregated Securities from Collateral Securities. The Collateral Manager has been contractually charged with the responsibility to develop and implement a prudent “work out” or liquidation strategy consistent with the investment objective. The Collateral Manager may, in its sole discretion, sell, exchange, or otherwise dispose of, or agree to the extension, workout or restructuring of the Collateral Securities to meet the investment objective. Proceeds received from any sale, exchange or other disposition of securities may be invested in AAAM-rated money market funds prior to distribution to Fund B participants.

Past performance is no guarantee of future performance. An investment in the Fund B is not a bank deposit and is not insured or guaranteed by the FDIC or any other government entity. Investors may lose money investing in Fund B, and returns may not keep pace with inflation.

VI. Controls and Escalation Procedures

Section 218.421(2), Florida Statutes requires this Policy to document a system of internal controls designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the board or a professional money management firm. The controls include formal escalation reporting guidelines for all employees to address material impacts on Fund B that require reporting and action.

The SBA has engaged BNY Mellon (“Custodian”) to provide asset safekeeping, custody, fund accounting and performance measurement services to Fund B. The Custodian will mark to market the portfolio holdings of Fund B on a monthly basis. The SBA will reconcile accounting and performance measurement reports with the Custodian on at least a monthly basis.

The SBA and third parties used to materially implement the investment objective of Fund B will maintain internal control, fraud and ethics policies and procedures.

The Executive Director will organize an Investment Oversight Group to regularly review, document and formally escalate compliance exceptions and events that may have a material impact on Fund B. The Investment Oversight Group will meet and report monthly to the Executive Director, except upon the occurrence of a material event. SBA Risk Management and Compliance will provide regular compliance reports and will communicate compliance exceptions within 24 hours of identification to the Investment Oversight Group. The SBA has an affirmative duty to immediately disclose any material impact on Fund B to the participants.

The Executive Director’s delegated authority as described in this section is intended to provide him with sufficient authority and operating flexibility to make professional investment decisions in response to changing market and economic conditions. Nonetheless, the Trustees will, at least monthly, review and approve management summaries of material impacts on Fund B, any actions or escalations taken thereon, and carry out such duties and make such determinations as are otherwise necessary under law, regulation or rule. The Trustees will also review progress in returning the principal in Fund B to the participants at each meeting of the Trustees until Fund B self-liquidates or is terminated by law.

VII. Distributions

Participants in Fund B will receive periodic distributions to the extent that Fund B receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections,

or distributions from Collateral Securities resulting in interest payments and principal paydowns of the Segregated Securities; or (2) the sale of Collateral Securities, Collateral Securities liquidation, or other restructure and workout activities undertaken by the Collateral Manager resulting in principal paydowns of the Segregated Securities.

To effect the distribution, the SBA will transfer cash or securities to Florida PRIME for the benefit of Fund B shareholders. Such transfers will be consistent with the pro-rata allocation of Fund B shareholders of record as of the initial partition of Segregated Securities within Florida PRIME.

VIII. Deposits and Withdrawals

Participants cannot make additional deposits into, or any withdrawals from, Fund B.

XI. Management Reporting

The Executive Director will be responsible for providing formal periodic reports to the Trustees, legislative committees and other entities:

1. An annual report on the SBA and its investment portfolios, including that of Florida PRIME and Fund B.
2. A monthly report on performance and investment actions taken.
3. Special reports pursuant to Chapter 218, Florida Statutes.

Curriculum Vitae
Lorilee A. Medders

July 17, 2014

General Information

University address: Florida Catastrophic Storm Risk Management Center
Risk Management and Insurance
College of Business
Rovetta Building B Room 233A
Florida State University
Tallahassee, Florida 32306-1110

E-mail address: lmedders@business.fsu.edu

Web site: www.business.fsu.edu

Professional Preparation

- 1995 Ph.D. in Business, Georgia State University, Atlanta, GA. Major: Risk Management and Insurance. Economics of risk and uncertainty, decision sciences/probability theory/statistics. Supervisor: Martin F. Grace, J.D., Ph.D.
- Lorilee Ann Medders. (1995). *The Value of Workers' Compensation Insurance Incentives in Reducing Occupation Injuries and Illnesses in the Presence of Moral Hazard*. Unpublished doctoral dissertation, Georgia State University, Atlanta, GA.
- 1994 M.S., Georgia State University, Atlanta, GA. Major: Risk Management & Insurance. corporate risk management; property/liability insurance.
- 1990 B.S.C.B., University of Alabama, Tuscaloosa, AL. Major: finance. statistics, risk management/insurance. Magna cum laude.

Nondegree Education and Training

- 1998 Comprehensive training course on the concepts, principles, and application of the skills of mediation, Resolution Resources Corporation, Atlanta, GA.

Professional Experience

2014–present	Research Faculty II, Risk Management/ Insurance, Real Estate & Legal Studies, Florida State University.
2013–present	Director, Florida Catastrophic Storm Risk Management Center, Florida State University.
2012–2014	Associate in, Risk Management/Insurance, Florida State University. Research faculty member.
2012–2013	Co-Director, Florida Catastrophic Storm Risk Management Center, Florida State University.
2009–2012	Assistant In, Risk Management and Insurance, Florida State University.
2009–2012	Associate Director, Florida Catastrophic Storm Risk Management Center, Florida State University.
2008–2009	Researcher, Risk Management and Insurance, Florida State University.
2008	Director of External Relations, Director of Undergraduate Programs, Assistant Professor, Department of Risk Management and Insurance, Georgia State University.
2007	Professor of Global Risk Management, Consortium of Universities for International Masters of Business Administration, Asolo, Italy.
2005–2007	Director of Student & External Affairs, Director of Undergraduate Programs, Assistant Professor, Department of Risk Management & Insurance, Georgia State University.
2001–2005	Director of Undergraduate Program, Assistant Professor, Department of Risk Management and Insurance, Georgia State University.
2000–2001	Assistant Professor, Department of Risk Management and Insurance, Georgia State University.
1999–2000	Visiting Assistant Professor of RMI, Department of Risk Management and Insurance, Georgia State University.

- 1999 Manager of Decision Solutions, Research and Development, Aon RiskConsole, Marietta Georgia. Managed three-person team in an approximate 25-employee, privately-held risk management information system firm. Designed and directed decision consulting efforts for firm's clients and prospective clients.
- 1998–1999 Adjunct Professor of RMI, Department of Risk Management and Insurance, Georgia State University.
- 1998 Senior Systems Consultant, Aon RiskConsole. Designed and directed decision consulting efforts for firm's mostly corporate risk management department clients and prospective clients. The firm's only consultant, I designed cost-allocation decision tools, loss forecasts, insurance policy gap analyses, and loss control & expense reports through VBA coding within a dual Sequel/Oracle based information system. Reported to VP for Research & Development.
- 1994–1998 Assistant Professor of Finance, Department of Finance and Economics, Georgia Southern University.
- 1993–1994 Graduate Teaching Assistant, Department of Risk Management and Insurance, Georgia State University.
- 1990–1992 Graduate Research Assistant, Center for Risk Management & Insurance Research, Georgia State University.
- 1990 Actuarial Intern, Liberty National Life Insurance Company. Worked in the health insurance area of the actuarial department. Updated relative value tables used in claims payment. Conducted policy analysis to evaluate loss ratios for blocks of policies and made recommendations to AVP for corrective measures if loss ratios were deemed too high.

Visiting Professorship(s)

- 1999–2000 Visiting Assistant Professor of RMI at Georgia State University.

Honors, Awards, and Prizes

- Scholarship to 2010 Summer Institute for the Advanced Study of Disaster and Risk, Beijing Normal University, Beijing, China (2010).
- Nominee for Robinson College of Business Faculty Service Award, Georgia State University (2006).
- Top 5 Professor, Georgia State University Freshman Learning Community (2004).
- Alpha Kappa Psi Honorary Advisor & Member, Georgia State University (2001).

Gamma Iota Sigma Gamma Star, Zeta Chapter- Gamma Iota Sigma (2001).
2000-2002 Gamma Iota Sigma Faculty Advisor Award, Georgia State University (2000).
Anita Benedetti Student Involvement Program Scholarship, Risk & Insurance Management Society (1994).
1993-1994 Vice President, Doctoral Fellows, Georgia State University (1993).
Beta Gamma Sigma business honorary, Beta Gamma Sigma (1990).
Omicron Delta Epsilon economics honorary, Omicron Delta Epsilon (1990).
Outstanding Insurance Student Award, University of Alabama (1990).
1988-1990 College of Commerce & Business Administrations scholarships, University of Alabama (1988).

Fellowship(s)

Helen C. Leith Doctoral Fellowship, Georgia State University (1990–1994).

Current Membership in Professional Organizations

American Risk and Insurance Association
International Insurance Society
Risk and Insurance Management Society Educational Membership
Society for Business Ethics
Southern Risk and Insurance Association

Teaching

Received above-average, excellent or superior ratings from department chair at every annual review for teaching performance, 1999-2008, at Georgia State University. Officially commended by department chair for teaching effectiveness for every section of every course taught in every semester, Georgia State University, 1999-2006. Received perfect teacher performance ratings in annual performance evaluation from department chair for two consecutive years, Georgia Southern University, 1997, 1998.

Courses Taught

International Risk Management (RMI5087)
Risk in Business & Society (RMI 2302)
Legal Issues in Insurance (RMI5906)
Risk Management/Insurance (RMI3011)
Directed Individual Study (RMI5906)
Seminar in Risk and Its Control (RMI4308)
Special Topics in Risk Management (RMI4308)
Orientation to Georgia State University (GSU1010)
Corporate Risk Management (RMI4300)
Risk Management Modeling (RMI8050)
Risk Modeling (RMI3750)
Global Risk Management (MBA 8880)

Insurer Operations/Strategy (RMI4700)
Principles of Risk and Insurance (RMI3500)
Perspectives on Risk Management & Insurance (RMI8000)
Current Issues in Risk Management & Insurance (RMI4980)
Employee Benefits (RMI4530)
Property & Casualty Insurance (RMI4020)
Life Insurance (RMI4010)
Corporation Finance (FINC3131)
Personal & Personnel Risk Management (FINC4532)
Property & Liability Risk Management (FINC4534)
Enterprise Risk Management (FINC3134)
Corporation Finance (MBA8050)

New Course Development

Risk in Business & Society (2013)
International Risk Management (2011)
Risk Modeling (2006)

Curriculum Development

Led and coordinated a faculty team of 3 (including self) to restructure undergraduate risk management curriculum (7 courses) at Georgia State University (2006)

Additional Teaching Not Reported Elsewhere

Medders, L. A. (2000–2008). *Supervised more than 20 directed readings / independent studies for undergraduate and graduate students*. Georgia State University.

Medders, L. A. (1993). *Statistics for the MBA Program*. Georgia State University College of Continuing Education.

Courses Taught as a Volunteer

Karlinsky, F. E., Maroney, P. F., & Medders, L. A. (2014). *Law & Risk Management: Offered during Spring Break, 2014. Team teaching experience: Lectured on the topics of reinsurance and catastrophe modeling to FSU graduate students in law and business*. Florida State University College of Law.

Courses taught as volunteer

Karlinsky, F. E., Maroney, P. F., & Medders, L. A. (2013). *Law & Risk Management: Offered during Spring Break, 2013. Team teaching experience: Lectured on the topics of reinsurance and catastrophe modeling to FSU graduate students in law and business.* The Florida State University School of Law.

Research and Original Creative Work

Program of Research and/or Focus of Original Creative Work

Catastrophe risk, risk finance and economic resiliency.

Publications

Invited Journal Articles

Schneider, L. A. (2003). The Changing International Insurance Marketplace. *Insurance Chronicle (ICFAI)*, 27-43.

Refereed Journal Articles

Medders, L., Maroney, P., & Nyce, C. (submitted). Disaster Mitigation Insurance Incentives: Evidence from Four Southeast Coastal States. *Journal of Insurance Regulation*. Manuscript submitted for publication, 34 pages.

Karl, B., Maroney, P., & Medders, L. (submitted). The Effects of Reveled Information on Catastrophe Loss Projection Models' Characterization of Risk: Damage Vulnerability Evidence from Florida. *Risk Analysis*. Manuscript submitted for publication, 32 pages.

Medders, L. A., Nyce, C. M., & Karl, J. B. (2013). Market Implications of Public Policy Interventions: The Case of Florida's Property Insurance Market. *Risk Management and Insurance Review*, 21-47.

Prum, D., & Medders, L. A. (2012). The Bonds that Tie: Will a Performance Bond Require that a Surety Deliver a Certified Green Building? *Hastings Business Law Journal*, 9(1), 1-44.

Medders, L. A. (2011). Improving the Affordability of Property Mitigation: Innovative Ideas from the Energy Sector. *CPCU eJournal*, 1-19. Retrieved from http://www.cpcusociety.org/file_depot/0-10000000/0-10000/3267/conman/CPCUeJournalSeptember11art1.pdf

Born, P., Dumm, R., Grace, M. F., Medders, L. A., & Nyce, C. M. (2011). Money, Mitigation and Residual Markets: Findings from a Symposium on Catastrophic Risk Management. *Journal of Insurance Regulation*, 30, 287.

Medders, L. A., Jaeger, V., & McCullough, K. A. (2011). Tale of Two Regions: Natural Catastrophe Insurance and Regulation in the United States and the European Union. *Journal of Insurance Regulation*, 30, 171.

Schneider, L. A., & Shrivastava, S. (2008). The Global Gaming of Energy Supply and Pricing: Evidence and Implications for the Global Economy. *Global Studies Journal*, 1(2), 35-38.

Invited Monographs

Medders, L. A. (in press). Wildfire & Wind: Multi-Peril Evidence on Risk and Mitigation in 12 U.S. Communities [Monograph]. *Insurance Research Council*, 80 pages.

Refereed Proceedings

Schneider, L. A. (1998). Compliance, Liability and Ethics within a Business Decision Modeling Framework. In *Southeast Decision Sciences Institute Proceedings* (pp. 183-185). Roanoke, VA.

Schneider, H. C., & Schneider, L. A. (1997). The Effectiveness of Abductive Networks for the Prediction of Workers' Compensation. In *Southeast Decision Sciences Institute* (pp. 237-239). Atlanta, GA.

Nonrefereed Proceedings

Schneider, L. A. (2006). The Evolution of Learning Beyond the Classroom. In *National Resource Center's Students in Transition Conference*. St. Louis, MO.

Presentations

Invited Papers at Conferences

Schneider, L. A. (presented 2008, September). *The Gaming of Energy Supply and Pricing: Risk Management Implications*. Paper presented at Atlanta-CPCU Monthly Meeting, Georgia Chapter-Chartered Property-Casualty Underwriters, Atlanta, GA. (State)

Schneider, L. A. (presented 2007, May). *Insurance Industry Trends*. Paper presented at KPMG Partners & Managers Training Conference, KPMG, LLP, Dallas, TX. (National)

Schneider, L. A. (presented 2006, June). *Emerging Global Risks*. Paper presented at KPMG Partners & Managers Training Conference, KPMG, LLP, San Diego, CA. (National)

Schneider, L. A. (presented 1998, April). *Young Risk Management Professionals: RMI Program Survey Results*. Paper presented at Risk & Insurance Management Society Annual Conference, Risk & Insurance Management Society, San Diego, CA. (National)

Invited Papers at Symposia

Medders, L. A. (presented 2009, September). The Role of Private Capital in Funding Catastrophic Risks. In *Society for Insurance Research Annual Symposium*. Symposium conducted at the meeting of Society for Insurance, Orlando, FL. (National)

Schneider, L. A. (presented 2009, May). Accessing Capital for Catastrophic Storm Funding: Role of the Private Capital Markets. In Patrick F. Maroney (Chair), *Florida Catastrophic Storm Risk Management Center Symposium*. Symposium conducted at the meeting of Florida Catastrophic Storm Risk Management Center, FSU - Tallahassee, FL. (State)

Schneider, L. A. (presented 2009, May). The Role of Capital Markets in Funding Catastrophic Risks. In *Florida Catastrophic Storm Risk Management Center Symposium*. Symposium conducted at the meeting of Department of Risk Management and Insurance, Florida State University. (Local)

Refereed Papers at Conferences

Medders, L., McCullough, K., & Bass, C. (accepted). *Does the Peril Matter? Multi-Peril Evidence on the Risk and Mitigation Perceptions & Behaviors*. Paper to be presented at American Risk & Insurance Association Annual Research Meetings, American Risk & Insurance Association, Seattle, WA. (National)

Gatzlaff, D., McCullough, K., Medders, L. A., & Nyce, C. (presented 2014, January). *Revealed Information and the Demand for Hurricane Mitigation Features*. Paper presented at AREUEA-ASSA Meetings, AREUEA-ASSA, Philadelphia, PA. (National)

Gatzlaff, D., McCullough, K., Medders, L. A., & Nyce, C. (presented 2013, November). *Revealed Information and the Demand for Hurricane Mitigation Features*. Paper presented at Southern Risk and Insurance Association 2013 Meetings, Southern Risk and Insurance Association, Orlando, FL. (Regional)

Gatzlaff, D., McCullough, K., Medders, L. A., & Nyce, C. (presented 2013, August). *Revealed Information and the Demand for Hurricane Mitigation Features*. Paper presented at American Risk and Insurance Association 2013 Meetings, American Risk and Insurance Association, Washington, DC. (National)

- Maroney, P. F., Medders, L. A., & Nyce, C. M. (presented 2013, January). *Catastrophe Models and the Value of Secondary Modifiers*. Paper presented at 2013 Annual Meetings, Western Risk and Insurance Association, Las Vegas, NV. (Regional)
- Gatzlaff, D., McCullough, K. M., Medders, L. A., & Nyce, C. M. (presented 2012, November). *Home Values and Revealed Mitigation Information*. Paper presented at 2012 Annual Meetings, Southern Risk and Insurance Association, Savannah, Georgia. (Regional)
- Maroney, P. F., Medders, L. A., & Nyce, C. M. (presented 2012, November). *Windstorm Mitigation Financing Options*. Paper presented at 2012 Annual Meetings, Southern Risk and Insurance Association, Savannah, GA. (Regional)
- Medders, L. A., Maroney, P. F., & Nyce, C. M. (presented 2012, January). *The Mitigation Credits Problem*. Paper presented at 2012 Annual Meetings, Western Risk and Insurance Association, Hawaii. (Regional)
- Medders, L. A., Maroney, P. F., & Nyce, C. M. (presented 2011, November). *Solutions to Managing Windstorm Exposure*. Paper presented at 2011 Annual Meetings, Southern Risk and Insurance Association, New Orleans, LA. (Regional)
- Medders, L. A., & Maroney, P. (presented 2011, January). *Windstorm Mitigation: Improving Affordability through Local Governments*. Paper presented at 2011 Annual Meetings, Western Risk and Insurance Association, Santa Barbara, California. (Regional)
- Medders, L. A., Maroney, P., & Nyce, C. (presented 2010, November). *Windstorm Mitigation: Home Hardening versus Premium Reduction, Are the Goals Compatible?* Paper presented at 2010 Annual Meetings, Southern Risk and Insurance Association, Charleston, SC. (Regional)
- Schneider, L. A., Maroney, P., & Nyce, C. (presented 2010, January). *Windstorm Mitigation: Incentives to Promote Policyholder Participation*. Paper presented at 2010 Annual Meetings, Western Risk and Insurance Association, Napa, California. (Regional)
- Schneider, L. A., Maroney, P., & Nyce, C. (presented 2009, November). *Who's Gonna Pay When My House Flies Away? A Study of P&C Insurance Capacity in Hurricane-Exposed States*. Paper presented at 2009 Annual Meetings, Southern Risk and Insurance Association, Orlando, FL. (Regional)
- Schneider, L. A., Maroney, P., & Nyce, C. (presented 2009, November). *Windstorm Mitigation Credits: The Effects on Solvency and Insurance Availability*. Paper presented at 2009 Annual Meetings, Southern Risk and Insurance Association, Orlando, FL. (Regional)
- Schneider, L. A. (presented 2009, September). *The Availability & Capacity of Private Capital for Florida Catastrophic Storm Funding*. Paper presented at 2009 Annual Meetings, Society for Insurance Research, Orlando, FL. (Regional)

- Schneider, L. A., & Shrivastava, S. (presented 2008, May). *The Gaming of Energy Supply and Pricing: Risk Management Implications*. Paper presented at 2008 Meetings, Global Studies Conference, Chicago, IL. (National)
- Schneider, L. A. (presented 2006, November). *The Evolution of Learning Beyond the Classroom*. Paper presented at National Resource Center's Students in Transition Conference, National Resource Center, St. Louis MO. (National)
- Schneider, L. A. (presented 2003, January). *RMI Academic Program Assessment: A Portfolio of Assessment Tools*. Paper presented at 2003 Annual Meetings, Western Risk and Insurance Association, Maui, HS. (Regional)
- Schneider, L. A. (presented 2002, August). *The Multinational Tax Strategy Game: Impact on Cost-of-Risk Allocation*. Paper presented at 2002 Annual Meetings, American Risk and Insurance Association, Montreal, QC, Canada. (National)
- Schneider, L. A. (presented 2002, January). *Academic Program Assessment*. Paper presented at 2002 Annual Meetings, Western Risk and Insurance Association, San Diego, CA. (Regional)
- Schneider, L. A. (presented 2001, August). *Toward Optimal Cost-of-Risk Allocation*. Paper presented at 2001 Annual Meetings, American Risk and Insurance Association, Baltimore, MD. (National)
- Schneider, L. A. (presented 2001, January). *E-Business Risk Survey*. Paper presented at 2001 Annual Meetings, Western Risk and Insurance Association, Santa Barbara, CA. (Regional)
- Schneider, L. A. (presented 2000, August). *E-Business Risk: Areas for Potential Research*. Paper presented at 2000 Annual Meetings, American Risk and Insurance Association. (National)
- Schneider, L. A. (presented 2000, January). *Risk-e-Business: The Risks, Their Management and Areas for Research*. Paper presented at 2000 Annual Meetings, Western Risk and Insurance Association, Monterey, CA. (Regional)
- Schneider, L. A. (presented 1998, February). *Compliance, Liability and Ethics within a Business Decision Modeling Framework*. Paper presented at 1998 Annual Meetings, Southeast Decision Sciences Institute, Roanoke, VA. (Regional)
- Schneider, L. A., & Schneider, H. C. (presented 1997, February). *The Effectiveness of Abductive Networks for the Prediction of Workers' Compensation Losses*. Paper presented at 1997 Annual Meetings, Southeast Decision Sciences Institute, Atlanta, GA. (Regional)
- Medders, L. A. (presented 1994, August). *The Value of Workers' Compensation Insurance Incentives in Reducing Occupational Injuries and Illnesses in the Presence of Moral*

Hazard. Paper presented at 1994 Annual Meetings, American Risk and Insurance Association, Toronto, ON. (National)

Medders, L. A. (presented 1993, August). *The Effect of Self-Insurance on Workers' Compensation Injury Rates*. Paper presented at 1993 Annual Meetings, American Risk and Insurance Association, San Francisco, CA. (National)

Medders, L. A., Kim, H. S., & Kwon, W. J. (presented 1992, November). *The Impact of Framing on Insurance Demand and Choices*. Paper presented at 1992 Annual Meetings, Southern Risk and Insurance Association, Tampa, FL. (Regional)

Medders, L. A. (presented 1991, November). *U.S. Policy on Free Trade in Insurance vis-à-vis OECD Codes*. Paper presented at 1991 Annual Meetings, Southern Risk and Insurance Association, Williamsburg, VA. (Regional)

Refereed Papers at Symposia

Schneider, L. A. (presented 2009, May). Accessing Capital for Catastrophic Storm Funding: Role of the Private Capital Markets. In *Florida Catastrophic Storm Risk Management Center Symposium*. Symposium conducted at the meeting of FSU- Catastrophic Storm Risk and Management Center. (Local)

Invited Keynote and Plenary Presentations at Conferences

Medders, L. (presented 2014, June). *An Update on the Work of the Florida Catastrophic Storm Risk Management Center*. Plenary presentation at Florida Hurricane Catastrophe Fund Participating Insurers Workshop, Florida Hurricane Catastrophe Fund, Buena Vista, FL. (State)

Medders, L. A. (presented 2014, April). *Catastrophe Models: Are We Really Getting Better Information?* Plenary presentation at Coastal Retreat, East Carolina University, Greenville, NC. (Regional)

Medders, L. A. (presented 2014, April). *Flood Insurance Issues*. Plenary presentation at National Hurricane Conference, National Hurricane Conference, LLC, Orlando, FL. (National)

Medders, L. A. (presented 2013, June). *Update from the Florida Catastrophic Storm Risk Management Center: The First 5 Years and Beyond*. Plenary presentation at 2013 Florida Hurricane Catastrophe Fund Workshop, Florida Hurricane Catastrophe Fund, Orlando, FL. (State)

Medders, L. A. (presented 2012, May). *deja vu: Revisiting the 1995 Collins Center Report on Hurricane Insurance*. Plenary presentation at Florida Hurricane Catastrophe Fund 2012 Workshop, Florida Hurricane Catastrophe Fund, Orlando, FL. (State)

Medders, L. A. (presented 2012, April). *Weather and the Work of the Florida Catastrophic Storm Risk Management Center*. Keynote presentation at Thomasville Chapter-Rotary Club Monthly Meeting, Rotary Club International, Thomasville, GA. (Local)

Invited Presentations at Conferences

Medders, L. (presented 2014, June). *Property Insurance Challenges in Coastal Markets*. Presentation at James K. Ruble Mega Seminar, National Alliance for Insurance Education & Research, Orlando, FL. (National)

Medders, L. A., Urcia, Y., Morse, S., & Thomas, D. (presented 2014, April). *Bridging the Generational Gap: Leveraging the Powerful Strength of Gen Y*. Presentation at RIMS Conference 2014, Risk & Insurance Management Society, Denver, CO. (International)

Medders, L. A. (presented 2014, January). *Markets, Money and Mitigation Continued*. Presentation at The 2014 State of the Florida Insurance Market Summit, Colodny, Fass, Talenfeld, Karlinsky, Abate & Webb, P.A, Amelia Island, FL. (Regional)

Medders, L. A. (presented 2014, January). *The Florida Hurricane Catastrophe Fund*. Presentation at Florida Chamber of Commerce 7th Annual Insurance Summit, Florida Chamber of Commerce, Orlando, FL. (State)

Medders, L. A. (presented 2013, October). *Extracting Better Information from Catastrophe Loss Models*. Presentation at 3rd Annual Florida Insurance Conference on Financial Reporting, Thomas Howell Ferguson, Orlando, FL. (Regional)

Medders, L. A. (presented 2013, February). *Personality, Virtue and Ethics*. Presentation at 2013 RIMS Educational Conference, Atlanta Chapter - Risk & Insurance Management Society, Atlanta, GA. (State)

Medders, L. A. (presented 2013, January). *Florida: Finding the Right Marriage of Money, Markets and Mitigation*. Presentation at 2013 Florida Insurance Summit, Colodny, Fass, Talenfeld, Karlinsky, Abate & Webb, P.A, Amelia Island, Florida. (State)

Medders, L. A. (presented 2012, November). *CAT MODELING: What's Coming in Predictive Analytics? The Evolution of Risk Modeling Processes and Uses*. Presentation at Florida Chamber of Commerce 6th Annual Insurance Summit, Florida Chamber of Commerce, Orlando, FL. (State)

- Medders, L. A. (presented 2012, October). *The Future of Catastrophe Modeling*. Presentation at 2nd Annual Florida Insurance Conference on Financial Reporting, Thomas Howell Ferguson, Orlando, FL. (State)
- Medders, L. A. (presented 2012, June). *Recommendations for Solving Coastal Insurance Market Problems*. Presentation at James K. Ruble Mega Seminar, The National Alliance for Insurance Education and Research, Orlando, FL. (National)
- Medders, L. A. (presented 2012, June). *The Property Reinsurance Environment*. Presentation at James K. Ruble Mega Seminar, The National Alliance for Insurance Education and Research, Orlando, FL. (National)
- Medders, L. A., & Maroney, P. (presented 2012, March). *The Florida Catastrophic Storm Risk Management Center & the Florida Commission on Hurricane Loss Projection Methodology*. Presentation at 2012 State of the Florida Insurance Market Summit, Colodny, Fass, Talenfeld, Karlinsky & Abate, P.A, Amelia Island, FL. (State)
- Medders, L. A. (presented 2011, December). *Catastrophe Models and the Florida Commission on Hurricane Loss Projection Methodology*. Presentation at Education Session III, Governor Bentley's Affordable Homeowners Insurance Commission, Montgomery, AL. (Regional)
- Medders, L. A. (presented 2011, November). *Catastrophe Models and the Florida Commission on Hurricane Loss Projection Methodology*. Presentation at Southeastern Legislative Conference, State Farm Insurance, New Orleans, LA. (Regional)
- Medders, L. A. (presented 2011, February). *Does Character and/or Virtue Have a DNA Structure?* Presentation at 2011 RIMS Educational Conference, Atlanta Chapter-Risk & Insurance Management Society, Atlanta, GA. (State)
- Schneider, L. A. (presented 2010, February). *Leadership in Extraordinary Times: Ethics in America & American Ethics*. Presentation at 2010 RIMS Educational Conference, Atlanta Chapter - Risk & Insurance Management Society, Atlanta, GA. (State)
- Schneider, L. A. (presented 2009, February). *Ethics in America*. Presentation at 2009 RIMS Educational Conference, Atlanta Chapter - Risk & Insurance Management Society, Atlanta, GA. (State)
- Schneider, L. A. (presented 2008, January). *The Gaming of (Nearly) Everything*. Presentation at 2008 RIMS Educational Conference, Atlanta Chapter-Risk and Insurance Management Society, Atlanta, GA. (State)
- Schneider, L. A. (presented 2007, February). *Intergenerational Ethics*. Presentation at 2007 RIMS Educational Conference, Atlanta Chapter-Risk and Insurance Management Society, Atlanta, GA. (State)

Schneider, L. A. (presented 2003, January). *Ethics: Virtues & Values*. Presentation at 2003 RIMS Educational Conference, Atlanta Chapter-Risk & Insurance Management Society, Atlanta, GA. (State)

Schneider, L. A. (presented 1996, August). *Risk Management Education*. Presentation at Florida Chapters- Risk and Insurance Management Society Educational Conference, Risk and Insurance Management Society, Naples, FL. (Regional)

Refereed Presentations at Conferences

Medders, L. A. (presented 2012, April). *The Florida Catastrophic Storm Risk Management Center Update*. Presentation at 30th Conference on Hurricanes & Tropical Meteorology, American Meteorological Society, Ponte Vedra, FL. (National)

Medders, L. A. (presented 2011, June). *Catastrophes: Implications for the International Insurance Community*. Presentation at International Insurance Society Meetings, International Insurance Society, Toronto, Canada. (International)

Medders, L. A., & Maroney, P. (presented 2011, May). *Florida Catastrophic Storm Risk Management Center Update*. Presentation at 11th Annual Participating Insurers Workshop, Florida Hurricane Catastrophic Fund. (State)

Medders, L. A. (presented 2011, April). *Who Pays the Financial Cost of Hurricanes?* Presentation at National Hurricane Conference, National Ocean and Atmospheric Administration, Atlanta, GA. (National)

Refereed Presentations at Symposia

Medders, L. A. (presented 2010, November). Cost and Pricing Collaboration in Insurance. In *IBM Smarter Industries Symposium*. Presentation at the meeting of Insurance Industry Leadership Exchange. (International)

Nonrefereed Presentations at Conferences

Schneider, L. A. (presented 2002, November). *The Future of Risk Management and Insurance Education*. Presentation at Conference of Insurance Professionals of Middle Georgia, Insurance Professionals of Middle Georgia, Macon, GA. (State)

Schneider, L. A. (presented 2002, October). *State of the RMI Department Program Report*. Presentation at Fall Board Meeting, educational Foundation, Inc, Atlanta, GA. (State)

Medders, L. A. (presented 1998). *Agency Ethics*. Presentation at Agents' Quarterly Luncheon, Middle Georgia Chapter of Chartered Property & Casualty Underwriters. (Regional)

Schneider, L. A. (presented 1997, May). *The Need for Communication Improvements Between Risk Management and Safety Functions within Organizations*. Presentation at Spring 1997 Conference, American Society of Safety Engineers- Savannah Chapter, Savannah, GA. (Regional)

Schneider, L. A. (presented 1997, March). *The Future Underwriter's Skill Set*. Presentation at CLU Meeting, Society of the Clergy of Life Underwriters, Swainsboro, GA. (State)

Refereed Workshops

Ballen, D., Medders, L. A., Chen, C., & Kousky, C. (2013, July). *Expectations Unmet: Can Incentives for Disaster Adaptation and Mitigation Work Effectively?* Workshop delivered at Natural Hazards Center Workshop, Broomfield, CO. (International)

Medders, L. A., & Maroney, P. (2012, March). *Strength in Numbers: How Collaboration Propels Mitigation*. Workshop delivered at National Hurricane Conference, Orlando, FL. (National)

Invited Lectures and Readings of Original Work

Medders, L. A. (2013, March). *Catastrophe Modeling & Mitigation: Part I*. Delivered at AmRisc, LP and National Alliance for Insurance Education, Houston, TX. (National)

Schneider, L. A. (2009, March). *A Primer on Risk Modeling for Use in Reinsurance*. Delivered at Horst Jannot Visiting Fellows, Georgia State University, Atlanta, GA. (International)

Schneider, L. A. (2008). *Statistics Primer for Insurance and Risk Management*. Delivered at Texas Farm Bureau Executive Development Program, Georgia State University. (Regional)

Schneider, L. A. (2003, May). *Cost-of-risk allocation*. Delivered at Center for Enterprise Risk Management & Assurance Services, Atlanta, GA. (Regional)

Schneider, L. A. (2002). *Juggling Productivity & Worker Safety*. Delivered at Robert C. Bowden Company, Marietta, GA. (Local)

Schneider, L. A. (2001). *Applications of Simulation to Risk Management*. Delivered at Munich Re International Visiting Fellows Program, Georgia State University. (International)

- Schneider, L. A. (2001). *Field visits for the study of U.S. risk management*. Delivered at Munich Re International Visiting Fellows, Georgia State University. (International)
- Schneider, L. A. (2000, February). *Georgia State University's Risk Management & Insurance Programs*. Delivered at Independent Insurance Agents of Georgia, Atlanta, GA. (Local)
- Schneider, L. A. (2000). *Field Visits for the study of U.S. risk management*. Delivered at Munich Re International Visiting Fellows, Georgia State University. (International)
- Schneider, L. A. (1999). *Field visits for the study of U.S. insurance practice*. Delivered at Korean Insurance Visitors, Georgia State University. (Local)
- Schneider, L. A. (1998). *ARM 54, 55 and 56 Exams: A Series of Prep Courses*. Delivered at American Risk Management, Savannah, GA. (Local)
- Schneider, L. A. (1998). *State of Georgia P&C licensing course*. Delivered at Georgia State University- College of Continuing Education. (Local)
- Medders, L. A. (1993). *Statistics primer for entering graduate students*. Delivered at Georgia State University- College of Continuing Education. (Local)
- Medders, L. A., Prisock, C., & Young, G. (1991, May). *Loss Forecasting*. Delivered at A Joint Venture of Southern Company Services and Georgia State University, Atlanta, GA. (International)

Contracts and Grants

Contracts and Grants Funded

- Medders, L. A. (PI), Gatzlaff, D., Maroney, P. F., Nyce, C., & Sirmans, S. (Dec 2011–Jun 2012). *Facilitating Public Outreach through Collaboration Among the Professionals Integral to Hurricane Mitigation Promotion Efforts*. Funded by Florida Division of Emergency Management. Total award \$130,000.
- Maroney, Patrick F (Co-PI), & Medders, Lorilee A. (PI). (Nov 2011–Jun 2012). *Facilitating Public Outreach through Collaboration among Professionals Integral to Hurricane Mitigation Promotion Efforts*. Funded by Florida Division of Emergency Management. (12RC-5S-13-00-22-297). Total award \$130,000.
- Maroney, Patrick F (Co-PI), Medders, Lorilee A. (PI), & Nyce, Charles M (Co-PI). (Mar 2011–Jun 2011). *Helping Local Governments Design Financing Programs for Residential Wind Mitigation and Home Hardening Projects*. Funded by Florida Division of Emergency Management. (11RC-62-13-00-22-347). Total award \$100,000.

Medders, Lorilee A. (PI), Maroney, P. F., & Nyce, C. M. (Mar 2011–Jun 2011). *Helping Local Governments Design Financing Programs for Residential Wind Mitigation and Home Hardening Projects*. Funded by Florida Division of Emergency Management. Total award \$100,000.

Maroney, Patrick F (Co-PI), Medders, Lorilee A. (PI), & Nyce, Charles M (Co-PI). (Jan 2010–Jun 2010). *Home Hardening Incentives Program*. Funded by Florida Division of Emergency Management. (10-RC-26-13-00-22-21). Total award \$75,000.

Schneider, L. A., Maroney, P., & Nyce, C. (Jan 2010–Mar 2010). *Hurricane Inspection System Study*. Funded by Florida Department of Financial Services. Total award \$200,000.

Schneider, Lorilee A. (PI), Maroney, P. F., & Nyce, C. M. (Jan 2010–Jun 2010). *Home Hardening Incentives Program*. Funded by Florida Division of Emergency Management. Total award \$75,000.

Medders, Lorilee A. (PI). (Sep 2007–Jun 2015). *Florida Catastrophic Storm Risk Management*. Funded by Florida Department of Financial Services. Total award \$6,445,055.

Additional Research or Original Creative Work Not Reported Elsewhere

Medders, L. A. (2011). *Global Risk and Tax Strategy: Impact on Risk Financing and Cost-of-Risk Allocation*.

Medders, L. A. (2011). *On the Value of Reputation in a Global Economy*.

Medders, L. A. (2011). *Toward Optimal Cost-of-Risk Allocation*.

Medders, L. A. (2011). *We're Leaving and We're Not Coming Back: Case Studies of Adverse Selection in the Jumbo and Middle Markets for Insurance*.

Medders, L. A., Maroney, P., & Nyce, C. (2011). *Windstorm Mitigation: Incentives to Promote Policyholder Participation*.

Medders, L. A., Maroney, P. F., Nyce, C., & Rollins, J. (2011). *Windstorm Mitigation Programs in Gulf Coast States: Contrasting Mississippi with Florida*.

Medders, L. A., Maroney, P., & Nyce, C. (2011). *Windstorm Mitigation: The Effects on Solvency and Insurance Availability and the Impact on Incentives to Harden Structures*.

Medders, L. A., & Nyce, C. (2011). *Who's Gonna Pay When My House Flies Away?*

Service

Florida State University

FSU Department Service

Member, RMI Scholarship Committee (2009–present).

Member, RMI Textbook Committee (2009–present).

FSU Institute or Center Service

Director, Florida Catastrophic Storm Risk Management Center (2013–present).

Associate Director, Florida Catastrophic Storm Risk Management Center (2009–2013).

The Profession

Guest Reviewer for Refereed Journals

Journal of Insurance Issues (1995–present).

Risk Analysis (2010–11).

Journal of Insurance Regulation (2009–10).

Journal of Risk and Insurance (2003).

Journal of Risk and Insurance (2003).

Geneva Papers on Risk & Insurance Theory (2002).

Service to Professional Associations

Secretary/Treasurer, Southern Risk and Insurance Association (2013–present).

Teaching Resources Committee, American Risk and Insurance Association (2011–present).

Board of Directors, Southern Risk and Insurance Association (2010–present).

Quoted in "Thought Leaders from Industry, Government, and Academia Reach Consensus on Mitigation", Griffith Insurance Education Foundation (2011).

Quoted in "The State of Smarter Insurance, Smarter Industries" Symposium, IBM Corporation (2011).

Interviewee, Bankrate.com (2011).

Discussant, Parimutuel Insurance for Hedging Against Catastrophe Risks, American Risk & Insurance Association (2009).

Faculty Liaison to Conference Planning Committee, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2006–2008).

Conference Planning Committee Member, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2005).

Evaluated Life Office Management Association (LOMA) courses for university credit, Life Office Management Association (2004).

Coordinated and moderated an ethics session, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2004).

Presented a perspective on mergers and acquisitions within the insurance industry, Atlanta-RIMS luncheon, Risk & Insurance Management Society (2004).

Chair of Program Subcommittee, Conference Planning Committee Member, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2004).

Coordinator & Speaker, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2003).

Conference Planning Committee Member, Atlanta-RIMS Educational Conference, Risk & Insurance Management Society (2003).

Membership Committee, American Risk & Insurance Association (2003).

Member, Board of Directors, Southern Risk and Insurance Association (2000–2003).

Coordinator & Moderator, "The Ethics of Negotiation," Atlanta "I" Day, Georgia Chapter, CPCU (2002).

Session Moderator, Society for Business Ethics Annual Meeting, Society for Business Ethics (2002).

Quoted, Business Insurance (2002).

Hosting Faculty Advisor, Gamma Iota Sigma National Management Conference (2001).

Member, National Board of Trustee, Gamma Iota Sigma (2000–2001).

Session Moderator, American Risk and Insurance Annual Meeting, American Risk and Insurance (2000).

Session Co-coordinator, Risk & Insurance Management Society Annual Conference- Professors and Instructors of Risk Management, Risk & Insurance Management Society (1999).

Session Co-Coordinator, Risk & Insurance Management Society Annual Conference, "Professors and Instructors of Risk Management", Risk & Insurance Management Society (1998).

Member, Kulp-Wright Book Award Committee, American Risk and Insurance Association (1998).

Discussant, Eastern Finance Association Annual Meeting, Eastern Finance Association (1995).

Moderator, Southern Risk and Insurance Association Annual Meeting, Southern Risk and Insurance Association (1994).

Discussant, Southern Risk and Insurance Association Annual Meeting, Southern Risk and Insurance Association (1994).

Service to Other Universities

Member, *RMI Department's Educational Foundation, Inc., Program Liaison Committee, Georgia State University* (1999–present).

Coordinator, *RMI Undergraduate Program Assessment, Georgia State University* (2005–2008).

Coordinator, *RMI Undergraduate Program, Georgia State University* (2000–2008).

Director of External Affairs, *RMI Department, Georgia State University* (2008).

Trustee, *RMI Department's Educational Foundation, Inc., Georgia State University* (2008).

Undergraduate RMI Student Advisor, *Georgia State University* (2000–2008).

Faculty Advisor, *Zeta Chapter-Gamma Iota Sigma, Georgia State University* (2000–2008).

Member, *RMI Department Scholarship Committee, Georgia State University* (1999–2008).

Director of Student Affairs, All RMI programs – undergraduate and graduate, *Georgia State University* (2005–2007).

Director of External Affairs, *RMI Department, Georgia State University* (2005–2007).

Faculty Representative, field visit to Southern Company with Munich Re International Visiting Fellows, *Georgia State University* (1999–2007).

Member, Faculty Senate, *Georgia State University* (2005–2006).

Faculty Panelist, *Incept Freshman Orientation Program, Georgia State University* (2001–2006).

Chair, *RMI Faculty-Alumni Liaison Committee, Georgia State University* (2002–2006).

Member, *RMI Department Executive Committee, Georgia State University* (2001–2006).

Chair, *RMI Department Internship Committee, Georgia State University* (1999–2005).

Coordinator, *RMI Department, Student Placement, Georgia State University* (1999–2005).

Coordinator, *RMI Department, Student Placement, Georgia State University* (1999–2005).

Member, *RMI Undergraduate Curriculum Revision Committee, Georgia State University* (2003–2004).

Member, *RMI Department Marketing Committee, Georgia State University* (2001–2004).

Member, *RMI Department Undergraduate Program Marketing Subcommittee, Georgia State University* (2001–2004).

Guest Lecturer, "*Law and Society*" Freshman Learning Community, *Georgia State University* (1999–2004).

Coordinator, *New York Life Minority Scholarship Program, Georgia State University* (1999–2004).

Member, *RMI Department Vision Committee (temporary committee), Georgia State University* (2002–2003).

Inaugural "Undergraduate Risk Management Program Survey", *Georgia State University* (2000).

Faculty Senate Representative, *Student Government Association, Georgia Southern University* (1998).

Member, *Faculty Senate, Georgia Southern University* (1996–1998).

Founder and Advisor, *Southern Risk Management Society, Georgia Southern University* (1996–1998).

Member, *University Admissions Committee of Faculty Senate, Georgia Southern University* (1996–1998).

Member, *College of Business Internship Committee, Georgia Southern University* (1995–1998).

Member, *College of Business Scholarship Committee, Georgia Southern University* (1995–1998).

Member, *Finance & Economics Department Curriculum Committee, Georgia Southern University* (1995–1998).

Advisor, *Undergraduate Finance-Risk Management Student Advisor, Georgia Southern University* (1995–1998).

Member, *Finance & Economics Department Scholarship Committee, Georgia Southern University* (1994–1998).

The Community

Chair (Recommended), *Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2013–present).

Acting Chair, *Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2012–present).

Executive Committee Member, *Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2011–present).

Member, *Meteorological Standards Committee, Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2011–present).

Member, *Acceptability Process Committee, Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2011–present).

Chair, *Statistical Standards Committee, Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2011–present).

Statistics Expert Member, *Florida Commission on Hurricane Loss Projection Methodology, Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration* (2009–present).

Vice Chair, Florida Commission on Hurricane Loss Projection Methodology, State Board of Administration (2011–2012).

Chair, Board of Directors, Board of Directors, Centered Fitness Corporation (2004–2010).

Course Evaluator, Life Office Management Association (2005).

Member, Board of Directors, Board of Directors, Body Central, LLC (Pilates-based exercise studio) (2001–2004).

Advisory, Risk-mapping, Georgia School Board Association (2001).

Advisory, Loss control strategies to reduce school violence, Willis, Texas School District (2001).

Consultation

McConnaughay, Duffy, Coonrod, Pope & Weaver, P.A. Insurance coverage expert advisement (2012).

Florida Consumer Action Network. Evaluation of data resulting from Florida Office of Insurance Regulation 2011 PIP Data Call (2011).

AGL Resources. Review of company's risk management and insurance programs (2010).

Inferential Focus, Inc. Contract-based research and writing for strategic change detection firm (2002–2009).

Southern Company. Multiple consulting projects including property loss retention analysis and catastrophic risk financing solutions (2001–2007).

Euston, LTD. Contract-based writing for UK insurance training firm (2006).

Federal Home Loan Bank of Atlanta. Consultant on reputation risk management plan (2006).

Schmidt Consulting. Review of draft, Georgia School Board Association Risk Management Handbook (2001–2002).

Georgia Board of Education Trustees. Risk mapping and profiling (2001).

Willis Texas Independent School District (L.J. Burroughs). Consulting Report prepared, "Managing the Risk of School Violence" (2001).

Infometrics, Inc. Credit risk management modeling (1994–2001).

Risk Laboratories, LLC. Consulting Report "The Analysis Functions of the Riskfolio", prepared including other organizations; The Walt Disney Company, Media One Group, Cox Enterprises, Hudson Bay Company, Trizec-Hahn, and Microsoft Corporation, Dallas, TX (1999).

Risk Laboratories, LLC, Marietta, GA. "Decision Support for Cost Allocation", Consulting Report prepared (1999).

Risk Laboratories, LLC. Cost allocation decision support systems (1998).

Savannah-Chatham County schools, Savannah, GA. "Risk Profiling", Consulting Report prepared (1998).

Walt Disney Company risk management department. Claims control analysis (1997).

Ogeechee Area Hospice, Statesboro, GA. "Risk Management: Strategic Evaluation", consulting report prepared for organization (1996).

S. N. Potter Insurance Agency. Evaluation of a) Commercial General Liability insurance policy coverage and b) errors & omissions liability (1994).

Florida Commission on Hurricane Loss Projection Methodology Members

1/5/15

Name	Phone	Represents	Fax	Address
Patricia H. Born Appointed by CFO Atwater 1/5/15	(850) 644-7884 pborn@cob.fsu.edu	Insurance Finance Expert	(850) 644-4077	Florida State University College of Business, 233E RBB Tallahassee, Florida 32306
Steve Burgess Appointed by CFO Atwater 11/5/13	(850) 413-5923 Camille Rawls 413-5923 steve.burgess@myfloridacfo.com	Insurance Consumer Advocate	(850) 487-0453	Florida Department of Financial Services 200 East Gaines Street (mail) Claude Pepper Building, Room 776 (hand delivery) Tallahassee, Florida 32399
Barry J. Gilway	(904) 208-7493 Barbara Walker 513-3744 barry.gilway@citizensfla.com	Citizens Property Insurance Corporation	(850) 513-3940	Citizens Property Insurance Corporation 2312 Killearn Center Boulevard Tallahassee, Florida 32312
Bryan Koon	(850) 413-9969 bryan.koon@em.myflorida.com	Director Division of Emergency Management	(850) 488-1016	FL Department of Community Affairs Sadovsky Building, Room 120 2555 Shumard Oak Boulevard Tallahassee, Florida 32399
Robert H. Lee Appointed by Director OIR McCarty, 10/19/12	(850) 413-5360 robert.lee@floir.com	OIR Actuary	(850) 922-3865	Florida Office of Insurance Regulation 200 East Gaines Street, Larson Building Tallahassee, Florida 32399
Minchong Mao Appointed by CFO Atwater 1/5/15	(309) 735-0664 (309) 846-5644 cell Minchong.mao.jawd@statefarm.com	Industry Actuary	(309) 766-5021	State Farm Insurance Companies One State Farm Plaza Bloomington, Illinois 61710
Forrest J. Masters Appointed by Governor Scott, 6/20/14	(352) 392-9537 x1505 (352) 359-7336 cell masters@ce.ufl.edu	Licensed Professional Structural Engineer	(352) 392-3394	University of Florida 365 Weil Hall Gainesville, Florida 32611
Lorilee Medders, Chair Appointed by CFO Atwater 1/5/15	(850) 645-8393 (404) 316-8089 cell lmedders@cob.fsu.edu	Statistics Expert	(850) 645-8391	Florida State University College of Business, 112 RBB 821 Academic Way Tallahassee, Florida 32306
Jainendra K. Navlakha Appointed by CFO Atwater 1/5/15	(305) 348-2026 (786) 348-6373 cell navlakha@cs.fiu.edu	Computer System Design Expert	(305) 348-3549	Florida International University School of Computer Science 10700 SW 8 th Street, ECS 353 Miami, Florida 33199
Jack E. Nicholson	(850) 413-1340 (850) 322-7801 cell jack.nicholson@sbafla.com	Florida Hurricane Catastrophe Fund	(850) 413-1344	Florida State Board of Administration 1801 Hermitage Boulevard, Suite 100 Tallahassee, Florida 32308
Hugh E. Willoughby Appointed by CFO Atwater 1/5/15	(305) 348-0243 (305) 342-9188 cell hugh.willoughby@fiu.edu	Meteorology Expert	(305) 348-3877	Florida International University Department of Earth Sciences 11200 SW 8 th Street, University Park PC 344 Miami, Florida 33199
Floyd Yager, Vice Chair	(847) 402-4753 fyager@allstate.com	FHCF Advisory Council Actuary	(847) 326-7843	Allstate Insurance Company 2775 Sanders Road, Suite D8 Northbrook, Illinois 60062

**Investment Advisory Council
State Board of Administration of Florida**

June 22, 2015

Trustees of the State Board of Administration of Florida

Governor Rick Scott, Chair

Chief Financial Officer Jeff Atwater

Attorney General Pam Bondi

Trustees,

At the June 22, 2015, quarterly meeting of the State Board of Administration of Florida ("SBA") Investment Advisory Council ("IAC"), the IAC received the report and recommendation of the IAC Compensation Subcommittee relating to an Incentive Compensation Plan for senior executive and investment professionals at the SBA. The presentation summarizing the recommended Incentive Compensation Plan is attached. Upon hearing the report and recommendation of the Subcommittee, the IAC voted in favor of recommending this plan for adoption.

The adoption of this plan is an important milestone for both the IAC and the SBA, as it represents several years of work by the IAC, the Compensation Subcommittee, SBA staff and the SBA's independent compensation consultant, Mercer. As you know, going back to June 2013, the IAC has actively recommended changes to the SBA's compensation structure to make it more competitive with other large public plans. One such recommendation has been the adoption and implementation of an incentive compensation program that appropriately aligns the interest of SBA executives and investment professionals with the long-term investment performance interests of beneficiaries and stakeholders in the Florida Retirement System Pension Plan (the "Fund"). We believe the attached recommendation accomplishes that.

To summarize, the recommended Incentive Compensation Plan:

- (i) Includes those positions having the most direct impact on the investment and strategic decisions of the SBA;
- (ii) Aligns compensation with performance at both the Fund level and, where appropriate, at the asset class level;
- (iii) Conditions any award on the Fund attaining a minimum level of financial performance relative to the Fund's established benchmarks and, further conditions any award on attaining that performance within acceptable levels of risk;
- (iv) Defers one-half of any award for one year to increase staff retention and longer-term focus;
- (v) Defers payment of an award when the Fund's annual investment return is negative until there are at least two quarters of positive investment return; and
- (vi) Is structured such that, net of the cost of the incentive compensation plan, the Fund would still be among the lowest cost, if not still the lowest cost, pension plan among its peers.

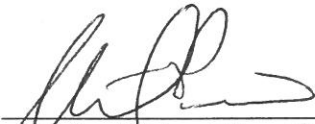
Going forward the IAC Compensation Subcommittee will receive periodic updates on and annually review the Incentive Compensation Plan to ensure it continues to operate as expected.

Once again, the attached recommendation represents the culmination of several years of effort of all involved. We are pleased with the results that this effort has produced, and we respectfully recommend approval of the Incentive Compensation Plan described herein and in the attached presentation.

Sincerely,



Charles E. Cobb, Chair



Michael Price, Vice Chair



Peter H. Collins

/s/ Leslie B. "Les" Daniels

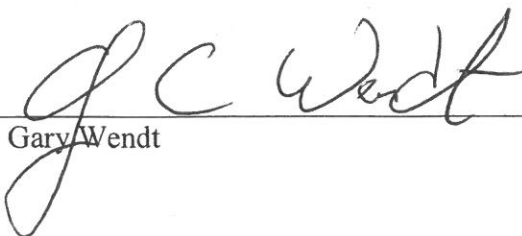
Leslie B. "Les" Daniels

/s/ William H. Harrell, Jr.

William H. Harrell, Jr.



Bobby Jones



Gary Wendt



**Investment Advisory Council
Compensation Subcommittee Conference Call
June 11, 2015**



Agenda
Investment Advisory Council (IAC)
Compensation Subcommittee Conference Call

Thursday, June 11 2015, 3:00-4:30

Hermitage Room, First Floor
1801 Hermitage Blvd, Tallahassee, FL 32308

-
- | | |
|--|---|
| 1. Welcome/Call to Order | Michael Price, Chair |
| 2. Finalize Incentive Plan Design (Tab 1) <ul style="list-style-type: none">a. Metricsb. Participantsc. Rationale | Josh Wilson, Mercer
Ash Williams, SBA |
| 3. Finalize ED/CIO Plan (Tab 2) <ul style="list-style-type: none">a. Mercer Recommendations<ul style="list-style-type: none">i. Incentive Compensation
Individual/Qualitative Measures for
ED/CIOii. Evaluation Process for
Individual/Qualitative Measures for
ED/CIOb. Discussion and Decisions <p style="margin-left: 40px;">Approval by the Subcommittee
<u>Action Required</u></p> | Josh Wilson, Mercer

Michael Price, Chair |
| 4. Next Steps | Michael Price, Chair |
| 5. Audience Comments/Closing Remarks/Adjourn | Michael Price, Chair |

TAB 1

Agenda Item 2 – Finalize Incentive Plan Design

- a. Metrics**
- b. Participants**
- c. Rationale**

STATE BOARD OF ADMINISTRATION OF FLORIDA (SBA) Incentive Plan Recommendations

June 11, 2015

Table of Contents

- Plan Objectives
- Incentive Design Recommendation
- Proposed Incentive Eligibility, Target Incentive Levels, and Organization/Individual Splits
- Non-Financial Component
- Deferral Mechanism
- Estimated Costs
- Business Case

Plan Objectives

Design a competitive annual incentive plan that:

- Aligns employee rewards with stakeholder goals and interests
- Rewards strong performance
- Assists in attracting and retaining top talent and increases competitive positioning against outside market
- Is defensible to all stakeholders

Incentive Design Recommendation

	Proposed SBA Incentive Plan Design
Eligibility	<ul style="list-style-type: none"> • Top Senior Executives and Investment Staff
Performance Measurement	<ul style="list-style-type: none"> • Fund's financial outperformance relative to defined benchmark • Largely quantitative (75-90%) but with some qualitative aspects to ensure appropriate behaviors and long-term sustainability • "Value added" to Florida Retirement System Trust Fund (FRSTF)
Performance Standards	<ul style="list-style-type: none"> • Threshold Award at 5 BPS • Target award at 25 BPS outperformance relative to benchmark • Maximum award based on 50 BPS outperformance relative to benchmark <p><i>Note: Each basis point represents \$15 million of excess return for the Pension Fund</i></p> <ul style="list-style-type: none"> • Provision in case of negative absolute return: <ul style="list-style-type: none"> – If final year of 3-year plan has actual negative returns, the payment will be deferred until the fund earns two quarters of actual positive returns
Incentive Opportunity	<ul style="list-style-type: none"> • Incentive targets range from 10-35% of salary, depending on organizational level and criticality to the business
Measurement Period/Timing of Payout	<ul style="list-style-type: none"> • 3-year (rolling) performance periods • ½ paid at end of performance cycle ½ after 1-year deferral

Incentive Plan Participation

Participation is limited to select positions within investment management and senior leadership that are typically incentive-eligible in the external market and are directly involved in investment management responsibilities or in providing strategic direction to the organization.

Investment management staff

- Recommended by SIO, approved by Executive Director
- Majority of responsibilities are focused on:
 - Direct investment management responsibilities or in direct career path leading to investment management responsibilities
 - Making direct portfolio, asset class, or other investment decisions/recommendations
 - Overseeing external investment managers
 - Performing analyses that facilitate or implement portfolio decisions
- Key senior leadership roles
 - Recommended by Executive Director, approval recommended by Compensation Committee of Investment Advisory Council
 - Roles are focused on leading and providing strategic direction to key organization functions

Incentive Participants, Target Incentive Levels, and Organization / Individual Splits

Tier	Title	# of Part.	Incentive (as a % of salary)			Measures		
			Threshold	Target	Maximum	Total Fund	Asset Class	Individual
1	• Executive Director & CIO	1	17.5%	35%	52.5%	85%	0%	15%
2	• Deputy Executive Director • Chief Operating/Financial Officer • General Counsel • Senior Investment Policy Officer • Senior Officer – Investment Programs & Governance • Sr. DC Programs Officer*	6	12.5%	25.0%	37.5%	80%	0%	20%
	• Senior Investment Officers	6				40%	40%	20%
3	• Deputy SIO • Senior Portfolio Managers • Portfolio Managers • Director of GE Research	35	7.5%	15.0%	22.5%	30%	60%	10%
	• Director of Trading	2				25%	50%	25%
	• Director of Investment Management, ODCP*	1				80%	0%	20%
4	• Assistant Portfolio Managers • Senior Analysts/Analysts • Senior Traders/Traders	11	5.0%	10.0%	15.0%	25%	50%	25%

* Financial measure (80%) will be associated with FRS Investment Plan not FRS Defined Benefit Plan

Positions Eligible for Incentive

Title	# Positions	Incentive Plan Tier	Title	# Positions	Incentive Plan Tier
Executive Director & CIO	1	1	Portfolio Managers/Investment Directors		
			Deputy SIO-Global Equity	1	3
Senior Investment Officers			Senior Portfolio Manager	15	3
SIO-Global Equity	2	2	Portfolio Manager II	3	3
SIO-Fixed Income	1	2	Portfolio Manager	15	3
SIO-Real Estate	1	2	Director of GE Research	1	3
SIO-Strategic Inv & Pvt Equity	2	2	Director of FI Trading	1	3
			Director of Trading	1	3
			Dir of Investment Management, ODCP	1	3
Senior Leadership			Traders/Analysts		
Deputy Executive Director	1	2	Equity Trader	1	4
General Counsel	1	2	Asst Portfolio Manager	1	4
Sr Off-Invst Prog & Governance	1	2	Sr RE Research Analyst III	1	4
Chief Operating/Financial Officer, SBA	1	2	Sr. Quantitative Analyst III	1	4
Sr. DC Programs Officer, ODCP	1	2	Sr Investment Analyst III	2	4
Sr Investment Policy Officer	1	2	Sr RE Operations Analyst III	1	4
			Investment Analyst II	2	4
			Quantitative Analyst II	1	4
			Executive/Trading Assistant	1	4
Totals	62				

Incentive Plan

Individual Component – Goal Setting and Evaluation

- CIO/ED
 - Compensation Subcommittee works with CIO/ED to establish goals or general categories for evaluation and makes recommendation to Trustees through the IAC
 - Compensation Subcommittee assesses performance and makes recommendation for rating/achievement level to Trustees through the IAC
- Senior leadership roles and SIOs
 - CIO/ED establishes performance measures, reviews performance, and determines achievement level
- All other investment staff
 - Investment leadership recommend performance measures, review performance, and recommend achievement levels
 - ED/CIO reviews and approves

Incentive Plan

Individual Component – ED/CIO

- 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; detail of individual component is under discussion with Compensation Subcommittee of IAC.

		Incentive as a % of Salary		
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	17.500%	35.000%	52.500%
Organizational Component	85%	14.875%	29.750%	44.625%
Individual Component	15%	2.625%	5.250%	7.875%

Incentive Opportunity Breakdown (Annual Salary = \$389,500)				
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	\$68,162	\$136,325	\$204,487
Organizational Component	85%	\$57,938	\$115,876	\$173,814
Individual Component	15%	\$10,224	\$20,449	\$30,673

Incentive Plan

Individual Component – Other Participants

- SMART goals are set annually for each participant, to be achieved/measured during the calendar year ending during the performance period (fiscal year July 1 – June 30). As appropriate, these will be factored into the measurement of each participant's individual (non-financial) performance by his/her manager at the end of the fiscal year for incentive plan purposes.
- The SBA framework for measuring performance under the incentive plan is summarized below and shown on the next slide.
- Participants will be assessed on their contribution to the SBA in the following areas:
 - All participants
 - **Organizational Financial Performance** - Total DB Fund and/or asset class performance*
 - **Skills** - personal behaviors model/support organizational values; individual contributions to financial performance of business unit (e.g., portfolio-level performance; effective management of external managers; quality of research recommendations); ability to gather, analyze and interpret data and use it to provide ideas to solve problems; professional knowledge; personal development, etc.
 - **Efficiencies/Infrastructure/Operations** – development and institutionalization of structures, systems, tools and processes to enhance performance and control risk; compliance with methodologies/processes/standards; communication/sharing of knowledge and information; leadership/support for organizational initiatives; intra-asset class efforts, business continuity planning, etc.
 - Leaders – additional measures
 - **Mission** - appropriate alignment with investment policy (ED/CIO); strategic planning; leadership within SBA and business unit to assure activity alignment with SBA and unit mission; external relationships and interactions; brand and issue management, etc.
 - **People** - team building; recruiting; retaining; training; developing; mentoring, etc.

*ODCP participants' financial measures are specific to their business operations

Incentive Plan

Framework for Measuring Performance

<p>Organizational Financial Performance</p> <p>ED/CIO</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund <p>SBA Senior Leaders</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund <p>SBA Investment Team</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund and Asset Class performance Measure <p>ODCP Senior Leader and Investment Management Director</p> <ul style="list-style-type: none"> Value added to FRS Investment Plan 	<p>Individual Performance Mission</p> <p>ED/CIO</p> <ul style="list-style-type: none"> Appropriate alignment with investment policy <p>All Leaders</p> <ul style="list-style-type: none"> Leadership within SBA and business unit to assure activities are aligned to support SBA and unit mission External relationships and interactions; brand and issue management
<p>Individual Performance Skills/People</p> <ul style="list-style-type: none"> Personal behaviors model/support organizational values Professional knowledge; personal development Individual contributions to financial performance of business unit (e.g., portfolio-level performance; effective management of external managers; quality of research recommendations) Ability to gather, analyze and interpret data and use it to provide ideas to solve problems <p>All Leaders (additional measures)</p> <ul style="list-style-type: none"> Team building, including development/mentorship of staff and recruitment and retention of key talent Team behaviors model/support organizational values 	<p>Individual Performance Efficiencies/Infrastructure/Operations</p> <ul style="list-style-type: none"> Communication/sharing of knowledge and information Development and institutionalization of structures, systems, tools, and processes to enhance performance and control risk Support for Board-wide initiatives and intra-asset class efforts Efficient acquisition and use of data and other resources Business continuity planning Compliance with methodologies, processes and standards

Incentive Plan

Asset Classes – Financial Performance

- Return calculations and benchmarks
 - Consistent with FRS Investment Policy Statement
- Risk Controls
 - No participant within a unit subject to the FRS Risk Budget will earn an incentive award for any performance measurement period for which that unit was determined to have an active risk compliance exception to the risk budget. An active risk compliance exception is triggered when active risk for the measurement period is equal to or exceeds the applicable Total Fund or asset class level Escalation Standard.
 - Asset Class and Total Fund - required value added and current active risk escalation standards:

Asset Class/Total Fund	Active Risk Escalation Standard	Value Added Rewards Threshold/Target/Max
Global Equity	1.25%	.05/.25/.50
Fixed Income	0.75%	.03/.15/.30
Real Estate	7.00%	.05/.25/.50
Private Equity (Secondary Benchmark)	7.00%	.05/.25/.50
Strategic Investments	6.00%	.05/.25/.50
Total Fund	1.75%	.05/.25/.50

Deferral Mechanism

- The chart below highlights the award performance periods, including the introductory periods, and the associated payouts

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cycle 1 Performance	1 year							
Cycle 1 Payout		50% Payout	50% Payout					
Cycle 2 Performance	2 Years							
Cycle 2 Payout			50% Payout	50% Payout				
Cycle 3 Performance	3 Years							
Cycle 3 Payout				50% Payout	50% Payout			
Cycle 4 Performance		3 Years						
Cycle 4 Payout					50% Payout	50% Payout		
Cycle 5 Performance			3 Years					
Cycle 5 Payout						50% Payout	50% Payout	
Cycle 6 Performance				3 Years				
Cycle 6 Payout							50% Payout	50% Payout

Incentives paid in Fall, following audit of fiscal-year performance data

- The plan design accomplishes the following goals
 - Measures multi-year performance
 - Increases likelihood that plans will not be hopelessly underwater for more than 1 year
 - Aides in retention by deferring the award
- Special arrangements to be made for retirement, death and disability

Incentive Recommendation: Estimated Costs

- Our recommendation includes a population of approximately 62 SBA employees
 - Current total SBA payroll is approximately \$16 million
 - At target, the incentive pool would equal 9% of SBA total salaries
 - At maximum, the incentive pools would equal 13% of SBA total salaries

Tier	# of Employees	Total Salaries	Cost at Threshold	Cost at Target	Cost at Maximum
1	1	\$389,500	\$67,481	\$134,962	\$202,443
2	12	\$2,296,750	\$287,094	\$574,188	\$861,281
3	38	\$4,210,050	\$315,754	\$631,508	\$947,261
4	11	\$625,175	\$31,259	\$62,517	\$93,776
Total	62	\$7,521,475	\$701,587	\$1,403,174	\$2,104,761

Tier	# of Employees	Total Salaries	Cost at Threshold	Cost at Target	Cost at Maximum
All Ex ED&CIO	61	\$7,131,975	\$634,106	\$1,268,212	\$1,902,319

Estimated costs reflect recommended incentive percentages applied to current base salary levels

Business Case for Incentive Plan

- The table below illustrates the portion of outperformance benefitting incentive plan participants and beneficiaries at various payout levels

	Threshold	Target	Maximum
Basis Pts Outperformance	5 BPS	25 BPS	50 BPS
Total Dollars above Benchmark (assumes \$150 Billion fund)	\$75 million	\$375 million	\$750million
Total Incentive Cost	\$702,000	\$1,403,000	\$2,105,000
% of Outperformance Dollars to Incentive Plan Participants	0.94%	0.37%	0.28%
% (\$) of Outperformance to Beneficiaries	99.06% (\$74.3 million)	99.6% (\$373.6 million)	99.7% (\$747.9 million)

- As the numbers indicate, the overwhelming majority of the outperformance dollars are being returned to the beneficiaries.

State Board of Administration Compensation Subcommittee Call June 11, 2015

Appendix Incentive Compensation Information



Actuarial or Long-Term Nominal Return as Component of Incentive Compensation Plan

- Mercer's March 2013 Presentation Noted the Following, Comparing a Long-Term Nominal Return "Haircut" to a Deferral of Payment Until Two Quarters of Positive Performance

While Use of Long-Term Nominal Return Results in Good Alignment of Interests of Stakeholders, it is:

- **Less Competitive than Deferral**
 - Results in lower payouts in 40%+ of years with benchmark outperformance
 - Minority Practice (Ambachtsheer letter of May/June 2011)
- **Less Reasonable/Fair than Deferral**
 - Risks demoralizing participants during weak market environments, when they can add significant value to the fund
 - Market movement is beyond control of participants
 - Nominal Target Rate of Return is a very long term goal that cannot be fairly measured over a 3-year plan period
 - Time lag creates incongruence between those who shape/decide asset allocation and those who would be penalized
- **Less Sustainable than Deferral**
 - Could result in partial payout following a year of negative performance if the threshold of 5 bps of value added is reached

Mercer's supplemented presentation (next slide) indicates no plan utilizing an actuarial or long-term nominal return as a component of incentive compensation. Additional information relating to use of actuarial return and peer comparisons has been included in a separate document from SBA staff.

OTHER STATE PLANS

Florida SBA asked Mercer to do a quick review of other readily available state pension plan incentive plans to assess their high level design. The table below summarizes the information:

State	Relevant Design Features
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 1 and 3 year returns against benchmarks CIO maximum opportunity is 100% of salary No deferral, regardless of absolute performance
South Carolina	<ul style="list-style-type: none"> Measured on 1 (20%) ,3 (30%) & 5 (50%) year rolling returns against benchmarks CIO maximum payout is 100% of salary If total absolute 1 year return is less than -10%, all awards are forfeited for that year; if total absolute 1 year return is between 0 and -10%, State has discretion to defer payment until returns are positive Total payments of \$1.4M in 2013 (\$30 B in fund)
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> No incentive plan in place Salaries targeted above median to be competitive with entities who offer incentives
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 3 year rolling performance against benchmark CIO Maximum payout is 50% of salary; all payouts spread over 2 years No set policy on payouts during negative returns; discretion to defer as needed
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 3 (50%) & 5 (50%) year rolling returns against benchmarks CIO maximum payout is 140% of salary Final payouts are modified (positively or negatively) by 1 year returns Portion of payout is deferred into Defined Contribution vehicle

SBA Passive and Active Allocations

	Passive		Active	
Date	%	\$ in Bill.	%	\$ in Bill.
12/31/2014	40.5%	\$59.37	59.5%	\$87.19
12/31/2013	41.3%	\$59.44	58.7%	\$84.35
12/31/2012	39.9%	\$51.35	60.1%	\$77.26
12/31/2011	41.5%	\$49.05	58.5%	\$69.19
12/31/2010	37.0%	\$46.01	63.0%	\$78.19

Peer Information

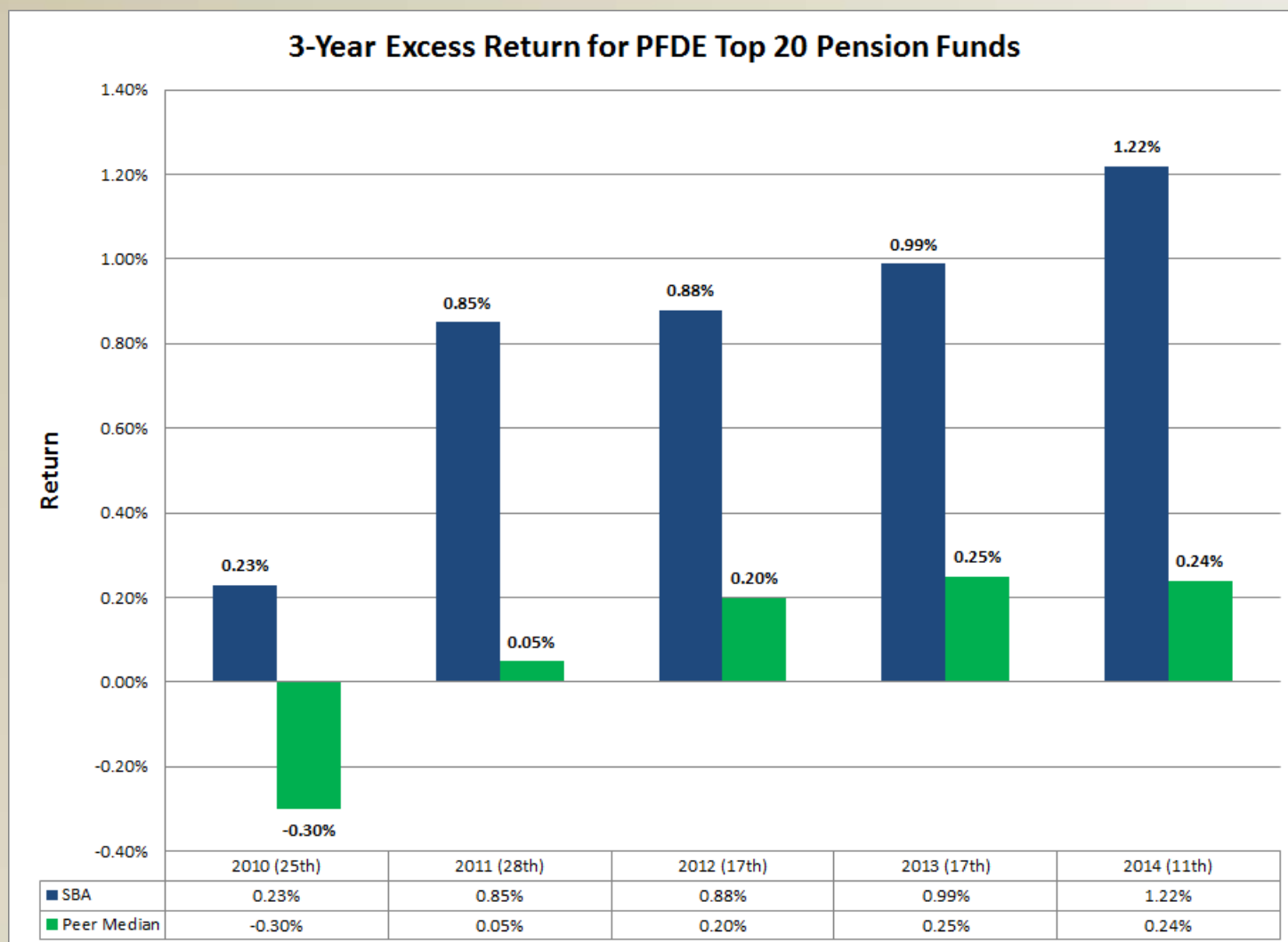
Pension Fund Data Exchange List of Peers

Pension Fund Data Exchange (PFDE) Peers List - Used for All Time Periods*	
1 California Public Employees' Retirement System	11 Washington State Investment Board
2 California State Teachers' Retirement System	12 Oregon Public Employees' Retirement Fund
3 New York Common Retirement Fund	13 Virginia Retirement System
4 State Board of Administration of Florida	14 Teachers' Retirement System of Georgia
5 New York State Teachers' Retirement System	15 Michigan Retirement System
6 Ohio Public Employees' Retirement System	16 Pennsylvania Public School Employees' Retirement System
7 State of Wisconsin Investment Board	17 Massachusetts Pension Reserves Investment Management Board
8 North Carolina Retirement System	18 Minnesota State Board of Investments
9 New Jersey Division of Investment	19 Public Employees' Retirement Association of Colorado
10 Ohio State Teachers Retirement	20 Nebraska Investment Council

* Sorted by NAV in descending order.

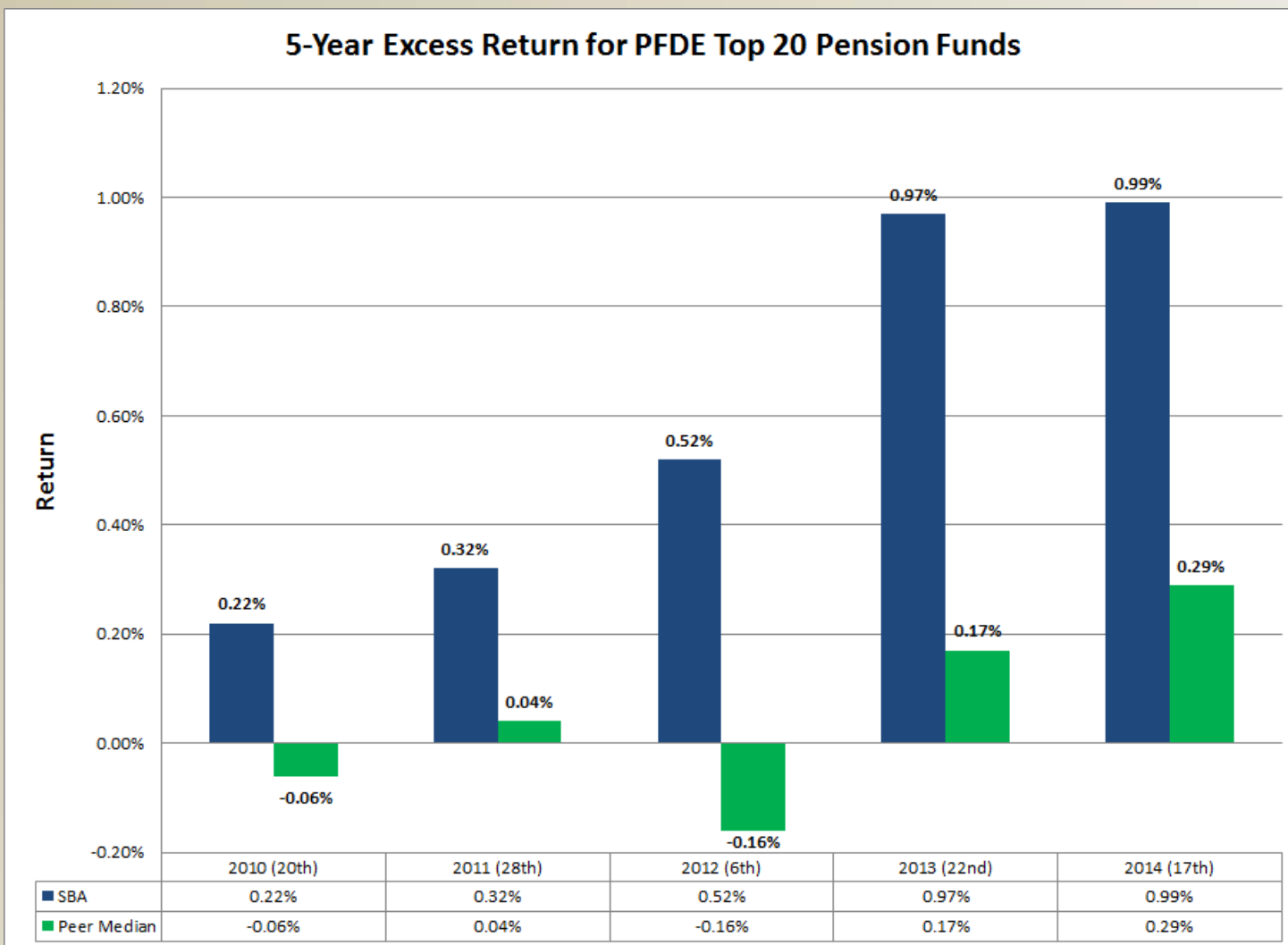
Compounded Excess Returns

SBA vs. Peers



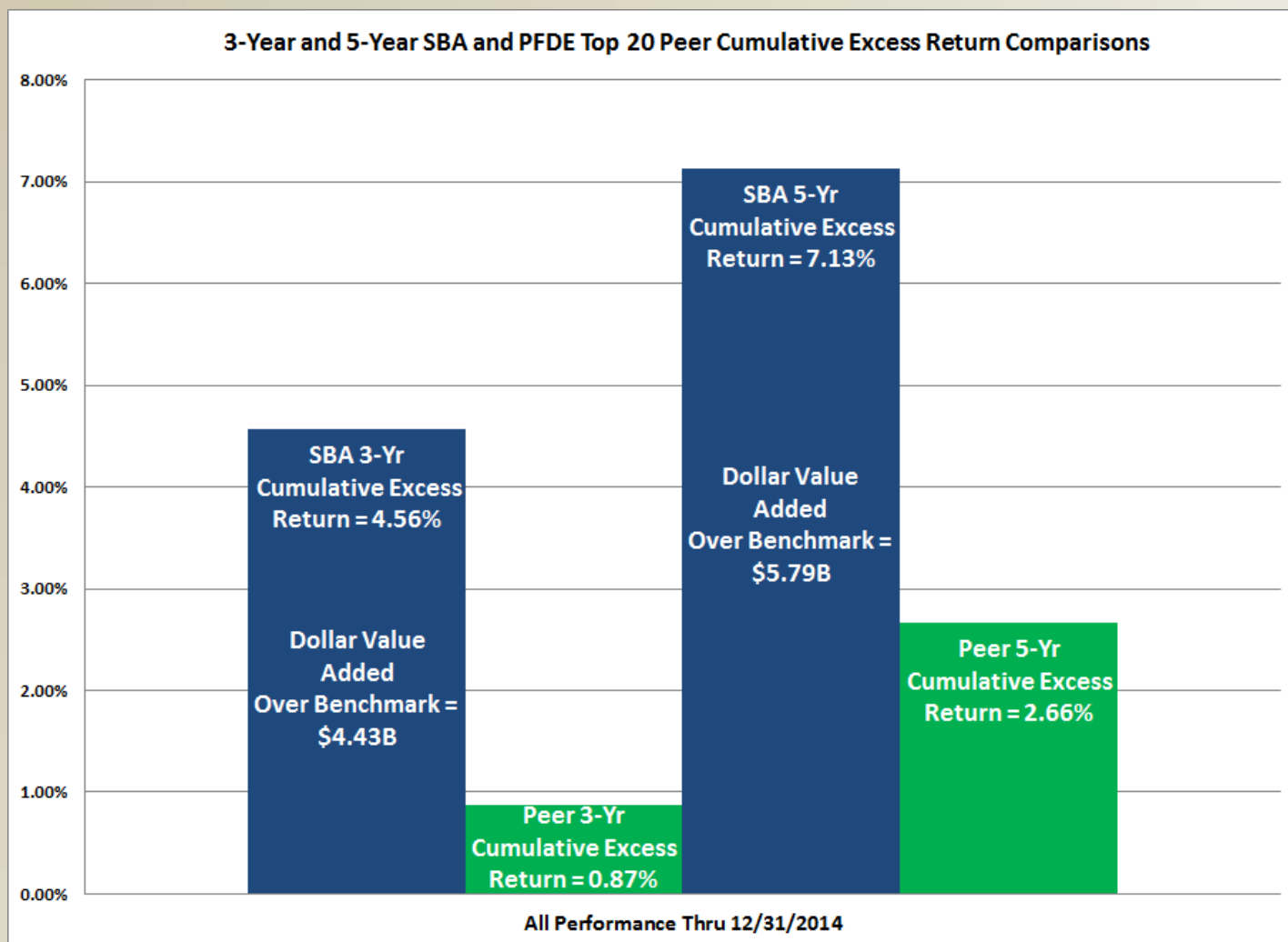
Compounded Excess Returns

SBA vs. Peers



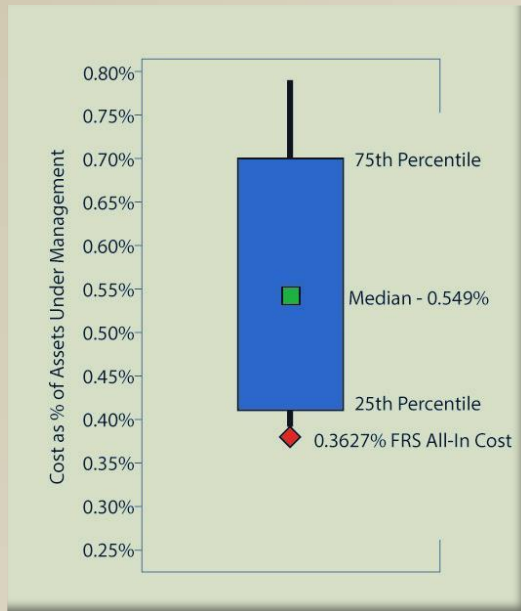
Compounded Excess Returns

SBA vs. Peers

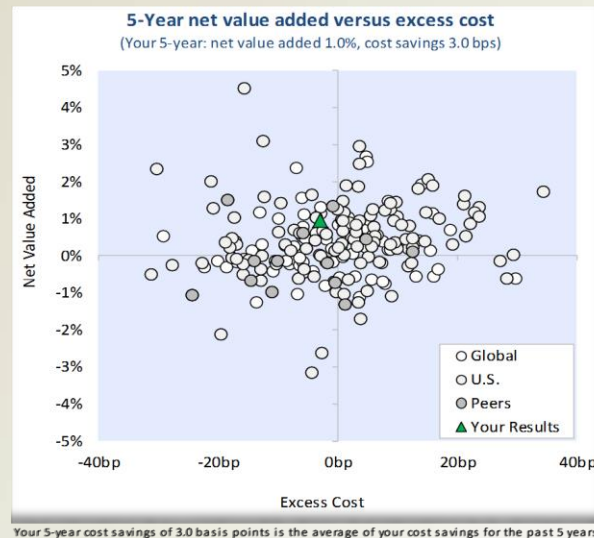


Pro Forma Impact of Maximum Incentive Payment on CEM Benchmarking Results

- CEM-reported costs would increase negligibly (by 0.15 basis points to 36.27 bps from 36.12 bps*)
- Likewise, the SBA would continue to fall in the upper left (most favorable) quadrant for Net Value Added vs. Excess Cost



	2013		With Max Incentive	
	\$ Thousands	bps	\$ Thousands	bps
External Manager Fees, per CEM	\$441,237	32.34	\$441,237	32.34
Internal SBA Costs, including Custody, RE Advisory/Legal	\$51,539	3.78	\$53,644	3.93
Total Costs (All-In), per CEM	\$492,776	36.12	\$494,881	36.27



TAB 2

Agenda Item 3 – Finalize ED/CIO Plan

a. Mercer Recommendations

- i. Incentive Compensation
Individual/Qualitative Measures
for ED/CIO**
- ii. Evaluation Process for
Individual/Qualitative Measures
for ED/CIO**

b. Discussion and Decisions

**Approval by the Subcommittee
(Action Required)**

Agenda Item 3. Vote on Compensation Subcommittee Recommendation for ED/CIO Plan

Mercer Recommendations - ED/CIO Individual/Qualitative Measurement

The sections below describe criteria and a 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). The criteria and evaluation process was discussed and approved at the June 11, 2015 Compensation Subcommittee meeting.

Agenda Item 3a. ED/CIO Individual/Qualitative Performance Criteria

Proposed Criteria

In line with the overall framework for the incentive plan (presented in Tab 1), proposed criteria for the individual/qualitative performance portion of the ED/CIO's incentive award are: (1) Overall Mission; (2) People; (3) Efficiencies/ Infrastructure/ Operations; and (4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee. Please see the proposed Qualitative Evaluation Form on the following pages for more descriptive information regarding each rating area.

Agenda Item 3b. Proposed Process and Schedule for ED/CIO Qualitative Performance Rating

The Compensation Subcommittee will rate the qualitative performance of the ED/CIO. The proposed annual process is shown below.

July 1-13: ED/CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC, PLGAC and Audit Committee). As part of the summary, the ED/CIO may want to encourage the individual Compensation Subcommittee raters to speak with individual members of the IAC, Audit Committee and/or PLGAC to gain additional perspective on interactions with them.

By July 15: ED/CIO sends his/her Summary to raters (members of Compensation Subcommittee) along with the attached evaluation form.

By July 31: Raters evaluate ED/CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

By August 31: Mercer compiles final ratings and all final comments from raters and sends them to the ED/CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee to review/discuss the evaluation with ED/CIO and provide an overall recommendation to the IAC.

Following the public meeting, the IAC Chair communicates the recommendation regarding qualitative incentive award and supporting rationale to Trustees, with a copy to IAC members, as materials for a noticed public meeting of the Trustees.

September: Trustees consider recommendation in public meeting.

State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form

Background:

As part of the annual incentive plan for the SBA, the ED/CIO will have an individual/qualitative portion of his award that the Compensation Subcommittee of the IAC will be responsible for assessing. Subsequently, the Compensation Subcommittee will make a recommendation to the full IAC (which in turn will make a recommendation to the Trustees) combining both financial and individual/qualitative performance. The following categories will be used to evaluate the individual/qualitative portion of the ED/CIO's performance.

Please complete the following ratings for the ED/CIO and provide any comments as appropriate. For each category below, please indicate your rating of the ED CIO's performance in that category by circling one of the responses ranging from "Poor" to "Exceeds Expectations". Please provide any additional comments you may have in the comments box for the respective category, particularly if the rating is below "Meets Expectations."

1) 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.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

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State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form

2) People

The rating for this category should reflect the degree to which the ED/CIO has:

- Developed subordinate staff
- Recruited and retained key talent

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

3) 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.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

**State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form**

4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee

The rating for this category should reflect the degree to which the ED/CIO has:

- Maintained effective working relationships with individual IAC members and the Council as a whole, with members of the Audit Committee, and members of the PLGAC, on matters within the concern of each body.
- Provided requested information and transparency.

Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee and/or PLGAC to gain perspective on ED/CIO interactions with them.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

Other Commentary or Considerations

Overall Individual/Qualitative Performance Rating for this Period: *(Circle one)*

Poor Below Expectation Meets Expectations Exceeds Expectations

**MINUTES
INVESTMENT ADVISORY COUNCIL
March 23, 2015**

A meeting of the Investment Advisory Council (IAC) was held on Monday, March 23, 2015, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the March 23, 2015 meeting is hereby incorporated into these minutes by this reference.

Members Present: **Chuck Cobb**
 Peter Collins
 Les Daniels
 MaryEllen Elia (via telephone)
 Martin Garcia (via telephone)
 Will Harrell
 Gary Wendt

SBA Employees: **Ash Williams**
 Lamar Taylor
 John Benton
 Steve Spook
 Lynne Gray
 Scott Seery
 Alison Romano
 Katy Wojciechowski
 John Bradley
 Trent Webster
 Joan Haseman
 Michael McCauley

Consultants: **Steve Cummings, Aon Hewitt**
 Rowland Davis, Aon Hewitt
 Richard Brown, The Townsend Group
 Seth Marcus, The Townsend Group

WELCOME/CALL TO ORDER/ELECTION OF OFFICERS/APPROVAL OF MINUTES

Mr. Les Daniels, Chair, asked that the people on the telephone introduce themselves. Ms. MaryEllen Elia; Mr. Martin Garcia; Ms. Jamie Eckert, Mercer; Mr. Rich Dabrowski, Mercer; Mr. Michael DeRenzo, Mercer; and Ms. Erica Atalla, CFO Jeff Atwater's office, were identified as callers. Mr. Daniels called the meeting to order at 1:00 P.M. He asked for a motion to approve the minutes from the December 8, 2014 IAC meeting. Mr. Chuck Cobb made a motion to approve the minutes. The motion was seconded by Mr. Gary Wendt and passed without objection.

Mr. Daniels asked if there was a nomination in the election of officers. Mr. Will Harrell nominated Mr. Cobb as chairman. Mr. Wendt and Ms. Elia seconded the nomination. The vote was unanimous, and Mr. Cobb was elected as chair.

Mr. Daniels asked if there was a nomination in the election of the vice-chair. Mr. Cobb nominated Mr. Michael Price and let the council know that Mr. Price had agreed to serve an

extra four-year term. The nomination was subject to Mr. Price accepting the vice-chairman's position. Mr. Wendt seconded the nomination which passed unanimously. Mr. Cobb pointed out that Mr. Daniels had been a very effective chair and expressed gratitude for his leadership.

OPENING REMARKS/LEGISLATIVE UPDATE/REPORTS

Mr. Ash Williams, Executive Director and Chief Investment Officer, congratulated Mr. Cobb and thanked Mr. Daniels for his many contributions.

Mr. Williams began his presentation with a general statement of fiscal year-to-date performance, explaining that the total portfolio of the FRS Pension Fund was up 3.58 percent through the close of business on the previous Friday, 255 basis points ahead of target and \$1.1 billion greater than where the fund balance was at the beginning of the fiscal year, net of distributions of about \$3.6 billion.

Mr. Williams briefly discussed some of the topics which were going to be brought up in asset class reports, including the establishment of a series of active currency strategies in Global Equity and a group of CTA (Commodity Trading Advisor) strategies that were put on in Strategic Investments. In his legislative update, Mr. Williams referred to pending legislation which relates to the equitable distribution of Pool B dollars and which repeals current statutory restrictions on investments in Northern Ireland. Mr. Williams mentioned the triennial governance risk and compliance review which was done by Crowe Horwath. There was a short discussion about internal assessment of risk exposures which were noted in the Risk Management and Compliance status report. In response to questions from IAC Members Cobb and Wendt, Mr. Williams elaborated on legislative and political risk as well as succession risk.

ASSET LIABILITY STATUS REPORT

Mr. Williams introduced the Aon Hewitt presentation by explaining the process behind the asset liability reports and by discussing a decrease in the equity return premium. Mr. Cobb requested that Mr. Williams explain the recommendations that had been made to the Legislature concerning lowering the expected rate of return.

Mr. Williams discussed the fact that actuarial standards are norms of the actuarial profession and that they are not set by the SBA or by the Florida Legislature. He explained that the Actuarial Estimating Conference, a mechanism set up by the Legislature, meets every fall to discuss various inputs to the actuarial computational process. He continued by explaining that the SBA has been saying to the Actuarial Estimating Conference and to legislative leaders for several years that it would be constructive to potentially reduce the actuarial return assumption, which is set by statute. He explained that, in 2014, the estimating group did reduce slightly both the return assumption and the inflation assumption, further clarifying for the IAC that those will be put into the Legislature's funding decision this year. Mr. Williams concluded by stating that the valuations of assets under management on a net basis are regularly provided by the SBA to the Trustees.

Mr. Rowland Davis began his presentation by informing the IAC that this would be his last meeting as he was retiring after 18 years of working with the FRS, the SBA and the IAC. He let the council know that Phil Kivarkis, the actuary who heads up the Aon Hewitt asset liability practice, will be his replacement. Mr. Davis briefly reiterated that the expected return levels are down. He stated that there are relatively stable trend lines for both cost rates and funded ratios, and there is significant uncertainty which they blend into the asset liability study to assess risk and reward. He also spoke about the long-term and short-term analysis that had been done and stated that they were very comfortable staying with the current allocation targets.

REAL ESTATE REVIEW

Mr. Seth Marcus, The Townsend Group, began his presentation by providing a “market overview” view of the world, their assessment of different asset classes within different regions. He then focused on the SBA Real Estate portfolio, pointing out that performance continues to be strong, with outperformance by 100 basis points in net return over the five-year period. He reminded the council that the benchmark changed slightly last July, including a 150 basis point premium on 13.5 percent of the benchmark. Mr. Marcus also reminded the council that the real estate exposure had been increased from seven percent to ten percent and that, as of 2014 year-end, the Real Estate portfolio represents 7.9 percent of total plan assets. Additionally, he stated that over the last 12 months, the SBA has received \$720 million in cash distributions from the Real Estate portfolio. Mr. Marcus pointed out that, during 2014, Real Estate has made commitments totaling a little over a billion dollars, to well-diversified funds across core and non-core investments. Mr. Marcus referred to a slide showing the rolling return over the five-year period, explaining that the portfolio has consistently outperformed the five-year benchmark dating back to 1999 and it has also exceeded that benchmark over the 10- and 15-year periods. He spoke about the drivers of relative performance in the Real Estate portfolio. He shared the results of a Townsend survey of institutional real estate investors and pointed out that the SBA has been in the 85th percentile of performance over the five-year return. Mr. Marcus concluded his presentation by discussing two performance slides, one showing the growth of \$100 (7.7 percent annualized) in the Real Estate portfolio and the other providing pie charts with portfolio allocation.

Mr. Richard Brown, The Townsend Group, discussed the Principal Investments portfolio and the drivers of relative performance. Mr. Brown discussed drivers of relative performance for the Externally Managed portfolio, including core (farmland and pooled funds) and non-core. Mr. Brown concluded his presentation with a discussion about global REITs.

Mr. Steve Spook, Senior Investment Officer – Real Estate, began his presentation with an overview of the Real Estate asset class, including the roles of the asset class: diversifying the FRS Pension Plan assets and providing a potential hedge against inflation. He discussed the policy target allocation, the allocation range, the current allocation, and the target of 90 percent private real estate and 10 percent real estate securities. He reminded the IAC of the new benchmark and pointed out that the Principal Investments portfolio has a secondary benchmark. Mr. Spook briefly discussed the asset class goals and objectives. Mr. Spook also discussed allocation to investment sectors, property type diversification, geographic diversification, and leverage. He continued his presentation with a discussion of the Externally Managed portfolio where the two key components are commingled funds and public real estate. Mr. Spook stated that, going forward, for new commitments in the Externally Managed portfolio, the focus will be non-core. He also stated that, over the past fiscal year, they have made their first commitments to dedicated country/region specific international funds. He spoke about the sourcing of funding, the due diligence process, and the role of The Townsend Group.

Ms. Lynne Gray, Senior Portfolio Manager, Principal Investments – Real Estate, presented information on the Principal Investments portfolio, direct-owned investments actively managed internally by SBA staff. She explained that Principal Investments is governed by investment portfolio guidelines, that they use separate account managers, and that they invest through wholly-owned structures and joint ventures. Additionally, she stated that Principal Investments is anchored by core investments. Ms. Gray concluded by discussing sector allocation, property type diversification, geographic diversification, and leverage.

ASSET CLASS SIO, DC PROGRAMS OFFICER, AND INVESTMENT PROGRAMS & GOVERNANCE OFFICER UPDATES

Mr. Williams and Mr. Scott Seery, Co-Senior Investment Officer – Global Equity, introduced Ms. Alison Romano as the new Co-Senior Investment Officer in Global Equity. Ms. Romano provided a

brief summary of her background. Additionally, Mr. Williams announced that Mr. Tim Taylor is serving as a deputy Senior Investment Officer in waiting so that he can be ready to step up when Mr. Seery retires.

Mr. Seery provided a brief performance update, stating that the numbers remain positive, both from a total and active return perspective. He also spoke about active risk and their risk budget.

Ms. Romano presented a Global Equity initiative update, highlighting the currency program, emerging market manager roster changes, and factor indexing. She continued by commenting on best execution, a prime brokerage relationship, and global passive. Ms. Romano concluded her presentation by discussing some of the major market themes of 2014, as well as what can be expected in 2015.

Ms. Wojciechowski, Senior Investment Officer – Fixed Income, began her presentation with a summary of performance, stating that the 12-month returns for the intermediate aggregate were approximately 3.5 percent and adding that their portfolios outperformed in all sectors. She explained that it has been challenging to find good investments, they have taken their risk down, and security selection has become more important.

Mr. John Bradley, Co-Senior Investment Officer – Strategic Investments and Private Equity, provided an update on the private equity market environment. He discussed the Private Equity portfolio exposure by sector and geography. He mentioned the completion of a secondary sale. Mr. Bradley reported that the asset class portfolio continues to perform well over the long term, exceeding its benchmark over the 10-year and since inception periods as of September 30, 2014. He also broke out performance versus their secondary benchmark and by sub-strategy. He concluded his remarks by discussing 2014 commitment activity.

Mr. Trent Webster, Co-Senior Investment Officer – Strategic Investments and Private Equity, presented the Strategic Investments asset class policy objectives. He continued his presentation with a breakdown of the portfolio by strategy weights and by sub-strategy weights. Mr. Webster then discussed asset class performance and the different ways that they measure performance, including the benchmark, the real return benchmark, against the rest of the FRS, and on a risk adjusted basis. In conclusion, he discussed recent activity and market opportunities.

Ms. Joan Haseman, Senior Defined Contribution Programs Officer, presented an update for the FRS Investment Plan, including assets under management, membership growth, distributions, rollovers and the number of Investment Plan retirees. Ms. Haseman also discussed calls to the Financial Guidance Line and visits to MyFRS.com.

Mr. Michael McCauley, Senior Officer – Investment Programs and Governance, gave a brief update on corporate governance activities relating to proxy voting, regulatory commentary, and corporate engagement. He provided the council with empirical statistics on their global proxy voting in 2014. Mr. McCauley concluded his presentation with a snapshot of what has been done recently and some things currently in progress, noting that proxy access is likely to be the most significant item or theme from the 2015 proxy season. There was a brief discussion on quantifying the value of the vote.

CAT FUND INVESTMENT POLICY REVIEW

Mr. Lamar Taylor, Deputy Executive Director, began his presentation with an overview of the Hurricane Catastrophe Fund, including a brief history of its creation by statute, its purpose, its investment objectives, and the statutory mandate that all residential property insurers participate. In order to provide the IAC with background, context and information regarding what is driving the objectives, he presented several slides. His first slide illustrated statewide total property and casualty exposure. Mr. Taylor continued by presenting information pertaining to the timely payment of claims. Mr. Taylor spoke about the investment guidelines which set out liquidity, safety of principal and competitive yield as the investment objectives. He concluded with a summary of the investment guidelines, recent changes to the guidelines, and yields as of December 31, 2014. The IAC members did not recommend that any changes be made to the CAT Fund Investment Portfolio Guidelines.

MAJOR MANDATES PERFORMANCE REVIEW

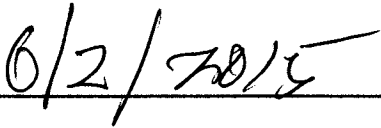
Mr. Steve Cummings, Aon Hewitt, provided a brief overview of the SBA's major mandates and their performance, including presentations on the Pension Plan, the Investment Plan, the CAT Fund, the Lawton Chiles Endowment Fund and Florida PRIME.

AUDIENCE COMMENTS/2015 MEETING DATES/CLOSING REMARKS/ADJOURN

Mr. Cobb announced that the Governor would be recommending to the Trustees, at the meeting the following day, that Mr. Daniels and Mr. Price each serve another four-year term. Mr. Cobb thanked them for agreeing to serve again. As there were no further comments or questions, the meeting was adjourned at 3:55 P.M.



Chuck Cobb, Chair



Date

STATE BOARD OF ADMINISTRATION OF FLORIDA

INVESTMENT ADVISORY COUNCIL MEETING

MONDAY, MARCH 23, 2015
1:00 P.M. - 3:55 P.M.

1801 HERMITAGE BOULEVARD
HERMITAGE ROOM, FIRST FLOOR
TALLAHASSEE, FLORIDA

REPORTED BY: JO LANGSTON
Registered Professional Reporter

ACCURATE STENOTYPE REPORTERS, INC.
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APPEARANCES

IAC MEMBERS:

CHUCK COBB
MARTIN GARCIA (telephonically)
GARY WENDT
WILL HARRELL
PETER COLLINS
LES DANIELS
MARYELLEN ELIA (telephonically)

SBA EMPLOYEES:

ASH WILLIAMS, EXECUTIVE DIRECTOR
JOHN BENTON
LAMAR TAYLOR
MICHAEL MCCAULEY
TRENT WEBSTER
KATY WOJCIECHOWSKI
STEVE SPOOK
LYNNE GRAY
SCOTT SEERY
ALISON ROMANO
JOHN BRADLEY
JOAN HASEMAN

CONSULTANTS:

RICHARD BROWN - (The Townsend Group)
SETH MARCUS - (The Townsend Group)
JAMIE ECKERT - (Mercer)
ROWLAND DAVIS - (Aon Hewitt)
STEVE CUMMINGS - (Aon Hewitt)

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INVESTMENT ADVISORY COUNCIL MEETING

* * *

MR. DANIELS: I'd like to call the meeting to order. Can the people on the phone introduce themselves and let us know who's there?

MS. ELIA: MaryEllen Elia.

MR. GARCIA: Martin Garcia.

MR. DANIELS: Thank you.

MR. ECKERT: You have the Mercer team, Jamie Eckert, Rich Dabrowski and Michael DeRenzo on the line.

MR. DANIELS: Thank you. Anyone else?

MS. ATALLA: Hi. This is Erica Atalla from CFO Jeff Atwater's office.

MR. DANIELS: Okay. I'd like to call the meeting to order. And may I have a motion to approve the minutes, please?

MR. COBB: Mr. Chairman, I move the minutes be approved from the last meeting.

MR. DANIELS: Second?

MR. WENDT: Second.

MR. DANIELS: All in favor?

(Ayes)

MR. DANIELS: The minutes are approved. The election of the officers, do we have a nomination?

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MR. HARRELL: I nominate Ambassador Cobb as chairman.

MR. DANIELS: Thank you. Is there a second?

MR. WENDT: Second.

MS. ELIA: This is MaryEllen Elia. I second it.

MR. DANIELS: Thank you, MaryEllen. All in favor.

(Ayes)

MR. DANIELS: Motion passes. Do I have a motion for the vice-chair?

MR. COBB: Mr. Chairman, I'd like to nominate Michael Price. I'm delighted that Michael Price has agreed to serve an extra four-year term, and I understand the trustees will approve that tomorrow.

So I would like to nominate him, subject to him accepting the vice-chairman's position.

MR. DANIELS: May I have a second, subject to that?

MR. WENDT: Second.

MR. DANIELS: All in favor?

(Ayes)

MR. DANIELS: Motion passes. Mr. Chairman.

MR. COBB: Thank you, Mr. Chairman. You were an extraordinary chair of this board, and we are all grateful for your leadership during the last year,

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1 and I hope I can wear your big shoes.

2 MR. DANIELS: Thank you.

3 MR. COBB: You were a very effective chair, and
4 we all are appreciative of that. So, Ash, do you
5 want to give us your opening remarks and take us
6 through all the attachments in Tab 2, or summarize
7 them?

8 MR. WILLIAMS: Yes. Thank you, Mr. Chair.

9 Congratulations. And thank you, Former Chair, for
10 your many contributions. A couple of things, if I
11 may, just to open up, in terms of where we are fiscal
12 year to date. We usually open with a performance
13 update that brings it up to the minute, since the
14 information we're using is as of month end December.

15 If we look at the numbers through the close on
16 Friday, fiscal year to date, total portfolio for the
17 Florida Retirement System Trust Fund is 3.58 percent.
18 That's 255 basis points ahead of target. And it
19 shows a \$1.1 billion gain in the fund since the onset
20 of the fiscal year. It's worthy of note that's net
21 of distributions of I believe about \$3.6 billion in a
22 very volatile market environment.

23 A couple of other things that we'll be coming to
24 today, first of all, as a format item, there's been
25 interest on the part of the IAC and hearing as much

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1 as possible I think from the investment team here at
2 the board and having you have ability to interact
3 with them, ask them questions, et cetera, so we're
4 staying with that model, and we'll have reports from
5 all of our SIOs today.

6 But there are a couple of programs that I think
7 will come up in those reports that should be of
8 particular interest to you, because they're things
9 that we put in place during the past year that you
10 had involvement with vetting and putting in place.

11 The first of these is in the global equity asset
12 class, and that is the establishment of a series of
13 active currency strategies that gain their underlying
14 liquidity by being ported to a component of the
15 liquid equity holdings. The other of these is a
16 group of CTA strategies that we put on in strategic
17 investments.

18 Both of these strategies were put on after an
19 extended period of being out of favor and not great
20 sources of return for investors around the world. I
21 think they could fairly be characterized as out of
22 favor and unloved. And our thinking was it was not
23 different this time. There was a pretty good chance
24 these things would come back into favor and, when
25 volatility returned to the markets, would start

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1 offering returns that would be attractive.

2 You all know recent market history. And between
3 changes in the Swiss franc and other market
4 volatility, we've seen all the drama surrounding
5 Grexit and Russia and the Middle East and this, that
6 and the other, all the usual exogenous factors, I
7 think that these strategies have fulfilled our
8 objectives for them, and you'll hear more about that
9 when go through the asset classes.

10 Legislative update, the legislature is now in
11 session. The SBA has legislation that we're working
12 on this year that does two completely unrelated
13 things. The first is related to Pool B. You'll
14 recall the portfolio securities that we discussed
15 here a number of times about how to manage, et
16 cetera.

17 The original face value of that pool of illiquid
18 securities was \$2 billion when it became illiquid
19 back in tail end of '07, early '08. And we in
20 September of 2014 announced that we had refunded the
21 last dollar of that original principal. So the full
22 \$2 billion was distributed in cash to the original
23 investors, and we have the high class problem now
24 that we recognized another \$43 billion --
25 \$43 million, I'm sorry, in gains on certain

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1 recoveries related to those securities. And we
2 needed a way to distribute those dollars equitably to
3 the local government and state government entities
4 that were entitled.

5 We worked closely with the Participant Local
6 Government Advisory Council, which Ms. Elia chaired
7 with distinction not too long ago, to get their
8 guidance. And the perception was that the way to
9 have a very equitable and transparent way of
10 distributing those dollars would be to use a pro rata
11 share of the November 2007 interest that was withheld
12 from those investors.

13 We said that's great and it makes complete
14 sense. The problem is the law doesn't contemplate
15 it. Happy to support that approach, and we think
16 it's a good one, but we'll have to go to the
17 legislature and get authority statutorily. And
18 there's always risk in that. But if you're willing
19 to take the risk, we're willing to do the work.

20 The answer was, go do it. So the trustees
21 concurred. We have done that. We have now been
22 through several committees in both the House and the
23 Senate. We have come out of every single committee
24 we've been in unanimously and without even so much as
25 a question, so moving very nicely there.

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1 The other part of that same bill deals with
 2 Northern Ireland. We had certain investment
 3 restrictions put in Florida Statutes in the late
 4 1980s, during a time of attenuated political strife
 5 wrought between religious divisions between Catholic
 6 and Protestant communities in Northern Ireland. And
 7 there were limitations placed on what we could do in
 8 that region, for reasons of bringing pressure on the
 9 government of Northern Ireland in some of those
 10 practices.

11 Suffice it to say that the problems in Northern
 12 Ireland have largely been addressed and gone away.
 13 The former head of the Irish Republican Army is now a
 14 member of Parliament and has gone mainstream on us,
 15 yet the statute in Florida has been unchanged.

16 And we have recently seen some opportunities in
 17 real estate related credit in Northern Ireland that
 18 are very appealing, so we've recommended repeal of
 19 this legislation. That is part of the same bill with
 20 the Pool B provisions and is moving along nicely.

21 As a matter of fact, I believe our next stop in
 22 the Senate is a special order calendar. We came out
 23 of full Senate appropriations committee last
 24 Wednesday afternoon. And in the House, next stop is
 25 full appropriations committee. So all good there.

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1 I would also mention by way of general interest
 2 that the audit committee has been very busy of late.
 3 And as you will see in their report, under Tab 2,
 4 we've recently completed the triennial governance
 5 risk and compliance review, which was done by Crowe
 6 Horwath, an outside audit firm that did the initial
 7 review three years back.

8 And they basically looked at a range of areas in
 9 terms of your governance, the independence of the
 10 oversight reporting you have, the independence of
 11 your compliance exception, capture and reporting
 12 mechanisms, et cetera. I think it's a safe summation
 13 to say that was a very positive report.

14 The standout comment was that our GRC effort
 15 collectively and our enterprise risk assessment and
 16 oversight models generally had gone from the status
 17 of being, I think the word was mature to advanced,
 18 which is I think a pretty good embrace overall.

19 If we look at the other components under Tab 2,
 20 you have the usual staff reports in here and also a
 21 report from the Participant Local Government Advisory
 22 Council. But other areas that are of general
 23 interest would include the risk and compliance
 24 report, the proxy voting report, and I think we'll
 25 have a little more commentary on that later on today,

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1 the general counsel's report. And what am I
2 overlooking? Oh, of course, the inspector general's
3 report. Happily, there's nothing of note in any of
4 the compliance, IG or audit areas that would be
5 problematic and worthy of bringing up.

6 So I think, on that note, absent questions, we
7 should probably move on into our asset-liability and
8 status report. I'm happy to take any questions you
9 may have.

10 MR. COBB: Any questions?

11 MR. WENDT: Yes, I have a question. There's a
12 page at the end of -- actually it's one of three
13 pages at the end of the second section. Very
14 colorful. And it outlines, I guess, all the various
15 things which your consultants study. And I would
16 just like to observe that it looks like a pretty
17 bureaucratic way to manage. No question. Just
18 observation.

19 MR. WILLIAMS: I was going to say, I see the
20 pages you're talking about, and these actually are
21 not consultant reviews. These are things that when
22 we look at our own internal assessment of where our
23 risk exposures are, these are our assessments. And
24 what we have done is basically heat map them by what
25 we think their centrality to our success or threat to

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1 our success that they pose and then our degree of
2 ability to either accept those risks as is or
3 mitigate them, and if so, have we mitigated them
4 enough. So this is a working map for us that's
5 internally generated.

6 That may not change your conclusion, just
7 changes the source.

8 MR. WENDT: It does not, nor did I assume it was
9 done by the consultants. I assumed you had done it.
10 But that's okay. You're a bureaucratic organization,
11 I guess.

12 MR. COBB: So I guess the only thing to focus on
13 is the two red and oranges. And do you want to
14 address what management is doing to address the two
15 red and oranges?

16 MR. WILLIAMS: Well, if I'm following this
17 correctly, I believe the two items you're talking
18 about would be number four, which is legislative and
19 political risk, and number 10-D, which is succession
20 risk. And on the legislative and political risk, the
21 point there is we live in a world where decision
22 authorities independent of this building can do
23 things with the stroke of a pen or the tabulation of
24 a vote that could completely upend our ability to do
25 our job.

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1 So what we have done to mitigate that risk is
 2 establish the best working relationships we can with
 3 the members of legislature, the legislative staff, et
 4 cetera, and be seen as a credible resource to them
 5 and a trusted resource to them. I wouldn't be so
 6 presumptuous as to say we're a hundred percent there.
 7 That's a body with a lot of individuals in it, and
 8 there will always be those who have differing views.
 9 But I do feel we have a productive relationship
 10 there, and we've done pretty much as much as we can
 11 in that regard, and we accept that risk. That's why
 12 we have an orange there.

13 On the succession risk the IAC has actually been
 14 very, very involved in our activities to mitigate
 15 that through your efforts in comp. And the fact that
 16 you are looking at a senior investment officer team
 17 of the quality of the one sitting across the table
 18 from you today and the fact that a number of these
 19 people have been in these roles for a while and some
 20 of them are relatively new says that we are being
 21 successful in getting and retaining talent.

22 And we've had some other interim successes
 23 lately, including recruiting a key member of our
 24 fixed income team from the private sector and a new
 25 member of our private equity team from another major

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1 public pension fund, that suggests we're going in the
 2 right direction there. Can we do more? Yes. Which
 3 is why we've got it on here as mitigate further. But
 4 we definitely think we're headed in the right
 5 direction.

6 MR. COBB: I guess I would argue the new effort
 7 to have more participation by our management at these
 8 meetings is also a positive succession management
 9 building exercise, which I think all of us on the
 10 board applaud. So I guess we can go to Tab 3, if
 11 there are no more questions.

12 MR. WILLIAMS: So for Tab 3, let me put this in
 13 context and then turn this over to Mr. Davis and
 14 Mr. Cummings from Aon Hewitt. We look annually at --
 15 or periodically, not annually, with regularity, shall
 16 we say -- at the average of the 15 forward year asset
 17 class return estimates of major consulting firms.
 18 And those are Aon Hewitt, Mercer, Wilshire and
 19 Callan. And we basically do an average across those,
 20 in case any of them are outliers.

21 And we look at two things. What is the
 22 expectation for credit. What is the expectation for
 23 equity. And looking at the difference between the
 24 two, what is the equity risk premium that investors
 25 could anticipate getting by putting on more equity or

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equity-like risk exposure in their portfolios.

And the headline is -- contains some new information and some that's of no surprise at all. The no surprise at all is that interest rates are still low, and fixed income expected returns for that reason continue to be low.

What is newer information is that equity return expectations came down a bit, which in turn reflects markets appreciating pretty dramatically in the recent past, which in turn, taken together, gives you a decrease in the equity return premium.

Given that this information is a fundamental input to asset allocation, that raises a few issues, such as, so what does this mean for your expected real and nominal returns going forward? Does that in turn have ramifications for your asset allocation and propriety of your current asset allocation versus alternatives that might blend in more or less risk assets?

And I don't want to take Rowland's entire presentation, because he's got it down. But suffice it to say, the expected real return median occurrence would be four and a half percent versus our desired long-term real return of five, which would cause anyone to pause and say, Well, wait a minute, what do

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we do about that? That's not sustainable.

And the answers to that are several. First of all, it's a reasonably short-term-ish problem because these numbers move around. There's a lot of noise in the data, as some of Rowland's graphics show. The other thing is that if you look at where we are and look at the next ten-plus years going forward, look at our funded ratio projections and our cost to member employer projections, both of those are in positive trend, which is the funded ratio gets modestly better over the next seven to nine years, and employer contributions stay flattish to down trend.

That to me is a seeming disconnect, but it's caused because the investment performance in the recent past has been well in excess of the 5 percent real and because actuarially you're not counting the value of the assets on a mark to market basis.

You're looking at them on a five-year smoothed basis. As the calendar moves forward, you're capturing more and more of the true market value of your assets, which overwhelms the slightly lower expected median real return over that same period of time.

And the last couple of points -- and again --

MR. HARRELL: Ash, before you move on from that.

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1 So I don't think I realized that whenever we have
2 talked about funding ratios on a smoothed assets
3 basis, what is the smoothed and the non-smoothed?
4 What is the different ratio at this stage?

5 MR. WILLIAMS: I don't have a hard number for
6 you on that difference. But the smoothed is a
7 five-year smoothing.

8 MR. HARRELL: No. I understand. I'm just
9 wondering how different, how much does the ratio move
10 up or down if we marked everything --

11 MR. WILLIAMS: Oh, I think the short answer is
12 our funded ratio would move up pretty materially if
13 we were unsmoothed. I'll defer to Rowland on that.

14 MR. DAVIS: The current funded ratio, using
15 smoothed assets, is 87 percent. I believe, using
16 market value, it's 93 or 94, I think, 92. Oh, 96.
17 Okay, 96. There's an \$11 billion difference
18 currently between that.

19 MR. HARRELL: Is that the only place that we see
20 a smoothed number? Like when we get asset reports
21 and so on, we're always seeing actual, right?

22 MR. WILLIAMS: Yes. When you see our
23 performance report, that's mark to market, net of
24 fees, absolutely. And keep in mind, this convention
25 cuts both ways. I can see the frustration on Mr.

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1 Wendt's face. And let me just put in perspective
2 some of the weirdness that comes out of the smoothing
3 convention.

4 When there are downturns in the market and
5 there's a dramatic shock to the down, think 1987 for
6 a few months or 2008, et cetera, then the smoothing
7 masks the decrease in value. And people criticize
8 smoothing because it's hiding losses. But by the
9 same token, when performance has been very strong,
10 smoothing masks outperformance and conceals the
11 near-term benefit of that, which suggests that there
12 may be some conspiracy to mislead people about what's
13 really going on.

14 I think the primary reason that smoothing exists
15 as an actuarial concept is simply to ensure that we
16 take a truly long-term view on these things and don't
17 tilt at all sorts of short-term windmills that
18 ultimately will detract from long-term focus, and
19 that we not have contribution shocks for employers
20 that could be very, very dramatic.

21 You can imagine, if you had the funding ratio
22 announced to be 96 percent, I suspect the enthusiasm
23 for various bodies to fully fund long-term
24 obligations would evaporate at a high rate.
25 Conversely, when you have bad experience and there

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1 were huge losses, the ramifications for the taxpayers
 2 would be breathtakingly bad, because they would imply
 3 massive spikes in contributions, which again are not
 4 going to be made.

5 And because these liabilities are extremely
 6 long-dated and are not payable in the short-term, I
 7 think those are the conceptual underpinnings for
 8 smoothing. Rowland, what did I leave out?

9 MR. DAVIS: No. You hit it. The smoothing
 10 approach to assets fundamentally is a way to cut down
 11 on year-to-year volatility in contribution rates.
 12 For a public entity, budgeting purposes and so forth,
 13 the kind of year-to-year volatility in contribution
 14 rates is something that would be difficult to handle.
 15 So the asset smoothing is for that.

16 Market value is always available, and funded
 17 ratios on market value are disclosed. But sort of
 18 the historical standard way of presenting information
 19 has been to use the same smoothed value for reporting
 20 that. But it's always available and reported on both
 21 bases.

22 MR. DANIELS: For a public company, would
 23 smoothing be GAAP?

24 MR. DAVIS: For public companies, GAAP is the
 25 standard, and market value of assets is used. Really

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1 it's a whole different funding process. And those
 2 contributions can be very volatile, much more
 3 volatile than you might say a public entity relying
 4 on relatively slow-moving legislative processes and
 5 so forth. That kind of volatility is just difficult
 6 to handle in the public sector.

7 MR. DANIELS: So it wouldn't be permitted under
 8 GAAP for public --

9 MR. DAVIS: For a public company, no.
 10 Historically, actuaries use very similar processes.
 11 But over time GAAP has become much more market
 12 focused.

13 MR. DANIELS: Thank you.

14 MR. WENDT: I'm a much simpler person than all
 15 of you consultants, but I can't just believe that
 16 explanation you just gave. At any rate, if I were a
 17 taxpayer in Florida, which I am, I'd like to know the
 18 truth.

19 MR. WILLIAMS: Well --

20 MR. WENDT: You don't have to comment on that.
 21 I'm just giving my opinion. I heard what you did and
 22 how you did it. And I assume the legislature has put
 23 that in words that are in the constitution or
 24 something. But at any rate, my real question is, how
 25 much this year do you expect the employers to

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1 contribute?

2 MR. WILLIAMS: That's up to the legislature.

3 MR. WENDT: But do you have a guess? Do you
4 have any anticipation? Would they have to contribute
5 anything, if they chose not to?

6 MR. WILLIAMS: Well, first of all, let's come
7 back to the truth, because your statement suggests
8 that what's being shared is something other than the
9 truth.

10 MR. WENDT: I think so. It's my opinion, but
11 that's just an opinion.

12 MR. WILLIAMS: That's your opinion, but this is
13 a public body, and I want to be clear on this.

14 MR. WENDT: Okay. I can have an opinion.

15 MR. WILLIAMS: Totally, absolutely.

16 MR. COBB: Ash, maybe it would be helpful to
17 explain to Gary and the whole committee the
18 recommendations you have made to the legislature over
19 the years to count on a lower rate of return and how
20 at the last meeting the trustees actually recommended
21 the legislature to reduce it by a tenth of
22 one percent. Why don't you give them that process.

23 MR. WILLIAMS: Sure. Let's back up. First of
24 all, the actuarial standards, we don't set them. The
25 Florida Legislature doesn't set them. They're norms

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1 of the actuarial profession that have existed and
2 been distinct for public and private firms for many
3 years, and we have nothing to do with those. They're
4 industry conventions.

5 The second thing that Ambassador Cobb was just
6 referring to is that there is a body that meets every
7 fall -- and this is a mechanism set up by the Florida
8 Legislature -- that is what's known as an actuarial
9 estimating conference. And they talk about the
10 various inputs to the actuarial computation process,
11 which would include things like assumption on
12 actuarial investment returns, on the payroll growth
13 of the employee base that's covered by the pension
14 plans, the pension plan and the investment plan, on
15 the inflation growth, et cetera.

16 So basically we have been saying for several
17 years in writing to this group and to the leadership
18 in the legislature that we think it would be
19 constructive to potentially reduce the actuarial
20 return assumption, which is set by statute, which has
21 historically, in recent years, been 7.75 percent, we
22 think it would potentially be appropriate to reduce
23 that number by some increment, and 25 basis points or
24 so wouldn't be the least bit out of line in our
25 judgment. And that's a comment going back several

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1 years, before the degree of low interest rates and
 2 slowing that we now see today was apparent, and
 3 further that the inflation assumptions might be
 4 subject to reduction as well.

5 And lastly I think we might have even said
 6 something in one of these communiques about payroll
 7 growth assumptions, because payroll certainly at the
 8 state level has not been growing at anywhere near the
 9 historically assumed rate in those presumptions.

10 And in the last meeting of this estimating
 11 group, which was in I believe October of '14, they
 12 did in fact reduce slightly both the return
 13 assumption and the inflation assumption. And those
 14 will be input into the legislature's funding decision
 15 this year. The trustees actually do not have a role
 16 in this. This is a decision that the legislature
 17 owns.

18 But I think in terms of the way we express
 19 valuations, we express valuations of our assets under
 20 management on a net basis to our trustees monthly,
 21 and we do quarterly reports that use audited numbers.
 22 So we are absolutely on the up and up about both our
 23 performance and our asset values.

24 And when you get into the whole actuarial side
 25 of things, the SBA does not own that decision

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process. It's not ours. So --

MR. WENDT: First of all, I didn't mean to imply
 at all that you weren't doing things totally above
 board. That was not the -- just the idea of
 five-year balancing, it's an unusual concept for a
 simple person.

MR. COBB: Okay. Do we have anything else?
 Rowland, do you have any other comments, or can we go
 to real estate?

MR. COLLINS: He has a presentation.

MR. DAVIS: Yeah. I was going to run through
 the presentation, if you want.

MR. COBB: I think Ash did such a good job, I
 think we have the punch line, but why don't you fill
 in briefly, and we'll quickly go to real estate.

MR. DAVIS: I will. If you allow me one quick
 personal note. Today marks the end of an 18-year run
 for me of working with the Florida Retirement System,
 the SBA, the IAC. So thank you for the memories.
 Especially the classic 2013 study. I'll be telling
 my grandchildren about that for years.

But it's been -- in a 40-year consulting career,
 this is the longest ongoing relationship that I've
 had, and those are the things that make consultants
 smile. So thank you for that. Next year you will be

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1 in the hands of Phil Kivarkis, who is the actuary
 2 that heads up the Aon Hewitt asset-liability
 3 practice. And I have been working with him and will
 4 continue through the rest of this year to make a
 5 smooth and seamless transition to things. But it's
 6 been fun.

7 I'll keep it very quick. Ash, on page three,
 8 covered the first bullet point about the returns
 9 being down, and he covered it very well. So that's
 10 really the significant thing that we're seeing this
 11 year. The rest is kind of on the boring side because
 12 it looks like a lot like what we have seen before.

13 The plan financial results, when we project
 14 forward 15 years, we look at those. We look at the
 15 trend lines. They remain very stable, relatively
 16 stable, both the cost rates and the funded ratios,
 17 which is a good thing. There is, of course,
 18 significant uncertainty, which we run. When we run
 19 our simulation models, we capture the range of
 20 uncertainty.

21 That uncertainty then is what we kind of blend
 22 into the asset-liability study to assess risk and
 23 reward. We do both a long-term and a short-term kind
 24 of analysis. What we see this year in the study
 25 basically is a no change kind of message. When we do

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1 the long-term analysis, we see results that maybe
 2 indicate a slight shift towards more risk would be
 3 appropriate, but it's a very soft message.

4 When we look at the short-term risk measures, we
 5 see that if you were to up the ante on risk, you
 6 would be increasing the possibility of some
 7 short-term funding shortfalls, which would be a
 8 negative thing. So on balance, the balance between
 9 those two are such that we feel very comfortable
 10 staying with the current allocation targets.

11 If you want me to pursue any of the additional
 12 charts, I can do that.

13 MR. COBB: Let's find out if there's questions.
 14 Hearing no questions, I think -- and congratulations
 15 on your tenure with this bunch.

16 MR. DAVIS: Thank you.

17 MR. COBB: Okay. Ash, do you want The Townsend
 18 Group to take the lead, or do you want Steve and his
 19 team to go first?

20 MR. WILLIAMS: Well, I think we've -- why don't
 21 we let Steve go ahead and introduce the subject area
 22 and then introduce the Townsend folks and go from
 23 there.

24 MR. SPOOK: Good afternoon. The purpose of
 25 Townsend and myself and Lynne Gray being here this

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1 afternoon is to give an asset class review. We do
 2 that on an annual basis. Last time was last March.
 3 And Townsend is our specialty consultant. In
 4 addition to doing presentations such as this, they
 5 help us out with performance reporting, manager
 6 monitoring, research, views of the world, manager
 7 searches, I think I mentioned already. And they're a
 8 great resource to us. I think you'll see that today.
 9 Dick?

10 MR. BROWN: Thank you, Steve. Again, this is
 11 our 11th year since we started providing real estate
 12 consulting services to the state board. We
 13 appreciate your confidence in us. Seth Marcus, a
 14 consultant, is going to start off with the slides.
 15 Seth.

16 MR. MARCUS: Thanks. So starting --

17 MR. COBB: Is your microphone on?

18 MR. COLLINS: We've got people on the phone.

19 MR. MARCUS: Thank you. So starting at slide
 20 four, we generate a 40-page market overview view of
 21 the world, and we concise it down to a single page
 22 here for your convenience. I'm not going to walk
 23 through this, but it's for you to take away. Kind of
 24 walks through our view on different asset classes
 25 within different regions, both in the emerging and

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developed markets.

We don't see a kind of -- we see a divergence of
 economic growth really underpinning our base case for
 the next few years. It's not the emerging markets
 are going to do X and the developed markets are going
 to do Y. It's really a country-by-country look at
 the different asset classes and different economic
 cycles and different -- really the different
 underlying inflation and monetary policy of each
 region.

So we walk through it a little bit on here, but
 I wanted to focus more today on obviously your
 portfolio and the performance specifically of the SBA
 overall portfolio.

So moving to slide six. We include the
 highlights over the past year. So the number one
 highlight is the real estate performance continues to
 be strong, outperformance in net return over the
 five-year period by 100 basis points. This is -- as
 you'll recall, the benchmark did change slightly in
 July of this past year, including a 150 basis point
 premium, 13.5 percent of the benchmark, to take into
 account some of the non-core exposure. And that
 continues to outperform. In a number of slides
 coming up we'll look at performance in a number of

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different ways.

Also about a year ago, back in the beginning of '14, the IA committee increased and through the asset-liability study increased the real estate exposure from 7 percent to 10 percent. We are currently at 7.9 percent as of year-end, about \$11.6 billion. So we've been working with Steve and with the rest of the real estate staff to get there in a prudent but also in a paced-out manner. We're not looking to get there tomorrow or next year, but really on a slow and paced time frame. So today we're at 7.9 percent on a funded basis.

The fourth bullet is one we always like to include and point out specifically for real estate.

So real estate is an income-generating asset class. We've seen significant appreciation over the last five years since the financial crisis. But we own hard assets. We collect rents, and income is the driver of performance here. Over the last 12 months the SBA has received \$720 million in cash distributions from the real estate portfolio.

Over the last year we've made a number of different commitments highlighted at the bottom of the page, both commingled funds and direct investments, totaling a little over a billion

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dollars. These are well-diversified funds across core and non-core investments.

Looking at slide seven, we show the rolling return over the five-year period. And I mentioned, over the most recent time frames, a 100 basis point outperformance. But if you look back at this chart, the portfolio has consistently outperformed the five-year benchmark, dating back to 1999. There's one quarter in there where there's a 50 basis points underperformance, but other than that, it outperformed consistently.

Looking over the longer time periods, the 10 and 15 year periods, the portfolio also continues to outperform, 380 basis points and 260 basis points respectively.

So on slide eight we wanted to show what was driving this performance. There's a number of different attributes to your portfolio. We've categorized them as core and non-core. Within the non-core there's opportunistic and value add. There's also a public component in the portfolio as well.

There's a lot of charts on this page. But the easiest way to read the chart, we look at the one year return, is that the SBA's return for one year,

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1 net performance was 13 percent. The opportunistic
 2 portfolio positively contributed to that performance
 3 by about 40 basis points. So if you were to remove
 4 opportunistic from your portfolio, it would generate
 5 about a 12.6 percent.

6 Conversely, core detracted from performance by
 7 about 50 basis points. That doesn't necessarily mean
 8 that core was a negative performer. Over the
 9 one year period, core generated a 12 percent return.
 10 However, lower than the 13 percent of the total
 11 portfolio, so obviously being a detractor.

12 I think what's important here is if you compare
 13 the one year return chart to the ten year return
 14 chart, they're complete opposites. So the core
 15 really drove the performance, where the opportunistic
 16 sort of dragged the performance a little bit. And
 17 that just continues to show that the portfolio
 18 diversification, the construction, it continues to
 19 drive this outperformance and the portfolio continues
 20 to be well allocated.

21 Looking at performance in another way against
 22 your peers. And we did a survey here at Townsend of
 23 76 other institutional real estate investors and
 24 where they rank and how they perform versus each
 25 other. You can see SBA's performance over in the top

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1 right, in the top quartile, actually in the
 2 85th percentile of performance over the five year
 3 return. This is as of September, so the numbers are
 4 a little different from the prior page, just given
 5 the peer survey, but continue to be top quartile
 6 performers.

7 It's important to note that obviously each of
 8 the peers here are different in size, strategy,
 9 return expectations, risk parameters and risk
 10 appetite. But with that all said, the SBA continues
 11 to outperform a lot of its peers and in that top
 12 quartile.

13 The last slide I'll talk about about performance
 14 is the growth of 100 slide, in slide 10. It shows
 15 the impact of the starting point of a measurement
 16 period, how that impacts performance. So we continue
 17 to see that as we move away from the global financial
 18 crisis, that the five year number is now almost
 19 measuring completely excluding that crisis number,
 20 about a quarter left to be excluded, and the
 21 performance continues to improve, at 12.8 percent for
 22 the five year return. The ten years includes that
 23 full cycle, and still at a positive eight and a half
 24 percent return, you can see the 15 year.

25 Importantly, over the long-term, multiple market

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1 cycles, year over year returns of 7.7 percent since
2 inception.

3 And Steve will talk more about the construction
4 of the portfolio and where it's allocated, but a
5 quick pie chart of where the portfolio is allocated
6 today. About 72 percent in core and/or farmland,
7 18.4 percent in non-core, and 10 percent public.
8 Across those investments are almost 50-50 between
9 internally managed through the principal investments
10 portfolio or externally managed where discretion is
11 provided to the managers.

12 MR. BROWN: Thank you, Seth. So the next slide
13 again just looks at Principal Investments only, and
14 you can see the outperformance compared to their
15 benchmark over the five year period, the 100 basis
16 points. And we should say -- and I think Lynne will
17 describe this as well -- is that the principal
18 investments has a very low leverage ratio. I believe
19 10 percent, plus or minus 50 basis points. So you're
20 basically getting outperformance with very little
21 risk when you look at the leverage added to it.

22 Again, some of the drivers, two large separate
23 account managers, Heitman and L&B, almost 3.5 billion
24 total net asset value as of the end of the quarter.
25 And you can see their returns clearly since the

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1 1980s, 10.3 and 10.7. We just highlighted a few
2 properties here just as examples.

3 MR. COBB: What are the fees to these managers
4 who are in principal investments?

5 MR. BROWN: That is something that Steve and
6 Lynne will cover, but it's very attractive. It's a
7 third of what a typical fund would be. So they will
8 cover that in more detail.

9 The next page, again, just looks at the
10 externally managed. And there was a definition of
11 what's all included there. And you can see the
12 outperformance for all time periods here. And the
13 drivers, just the core externally managed, which
14 would be the farmland and pooled funds, you can see
15 again the outperformance over multiple time periods.

16 The other thing you can look at is just the
17 farmland alone, which is a small percentage of three,
18 three and a half percent of the total portfolio.
19 But, again, good outperformance compared to
20 benchmark.

21 The non-core, again, on the left side, we're
22 looking at it just compared to ODCE plus 150 basis
23 points. So this is the value add and the
24 opportunistic that Seth described earlier. You can
25 see the one and three year periods, very strong

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1 outperformance. The five year period includes the
 2 fourth quarter of '09, which was almost minus
 3 18 percent. In one quarter that will drop off. And
 4 so the five year, the next time this shows up, this
 5 will be exceeding that benchmark substantially for
 6 all time periods.

7 MR. WENDT: Is there a definition for non-core?

8 MR. BROWN: So non-core would be value added and
 9 opportunistic. So the value added includes typically
 10 repositioning, small renovations, some re-leasing.
 11 Opportunistic will include international investments,
 12 pure speculative development, entity investments,
 13 where you're expecting a much higher return. You can
 14 also have some higher risk premiums. You'll have a J
 15 curve effect with opportunistic investments, just
 16 like you would in private equity investments.

17 MR. WENDT: Thank you.

18 MR. COLLINS: It also deals with markets, too,
 19 right? Core markets are substantially different
 20 than --

21 MR. BROWN: Exactly. Your core markets are your
 22 primary and secondary markets. In value added they
 23 could look more at some secondary markets, just
 24 because the pricing hasn't gotten so rich. But
 25 primary markets, your coastal cities, pricing is very

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1 high. Cap rates are low.

2 MR. COLLINS: But generally, when we talk about
 3 core and we're talking about the third or fourth
 4 largest public pension fund in the country, we're
 5 talking about major markets, right?

6 MR. BROWN: Yes.

7 MR. COLLINS: Multifamily apartments. We're
 8 talking about Chicago. We're talking about New York,
 9 L.A., D.C., maybe Miami, and we're talking about new
 10 apartment projects, not development but existing. So
 11 some developer out there would go develop something,
 12 and then the SBA would buy it, and it would be in a
 13 major market. That would be core to the public
 14 pension fund.

15 MS. GRAY: And stabilized as well.

16 MR. SPOOK: Stabilized and low leverage.

17 MR. COLLINS: Right.

18 MR. BROWN: So on the right side we're just
 19 looking compared to the broad universe of more single
 20 digit returns. And what's happening there is you
 21 still have some funds in this broad universe that had
 22 low returns coming out of the recession. You've got
 23 some J curve effect.

24 So we think of this as really active versus
 25 passive or almost a dart board approach with the

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1 universe, where there's hundreds of funds in that
 2 universe. And you can see the returns that you
 3 generated are very significant above that.

4 The other thing, you know, you've got roughly
 5 this 10 percent allocation to global REITs. 2011 we
 6 transitioned from a domestic REIT portfolio to a
 7 global REIT portfolio. And this includes through the
 8 fourth quarter. So you can see the outperformance
 9 for the one and the three year periods. It was kind
 10 of meeting -- just meeting the benchmark over the
 11 five year period.

12 And I think this year through last Thursday,
 13 Friday, REITs, global REITs were up about 3.3 percent
 14 year to date. So still -- I think the double -- the
 15 huge double digit returns we saw the last several
 16 years, it's moderating down. So we would think
 17 reasonableness in the public REITs would be like, you
 18 know, high single digits this year, might hit
 19 10 percent.

20 And, again, this slide just shows you where
 21 you've made investments in the externally managed
 22 non-core. So this is the value added and the
 23 opportunistic. You can see the dollar amounts that
 24 you've committed to here. And I think Steve will
 25 describe this a little more. So you can see there

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1 were two years coming out of the recession where you
 2 really didn't commit to the pooled funds, but you
 3 were investing in a principal investment during that
 4 time period. And now coming out of that, you've made
 5 commitments. And there's certainly some on here that
 6 just don't have enough performance to show up in this
 7 particular chart.

8 And the other thing is, Steve is going to cover
 9 this more, but you're in compliance. You're well
 10 diversified. And with that, we'll open it up to any
 11 questions, and Steve will take it from there.

12 MR. COBB: Yes, sir.

13 MR. COLLINS: I'm a real estate guy, so I always
 14 have questions. I always love this stuff. We talked
 15 last meeting, Steve, about being sellers of core in
 16 this market and at this time. So of the 720 million
 17 in distributions we had, is that just cash flow, or
 18 are we including sales in that number as well?

19 MR. SPOOK: No, that would not include sales.

20 MR. COLLINS: That's just cash flow.

21 MR. SPOOK: Yeah.

22 MR. COLLINS: So are you selling? Are you
 23 looking to sell your core?

24 MR. SPOOK: Yes. We're actively taking
 25 advantage of, in some cases, frothy markets to

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1 dispose of what we consider to be non-strategic
 2 assets. Either the market has changed or some of our
 3 assets that are getting a little older, a little more
 4 capital intensive. And in almost every case we're
 5 far exceeding our appraised value, our market value
 6 on the books when we close a transaction.

7 MR. COBB: Why don't we let Steve and Lynne make
 8 their presentation. Then we'll ask questions.

9 MR. COLLINS: Oh, I thought they did. I'm
 10 sorry.

11 MR. COBB: They haven't made their
 12 presentations.

13 MR. COLLINS: Great. Sorry, Mr. Chairman.

14 MR. SPOOK: Thank you to Seth and Dick for a
 15 great presentation. It's always a pleasure to follow
 16 them. I'm glad they went first. My goal today is to
 17 help you better understand the real estate asset
 18 class, who we are and how we're structured. Lynne
 19 Gray, to my left, is senior portfolio manager for
 20 principal investments. She'll be assisting in this
 21 presentation.

22 So the next slide, real estate overview. The
 23 asset class was established in 1983. Role of the
 24 asset class is to diversify FRS pension plan assets,
 25 due to the low correlation of private market real

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1 estate to equities and fixed income. Also it is
 2 designed to provide a potential hedge to inflation
 3 due to ability to raise rents and occupancies in an
 4 inflationary environment. I know we haven't seen a
 5 lot of inflation lately, but it will be back one day.
 6 And the interest rates will go up and inflation will
 7 go up, and that will be one of our roles.

8 Our allocation, as Townsend pointed out, was
 9 recently increased from 7 to 10 percent of the total
 10 FRS pension plan. We do have a range that we can
 11 operate within that seems rather large, 2 to
 12 16 percent of the pension plan. And that is because
 13 we are a relatively illiquid asset class, and it
 14 allows us to stay within compliance in times of
 15 extreme volatility.

16 Currently we are 7.9 percent of the pension
 17 plan. We are using that pacing model that Townsend
 18 has developed for us to avoid vintage year risk and
 19 get there, to the 10 percent target, in a measured
 20 way without taking too much risk in any one given
 21 year. And we have a target of 90 percent private
 22 real estate and 10 percent in real estate securities.
 23 We're pretty close to that target today.

24 Last year this body approved a new benchmark, so
 25 I don't think I have to really go over that. We went

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1 into great detail on that I believe last summer.
 2 Principal investments portfolio does have a secondary
 3 benchmark of the NPI, which is also a NCREIF index,
 4 and is a gross of fees index.

5 Goals and objectives of the real estate
 6 portfolio is to create a portfolio that outperforms
 7 the real estate benchmark over a full market cycle
 8 within the bounds of our risk parameters; maintain a
 9 diversified portfolio by managing concentrated
 10 exposure to any particular vintage year, manager,
 11 property type or geography.

12 I've already explained to you how we manage
 13 vintage year risk with the pacing model. And on the
 14 following pages you'll see how we manage concentrated
 15 exposure to the other parameters, manager, property
 16 type, geography. And we are a very low-levered plan.
 17 So the objective of that is to reduce risk and
 18 therefore volatility.

19 We do manage risk by allocations to investment
 20 sectors with different levels of risk and return. We
 21 have very prudent diversification criteria, and we
 22 have very clearly defined and documented processes.
 23 We are also always under rigorous supervision by
 24 compliance, internal audits and various other bodies
 25 within the SBA, to make sure that we keep within

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1 these risk parameters, including Townsend, who
 2 monitors our compliance, as we saw.

3 So we do have a target of 85 percent core and
 4 15 percent non-core. Today we're actually at
 5 80 percent, 20 percent. That's a conscious decision
 6 between real estate staff and management. Given the
 7 current environment that we're operating in, we
 8 thought it was prudent to move up the risk scale,
 9 take advantage of the opportunities that are out
 10 there in the non-core space.

11 And when I'm talking about these ranges
 12 currently, I'm talking about the total real estate
 13 portfolio, not the two individual portfolios that
 14 make up total real estate.

15 Property type diversification, we can operate
 16 within pretty wide ranges, plus or minus 15 percent
 17 of ODCE. As you can see here, in reality, we are
 18 within 5 percent of the midpoint of the actual ODCE
 19 numbers. So we haven't taken any major, major bets
 20 over the total portfolio. And the same story would
 21 apply to geographic diversification, where again
 22 we're within 5 percent of our benchmark for each of
 23 the geographic regions.

24 As I mentioned earlier, we are very conservative
 25 when it comes to leverage. It's served us well over

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1 the years. Total real estate portfolio can't exceed
 2 40 percent. And that includes a lot of the
 3 commingled funds, which have the ability to go up to
 4 65, 70 percent leverage. So even taking that into
 5 account, actual loan to value for the portfolio is
 6 under 25 percent.

7 Loan to value on individual wholly-owned
 8 properties may not exceed 50 percent, and joint
 9 ventures may not exceed 70 percent. The only reason
 10 joint ventures has a little higher number on there is
 11 joint venture partners tend to be operators. They
 12 have limited equity as compared to a partner like us.
 13 And they need that debt to help them fund the
 14 project.

15 So the real estate portfolio is made up of two
 16 distinct separate portfolios. One is the externally
 17 managed, where I believe Dick pointed out all
 18 decisions are -- discretion is given to external
 19 managers. So that would be commingled funds. And
 20 our REIT separate accounts, where we've delegated
 21 authority to them for day-to-day trading and all
 22 that.

23 So the two key components are commingled funds
 24 and public real estate. In our commingled fund
 25 portfolio we have six open-end core funds, four

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1 open-end non-core funds, 23 closed-end non-core
 2 funds, which would be the value add and opportunistic
 3 that Townsend referred to. And we have four global
 4 real estate securities separate accounts. Current
 5 fiscal year to date, we've made commitments to seven
 6 funds for approximately \$400 million.

7 You saw on the previous page that we do have
 8 core open-end funds. Going forward, new commitments
 9 in the externally managed portfolio, the focus will
 10 be non-core, whereas you'll hear from Lynne in a
 11 little while, the focus of the principal investments
 12 portfolio is core.

13 So over the past fiscal year we've made our
 14 first commitments to dedicated country or
 15 region-specific international funds, including two
 16 Asia funds and four European funds. And we do source
 17 funds through various methods. We utilize The
 18 Townsend Group extensively. They have one of the
 19 largest databases in the business. Staff proactively
 20 seeks opportunities. We're constantly getting calls
 21 from managers or we're reaching out to managers that
 22 we know are in the market that may have strategies
 23 that are of interest to us.

24 And, again, as you can see from the Townsend
 25 report, we do seek best in class funds with strong

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1 track records. When we compare our performance to
 2 the fund universe out there, we've done extremely
 3 well. Frankly, there's a lot of bad funds out there,
 4 and it's our job to try to weed through those, with
 5 Townsend's help, and avoid investing in those funds.

6 So we do have a very stringent due diligence
 7 process in the externally managed portfolio. First
 8 staff has independent review, document review, which
 9 includes our legal department works with us very
 10 closely on that. In-person interviews, we are always
 11 having prospective managers in our offices. We may
 12 or may not -- the vast majority of the cases, we do
 13 not make a commitment to them, but we know the
 14 significant players in the marketplace.

15 We want to get to know them. In this business
 16 sometimes it's a multiyear relationship-building
 17 exercise. So you get to know them. You track them.
 18 And then several years later you may make a
 19 commitment to them. And so those meetings occur both
 20 in our offices or on site, off site at the managers'
 21 offices. Generally that happens if we get a little
 22 more interested in the fund, we want to see their
 23 platform and more of their personnel at their
 24 offices.

25 Accounting does get involved also in our review

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1 of funds. They have very specific reporting
 2 templates that they like to see. So we involve them
 3 in the diligence process. Then again, we do have a
 4 lot of reliance on Townsend. They prepare an
 5 in-depth due diligence memorandum. They prepare a
 6 prudent man opinion letter and conduct key man
 7 background checks.

8 Next I'd like to turn it over to Lynne Gray, who
 9 as I mentioned, is the senior portfolio manager of
 10 our principal investments portfolio.

11 MS. GRAY: Thanks, Steve. As Steve mentioned,
 12 our principal investments portfolio is our portfolio
 13 of direct-owned investments. That includes office,
 14 retail, industrial and multifamily properties. The
 15 portfolio also has exposure to specialty investments,
 16 such as student housing, senior housing and
 17 agriculture.

18 Our portfolio is managed internally by a team of
 19 four portfolio managers, a senior analyst and myself.
 20 We retain authority over key decisions for the
 21 investments, such as the ones listed on the slide,
 22 from acquisitions, financing activities, approval of
 23 business plans, major lease deals, capital
 24 expenditures, legal matters and ultimately
 25 disposition of the investment.

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1 Principal investments is governed by investment
 2 portfolio guidelines that facilitate our ability to
 3 monitor aggregate exposures and performance relative
 4 to identified parameters. We use separate account
 5 managers, consisting currently of three core managers
 6 and three specialty managers. These managers are
 7 utilized as an extension of staff and provide
 8 sourcing and diligence for deals for acquisitions,
 9 asset management services for investments in the
 10 portfolio. They also provide research on both the
 11 capital markets and space markets.

12 Our investments are structured as wholly-owned
 13 structures and joint ventures. The joint ventures
 14 are utilized for access to specialty type assets and
 15 more complex investments, such as development. And
 16 currently we're using it to gain preferential access
 17 to target investments that we otherwise wouldn't be
 18 able to obtain.

19 As we've talked about, principal investments is
 20 anchored by core investments. We've mentioned a
 21 little bit about what makes up a core investment.
 22 These are typically our high quality assets that are
 23 well located, with credit quality tenants, stabilized
 24 occupancy and a steady income stream. The majority
 25 of the return is derived from income, and we also

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1 have lower leverage on those investments.

2 We had mentioned fees earlier in the program.
 3 And when you compare fees to principal investments to
 4 what we pay for open-end core funds, we typically
 5 average 35 basis points for fees for principal
 6 investments, and that includes acquisition, asset
 7 management and disposition fees, to what we see for
 8 open-end core funds of 100 basis points.

9 We like the principal investments portfolio
 10 because it provides maximum control over the
 11 investments. As we mentioned earlier, we retain
 12 authority over the investment from acquisition
 13 ultimately to disposition of the deal.

14 On the next couple of slides, I'll take us
 15 through --

16 MR. COBB: Just a question here on fees. I
 17 assume there's also a performance fee in addition to
 18 these fees, or when do we pay a performance fee?

19 MS. GRAY: Our fees are not based on
 20 performance. They're based on operations and net
 21 income. But there's not a fee based on return of the
 22 asset.

23 MR. COBB: Nor promotes.

24 MS. GRAY: That's not a typical structure within
 25 principal investments for our investment advisers.

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1 MR. SPOOK: Promotes would be more common in the
 2 opportunistic and value add space. But to the degree
 3 there would be any promote, which would be rare, in
 4 principal investments, it would be included in that
 5 fee load.

6 MR. COBB: Thank you.

7 MS. GRAY: So to take us through some of the
 8 parameters that we monitor in principal investments,
 9 the first is the sector allocation, where we show our
 10 exposure between core and non-core. You see that on
 11 our non-core, we're at 5.2 percent. That currently
 12 is our exposure to development, which we're using as
 13 a build to core strategy to gain access to product at
 14 a lower cost. In the past we have used non-core as
 15 well for access to other deals, such as redevelopment
 16 plays. Below that is our property type
 17 diversification, which shows our allocation between
 18 office, industrial, retail and apartments.

19 On the next slide it shows our geographic
 20 diversification, East, Midwest, South and West. And
 21 then finally we show our principal investments
 22 leverage, which we talked about being a lower levered
 23 portfolio at 12.8 percent. Typically we target the
 24 properties that are stabilized properties and what we
 25 consider long-term hold properties in the portfolio.

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1 MR. COBB: Okay. We're ready for questions.
 2 Peter, you had a question?

3 MR. COLLINS: Yes, I did. So if 85 percent of
 4 our portfolio we target for core and 90 to 95 percent
 5 of our principal investments we target for core, and
 6 I know we could have probably a two-hour discussion
 7 about risk of relative asset classes or segments of
 8 the real estate market.

9 But assuming, for example, that core would be
 10 the least risky asset class, you have -- you have
 11 high limits for -- I don't want to say high limits,
 12 but you have 50 percent, in the principal
 13 investments, 50 percent LTV limit, and in joint
 14 ventures -- and that's wholly-owned. And in joint
 15 ventures you're limited to 70 percent LTV on
 16 leverage. But on the portfolio as a whole, you're
 17 only 25 percent leveraged. And in principal
 18 investments, the actual LTV is 12.8 percent.

19 So I guess my question is, are we taking enough
 20 risk in the real estate portfolio in general? Or put
 21 another way, shouldn't we be able to take more --
 22 shouldn't we be able to leverage, I would argue that
 23 at double or triple the actual LTV of 12.8 percent,
 24 without loading on too much more risk? It just seems
 25 to me that we're under-levered as a whole.

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1 MR. SPOOK: Well, if you take into account
2 transactions that have closed since September 30th
3 and that we have in the pipeline, we're actively
4 looking at putting 40 to 45 percent leverage on
5 several of those, so --

6 MS. GRAY: For principal investments we're just
7 under 20 percent, when you consider all pipeline
8 activity.

9 MR. SPOOK: So we are increasing it. We do
10 think the 25 percent cap for principal investments is
11 prudent. I realize debt is cheap today, very cheap
12 today, and it can juice the returns. I think, when
13 you look at our long-term returns, versus our peers
14 especially, the lower leverage served us very well
15 when the markets tanked.

16 MR. COLLINS: Follow-up, Mr. Chairman. I don't
17 disagree that the quickest way to lose your money in
18 real estate is to be over-levered. But I think
19 there's a long way between being 50 percent levered
20 and losing your property in a downturn. I think the
21 people that did really poorly were quite a bit more
22 than 50 percent leveraged in the downturn.

23 So I don't know if Townsend reviews other
24 pension fund numbers like that. But as Mr. Wendt
25 said, it's an opinion. I don't want you to launch a

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1 year-long study on leverage. But, Mr. Chairman, it
2 just feels to me, and, Ash, it just feels to me in
3 general, especially given what our rates have been
4 over the last four or five years, that we are
5 under-leveraged.

6 Now, the difficulty is we're also
7 under-allocated. Right? So for every dollar of
8 leverage you put on, it's a dollar of money, of
9 equity you're not getting in there. So I get that.
10 But it just seems to me that -- you know, 7.7 percent
11 is a nice return over that longer period, but we
12 could really have done pretty well, again, without,
13 in my opinion, taking on a great deal of risk, by
14 having double the leverage we have today.

15 MR. COBB: Other comments and questions?

16 MR. WENDT: I do have a quick question, which
17 is, during 2014, what was the gross number of dollars
18 that you put into investments of all kinds, and then
19 what was the net number after the cash flow from the
20 properties and sales? I'm sure that's in one of the
21 things that you send to us every once in a while, but
22 I don't remember.

23 MR. HARRELL: You're asking what was the gross
24 investment and then what did that turn into in terms
25 of the net investment?

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1 MR. WENDT: Yes.

2 MS. GRAY: For the total portfolio?

3 MR. WENDT: Yeah, total real estate, all that

4 you guys say grace over.

5 MR. SPOOK: So total equity committed for

6 principal investments -- and we can do the math here

7 real quick. And that's not funded but committed. So

8 we had several joint ventures where we know they're

9 going to fund over the next several years.

10 MR. WENDT: I'll take that.

11 MR. SPOOK: We do have the total equity

12 committed is 1.3 billion.

13 MR. WENDT: 1.3 million?

14 MR. SPOOK: 1.3 billion. But, again, some of

15 that is joint ventures, programmatic joint ventures,

16 which would be drawn down over two, three years. And

17 obviously the commingled funds have three to four

18 year investment periods, so -- that didn't go out the

19 door. And at the same time we're getting money back

20 in.

21 MR. WILLIAMS: And then you have to add on fund

22 investments as well, because you said principal

23 there, right?

24 MR. SPOOK: I'm sorry?

25 MR. WILLIAMS: Didn't you qualify that flow as

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1 principal or no?

2 MR. SPOOK: No. That's principal and funds.

3 MR. WILLIAMS: So it's aggregate.

4 MR. SPOOK: Right.

5 MS. GRAY: On a fiscal year basis.

6 MR. SPOOK: And so that's netted, not

7 necessarily funded.

8 MR. WENDT: That's the net number that I asked

9 for, not the gross number. Forget it. That's close

10 enough. In other words, the portfolio didn't grow

11 very much last year. The size of our investments in

12 real estate didn't grow very much.

13 MR. SPOOK: We are taking advantage of very

14 liquid markets to prune some of our non-strategic

15 assets.

16 MR. WENDT: As was suggested.

17 MR. SPOOK: But we are also, to be honest, on

18 our fund commitments that we made in last three or

19 four years, we're getting a return of capital a lot

20 faster than those funds anticipated. You know, the

21 Blackstones and Stalwarts of the world are coming

22 back to the well to start up new funds two years

23 earlier than they anticipated because the market is

24 so liquid that those investments they made at the

25 beginning of their investment period make sense to

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1 sell and reap their profit early.

2 MR. WENDT: What would you need to do to
3 increase the amount of private investments that you
4 make? Is that the right term? It's P.I.

5 MR. SPOOK: Principal investments?

6 MR. WENDT: Do you just need bigger staff?

7 Would a bigger staff cause you to do more deals?

8 MR. SPOOK: No, it's not staff. It's pricing.

9 Pricing is very rich out there. It doesn't mean

10 we're not doing core, but a lot of the core that we

11 are doing is -- a lot of it is niche strategies, like
12 aggregating high street retail, aggregating northern
13 New Jersey industrial. So that takes time. But

14 you're creating value through that without

15 necessarily going into these wild bidding wars

16 against --

17 MR. WENDT: Blackstone.

18 MR. SPOOK: -- 50 of my peers. So it's a
19 difficult environment out there. We could get it out
20 quick, but you might be overpaying in some markets.

21 MR. COBB: Les Daniels has a question.

22 MR. DANIELS: Steve, there are some crazy trades
23 we hear about, like the Sachs building going for next
24 to a zero cap rate. Do you have a cap rate at which
25 you'd say we have to sell on your properties? If you

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1 could get a 3 percent cap rate or lower, is that
2 something you'd say we have to sell that, we just
3 can't afford to own it with our structure?

4 MR. SPOOK: There's always a number that you'll
5 sell at. But then we have to take into account our
6 portfolio diversification. So if that asset, just to
7 use an example, would be a large office building in
8 downtown Boston and it's our only office exposure to
9 Boston, what can I re-buy that asset for?

10 MR. DANIELS: You can smooth it.

11 MR. SPOOK: Maybe we'll try that. To re-buy a
12 similar asset in a similar market probably means I'm
13 paying that same 3 percent cap rate. So then I have
14 to decide, is this a non-strategic asset, is it
15 getting older, and it is a chance for me to upgrade
16 my portfolio, I might do that.

17 MR. DANIELS: Is it economic for us to own
18 3 percent cap rate items?

19 MR. SPOOK: Is it what?

20 MR. DANIELS: Is it economic for us to own
21 3 percent cap rate items?

22 MR. COBB: I'd like to join this debate by
23 saying that I understand the diversification
24 strategy. But as one investor, I'm not convinced we
25 have to be in prime Boston real estate. And if you

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1 can sell that in Boston and Washington, D.C., today
 2 at 3 percent cap rates, I mean, even though you might
 3 not be invested in those markets, I would say you
 4 should seriously take a look at that.

5 And the second point, to talk about Peter's
 6 leverage, if in fact we were buying some 4 percent
 7 cap rate prime office buildings, I personally would
 8 be uncomfortable with 50 percent debt on a 4 percent
 9 cap rate.

10 And so while, for protection against inflation,
 11 maybe we want to own some of these 3 and 4 percent
 12 prime pieces of real estate, I think we should have
 13 low leverage on them in today's kind of environment.
 14 That's just one person's view. I think Will wanted
 15 to weigh in.

16 MR. HARRELL: Well, you stole a good chunk of
 17 what I wanted to say. So I'll just say, as far as
 18 that goes, that I would definitely echo the
 19 ambassador's point. I think this came up when we
 20 were talking about fixed income at one point. It
 21 definitely bothers me to hear that because we have a
 22 benchmark out there that we measure ourselves
 23 against, we need to stay diversified enough that we
 24 stay close enough to the benchmark that we don't have
 25 underperformance.

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1 That, to me, is completely backwards. And if
 2 there are issues where we want to make a smart
 3 investment decision and the need to stay close to our
 4 benchmark causes us to do something different, I
 5 would say that's close to a dysfunction in our
 6 process, that if this is for anything, it ought to be
 7 to be able to address those and root things like that
 8 out. And that's just my opinion, but I hate hearing
 9 that diversification could override a valuation
 10 decision.

11 Also going back to -- oh, and I would echo
 12 everything Peter said about leverage, too. It
 13 certainly seems to me that we could safely do some
 14 more at today's rates.

15 I'm not sure I completely understood the answer
 16 to Gary's question. The \$1.3 billion number was
 17 gross committed for fiscal year 2014. But net would
 18 be a lower number because we got money back, right?

19 MR. SPOOK: We got some money back.

20 MR. HARRELL: Did we have -- is net negative?
 21 Is it still positive?

22 MR. SPOOK: No. I think that would still be
 23 positive, yes.

24 MR. HARRELL: So looking at one of the slides in
 25 here, I just think about -- there seems to be general

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1 agreement that core is overvalued. Core is
 2 80 percent of our exposure, with a target of
 3 85 percent. Our allocation is 8 percent, with a
 4 target of 10 percent. And the fund as a whole is
 5 growing.

6 And, I mean, I know you guys are doing it
 7 deliberately. You've got a lot of discretion. But
 8 it kind of seems like a programmed recipe for putting
 9 more money into something that we sit around saying,
 10 it seems frothy and overvalued.

11 MR. SPOOK: I hear what you say about core being
 12 overvalued. But I think, when a lot of people look
 13 at core and think it's overvalued, they're comparing
 14 it to the environment of 2007, 2008. And I think
 15 conditions are totally different today. There was an
 16 oversupply then. There was reckless use of leverage.
 17 And interest rates were not nearly where they are
 18 today.

19 So there is a lot of money coming into real
 20 estate, chasing down cap rates and total returns.
 21 But when you look at the alternatives, fixed income,
 22 private equity is expensive, global equities is
 23 expensive. You know, is core really expensive,
 24 especially when we have the ability to raise rents if
 25 cap rates start to move up because of interest rates

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1 going up, which presumably would be because of a
 2 better economic situation. We can increase our rents
 3 and grow with that.

4 So I think it's hard to generalize and say that
 5 core is overpriced. I think in certain segments of
 6 the market, it definitely is overpriced, when we
 7 would be competing against people with completely
 8 different return profiles, such as a Park Avenue
 9 office building that a sovereign wealth fund is going
 10 after. Their whole goal is preservation of capital,
 11 not returns. So we can't compete for that.

12 MR. COLLINS: One more comment?

13 MR. COBB: Yes, sir.

14 MR. COLLINS: So I would argue that if core is
 15 expensive enough that we have to worry about how much
 16 leverage we're going to put on it, then it's probably
 17 too expensive to buy. Opinion. I think that as a
 18 pension fund, obviously we -- you serve a role in the
 19 overall allocation strategy, and you have your own
 20 diversification strategy, and I get that.

21 The difficulty in all of the asset classes, I
 22 think -- and this goes to my comment, my question --
 23 is if you were investing in a vacuum, it would be a
 24 little easier. But you're investing relative to the
 25 other asset classes, how those markets are pricing.

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1 And in the downturn, for example, you--all
 2 were -- I wasn't on the advisory board then, but I
 3 would assume that you guys were overvalued or
 4 over-allocated in 2009, just because of what was
 5 happening in the broader markets, and everything else
 6 was coming down. And the way you account for things,
 7 you were at the top of your allocation. So at the
 8 time that you should have been investing, you
 9 couldn't invest.

10 So that's the other -- my other comment on this
 11 sheet that Townsend put out, on page 18, the drivers
 12 of relative performance, the externally managed
 13 non-core portfolio vintage year exposure. Could you
 14 do this for core as well? This is for non-core.
 15 There's not one for core. And I just would be
 16 curious how much capital that we put to work in 2010
 17 and 2011.

18 And maybe it goes back to the smoothing thing,
 19 too. But if I'm in Ash's seat in 2010, I'm pounding
 20 the table and maybe you're pounding the table, too,
 21 hey, we should invest.

22 MR. SPOOK: We actually did -- in the principal
 23 investments or the direct-owned portfolio, we did
 24 take advantage of as much as we could in the '9, '10
 25 period and got some incredible buys. The problem

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1 back then was a lot of people weren't sellers. They
 2 were holding on as long as they could. They weren't
 3 going to sell at the bottom of the market. And the
 4 problem was access, really.

5 But we did -- I don't have the numbers right in
 6 front of me, what we did in '09 and '10, but we did
 7 take advantage of other sellers' severe distress.

8 MR. COBB: Ash, what I think would be productive
 9 is for you to respond to all of our comments here and
 10 see whether there's --

11 MR. WILLIAMS: Sure. Let me see if I can wrap
 12 it up with the following thoughts. First of all,
 13 it's been a good conversation. We appreciate your
 14 thoughts and challenges.

15 Secondly, we look at real estate in the context
 16 of the total portfolio. And the role that real
 17 estate plays in this portfolio is to be in between
 18 the risk of global equities and fixed income and to
 19 add value and to create cash flow streams that
 20 support us when beta is bad and we are otherwise
 21 losing value or there's a shortage of liquidity or
 22 whatever.

23 That speaks to a couple of things. It speaks to
 24 acquisition and sell discipline. And when we talk
 25 about would you have a cap rate at which you would

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1 definitely sell, we certainly would reevaluate
 2 everything at the margin for how we would buy that
 3 same asset if we were making the purchase decision
 4 today versus sell it. And we've obviously exercised
 5 judgment to sell assets that we think are marginally
 6 unattractive in a low cap rate environment. We're
 7 doing that actively right now and have been for a
 8 couple of years.

9 Secondly, when we think about those assets that
 10 have those very low cap rates, the fact that they
 11 have low cap rates to a buyer at today's price
 12 doesn't reflect on the cap rate they have to us,
 13 because we were usually a buyer at a much lower price
 14 on an earlier date, and to the extent those are
 15 stabilized core properties, they're throwing off cash
 16 that spends just as well as cash made from a new
 17 investment.

18 And one of the reasons that we were able to go
 19 on a pretty active buying spree during '09 and '10 is
 20 that we were armed with a ton of cash that we had
 21 coming in from our stabilized core properties and we
 22 didn't have the burden of leverage that a lot of our
 23 competitors in the marketplace did.

24 And if you'll remember, a number of our public
 25 fund peers became forced sellers because they had a

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1 lot of leverage in things like raw land and other
 2 investments that became untenable to hold.

3 So I would be very careful about increasing our
 4 leverage too much in the real estate book because of
 5 the total portfolio concern. If we were solely
 6 running a real estate investment strategy and that
 7 was our sole source of returns, then I would say,
 8 yeah, it might be more appealing than it would
 9 otherwise be.

10 But don't forget, our biggest exposure is global
 11 equity, and that's traditionally been our biggest
 12 source of value add over the years. So other areas
 13 of the portfolio are generally risk reducers when we
 14 still want positive returns but we want lower
 15 correlations to global beta and we want more durable
 16 cash flows so that we're in a position to be buyers
 17 when others have to be sellers.

18 And if you look at this chart on page nine of
 19 Townsend's performance, where our trailing five year
 20 performance against 76 institutional peers is in the
 21 85th percentile, I want to say a year or maybe two or
 22 three years ago, we were in the 93rd percentile. And
 23 the reason was that low leverage, high core emphasis
 24 stance that put us in the position to walk away from
 25 the gun fight on our own two feet instead of being

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1 all the way in a hearse, when leverage did in a lot
2 of our peer funds and competitors in the marketplace.

3 So we can always be more aggressive, but the
4 biggest upsets we've ever had in our portfolio shared
5 two characteristics. There were things that were too
6 expensive, where the scent of buying too high was
7 compounded with the scent of excess leverage.

8 And the only zeros I can remember on my watch in
9 real estate share those characteristics. And I know
10 nobody is suggesting go forth and pay to the moon and
11 then lever it up, but there are degrees in all of
12 these things. And where we are now is, as Steve
13 gently said, given the low rates and where we are
14 generally, we are increasing leverage modestly in
15 some areas. But compared to a lot of our peers,
16 we're still relatively low leverage players. And I
17 think we probably ought to continue to be because of
18 what we have in global equity, which is materially
19 ahead of what most of our peers have in terms of
20 exposure.

21 The other thing is, when we talk about our risk
22 taking and our willingness to depart from benchmarks,
23 if you look at our asset allocation targets, our
24 fixed policy target right now for global equity is
25 53 percent. You actually have 59 and a half percent.

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1 That's a pretty material departure from that
2 benchmark, and there's a ton of risk connected with
3 that. But we're obviously taking that knowingly and
4 prudently, given what the alternatives are and given
5 the discussion we had in this body over the past
6 couple of years about the relative attraction of
7 different classes.

8 So while we're trying to grow strategic
9 investments and real estate but in both those areas
10 we have the success curse of very large cash
11 distributions coming back to us from prior
12 investments that have been successful, that's a much
13 better problem than a lot of other problems we could
14 have.

15 And in private equity, which is a relatively
16 mature asset class, it too has a slightly higher
17 target, but we've been able to put money to work
18 there. And I guess we're trying to keep our buy
19 discipline intact, while modifying it slightly but
20 not substantively walking away from it as a way of
21 keeping overall portfolio risk intact.

22 MR. WENDT: Just to depart from my usual
23 approach here. I have no quarrels at all with what
24 you're doing with the real estate portfolio. I think
25 you should do more of it, though. Of all the

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1 investment types that you look at, real estate is one
 2 where you think about the future probably as a -- is
 3 a good position to be in. And you have a very good
 4 record in owning property. You have a good
 5 organization that does a good job at it.

6 How about setting up some regional offices,
 7 locally, to get local, where things happen? But not
 8 in New York City. In St. Louis or other places.
 9 Because I think owning properties is something you
 10 should do more of. So I'm suggesting you expand your
 11 staff.

12 MR. SPOOK: We do most of our direct-owned
 13 investments through separate account advisers. As
 14 Lynne pointed out, many of those discretions we keep
 15 in-house. But they do have offices nationwide, so
 16 they have people on the ground who are sourcing for
 17 us.

18 MR. COBB: If there are no more questions, we
 19 can go to Tab 5 and focus on global equity. So,
 20 Scott, are you going to take this first, or Alison?

21 MR. WILLIAMS: Scott will take it, and Alison,
 22 and I'm sure they have an appropriate tag team. Let
 23 me do two things, if we could. First of all, Alison
 24 is a new senior investment officer from our last IAC
 25 meeting. So I want to recognize her and suggest that

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1 she introduce herself.

2 And, secondly, I think the remainder of our
 3 investment officer presentations, it's a safe
 4 presumption that the IAC members have read the
 5 materials. So let's look at high level conclusions
 6 and synthesis of what's in the charts as opposed to
 7 necessarily walking everybody through every single
 8 chart. So with that, Scott and Alison.

9 MR. SEERY: I will take the first couple of
 10 pages and talk broadly about risk and return.

11 MR. WILLIAMS: Let's introduce Alison.

12 MR. SEERY: Oh, I'm sorry. Alison became the
 13 co-SIO in January. I'll let her talk a little bit
 14 about her background.

15 MS. ROMANO: I've been at the state board for
 16 six years. I joined when we were the domestic equity
 17 group responsible for overseeing our external asset
 18 managers. When we joined with the international
 19 group, I eventually led the team overseeing all of
 20 the global and international asset managers, and I'm
 21 very pleased now to be working alongside Scott.

22 MS. ELIA: We're having trouble with hearing.

23 MS. ROMANO: Is this better?

24 MS. ELIA: Yes, I believe so.

25 MS. ROMANO: Prior to joining the state board,

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1 various experiences. One at Goldman Sachs, where I
 2 was a vice-president working in health care
 3 investment banking, working with global
 4 pharmaceutical, biotech and medical device companies,
 5 including IPOs financings and corporate structure
 6 initiatives.

7 I also spent a brief period directly consulting
 8 with a CEO and CFO of a private equity owned finance
 9 company. So I've seen broad aspects of types of
 10 companies and ownership structures and what makes
 11 management tick. With that, I think --

12 MR. GARCIA: Excuse me, Mr. Chairman.

13 MR. COBB: Yes.

14 MR. GARCIA: On the phone it's difficult to hear
 15 the speaker.

16 MR. COBB: Martin, can you hear me?

17 MR. GARCIA: Yes, I can, loud and clear.

18 MR. COBB: So I think all the speakers have to
 19 speak with the microphone close to them.

20 MR. WILLIAMS: Mr. Chair, if I may. One other
 21 clarification that should be pointed out. The reason
 22 Janice Yecco is not sitting here is very simple. She
 23 retired. It was not a negative thing at all. And,
 24 in fact, Mr. Seery is threatening us with his
 25 retirement in the not too distant future, which

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1 illustrates the succession challenge we have.

2 And I would also offer up for the group that
 3 we've named another senior member of our global
 4 equities team. Mr. Tim Taylor is effectively serving
 5 as an assistant or deputy senior investment officer
 6 in waiting and being groomed to step up.

7 MR. SEERY: With that, I will talk about the
 8 first couple of slides, and Alison will talk about
 9 the last two. These slides speak pretty much for
 10 themselves. You can see that from a total and active
 11 return perspective, the numbers remain positive.

12 Although of note is that for 2014 we had a much more
 13 modest level than we had enjoyed over more recent
 14 prior periods. However, the active returns are
 15 pretty steady, as we would expect from a broadly
 16 diversified portfolio that we have on both the
 17 domestic and international side.

18 The other item of note, as we talked about in
 19 the past, active risk remains very controlled. We
 20 have a broadly diversified portfolio. About half of
 21 it is passive. Our active risk remains at about 50
 22 basis points. Our risk budget is 75 basis points.
 23 To a very large extent it's a function of what the
 24 market will give. And as has been the case in recent
 25 periods, risk broadly is low, but it has been picking

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1 up more recently. So we'll watch that number and see
 2 where it goes from here. With that, Alison will talk
 3 a little bit about the group and some of the things
 4 we've been working on.

5 MR. COBB: I have a question.

6 MR. SEERY: Sure.

7 MR. COBB: If in fact over three years we have
 8 over 100 basis point positive variance to our
 9 benchmark on active and almost by definition half of
 10 our portfolio is passive, my arithmetic conclusion
 11 would be that we had a 2.2 percent positive return on
 12 active management by itself, or is this just the 113
 13 basis points over the half that's in active
 14 management?

15 MR. SEERY: The total active return for the
 16 active portfolio was 123. And the reason why the
 17 number is as high as it is, we also enjoy positive
 18 tracking on the passive portfolios, that's through
 19 securities lending, through the decisions that are
 20 made on a day-to-day basis regarding cash management.
 21 And on the non-U.S. side, securities lending is a
 22 meaningful contributor to results.

23 MR. COBB: Thank you. That answers my question.

24 MS. ROMANO: In terms of initiatives for the
 25 global equity group, most of these we've talked about

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1 in previous meetings. I'd like to highlight a
 2 couple. In terms of alpha generation, as Ash
 3 mentioned in his previous comments, we have initiated
 4 the currency program. And to give you a sense of the
 5 magnitude, we've been able to add 245 BPs of
 6 outperformance from the currency program, which at
 7 the end of December was about 2.25 billion. We've
 8 also done well with our other benchmarks, that's the
 9 China A shares, frontier markets, microcap.

10 And while all these programs are relatively
 11 small, they are each a way to add alpha and have done
 12 so successfully. We've also made some changes to our
 13 emerging market manager roster, finding that this is
 14 an area that should create opportunity to generate
 15 alpha, looking for more concentrated strategies
 16 there.

17 And finally factor indexing, or some like to
 18 call it smart beta. We are looking at potentially
 19 executing that type of strategy internally, with the
 20 capabilities that we've developed with our passive
 21 management team and our small internal small cap
 22 portfolio.

23 MR. COBB: I have a question on that. Ash a
 24 moment ago mentioned in a positive sense the Swiss
 25 situation and that it provided an opportunity. My

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1 reading of the press is that that caught a lot of
 2 smart people off guard and with a lot of big losses.
 3 How did we do with the Swiss dynamics and --

4 MS. ROMANO: For our currency managers, they
 5 have done very well. It's not so much a function of
 6 the Swiss franc, but it's the Euro/U.S. dollar
 7 divergence. But we did not lose a significant amount
 8 of money in the currency program. On the equity
 9 side, we don't have a big over- or underweight to
 10 Swiss companies, but net net it didn't have a major
 11 impact.

12 MR. COBB: Thank you.

13 MS. ROMANO: In addition to these alpha
 14 programs, I wanted to comment on our focus on best
 15 execution. We provided over 5 billion in liquidity
 16 for the plan in 2014. That's 5 billion off of -- we
 17 were at \$86 billion year-end. So that's a
 18 significant amount of money that we're raising each
 19 month.

20 We've also made progress on a prime brokerage
 21 relationship, which will support the currency
 22 program. And on global passive, I would really like
 23 to emphasize that it's passive investing, but it's
 24 not passive decision-making. So there's a lot of
 25 work that's involved in managing a passive portfolio

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1 successfully, from having the right systems in place
 2 to making small decisions that have turned to
 3 positive results. So we have a strong team there,
 4 and we've been putting systems in place to be able to
 5 expand our global internal passive program.

6 And to further support that, on the team front
 7 we've added an assistant portfolio manager to our
 8 internal team, and we continue to develop the staff
 9 and resources that we do have.

10 Finally, a couple of comments in terms of what
 11 happened in 2014 and the outlook. Going into 2014 I
 12 think we heard a constant theme that this is the year
 13 fundamentals will matter. Well, maybe. But there
 14 were a lot of big macro events which most people in
 15 this room are very familiar with. But there were big
 16 dislocations in oil prices, currency, in Russia, and
 17 our external managers were able to successfully
 18 navigate a lot of these. So it was certainly very
 19 challenging. And those dislocations have caused
 20 pretty wide-range return results by country and by
 21 industry, which you can see on the page here.

22 More importantly, what do we see for 2015?
 23 There will be specific countries and types of
 24 companies that will benefit from low oil prices.
 25 That's an area that active managers can exploit.

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1 Currency continues to be important, not just from
 2 where we have our exposure but where individual
 3 companies have their revenue streams and their debt.

4 We are going to continue to see differentiation
 5 in EM countries based on whether or not they import
 6 oil based on their current economic situation.
 7 Again, an area for managers to be able to exploit.
 8 And there will be value opportunities in Europe. The
 9 question is is it cheap enough, given the outlook.

10 And to the point that we've heard throughout
 11 this afternoon, equity looked generally expensive,
 12 which we've shown one metric. There are a lot of
 13 metrics you can look at. But from a pure P/E basis,
 14 markets look expensive. But when you start digging
 15 into the details by company, by country, by industry,
 16 by sector, there are opportunities. And, therefore,
 17 we think there's an opportunity this year to continue
 18 to deliver alpha.

19 MR. COBB: Questions? Comments? If not, Katy,
 20 let's talk on fixed income.

21 MS. WOJCIECHOWSKI: So I'll be brief. The past
 22 12 months, not very thrilling returns but steady
 23 returns in fixed income, three and a half percent
 24 roughly for the intermediate ag. Our portfolios
 25 actually outperformed in all sectors. If you look at

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the right, this is through February, but we
 outperformed over all periods, and really all spread
 sectors outperformed.

We found it challenging to find good, exciting
 investments as the business cycle progresses. So
 we've taken our risk down, very much a security
 selection portfolio, as I mentioned in the past,
 nothing really new.

I left this -- it's dated, and I don't know if
 you can read the numbers, but on the page that has
 the U.S. rates versus JGBs and Bunds, that two and a
 half percent is now 1.90 or 1.91 roughly today for 10
 year U.S. Treasuries. Ten year Bunds are barely
 positive at about 60 basis points, as are JGBs are
 very, very low. So we're in a negative interest rate
 environment out to about seven years in Europe and in
 Germany and -- there's a lot of dollars chasing safe
 assets with the -- Ash mentioned the Grexit. We have
 issues on that front today. Oil, as Alison
 mentioned. And with ECB beginning purchases this
 month, we have just seen a huge influx into U.S.
 Treasuries. So we all say rates are going up, but we
 don't know when, and we're acting accordingly.

I will just comment, the probability of a
 negative return, just a little bit, so 30 percent

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1 chance of a negative return, because there's just not
 2 a lot of yield in U.S. We continue to be security
 3 conscious, steady as she goes. Any questions?
 4 MR. COLLINS: I have one. Where does our
 5 outperformance come from?

6 MS. WOJCIECHOWSKI: Mostly security selection.
 7 We are not duration players, although we do have a
 8 duration play on right now. Again, we're 50 percent
 9 passive as well, roughly, like global equity. We do
 10 have a slight curve position on right now. But
 11 mostly overweight to spread sector and security
 12 selection within those sectors.

13 If you looked at an attribution, most of our
 14 outperformance the past two months has been in
 15 securitized assets, so mortgage-backs, CMBS, and
 16 prior to that was in credit, the quarter before.
 17 MR. COLLINS: And do you track our internally
 18 managed separately from our externally?

19 MS. WOJCIECHOWSKI: We do.

20 MR. COLLINS: And what do those numbers look
 21 like? Because here again, we've got another group of
 22 people at the SBA that do a great job for very little
 23 money on a relative basis to the external managers.

24 MR. WILLIAMS: I'm happy to remedy that.

25 MR. COLLINS: We could triple everybody's and

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1 still be cheaper. I'm just curious what those
 2 numbers look like.

3 MS. WOJCIECHOWSKI: So 50 percent of our
 4 portfolio is all internally managed. That's passive.
 5 Additionally we have a four and a half billion dollar
 6 active core portfolio. And that is all internally
 7 managed. And then we have six other external
 8 managers. And that's about 10 billion. So
 9 two-thirds of our money is internally managed.

10 And the active core portfolio has achieved the
 11 goal on the long-term portfolio. I don't believe I
 12 have them in here, but the longer term performance
 13 has been up about 100 basis points on a long-term
 14 average, so -- and the passive portfolio, you would
 15 not want that to outperform significantly, obviously.
 16 So it was up about 15, 18 basis points.

17 MR. COLLINS: Right, just because of tracking
 18 error or --

19 MS. WOJCIECHOWSKI: Right. Obviously you can't
 20 exactly replicate the benchmark, which is the
 21 Barclay's Intermediate Ag, so with our bucketing and
 22 options, we do outperform.

23 MR. WILLIAMS: Mr. Chairman?

24 MR. COBB: Yes, sir.

25 MR. WILLIAMS: Following up on Peter's comment,

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one of the things that we've accomplished is for the first time in years we have the fixed income team fully staffed. And one of the reasons we had constrained the amount of internal active management we were doing in the immediate wake of the financial crisis and some dislocations we had in the class was that we were short-staffed.

I think it would be very reasonable for us to work with the asset class staff and see if it now might be appropriate to take on a little more active fixed income management in-house. I accept your premise that we've got a very talented team, and it's a huge bargain. So happy to look at that.

MS. WOJCIECHOWSKI: More than happy to look at that.

MR. COLLINS: We could build whole other wing and it would be cheaper.

MS. WOJCIECHOWSKI: We are not winging it.

MR. WILLIAMS: We could lever the building of a wing.

MR. COLLINS: And you'd still be ahead.

MR. COBB: Any other fixed income comments or questions? Hearing none, we'll go to private equity. John.

MR. BRADLEY: Thank you. I'm going to start

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today with an update on the private equity market environment. 2014 was a banner year in many respects for private equity. Fundraising topped \$266 billion in 2014. It was a 12 percent increase over 2013 and the fourth highest year on record.

Purchase price multiples averaged 9.7 times EBITDA, which equals 2007's peak, and that's up from 8.8 times in 2013. Debt multiples climbed to 5.7 times EBITDA, slightly less than we saw at the peak, but very high nonetheless. On a positive note for us LPs, private-equity-backed exits reached an all-time high in 2014. 2014 marked the second straight year our program was a net contributor of cash to the total fund. There remains a seller's market. We would expect that trend to continue throughout the year.

And as you would suspect in a seller's market, new deal activity remains below average. Past cycle mistakes remain fresh in everyone's memory, and our GPs have remained disciplined to date.

Here we show our portfolio exposure by sector. No real change here since last quarter. Our portfolio resembles that of our benchmark, with the exceptions being a sizable underweight in financials and overweight in consumer discretionary.

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1 Here's our weighting by geography. U.S.

2 remained our largest exposure at 78 percent of the
3 portfolio. You might have noticed our European
4 portfolio weighting is down to 13 percent, from
5 slightly over 17 percent the prior quarter, and
6 wonder why the drop.

7 At the end of September we completed a secondary
8 process, selling our interest in eight European
9 private equity funds, the majority of which were
10 larger mega funds. And we've been actively
11 rebalancing our portfolio out of these larger funds
12 into smaller regional or country-focused funds. And
13 through the secondary sale, we were able to take
14 advantage of very strong pricing to accelerate this
15 repositioning of the portfolio.

16 At September 30 the asset class portfolio, which
17 is the green bar, continues to perform well over the
18 long term, exceeding its benchmark over the 10 year
19 and since inception period. The three and five year
20 returns remain strong on an absolute and historical
21 basis, but do trail the public markets plus a premium
22 over their respective time periods.

23 Next we break out performance versus our
24 secondary or peer benchmark, as well as performance
25 by sub-strategy. Our asset class portfolio has

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1 outperformed its peer benchmark by 180 basis points
2 since inception. Our buyout portfolios, both U.S.
3 and non-U.S., distressed, secondary and U.S. growth
4 equity strategies have also outperformed, while our
5 U.S. venture and non-U.S. growth equity strategies
6 continue to trail.

7 And, finally, I have our 2014 commitment
8 activity. We committed approximately \$2 billion to
9 26 funds during the year. That's represented by
10 \$1.25 billion to 16 buyout funds, 278 million to four
11 growth equity funds, 182 million to four venture
12 funds, and 350 million to two secondary funds.

13 MR. COBB: Questions and comments? Gary.

14 MR. WENDT: Who and how is the legacy -- who
15 manages and how do they manage the legacy portfolio?

16 MR. BRADLEY: The legacy portfolio represents
17 the SBA's history with private equity prior to the
18 formation of the asset class. And so today I think
19 there's roughly -- and, Lamar, you might know the
20 dollar value.

21 MR. TAYLOR: Today roughly there's about
22 \$17 million left in valuation in that portfolio. So
23 it's truly in wind-down mode, and we are winding it
24 down as fast as we can.

25 MR. WENDT: Do you have people that are working

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1 on the deals that are in there, or are you relying on
2 private equity firms?

3 MR. BRADLEY: It's private equity firms. As
4 Lamar said, they're in active run-off. We would
5 hope, knock on wood, that value will be largely gone
6 over the next 6 months to 12 months.

7 MR. WILLIAMS: And if I may just add a little
8 more color. We have been very, very involved in that
9 one. Lamar has had a very hands-on role, as has
10 John. And we also brought in an outside adviser to
11 accelerate that process and make sure it was going to
12 our liking. So we've been pressing on this one hard
13 for several years, and that's what's getting it down
14 to the zero level.

15 MR. WENDT: Thank you.

16 MR. COBB: Other comments, questions? So we're
17 ready for our strategic investments.

18 MR. WEBSTER: First, can everybody hear me on
19 the phone?

20 MR. COBB: MaryEllen, Martin, can you hear?

21 MR. GARCIA: Yes, I can.

22 MS. ELIA: I can hear now, yes.

23 MR. WEBSTER: Okay, good. We'll start off with
24 our policy objectives, which I'm hoping it's becoming
25 familiar to everyone. But we are charged with four

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1 things in policy. The first one is to generate a
2 real return of 5 percent over time. The second one
3 is to diversify the Florida Retirement System. The
4 third thing is to act as a hedge against inflation.
5 And finally we're here to invest opportunistically.

6 The first pie chart on the next page --

7 MR. COBB: Trent, I mentioned to Ash before the
8 meeting that I thought our objective was not just
9 diversification in a broad sense, but it was more
10 targeted towards downside risk diversification. And
11 I think there's a big difference. There's all kinds
12 of ways you get diversification. But I understood
13 one of your charges was to provide downside
14 protection, particularly against our equity
15 portfolio.

16 Now, that's a question either to you or to Ash.
17 Do I understand our priorities right, and is that
18 what this says, this number two?

19 MR. WEBSTER: Yes. For the most part, that's
20 correct. So we put a lot of emphasis on parts of the
21 portfolio, on protecting on the downside. Now, if we
22 go back on the policy objectives, that number two
23 part, where we say diversify the Florida Retirement
24 System, we interpret that two ways.

25 One of the ways is to provide an alternative

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1 stream of economic return. So in areas where the
 2 rest of the FRS currently is not invested, we'll
 3 invest in. But that also means in some of those
 4 strategies, it is procyclical and it is correlated to
 5 the economy. So I'm going to talk a little bit in a
 6 minute about distressed investing. Distressed
 7 investing tends to be procyclical with the economy
 8 with managed markets.

9 But we also put a great deal of emphasis on the
 10 second part of the diversification, which is to
 11 dampen the volatility of the FRS. And we spent a lot
 12 of time over the last two years investigating and
 13 investing in strategies to indeed do that.

14 And so one of the ways we targeted, we've looked
 15 at hedge funds. And we don't ever like to say we
 16 have a hedge fund portfolio. But during 2008, the
 17 hedge funds that we have hired in currently were down
 18 less than 10 percent, whereas the stock market was
 19 down 40 percent. And if you include the strategies
 20 that we've invested in, like on a fund of funds
 21 basis, it was actually better, closer to 5 percent.
 22 So that's a very big part of our -- the way we're
 23 implementing the strategy.

24 The other way to measure it, we haven't done
 25 this for a few quarters, but when I do my annual

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1 update like Steve did in a few meetings from now, is
 2 that if you look at the volatility of the FRS with
 3 and without us, and what we have found in strategic
 4 investments is it adds -- we reduce the volatility of
 5 the FRS by somewhere between 40 and 50 basis points.

6 So it's multifaceted. And so in a portfolio of
 7 alternative investments as we are, I think it's
 8 important to look at it in a multi-dimensional way.

9 MR. COBB: Let me try one more time. You
 10 mentioned inflation, a hedge against inflation. I
 11 would argue that diversification gives you a hedge
 12 against inflation. But you still felt a need to list
 13 hedge against inflation beyond diversification.

14 I guess I would argue downside risk from the
 15 strategic is -- I guess I would argue it's number one
 16 of these. I would have five things. From a policy
 17 point of view, I think everybody on this committee
 18 and management itself is very concerned about
 19 downside risk is one of your highest priorities. Do
 20 you agree with what I just said?

21 MR. WEBSTER: Yes, absolutely. These policy
 22 objectives predated my even coming into the strategic
 23 investments asset class, when there was a worry with
 24 quantitative easing about inflation. But we don't
 25 see any inflation in the consumer economy. We see a

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1 lot of inflation in the asset markets. And you can
 2 make an argument that we're hedging against that
 3 inflation as well.

4 So I do want to say that -- I don't want to lead
 5 anybody to believe that if we have like a 40 percent
 6 decline again, which we're not expecting, but if we
 7 have that in the equity markets, that we wouldn't go
 8 down, because we would. But we would go down a whole
 9 lot less. And if we didn't, then I would consider
 10 that as not fulfilling our mandate. We put a lot of
 11 emphasis on the diversification part, protecting on
 12 the downside.

13 MR. COBB: Thank you.

14 MR. WEBSTER: On the next page, in the first pie
 15 chart, this breaks down our portfolio by six
 16 strategies. Currently our largest allocation is
 17 debt, 33 percent. As we were discussing, in terms of
 18 focusing on the downside protection, that is mostly
 19 in that purple part of the pie graph, what we call
 20 diversifying strategies. Most of those strategies,
 21 which we'll look at in a minute, most of the funds in
 22 there, those are funds which are generally
 23 uncorrelated or lowly correlated to either the
 24 economy or the financial markets. And so it's our
 25 target to get that up to 20 to 30 percent over time.

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1 And we should do that within the next 12 to 24
 2 months.

3 And so you flip over to the next page, and this
 4 breaks it down by sub-strategy. As I mentioned
 5 earlier, we have a fairly large distressed book. We
 6 like distressed investing because we think it gives
 7 us an attractive risk adjusted return. We think that
 8 it can give us equity-like returns with less than
 9 equity-like risk. So structurally we're always going
 10 to have a large allocation to that, relatively
 11 speaking.

12 Cyclically, we're a little less enthusiastic
 13 about it because of where we are in the cycle.
 14 Because the economy has done pretty well, there's not
 15 a lot of distressed out there. There more
 16 opportunities in Europe currently on the distressed
 17 side and perhaps rising in Asia. So currently we're
 18 somewhat muted on the distressed opportunity. But we
 19 like it structurally longer term. And that's
 20 something where we don't have it elsewhere in the
 21 portfolio, other than perhaps one or two funds in
 22 John's, in private equity.

23 Our second largest allocation is to real estate,
 24 and that's primarily a portfolio of mezzanine and
 25 distressed investments, split roughly half and half.

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1 So we do have a fairly large allocation to real
2 estate. And that's in the green part of the pie.

3 And then in the yellow part, what we call
4 flexible mandates, our third largest allocation is
5 multi-strategy. And currently those are all large --
6 those are all hedge funds running multi-strategies.
7 And on the purple part, the purple slice of the pie,
8 you can see CTAs at 7 percent. We had hired one more
9 CTA, one more managed futures manager this quarter.
10 And that will get us up to 8 or 9 percent. And we're
11 done with that. So we have created that portfolio.

12 We spent a lot of time in global macro. And so
13 a good deal of our pipeline currently is in the
14 global macro area. We expect to get that up to 8 to
15 10 percent over the next 12 to 24 months. We've made
16 initial investments in royalties. That will get to 2
17 to 3 percent. We also have a sleeve to what we call
18 relative value, which are primarily arbitrage
19 strategies, which will get to 2 to 3 percent over
20 time as well.

21 Flip the page to performance. We don't get too
22 excited about near-term performance. Obviously the
23 good near-term performance is driven in large part by
24 where we are in the cycle. So we look at ourselves
25 in many different ways, not just relative to our

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1 benchmarks. What in the blue bars -- the blue bars
2 is the performance of strategic investments. The red
3 bars are of the benchmark, and the green bars are of
4 the CPI plus 500, the real return benchmark that we
5 have.

6 So one of the ways we measure ourselves is we
7 also measure ourselves against the rest of the FRS,
8 the rest of the Florida Retirement System. So if we
9 carve out strategic investments and then measure how
10 we're doing relative to the rest of the retirement
11 system, over the prior three years, strategic
12 investments has generated a 13.7 percent return. The
13 rest of the FRS has generated a return of about
14 12.3 percent. So that gives us a few bragging rights
15 around the lunch table.

16 Another way that we look at ourselves is on a
17 risk-adjusted basis. And one of the ways we look at
18 that is on the Sharpe ratio. And the Sharpe ratio is
19 the difference between the return of the portfolio
20 less the risk-free rate, divided by the absolute
21 volatility. Currently we're just south of four.
22 We're running a volatility of about 3 percent and a
23 fairly low correlation relative to the FRS.

24 We think -- this is numbers as of June 2010,
25 when the global equity portfolio was transitioned out

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1 of strategic investments, so this is where we measure
 2 ourselves from. This is not indicative, we think, of
 3 where it is over cycles. We think it's closer to a
 4 1 Sharpe ratio. But currently, for the last four
 5 years, it's been fairly strong. And, again, as an
 6 example, the rest of the FRS has a Sharpe ratio of
 7 1.2.

8 We were quite busy in the fourth quarter. We
 9 had \$860 million go out the door, primarily by
 10 funding two mandates. But we also hired nine new
 11 funds in the fourth quarter, valued at just under
 12 \$1.5 billion. And that makes us one of the busiest
 13 quarters that we have undertaken since we became an
 14 asset class.

15 This quarter, I don't think we're going to get
 16 anything closed by the end of the month. And we will
 17 have closed on three new funds at 550 million in
 18 commitment value. Currently our pipeline consists of
 19 nine funds at about one and a third billion dollars.

20 Market opportunities, not many. As has been
 21 expressed here and we're seeing it as well is that
 22 there's not a lot of value in the world currently.
 23 European bank de-leveraging has picked up by some
 24 estimates. The amount, the value of assets being
 25 sold off European bank balance sheets last year was

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1 up 70 percent from 2013. So you're starting to see
 2 the European banks, which are starting to
 3 recapitalize, selling their assets off the balance
 4 sheet because they can afford to take the hit.

5 Distressed energy and distressed mining,
 6 particularly distressed energy, was an interesting
 7 opportunity. Distressed mining still may be. So
 8 when oil fell from \$110 to \$50, there was -- we
 9 figured it would be a very good or a very interesting
 10 place to be, considering that I think seven of the 90
 11 E and P companies in the Russell 3000 were cash flow
 12 positive. We figured there would be a lot of
 13 opportunities there. However, a lot of other people
 14 have seen that as well.

15 And \$30 billion by one estimate has been raised
 16 to take advantage of the distressed energy
 17 opportunity, with as much as \$80 billion perhaps
 18 being raised over the next year. Put that into
 19 context, the high yield energy market is worth
 20 \$180 billion.

21 So we've tempered our enthusiasm for this area.
 22 We are talking to one fund that we may invest with.
 23 It's a fund that we know well and have invested with
 24 in the past and think very highly of. But other than
 25 that, there's a few other things that are interesting

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1 to us. But for the most part, it's very slim
 2 pickings in the alternative world, for us to generate
 3 our 500 basis point real return over time. Any
 4 questions?

5 MR. COBB: Questions or comments. Gary?

6 MR. WENDT: A couple of questions, but first let
 7 me say I'm really pleased to see that you're on the
 8 lookout for idiosyncratic opportunities.

9 MR. WEBSTER: Thank you.

10 MR. WENDT: The questions are, on your second
 11 page, please describe flexible mandates.

12 MR. WEBSTER: So we go back to the second page,
 13 the first pie chart, is that what you're looking at?

14 MR. WENDT: Yes, your second page.

15 MR. WEBSTER: So flexible mandates are
 16 17 percent. For us that's an asset class where the
 17 managers have a fair amount of discretion. And if
 18 you go to the second pie chart, we divide that up
 19 into multi-strategy and event-driven. And these are
 20 primarily -- currently they're entirely hedge fund
 21 strategies. You'll see another allocation come over
 22 into that, what we just call open mandate. But what
 23 it does is it generally gives the managers a lot of
 24 discretion to invest across a wide variety of assets.

25 MR. WENDT: The second question is, on your

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1 third page, I understand why timberland isn't in real
 2 estate, but of the 12 percent in real estate, what
 3 are those things that shouldn't be managed by Scott?

4 MR. WEBSTER: I think, with Steve's group, I
 5 think the way you probably should think about it is
 6 that they're the high-falutin white shoes operations,
 7 and we're kind of like the guys getting dirty in the
 8 mud and the muck fighting out with the distressed
 9 guys. That's a big difference. And also it's a
 10 bar-bell approach, because we also have mezzanine,
 11 where the returns aren't as great as they are on the
 12 equity side of real estate.

13 The mezzanine portion of the portfolio was
 14 implemented primarily during the financial crisis and
 15 a few years thereafter, to take advantage of what we
 16 thought were very attractive rates of return in the
 17 real estate market, which exceeded our real return
 18 benchmark pretty significantly.

19 We don't see that as clearly today as we did
 20 back then, and we're debating whether or not we
 21 should re-up that currently.

22 MR. WENDT: Thank you.

23 MR. COLLINS: I have one question. So the theme
 24 seems to be the internally we do it better today,
 25 which is true. It's not just a theme. I guess it's

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1 a fact. Energy, if you're having trouble with these
 2 funds, maybe there is some over-value, maybe people
 3 are jumping to energy and you don't feel really
 4 comfortable with the funds that are being shown to
 5 you, are there any direct opportunities that we have
 6 as a fund or your group has to go in and do some
 7 transactions in this area?

8 MR. WEBSTER: Specifically in energy, the answer
 9 is that we don't have the expertise to do it, and
 10 we're very, very cautious on people in, say, the
 11 distressed world who don't have expertise in energy,
 12 because we think energy is an area where it's very
 13 important to have not just a general knowledge of how
 14 financial markets work, but people who have a lot of
 15 experience in energy.

16 So for us, we think our core competency, my
 17 staff of five and myself, running \$10 billion and 95
 18 funds, is picking the funds as opposed to investing
 19 directly in energy, where we may not know the
 20 difference needed to be able to ascertain whether
 21 something is good or something is not in a field. So
 22 the answer is that we're outsourcing that. We're not
 23 doing that internally.

24 MR. COLLINS: Follow-up.

25 MR. COBB: Go ahead.

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1 MR. COLLINS: So, okay, good answer. Out of
 2 that pie chart there with, I don't know, 25 slivers
 3 on it maybe, are we looking to do more internally
 4 that we source and that we invest in, or are you just
 5 strictly looking to do strategic investments through
 6 third parties?

7 MR. WEBSTER: One hundred percent of our
 8 strategy is through funds and third parties.

9 MR. COBB: Any other questions or comments? If
 10 not, we can go to the investment plan.

11 MS. HASEMAN: Good afternoon. This is just to
 12 give you a quick overview of where the investment
 13 plan sits. As of the year-end, we had \$8.9 billion
 14 assets under management. As of February 28th, it's
 15 now at 9.167 billion. Our calendar year-end return
 16 is 4.94 percent.

17 Our membership growth, we're up about a little
 18 less than 1 percent since July of this year. But it
 19 will grow all through the year. Calendar year we're
 20 up about 4.2 percent.

21 We've had disbursements of \$8.6 billion over the
 22 inception of the plan to date, which is a very
 23 significant amount of money. We are trying to focus
 24 on where can we educate our members on what they
 25 should be doing with their money and how smart are

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1 they when they're taking it.

2 Overall, the rollovers dominate what money is
3 going out of the plan. We do see quite a number of
4 our smaller account balances simply being taken as a
5 direct disbursement.

6 We have 88,800 retirees of the investment plan
7 since its inception. Our brokerage account is
8 sitting at, at year-end, at 217 million. And as of
9 March 20th it is now at 267 million, with 1,581
10 funded accounts. This is about where we expected to
11 be within a year of introducing the brokerage
12 account, about 1 to 2 percent of our membership, and
13 that's just about where it is today.

14 On the financial guidance side, we are still
15 seeing our calls coming in, as we would hope and
16 expect to see. This is open to all FRS members.
17 Again, both DB and DC members are allowed to use the
18 financial guidance line for any number of options,
19 for retirement planning, investment planning,
20 elections, anything to help them stabilize and plan
21 for their long-term retirement.

22 We've had quite a number of visits to MyFRS.com,
23 2.2 million. Our plan choices for the year are about
24 23 percent investment plan member active elections,
25 18 percent pension plan elections, and about 59

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1 percent defaults to the pension plan. These are our
2 new hires who are not making an active election when
3 they're in their choice period and are defaulting to
4 the pension plan today. And that's my report. Any
5 questions?

6 MS. ELIA: This is MaryEllen.

7 MR. COBB: MaryEllen.

8 MS. ELIA: How does this compare to last year's
9 numbers?

10 MS. HASEMAN: On the plan choice or just
11 overall?

12 MS. ELIA: Yes, on the plan choice.

13 MS. HASEMAN: These numbers are about the same
14 as we saw last year. We are starting to see a higher
15 default rate to the pension plan. This is reflective
16 of the benefit changes that were made by the
17 legislature in 2012, '11, '12. So far this fiscal
18 year we're seeing a higher default rate to the
19 pension plan.

20 MS. ELIA: A higher default rate?

21 MS. HASEMAN: Yes, ma'am.

22 MS. ELIA: And on your calls to the financial
23 guidance line, is that comparable to the year before?

24 MS. HASEMAN: It is comparable. I'd say our
25 numbers are growing, but not to the extent that we

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1 would hope. Again, it's a matter of reaching out to
 2 our members, which we do do on a very regular basis,
 3 starting on their date of hire right through until
 4 they retire from the plan. We have a very extensive
 5 education program.

6 It's also very active with our employers. We
 7 have workshops that are on site with the employers at
 8 their request. We work with them directly to
 9 encourage those kinds of interaction with the
 10 members.

11 MS. ELIA: Okay. Thank you.

12 MS. HASEMAN: You're welcome.

13 MR. COBB: Les, you had a question.

14 MR. DANIELS: It says the average member account
 15 balance is about \$56,000 here. And below, the
 16 directed account balances look like they're about
 17 three times that size.

18 MS. HASEMAN: We have several members who are
 19 sitting -- I think at last count we had four, two
 20 over 3 million. I mean, we have some very active
 21 members who feel like they can do it. And through
 22 our brokerage window, a lot of their money is moved
 23 to that. It's not surprising that we have that much
 24 money when you have members who -- and we have well
 25 over 15 members with a million dollar or more account

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1 balances sitting in the brokerage account.

2 MR. DANIELS: Thank you.

3 MR. COBB: Hearing no other questions or
 4 comments, we'll go to governance. Michael.

5 MR. MCCAULEY: Good afternoon. I'll just give
 6 you a brief update on our corporate governance
 7 activities that roughly fall in these three buckets.
 8 We spend most of our time on proxy voting. Well over
 9 half of our day-to-day responsibilities touch voting
 10 in some way, if not directly.

11 We also do -- weigh in on regulatory changes,
 12 different proposals at the SEC and similar entities.
 13 And then we're increasingly involved in corporate
 14 engagement, kind of working with some of our external
 15 managers on the global equity portfolio, other
 16 investors, companies may contact us, et cetera.

17 So the next few slides just give -- this slide
 18 just gives you kind of the empirical statistics on
 19 our voting. These numbers are across all accounts
 20 and all countries. They're fairly stable year to
 21 year. We generally don't report on a quarterly basis
 22 because there's a lot of differentiation in the
 23 markets that are covered, and the numbers become less
 24 meaningful, or more hard to explain and substantiate.

25 So we kind of report on a yearly basis. A lot

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1 of stability in the numbers. There's not a lot of up
 2 and down movement. We always like to point out that
 3 even though we're considered by many to be an
 4 activist fund, we generally vote with management
 5 about 80 percent of the time.

6 This pie chart kind of breaks out the voting by
 7 country. It shows the top ten countries listed, and
 8 then all other countries outside of the top ten are
 9 categorized as other. So the U.S. market is by far
 10 our largest voting country, followed by Japan and
 11 Hong Kong. And these numbers are pretty stable, too,
 12 or have been over the last several years.

13 And then just kind of to give you a snapshot of
 14 what we've done recently and some of the things we're
 15 working on now, you've got the copy of our annual
 16 corporate governance summary in the meeting booklet.
 17 We publish that every year, try to disclose it and
 18 report on it in the late fall, first quarter. We got
 19 it out in January.

20 We're also involved in a research study of our
 21 own voting patterns with respect to proxy contests.
 22 And this is kind of on the heels of a ranking that
 23 came from last year. It came out in the early part
 24 of 2015, but it was on the 2014 voting pattern that
 25 we had, where we were actually ranked the number one

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1 supporter of proxy contests with dissident slates.
 2 And this is exactly the kind of voting pattern that
 3 we're focused on in the study. So we hope to have
 4 that out in the early part of next quarter.

5 We're more or less in the 2015 proxy season. It
 6 really will ramp up in the next couple of weeks as we
 7 head into April, but we've already seen a pretty
 8 strong up-tick. We'll have more information on this
 9 in subsequent meetings. It's a little early right
 10 now.

11 But one issue that's really come to the fore is
 12 proxy access. And that's likely to be the most
 13 significant item or theme from the 2015 proxy season.
 14 It's been around for several years but has always had
 15 a very low level of -- a low number of resolutions
 16 submitted. This year there's scheduled to be about
 17 100 or maybe a little over 100. This is up from
 18 about 13 last year. So it's a huge spike in the
 19 number of access proposals.

20 And access deals with the ability of investors
 21 to nominate candidates for the board within the
 22 company's proxy. And the resolutions that we'll be
 23 voting on and have voted on in the past are really
 24 structured to just allow the mechanism to occur. It
 25 doesn't mandate that any individual nominees or

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1 candidates will or will not be included. It just
 2 allows a proxy access mechanism.

3 So if a small group of investors that have met
 4 certain structural features, usually ownership and
 5 holding time frame -- typically it's 3 percent
 6 ownership of the stock for three years. That's kind
 7 of the market standard. So if they've met those
 8 requirements, they then would have the availability
 9 or the option to put forth a slate of their own
 10 nominees, so they wouldn't have to accept the
 11 company's nominees in isolation.

12 We've been active on a number of regulatory
 13 proposals. Most significantly perhaps was the
 14 corporate governance code in early January that we
 15 weighed in on. That's kind of a milestone in the
 16 Japanese market, very positive. And then we continue
 17 to work on a number of company engagement
 18 initiatives. We had a letter writing campaign late
 19 last year, and we're revisiting some of the target
 20 firms that we have in some of the non-U.S. markets
 21 for company engagement purposes. I'm happy to answer
 22 any questions.

23 MR. COBB: I told Ash that I think this is such
 24 an important new trend that we should have a report
 25 two or three times a year on this, more often than

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1 the once a year that we were previously doing.

2 MR. WENDT: How large a staff do we have working
 3 on this issue?

4 MR. McCAULEY: Including myself there are four,
 5 within the investment program in governance. And I
 6 kind of share my time or split my time between
 7 governance and some of the investment program. These
 8 are non-pension client mandates that we have,
 9 primarily Florida PRIME, but some of the other very
 10 small non-pension clients.

11 MR. COBB: You know, there's a debate whether an
 12 institution like ours can, by our actions, affect
 13 value. And so I know it would be a difficult thing
 14 to create. But maybe it's possible to show how our
 15 votes, in combination with others, have created
 16 better governance that unlocked values.

17 MR. McCAULEY: That's a very good question or
 18 comment. We tended to look at kind of the empirical
 19 research studies on an isolated basis. There are
 20 many studies that have pointed to different
 21 governance changes and the impact that it has on
 22 stock price performance or other financial metrics.
 23 It can be very difficult in terms of the methodology
 24 and what's examined, and the time frame can be
 25 important, the changes. Markets evolve. So what

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1 could be a positive impact five years ago may
2 dissipate, and vice versa.

3 One of the features of our study that we're
4 trying to do is exactly that. We're trying to
5 quantify the value of the vote. So we're going back
6 to 2006. We're looking at all the votes that we made
7 on proxy contests, which are one of the more material
8 voting items in terms of all ballot items. Now, this
9 is not ratification or some of the more routine
10 ballot items. This is a change of control, where you
11 would actually -- you know, a proxy contest where
12 you're removing directors, either in the whole or
13 what we've seen last year with a couple of boards
14 where the entire board was removed. That's a little
15 less common.

16 But those are the types of votes that we're
17 trying to analyze and evaluate what the performance
18 impact in terms of stock price has been on our
19 holdings, kind of looking both pre and post. So
20 we're trying to quantify that. It's very difficult
21 and time-consuming, but we hope to be able to do
22 that.

23 MR. COBB: Other questions or comments on
24 governance?

25 MR. COLLINS: I would just agree with you. I

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1 think Florida has been very active. Mr. Chairman, I
2 think Florida has been very active in this for years.
3 I think we have to be careful about how far we take
4 things and, like you said, make sure that we're
5 getting value for what we're doing or there's some
6 line to that and we're just not out there, you know,
7 tilting at windmills, like some -- and that's what I
8 think gives the industry a bad name, is just people,
9 for whatever reason, trying to come up with an idea
10 and that's what they're pushing.

11 But I think, like you showed, I mean, a lot of
12 people think activist investors don't vote with
13 management, but we do a lot. And so I think I agree
14 with you on the increased reporting.

15 MR. COBB: I think there's evidence that
16 California, CalPERS's active stance maybe hasn't
17 added value at times, and so we should try to
18 differentiate --

19 MR. COLLINS: Not to name names, but yeah.

20 MR. COBB: Okay. No other questions, comments
21 on governance. We'll next to go the CAT Fund
22 investment policy review. As most of you know, at
23 the last meeting, there were some comments about our
24 previous returns in the CAT Fund, whether we should
25 take more risk, whether we can afford to take more

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1 risk. And so we've asked management to come back
 2 with a report on should we stay the course with our
 3 investment policy or should we change it.

4 MR. TAYLOR: Right. Thank you. To frame it up,
 5 picking up on our last conversation, there were a lot
 6 of questions raised and frustrations expressed around
 7 some of the more recent yields in the CAT Fund and
 8 whether or not there should be some divergence and
 9 movement into some higher yielding investments.

10 And, of course, what's generating those yields
 11 is what the fund is invested in, very short-term,
 12 liquid, safe investments that under the current
 13 environment is generating some very low yields. But
 14 those current investments are in keeping with the
 15 three investment objectives of the CAT Fund's
 16 investment guidelines, which are liquidity, safety of
 17 principal and competitive yield, in that order.

18 And what we want to do, at least with these
 19 materials, is to provide the council with some
 20 background and context and information regarding
 21 what's driving those three investment objectives, to
 22 give you some background, as well as to also
 23 highlight what we've done recently to address the
 24 very concerns that the council raised last time,
 25 which is considering ways to prudently expand the

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1 fund's investments into higher yielding items.

2 So turning to the first slide, which is
 3 paradoxically numbered slide three in your materials,
 4 the title implies this is an indication of total
 5 property and casualty exposure throughout the state.
 6 But before I dive into this slide, just to back up
 7 briefly, sort of a brief overview of the fund for
 8 those of you who may not be very familiar with this.

9 The purpose of the CAT Fund, the Hurricane
 10 Catastrophe Fund, it was created in 1993 after
 11 Hurricane Andrew to provide stability to the Florida
 12 insurance market and, by extension, the Florida real
 13 estate market, because after Andrew there was a
 14 significant amount of economic destruction in the
 15 state.

16 So the fund was created in the statute to
 17 provide stability. It is a state-mandated fund, to
 18 provide a reinsurance-like product for residential
 19 property insurers doing business in the state. So
 20 anybody that does residential property insurance in
 21 the state is required to participate in the CAT Fund
 22 by payment of a premium, like a reinsurance premium.

23 And so because the fund is statutorily created
 24 and it's mandated for all insurers to participate,
 25 the exposure to the fund can be substantial, if not

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1 for the fact it's limited by statute to the lesser of
 2 \$17 billion or the amount of claims that it can pay
 3 with cash on hand, with cash it can generate through
 4 bonding.

5 The purpose of this chart is to show that the
 6 CAT Fund's significant exposure is not limited to one
 7 particular part of the state. It's not limited to
 8 the southeast corner of the state, not limited to
 9 Miami or Fort Lauderdale or West Palm Beach. In
 10 fact, it's really spread out all across the state.
 11 So 660 billion in the southeast corner, half a
 12 trillion in the I-4 corridor, et cetera, it just
 13 indicates that any major storm at any part of the
 14 state could require the CAT Fund to pay its full
 15 liability exposure.

16 And so the onus of the fund is to make sure it's
 17 got money on hand to meet its statutory obligations.
 18 So there's a significant magnitude of potential loss
 19 of the fund, is the purpose of this chart.

20 MR. HARRELL: Can I interrupt you one second?
 21 Go back to what you said a minute ago about the
 22 statutory limit of 17 billion or -- did you say the
 23 amount of cash on hand?

24 MR. TAYLOR: Right. So the fund is obligated in
 25 statute to provide reimbursement for qualifying

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1 claims up to the lesser of \$17 billion or the amount
 2 of cash on hand and cash it can generate through
 3 bonding. And debt financing is a significant
 4 component.

5 MR. HARRELL: So with that definition, the fund
 6 can't run out of money.

7 MR. TAYLOR: Well, unless --

8 MR. HARRELL: It could go to zero.

9 MR. TAYLOR: That's a fair point, but there's a
 10 significant amount of expectation. It's to provide
 11 stability. And what we found was that relying on
 12 debt capacity, relying on access to the capital
 13 markets is perilous because those capital markets
 14 might not be there when you need them. In fact, in
 15 2007 we found that out in a big way.

16 So it's not to say that really -- and I think to
 17 your point, it's not that our liability is
 18 \$17 billion, we either have the cash or we can get it
 19 through bonding. Our liability is what it is. But
 20 insurers rely on us being there so that they can
 21 charge rates to their insureds.

22 MR. HARRELL: Thank you.

23 MR. TAYLOR: So these next few slides really
 24 just highlight the other important part of the CAT
 25 Fund, which is to be able to pay claims in a timely

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1 manner. This slide is highlighting that timeliness
 2 aspect, the statutory construct. Insurers are
 3 required to pay claims in 90 days. The CAT Fund is
 4 obligated to timely pay claims in statute.

5 Flipping to the next chart, we tried to put some
 6 numbers around what it means to pay claims in a
 7 timely fashion. So this would be slide five in your
 8 presentation. When we went out for our pre-event
 9 financing in 2013, we asked the CAT Fund's actuary to
 10 try to give us some indication how much would the
 11 fund have to pay within a 90-day period of time.

12 And so there's two charts to the left, some
 13 charts and a graph. The charts on the left there
 14 indicate the results of the survey that Paragon did
 15 on some major insurers in Florida, which indicates
 16 that on a one in 20 and one in 50 and one in 100 year
 17 event, the amount of claims they would likely have to
 18 pay in a 90-day period of time.

19 And then the chart below that is what would
 20 translate to the CAT Fund, how much the CAT Fund
 21 would correspondingly have to pay in a one in 20, one
 22 in 50, one in 100 year event within a 90-day period
 23 of time.

24 As you can see, if you look at sort of the
 25 average number here, the one in 50-year event, the

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1 average number to the industry would be \$18 billion
 2 potentially within 90 days, and translating to a
 3 \$10 billion requirement of the CAT Fund within a
 4 90-day period of time. So the point is the CAT Fund
 5 could be obligated to pay a significant amount of
 6 money in a very, very short period of time.

7 MR. WENDT: I want to make sure I understand
 8 something. To me, this is reinsurance, and so the
 9 liability is maxed at 17 billion. But I'm wondering,
 10 this looks like a high ratio here, if 18 billion of
 11 losses under the 50-year scenario and 10 billion
 12 would be paid by the reinsurance fund?

13 MR. TAYLOR: So the difference is that the fund
 14 is not obligated to pay 100 percent of all the claims
 15 ensuring the insurer. There is something called
 16 industry retention, which effectively works like a
 17 industry deductible. So there's a certain amount of
 18 losses insurers have to incur before they can make a
 19 claim on the CAT Fund.

20 And even if they incur this loss, the CAT Fund
 21 doesn't reimburse 100 percent. At most it reimburses
 22 90 percent. So from the industry standpoint, this is
 23 a rough ratio of about \$18 billion of industry round
 24 of losses translates to about \$10 billion of CAT Fund
 25 claims.

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1 MR. WENDT: So, in essence, this fund is
2 underwriting the residential liability from
3 hurricanes in the state, if the insurance companies
4 only have 10 percent and this fund has 90 percent.
5 Am I understanding that correctly?

6 MR. WILLIAMS: In a manner of speaking. Here's
7 the way to think of it. First of all, there's a
8 mandatory industry retention, which as Lamar said, is
9 like a deductible. Then insurance companies have a
10 choice of I believe 50, 75 percent or 90 percent
11 coverage that they can buy from the CAT Fund. They
12 have an election they can make there.

13 We in turn do our premiums based on an analysis
14 ground up of liabilities zip code by zip code
15 statewide. So we are doing underwriting
16 independently because we have a statutory charge to
17 have an actuarially sound premium. That's why we do
18 that underwriting, so that we know that we're
19 charging appropriate premium.

20 MR. WENDT: I think this is -- my understanding
21 is complicated by the fact that I've been in this
22 industry, and I think I'll discuss this with you
23 off-line because it will take too much time.

24 MR. WILLIAMS: Okay.

25 MR. TAYLOR: So flip to the next chart. This is

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1 just simply our estimation of what size event would
2 it take today to exhaust the current cash capacity of
3 the CAT Fund, looking at how much cash we have on
4 hand and based on Paragon's survey results of their
5 respondents saying that 57 percent, roughly, of their
6 claims are paid within the first 90 days.

7 And so taking all of that information together
8 and working backwards, we projected a one in 68-year
9 event would generate enough liability to the
10 industry, translating to enough cash claims,
11 reimbursement claims to the CAT Fund, to completely
12 exhaust the CAT Fund's cash capacity today.

13 And while a one in 68-year event roughly
14 translates to a 1.47 percent probability, seems like
15 a relatively low probability, if you flip to the next
16 chart, this is re-purposed from a previous
17 presentation of the CAT Fund, represents the number
18 of paths modeled out that could generate \$100 billion
19 of damage to the state in any particular hurricane
20 season. So there is a clear and present danger of
21 having to pay a significant amount of claims in a
22 very, very short period of time.

23 So if you flip to the next chart, that is sort
24 of the underlying rationale for why the CAT Fund's
25 investment guidelines set out liquidity, safety of

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1 principal and competitive yield, in that order, as
 2 the investment objective. And I think it's important
 3 to note, as these last two slides point out, that
 4 those are exactly the objectives that we have
 5 telegraphed to our bond investors in every year that
 6 we've gone out to issue pre-event and post-event
 7 debt. We've had to disclose to those investors what
 8 our investment guidelines and policies are.

9 And they have taken that information into
 10 consideration when they've purchased our investments.
 11 And to the extent we would make any material changes
 12 from those guidelines, we would need to communicate
 13 that to those investors as well.

14 So with that, just sort of wrapping up here,
 15 these next two slides summarize what is actually the
 16 current investment guidelines of CAT Fund. Again,
 17 these are the most recent guidelines, which were
 18 changed in August of 2014. You can see they are a
 19 very conservative mix of items relating to benchmark,
 20 issuer diversification, maturity, sector, monitoring,
 21 all of which relate to, again, a high directive to
 22 ensuring liquidity, investment safety of capital and
 23 competitive -- competitive yield within those first
 24 two parameters.

25 And I think maybe more relevant to the group's

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1 consideration is what we have done recently to
 2 address the concern for higher yield. And I think
 3 the approach was taken to extend duration rather than
 4 looking at alternative investment buckets. So it's
 5 still the same sort of fixed income, very safe, very
 6 liquid assets, but a little bit longer duration.

7 I think that's highlighted in terms of the
 8 maximum weighted average life and maximum weighted
 9 maturity reset, extending from 180 days to 540 and
 10 from 90 to 270 days respectively. So those yields,
 11 which are viewed as maybe low, these are the yields
 12 as of December 31st, 2014, but they are a function of
 13 the safe and liquid nature of the investments, which
 14 again are a function of what the obligations of the
 15 fund could be at any particular point in time.

16 It's very much the antithesis of the Florida
 17 Retirement System, which has a very long-term view.
 18 The CAT Fund could be on the hook to pay all of its
 19 liabilities in one year. I think Ash had pointed out
 20 in the past, an excellent way to look at this, it's a
 21 series of one-year investments, is really the way to
 22 look at the CAT Fund's investment portfolio. So with
 23 that, I'll be happy to take any questions.

24 MR. COBB: Good report. Questions and comments?
 25 So is there a consensus of this committee we stay the

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1 course?

2 MR. WENDT: Absolutely.

3 MR. COBB: We don't recommend any changes?

4 MR. WENDT: I think in the interest of full
5 disclosure, though, referring to page three, where it
6 shows that all of Florida's coastline south of
7 Homosassa Springs, 550 billion, if my properties in
8 Homosassa Springs were included, it would not be
9 significantly different.

10 MR. COBB: I hope that's not in the minutes.

11 MR. WILLIAMS: I can't tell you how relieved I
12 am.

13 MR. COBB: Okay. Having taken care of that, we
14 will now go to the major mandates.

15 MR. CUMMINGS: Thank you, Mr. Chairman, council
16 members. Kristen Doyle usually covers this part of
17 the presentation, but she had a conflict and is in
18 Europe on business today, so I will be standing in
19 her shoes. As usual, I'm going to step lightly
20 through these results.

21 On slide nine we show the asset changes during
22 the fourth quarter of 2014, and the year, ending, as
23 you know, a little over \$146.5 billion in assets,
24 with fourth quarter investment gains outweighing the
25 net withdrawals.

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1 Asset allocation as always continues to be very
2 closely tied to the target allocations, very little
3 deviations between those yellow and green bars, which
4 is a good sign of a well risk-controlled investment
5 program.

6 The numbers that we all like to see are
7 performance. As you, I'm sure, surmised based on the
8 very favorable reports from the various asset class
9 heads, when you roll it all up to the total FRS, the
10 results also compare favorably to benchmark, which is
11 the blue bar. And the green bars here are the CPI
12 plus five. Also the FRS results comparing favorably
13 to that benchmark in all periods except for the last
14 two shown here, the 10 year and the 15 year period,
15 where we have the greatest recession since the last
16 depression pulling those results down a little bit
17 relative to that CPI plus 5 percent.

18 As you'll recall, the CPI plus 5 percent is
19 generally designed to be a very long-term benchmark
20 for the FRS, where we show on this slide 20, 25 and
21 30 years that the FRS has handily beat that CPI plus
22 5 percent long-term investment goal. So results
23 quite favorable at the total fund level.

24 MR. COBB: I have a question on that.

25 MR. CUMMINGS: Yes, sir.

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1 MR. COBB: It's my understanding that the
2 legislature's 7.75 assumption is based on 5 percent
3 return and 2.75 inflation. And if that's correct and
4 we now believe less than a 2.75 inflation, do we make
5 an adjustment?

6 MR. WILLIAMS: May I? That's not correct. The
7 legislature comes up with that number based on an
8 overall forward view of market returns. They don't
9 subdivide it into real and nominal. And the
10 5 percent real return objective is one that we've
11 come up with independently in consultation with
12 Rowland and his compadres on the actuarial side.

13 And where the legislative assumption currently
14 sits as a recommendation is 7.65. They pulled it
15 back ever so modestly. But they don't really segment
16 it the way we do. They just sort of put it out
17 there.

18 MR. COBB: Thank you. Excuse me. Go ahead.

19 MR. CUMMINGS: Not at all. The allocation that
20 FRS has to the major asset classes is summarized here
21 on the pie chat to the left, relative to what we
22 refer to as the TUCS Top 10. These are 10 large
23 defined benefit plans. Now, in a true sense, each
24 one of these plans is unique and has its own
25 circumstances, its own funding mechanisms and its own

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1 funding status, but it's useful to see in what ways
2 FRS might look materially different from other large
3 mega DB plans. And you'll see a couple of
4 differences. A slightly lower allocation to fixed
5 income at the FRS relative to these peers, a slightly
6 higher allocation, as was mentioned earlier today, to
7 global equity.

8 And if I draw your attention to the green and
9 the orange bars, which are the alternative assets,
10 after a very robust discussion on real estate, you'll
11 see that the green real estate slice for the TUCS Top
12 10 is 3.7 compared to the target here of 7.9, so
13 material allocation to real estate relative to peers.
14 But when you aggregate all of the alternatives
15 together, the green bars on the right add up to about
16 18 percent of total, and on the left for FRS is 20.
17 So when you aggregate the alternative assets, a very
18 similar allocation to those peers.

19 MR. COLLINS: Question. Is that because some
20 other people put real estate in the alternative
21 category?

22 MR. CUMMINGS: We don't believe so. The
23 reporting is not fully transparent as to the
24 allocation decisions or protocols that are being
25 made. We know for sure that the alternatives bar is

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1 supposed to include private equity, hedge funds,
 2 direct hedge funds and hedge fund of funds. It is
 3 conceivable some of the more strategic investments,
 4 opportunistic real estate strategies, are finding
 5 their way into the self-reported allocations of these
 6 other plans into alternatives, but you're supposed to
 7 break them out as real estate.

8 MR. COLLINS: So, Mr. Chairman. So generally
 9 you're telling us that we're double -- we have double
 10 the allocation than the TUCS Top 10 in real estate.

11 MR. CUMMINGS: That's what this data would
 12 indicate, yes.

13 MR. COLLINS: Okay.

14 MR. CUMMINGS: I would hasten to add that,
 15 again, one of the things that is most different about
 16 these large funds is the level of liquidity needs
 17 they may have based on their relative funded status.
 18 Several of these large plans are distributing a
 19 larger percentage of their assets every year to
 20 satisfy benefit payments than the FRS enjoys by
 21 virtue of its more favorable funded status.

22 So there are differences that might influence
 23 the tolerance for illiquid investments in some of
 24 these other plans. But, again, we don't have full
 25 transparency to those circumstances, can only give

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1 you kind of a 38,000-foot look.

2 When we look at performance relative to those
 3 same 10 plans, you see the FRS results in the tan and
 4 the top 10 in the blue. Pretty good results, in line
 5 with these 10 plans, other than during the one year
 6 period, the calendar year 2014. There's really a
 7 couple of things going on, we think, during that
 8 calendar year that drive those relatively
 9 disappointing looking results on a peer basis.

10 The first and probably most dramatic is most of
 11 your peers have not become as welcoming of a globally
 12 diversified equity portfolio as the FRS has embraced.
 13 As you may recall, the allocation to public equity
 14 markets is roughly 50-50, U.S./non-U.S. Many of your
 15 peers continue to persist in having -- it's usually
 16 referred to as a home country bias, but overweight
 17 relative to the market in U.S. equities. That home
 18 country bias was a good bias to have in 2014. As we
 19 saw, the U.S. stock market handily outpaced the
 20 non-U.S. stock market.

21 The second thing we believe is going on during
 22 the one year period is the relatively lower duration
 23 of the fixed income portfolio the FRS has relative to
 24 its peers. And as you'll recall, during 2014 we saw
 25 a significant decline in interest rates, which would

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1 cause longer duration portfolios to get lucky during
 2 2014, we could say. Any questions on the peer group
 3 comparison?

4 I'm going to move forward to the investment
 5 plan, where we show you at the top chart, an
 6 aggregation of all the investment options relative to
 7 their benchmark. And across all four time periods we
 8 see the investment options outperforming their
 9 benchmarks, matching or outperforming their
 10 benchmarks.

11 The box to the bottom part of the page requires
 12 a little more explanation. This is a peer group
 13 comparison that we discussed at some length during
 14 our last meeting. But if you draw your attention to
 15 the five year average return in the first column,
 16 you'll see the FRS is showing 10.7 versus a peer
 17 group of 11.9 over that five year period.

18 What we cannot control for is the asset
 19 allocation decisions that are made by the individual
 20 participants in these plans. We believe that the
 21 primary drivers of the difference between the results
 22 that are enjoyed by FRS versus the peer group is that
 23 FRS participants on balance have had a higher
 24 allocation to short-term fixed income investments.
 25 Their cash allocations have been in some cases double

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1 digit compared to this peer group average, which is
 2 more like 3 percent.

3 And then similarly on the allocation to U.S.
 4 equity, the peer group has, our data indicates,
 5 roughly 7 or 8 percentage points more in U.S. equity
 6 than the FRS peers. Those two factors alone we think
 7 more than account for the difference in the results
 8 we're seeing over that five year period.

9 Again, it's very difficult to generalize. Five
 10 years is a long period of time. Money is moving.
 11 But just to give you kind of our, again, high level
 12 sense of what's driving that differential. Joan, I
 13 don't know if you would add anything.

14 MS. HASEMAN: No. I think you've nailed it
 15 there. Again, we can't predict what our members are
 16 doing. We can only give them as much information as
 17 we can and hope they make the right investment
 18 decisions, and I think that's reflective of what
 19 we're seeing.

20 MR. HARRELL: Can I ask one question on that?

21 MR. CUMMINGS: Yes.

22 MR. HARRELL: Why would the expense ratio be,
 23 given all that we normally see about the low expense
 24 ratio of running our indexed products, which I assume
 25 is basically what's in the plan --

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1 MR. CUMMINGS: There's a variety of different
 2 strategies in the plan. But the important footnote
 3 there with five asterisks, if I'm counting correctly
 4 in the very small font down below, seeks to elaborate
 5 on what is, in our opinion, driving the difference.
 6 In the peer group of 30 basis points, we do not know
 7 how many in that peer group have included in that 30
 8 basis points all the administration, recordkeeping,
 9 communication and education costs. All of those
 10 costs for FRS are embedded in the 38 basis points.

11 Depending upon how aggressively they've been
 12 able to negotiate those strategies, we estimate that
 13 those fees, if we were going to get an
 14 apples-to-apples comparison, would put that 30 basis
 15 points probably at 40-something. But it's difficult
 16 for us to know because, again, we don't have access
 17 to the underlying composition. I don't know, Joan,
 18 if I've missed anything.

19 MS. HASEMAN: No. I was actually hoping someone
 20 would ask. That's what's driving that extra. Thank
 21 you for asking.

22 MR. CUMMINGS: And incidentally, just as a
 23 matter of commentary, we really strongly embrace the
 24 transparency with which this program is put forward.
 25 And not burying these fees and bundling them in and

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1 keeping them under the cover we think is consistent
 2 with best practices from a governance in the future
 3 standpoint. So we applaud the up-front and
 4 transparent way that the FRS has embraced fee
 5 disclosure and reporting.

6 Quickly on the CAT Fund, I know we've spoken
 7 about that already. The returns are good, very, very
 8 small on an absolute basis. And we just had a
 9 presentation on the reason for that. But relative to
 10 benchmark, over all time periods, showing favorable
 11 results versus the benchmark.

12 Lawton Chiles Endowment, asset allocation very
 13 consistent with its target allocations. And as has
 14 been the case for the last several years, relative
 15 performance has been favorable. One quick comment
 16 here. I took a look at the underlying data this
 17 morning. It looks like one of the strong drivers of
 18 favorable results here, not inconsistent with the
 19 rest of the portfolios overseen by the SBA, has been
 20 very strong results on the equity side of the house.
 21 And with a strong allocation to equities, that has
 22 contributed very nicely to the bottom line.

23 And lastly Florida PRIME, again, relative to the
 24 benchmark, relatively small returns on an absolute
 25 basis, but in all time periods favorable on a

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1 relative basis. And then last but not least --

2 MR. COLLINS: Can I ask a question about that?

3 MR. CUMMINGS: Of course.

4 MR. COLLINS: Florida PRIME, do we invest that
5 in-house?

6 MS. WOJCIECHOWSKI: No. Federated does.

7 MR. CUMMINGS: And then I think we're probably
8 soon to be done reporting on Fund B report. We had
9 an update on that earlier as relates to what to do
10 with the residuals. As you know, we're not showing a
11 balance anymore of money due. But there is the
12 residual of nearly \$42 million left in Fund B. But
13 as of September '14, as Ash mentioned earlier, all
14 the original principal was returned to the
15 participants, which is obviously a good outcome.

16 And I know it was brief, but that completes my
17 prepared comments. I'm happy to answer any questions
18 you might have.

19 MR. COBB: Questions, comments. Okay. I had
20 one announcement that I wanted to make earlier. I
21 read the agenda for tomorrow's trustees meeting, and
22 I was delighted to see that the governor is
23 recommending to his fellow trustees that Les Daniels
24 and Michael Price serve another four-year term. And
25 I assume you both agreed to do that. On behalf of my

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1 fellow board members, we thank you for agreeing to do
2 that. So I think that's really good news I wanted to
3 share with everybody else.

4 Any other comments? Do we have any comments
5 from the public? Any questions? Any other comments
6 from any board members before we adjourn? If not, we
7 stand adjourned. Thank you very much.

8 (Whereupon, the meeting was concluded at 3:55
9 p.m.)
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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, Jo Langston, Registered Professional

Reporter, do hereby certify that the foregoing pages 3 through 128, both inclusive, comprise a true and correct transcript of the proceeding; that said proceeding was taken by me stenographically and transcribed by me as it now appears; that I am not a relative or employee or attorney or counsel of the parties, or a relative or employee of such attorney or counsel, nor am I interested in this proceeding or its outcome.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of April 2015.

JO LANGSTON
Registered Professional Reporter

ACCURATE STENOTYPE REPORTERS, INC.



**Investment Advisory Council
Compensation Subcommittee Conference Call
June 11, 2015**



Agenda
Investment Advisory Council (IAC)
Compensation Subcommittee Conference Call

Thursday, June 11 2015, 3:00-4:30

Hermitage Room, First Floor
1801 Hermitage Blvd, Tallahassee, FL 32308

-
- | | |
|--|---|
| 1. Welcome/Call to Order | Michael Price, Chair |
| 2. Finalize Incentive Plan Design (Tab 1) <ul style="list-style-type: none">a. Metricsb. Participantsc. Rationale | Josh Wilson, Mercer
Ash Williams, SBA |
| 3. Finalize ED/CIO Plan (Tab 2) <ul style="list-style-type: none">a. Mercer Recommendations<ul style="list-style-type: none">i. Incentive Compensation
Individual/Qualitative Measures for
ED/CIOii. Evaluation Process for
Individual/Qualitative Measures for
ED/CIOb. Discussion and Decisions <p style="margin-left: 40px;">Approval by the Subcommittee
<u>Action Required</u></p> | Josh Wilson, Mercer

Michael Price, Chair |
| 4. Next Steps | Michael Price, Chair |
| 5. Audience Comments/Closing Remarks/Adjourn | Michael Price, Chair |

TAB 1

Agenda Item 2 – Finalize Incentive Plan Design

- a. Metrics**
- b. Participants**
- c. Rationale**

STATE BOARD OF ADMINISTRATION OF FLORIDA (SBA) Incentive Plan Recommendations

June 11, 2015

Table of Contents

- Plan Objectives
- Incentive Design Recommendation
- Proposed Incentive Eligibility, Target Incentive Levels, and Organization/Individual Splits
- Non-Financial Component
- Deferral Mechanism
- Estimated Costs
- Business Case

Plan Objectives

Design a competitive annual incentive plan that:

- Aligns employee rewards with stakeholder goals and interests
- Rewards strong performance
- Assists in attracting and retaining top talent and increases competitive positioning against outside market
- Is defensible to all stakeholders

Incentive Design Recommendation

	Proposed SBA Incentive Plan Design
Eligibility	<ul style="list-style-type: none"> • Top Senior Executives and Investment Staff
Performance Measurement	<ul style="list-style-type: none"> • Fund's financial outperformance relative to defined benchmark • Largely quantitative (75-90%) but with some qualitative aspects to ensure appropriate behaviors and long-term sustainability • "Value added" to Florida Retirement System Trust Fund (FRSTF)
Performance Standards	<ul style="list-style-type: none"> • Threshold Award at 5 BPS • Target award at 25 BPS outperformance relative to benchmark • Maximum award based on 50 BPS outperformance relative to benchmark <i>Note: Each basis point represents \$15 million of excess return for the Pension Fund</i> • Provision in case of negative absolute return: <ul style="list-style-type: none"> – If final year of 3-year plan has actual negative returns, the payment will be deferred until the fund earns two quarters of actual positive returns
Incentive Opportunity	<ul style="list-style-type: none"> • Incentive targets range from 10-35% of salary, depending on organizational level and criticality to the business
Measurement Period/Timing of Payout	<ul style="list-style-type: none"> • 3-year (rolling) performance periods • ½ paid at end of performance cycle ½ after 1-year deferral

Incentive Plan Participation

Participation is limited to select positions within investment management and senior leadership that are typically incentive-eligible in the external market and are directly involved in investment management responsibilities or in providing strategic direction to the organization.

Investment management staff

- Recommended by SIO, approved by Executive Director
- Majority of responsibilities are focused on:
 - Direct investment management responsibilities or in direct career path leading to investment management responsibilities
 - Making direct portfolio, asset class, or other investment decisions/recommendations
 - Overseeing external investment managers
 - Performing analyses that facilitate or implement portfolio decisions
- Key senior leadership roles
 - Recommended by Executive Director, approval recommended by Compensation Committee of Investment Advisory Council
 - Roles are focused on leading and providing strategic direction to key organization functions

Incentive Participants, Target Incentive Levels, and Organization / Individual Splits

Tier	Title	# of Part.	Incentive (as a % of salary)			Measures		
			Threshold	Target	Maximum	Total Fund	Asset Class	Individual
1	• Executive Director & CIO	1	17.5%	35%	52.5%	85%	0%	15%
2	• Deputy Executive Director • Chief Operating/Financial Officer • General Counsel • Senior Investment Policy Officer • Senior Officer – Investment Programs & Governance • Sr. DC Programs Officer*	6	12.5%	25.0%	37.5%	80%	0%	20%
	• Senior Investment Officers	6				40%	40%	20%
3	• Deputy SIO • Senior Portfolio Managers • Portfolio Managers • Director of GE Research	35	7.5%	15.0%	22.5%	30%	60%	10%
	• Director of Trading	2				25%	50%	25%
	• Director of Investment Management, ODCP*	1				80%	0%	20%
4	• Assistant Portfolio Managers • Senior Analysts/Analysts • Senior Traders/Traders	11	5.0%	10.0%	15.0%	25%	50%	25%

* Financial measure (80%) will be associated with FRS Investment Plan not FRS Defined Benefit Plan

Positions Eligible for Incentive

Title	# Positions	Incentive Plan Tier	Title	# Positions	Incentive Plan Tier
Executive Director & CIO	1	1	Portfolio Managers/Investment Directors		
			Deputy SIO-Global Equity	1	3
Senior Investment Officers			Senior Portfolio Manager	15	3
SIO-Global Equity	2	2	Portfolio Manager II	3	3
SIO-Fixed Income	1	2	Portfolio Manager	15	3
SIO-Real Estate	1	2	Director of GE Research	1	3
SIO-Strategic Inv & Pvt Equity	2	2	Director of FI Trading	1	3
			Director of Trading	1	3
			Dir of Investment Management, ODCP	1	3
Senior Leadership			Traders/Analysts		
Deputy Executive Director	1	2	Equity Trader	1	4
General Counsel	1	2	Asst Portfolio Manager	1	4
Sr Off-Invst Prog & Governance	1	2	Sr RE Research Analyst III	1	4
Chief Operating/Financial Officer, SBA	1	2	Sr. Quantitative Analyst III	1	4
Sr. DC Programs Officer, ODCP	1	2	Sr Investment Analyst III	2	4
Sr Investment Policy Officer	1	2	Sr RE Operations Analyst III	1	4
			Investment Analyst II	2	4
			Quantitative Analyst II	1	4
			Executive/Trading Assistant	1	4
Totals	62				

Incentive Plan

Individual Component – Goal Setting and Evaluation

- CIO/ED
 - Compensation Subcommittee works with CIO/ED to establish goals or general categories for evaluation and makes recommendation to Trustees through the IAC
 - Compensation Subcommittee assesses performance and makes recommendation for rating/achievement level to Trustees through the IAC
- Senior leadership roles and SIOs
 - CIO/ED establishes performance measures, reviews performance, and determines achievement level
- All other investment staff
 - Investment leadership recommend performance measures, review performance, and recommend achievement levels
 - ED/CIO reviews and approves

Incentive Plan

Individual Component – ED/CIO

- 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; detail of individual component is under discussion with Compensation Subcommittee of IAC.

		Incentive as a % of Salary		
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	17.500%	35.000%	52.500%
Organizational Component	85%	14.875%	29.750%	44.625%
Individual Component	15%	2.625%	5.250%	7.875%

Incentive Opportunity Breakdown (Annual Salary = \$389,500)				
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	\$68,162	\$136,325	\$204,487
Organizational Component	85%	\$57,938	\$115,876	\$173,814
Individual Component	15%	\$10,224	\$20,449	\$30,673

Incentive Plan

Individual Component – Other Participants

- SMART goals are set annually for each participant, to be achieved/measured during the calendar year ending during the performance period (fiscal year July 1 – June 30). As appropriate, these will be factored into the measurement of each participant's individual (non-financial) performance by his/her manager at the end of the fiscal year for incentive plan purposes.
- The SBA framework for measuring performance under the incentive plan is summarized below and shown on the next slide.
- Participants will be assessed on their contribution to the SBA in the following areas:
 - All participants
 - **Organizational Financial Performance** - Total DB Fund and/or asset class performance*
 - **Skills** - personal behaviors model/support organizational values; individual contributions to financial performance of business unit (e.g., portfolio-level performance; effective management of external managers; quality of research recommendations); ability to gather, analyze and interpret data and use it to provide ideas to solve problems; professional knowledge; personal development, etc.
 - **Efficiencies/Infrastructure/Operations** – development and institutionalization of structures, systems, tools and processes to enhance performance and control risk; compliance with methodologies/processes/standards; communication/sharing of knowledge and information; leadership/support for organizational initiatives; intra-asset class efforts, business continuity planning, etc.
 - Leaders – additional measures
 - **Mission** - appropriate alignment with investment policy (ED/CIO); strategic planning; leadership within SBA and business unit to assure activity alignment with SBA and unit mission; external relationships and interactions; brand and issue management, etc.
 - **People** - team building; recruiting; retaining; training; developing; mentoring, etc.

*ODCP participants' financial measures are specific to their business operations

Incentive Plan

Framework for Measuring Performance

<p>Organizational Financial Performance</p> <p>ED/CIO</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund <p>SBA Senior Leaders</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund <p>SBA Investment Team</p> <ul style="list-style-type: none"> Value added to FRS Defined Benefit Trust Fund and Asset Class performance Measure <p>ODCP Senior Leader and Investment Management Director</p> <ul style="list-style-type: none"> Value added to FRS Investment Plan 	<p>Individual Performance Mission</p> <p>ED/CIO</p> <ul style="list-style-type: none"> Appropriate alignment with investment policy <p>All Leaders</p> <ul style="list-style-type: none"> Leadership within SBA and business unit to assure activities are aligned to support SBA and unit mission External relationships and interactions; brand and issue management
<p>Individual Performance Skills/People</p> <ul style="list-style-type: none"> Personal behaviors model/support organizational values Professional knowledge; personal development Individual contributions to financial performance of business unit (e.g., portfolio-level performance; effective management of external managers; quality of research recommendations) Ability to gather, analyze and interpret data and use it to provide ideas to solve problems <p>All Leaders (additional measures)</p> <ul style="list-style-type: none"> Team building, including development/mentorship of staff and recruitment and retention of key talent Team behaviors model/support organizational values 	<p>Individual Performance Efficiencies/Infrastructure/Operations</p> <ul style="list-style-type: none"> Communication/sharing of knowledge and information Development and institutionalization of structures, systems, tools, and processes to enhance performance and control risk Support for Board-wide initiatives and intra-asset class efforts Efficient acquisition and use of data and other resources Business continuity planning Compliance with methodologies, processes and standards

Incentive Plan

Asset Classes – Financial Performance

- Return calculations and benchmarks
 - Consistent with FRS Investment Policy Statement
- Risk Controls
 - No participant within a unit subject to the FRS Risk Budget will earn an incentive award for any performance measurement period for which that unit was determined to have an active risk compliance exception to the risk budget. An active risk compliance exception is triggered when active risk for the measurement period is equal to or exceeds the applicable Total Fund or asset class level Escalation Standard.
 - Asset Class and Total Fund - required value added and current active risk escalation standards:

Asset Class/Total Fund	Active Risk Escalation Standard	Value Added Rewards Threshold/Target/Max
Global Equity	1.25%	.05/.25/.50
Fixed Income	0.75%	.03/.15/.30
Real Estate	7.00%	.05/.25/.50
Private Equity (Secondary Benchmark)	7.00%	.05/.25/.50
Strategic Investments	6.00%	.05/.25/.50
Total Fund	1.75%	.05/.25/.50

Deferral Mechanism

- The chart below highlights the award performance periods, including the introductory periods, and the associated payouts

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Cycle 1 Performance	1 year							
Cycle 1 Payout		50% Payout	50% Payout					
Cycle 2 Performance	2 Years							
Cycle 2 Payout			50% Payout	50% Payout				
Cycle 3 Performance	3 Years							
Cycle 3 Payout				50% Payout	50% Payout			
Cycle 4 Performance		3 Years						
Cycle 4 Payout					50% Payout	50% Payout		
Cycle 5 Performance			3 Years					
Cycle 5 Payout						50% Payout	50% Payout	
Cycle 6 Performance				3 Years				
Cycle 6 Payout							50% Payout	50% Payout

Incentives paid in Fall, following audit of fiscal-year performance data

- The plan design accomplishes the following goals
 - Measures multi-year performance
 - Increases likelihood that plans will not be hopelessly underwater for more than 1 year
 - Aides in retention by deferring the award
- Special arrangements to be made for retirement, death and disability

Incentive Recommendation: Estimated Costs

- Our recommendation includes a population of approximately 62 SBA employees
 - Current total SBA payroll is approximately \$16 million
 - At target, the incentive pool would equal 9% of SBA total salaries
 - At maximum, the incentive pools would equal 13% of SBA total salaries

Tier	# of Employees	Total Salaries	Cost at Threshold	Cost at Target	Cost at Maximum
1	1	\$389,500	\$67,481	\$134,962	\$202,443
2	12	\$2,296,750	\$287,094	\$574,188	\$861,281
3	38	\$4,210,050	\$315,754	\$631,508	\$947,261
4	11	\$625,175	\$31,259	\$62,517	\$93,776
Total	62	\$7,521,475	\$701,587	\$1,403,174	\$2,104,761

Tier	# of Employees	Total Salaries	Cost at Threshold	Cost at Target	Cost at Maximum
All Ex ED&CIO	61	\$7,131,975	\$634,106	\$1,268,212	\$1,902,319

Estimated costs reflect recommended incentive percentages applied to current base salary levels

Business Case for Incentive Plan

- The table below illustrates the portion of outperformance benefitting incentive plan participants and beneficiaries at various payout levels

	Threshold	Target	Maximum
Basis Pts Outperformance	5 BPS	25 BPS	50 BPS
Total Dollars above Benchmark (assumes \$150 Billion fund)	\$75 million	\$375 million	\$750million
Total Incentive Cost	\$702,000	\$1,403,000	\$2,105,000
% of Outperformance Dollars to Incentive Plan Participants	0.94%	0.37%	0.28%
% (\$) of Outperformance to Beneficiaries	99.06% (\$74.3 million)	99.6% (\$373.6 million)	99.7% (\$747.9 million)

- As the numbers indicate, the overwhelming majority of the outperformance dollars are being returned to the beneficiaries.

State Board of Administration Compensation Subcommittee Call June 11, 2015

Appendix Incentive Compensation Information



Actuarial or Long-Term Nominal Return as Component of Incentive Compensation Plan

- Mercer's March 2013 Presentation Noted the Following, Comparing a Long-Term Nominal Return "Haircut" to a Deferral of Payment Until Two Quarters of Positive Performance

While Use of Long-Term Nominal Return Results in Good Alignment of Interests of Stakeholders, it is:

- **Less Competitive than Deferral**
 - Results in lower payouts in 40%+ of years with benchmark outperformance
 - Minority Practice (Ambachtsheer letter of May/June 2011)
- **Less Reasonable/Fair than Deferral**
 - Risks demoralizing participants during weak market environments, when they can add significant value to the fund
 - Market movement is beyond control of participants
 - Nominal Target Rate of Return is a very long term goal that cannot be fairly measured over a 3-year plan period
 - Time lag creates incongruence between those who shape/decide asset allocation and those who would be penalized
- **Less Sustainable than Deferral**
 - Could result in partial payout following a year of negative performance if the threshold of 5 bps of value added is reached

Mercer's supplemented presentation (next slide) indicates no plan utilizing an actuarial or long-term nominal return as a component of incentive compensation. Additional information relating to use of actuarial return and peer comparisons has been included in a separate document from SBA staff.

OTHER STATE PLANS

Florida SBA asked Mercer to do a quick review of other readily available state pension plan incentive plans to assess their high level design. The table below summarizes the information:

State	Relevant Design Features
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 1 and 3 year returns against benchmarks CIO maximum opportunity is 100% of salary No deferral, regardless of absolute performance
South Carolina	<ul style="list-style-type: none"> Measured on 1 (20%) ,3 (30%) & 5 (50%) year rolling returns against benchmarks CIO maximum payout is 100% of salary If total absolute 1 year return is less than -10%, all awards are forfeited for that year; if total absolute 1 year return is between 0 and -10%, State has discretion to defer payment until returns are positive Total payments of \$1.4M in 2013 (\$30 B in fund)
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> No incentive plan in place Salaries targeted above median to be competitive with entities who offer incentives
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 3 year rolling performance against benchmark CIO Maximum payout is 50% of salary; all payouts spread over 2 years No set policy on payouts during negative returns; discretion to defer as needed
State Pension Fund (AUM >\$50B)	<ul style="list-style-type: none"> Measured on 3 (50%) & 5 (50%) year rolling returns against benchmarks CIO maximum payout is 140% of salary Final payouts are modified (positively or negatively) by 1 year returns Portion of payout is deferred into Defined Contribution vehicle

SBA Passive and Active Allocations

	Passive		Active	
Date	%	\$ in Bill.	%	\$ in Bill.
12/31/2014	40.5%	\$59.37	59.5%	\$87.19
12/31/2013	41.3%	\$59.44	58.7%	\$84.35
12/31/2012	39.9%	\$51.35	60.1%	\$77.26
12/31/2011	41.5%	\$49.05	58.5%	\$69.19
12/31/2010	37.0%	\$46.01	63.0%	\$78.19

Peer Information



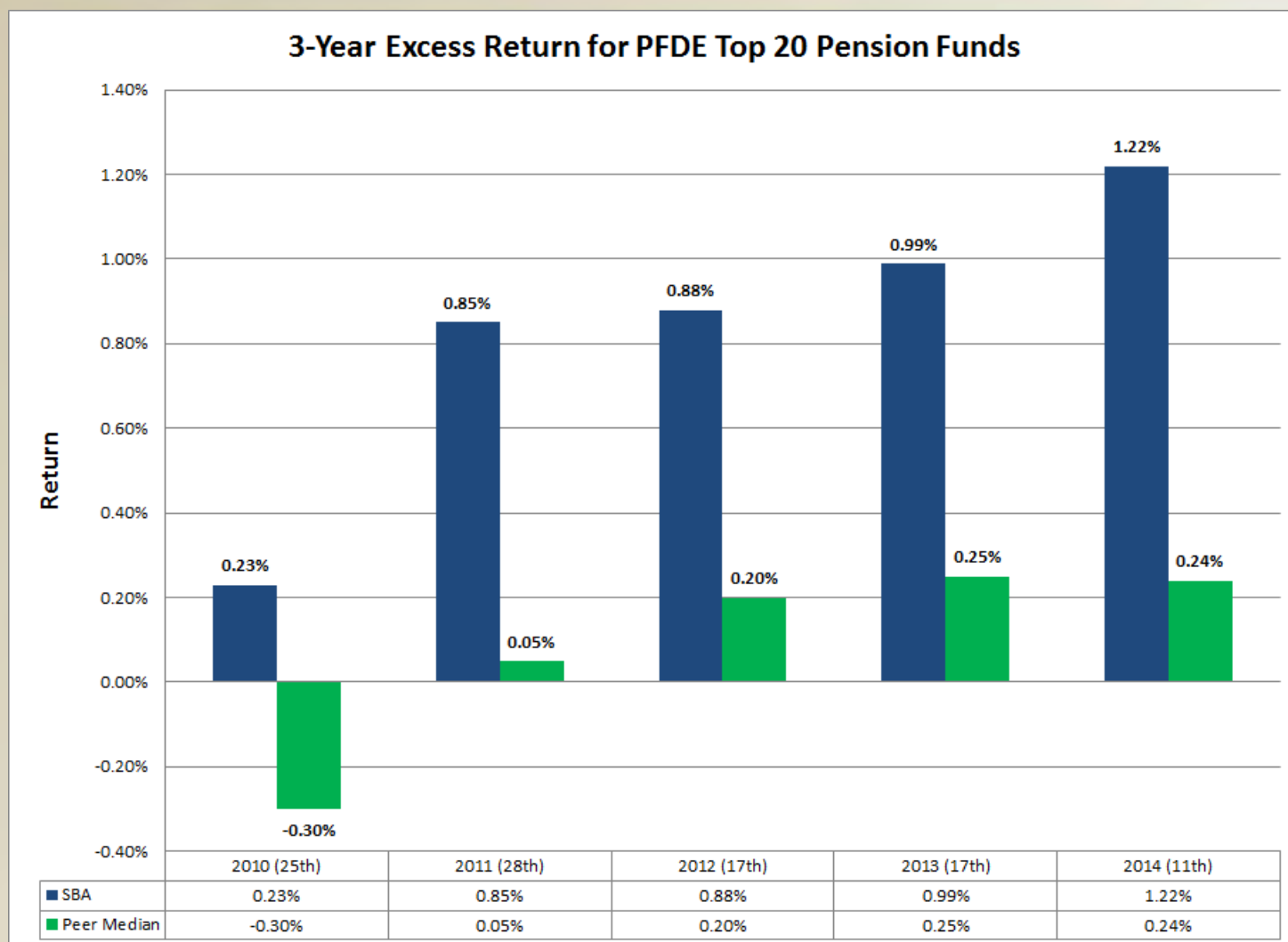
Pension Fund Data Exchange List of Peers

Pension Fund Data Exchange (PFDE) Peers List - Used for All Time Periods*	
1 California Public Employees' Retirement System	11 Washington State Investment Board
2 California State Teachers' Retirement System	12 Oregon Public Employees' Retirement Fund
3 New York Common Retirement Fund	13 Virginia Retirement System
4 State Board of Administration of Florida	14 Teachers' Retirement System of Georgia
5 New York State Teachers' Retirement System	15 Michigan Retirement System
6 Ohio Public Employees' Retirement System	16 Pennsylvania Public School Employees' Retirement System
7 State of Wisconsin Investment Board	17 Massachusetts Pension Reserves Investment Management Board
8 North Carolina Retirement System	18 Minnesota State Board of Investments
9 New Jersey Division of Investment	19 Public Employees' Retirement Association of Colorado
10 Ohio State Teachers Retirement	20 Nebraska Investment Council

* Sorted by NAV in descending order.

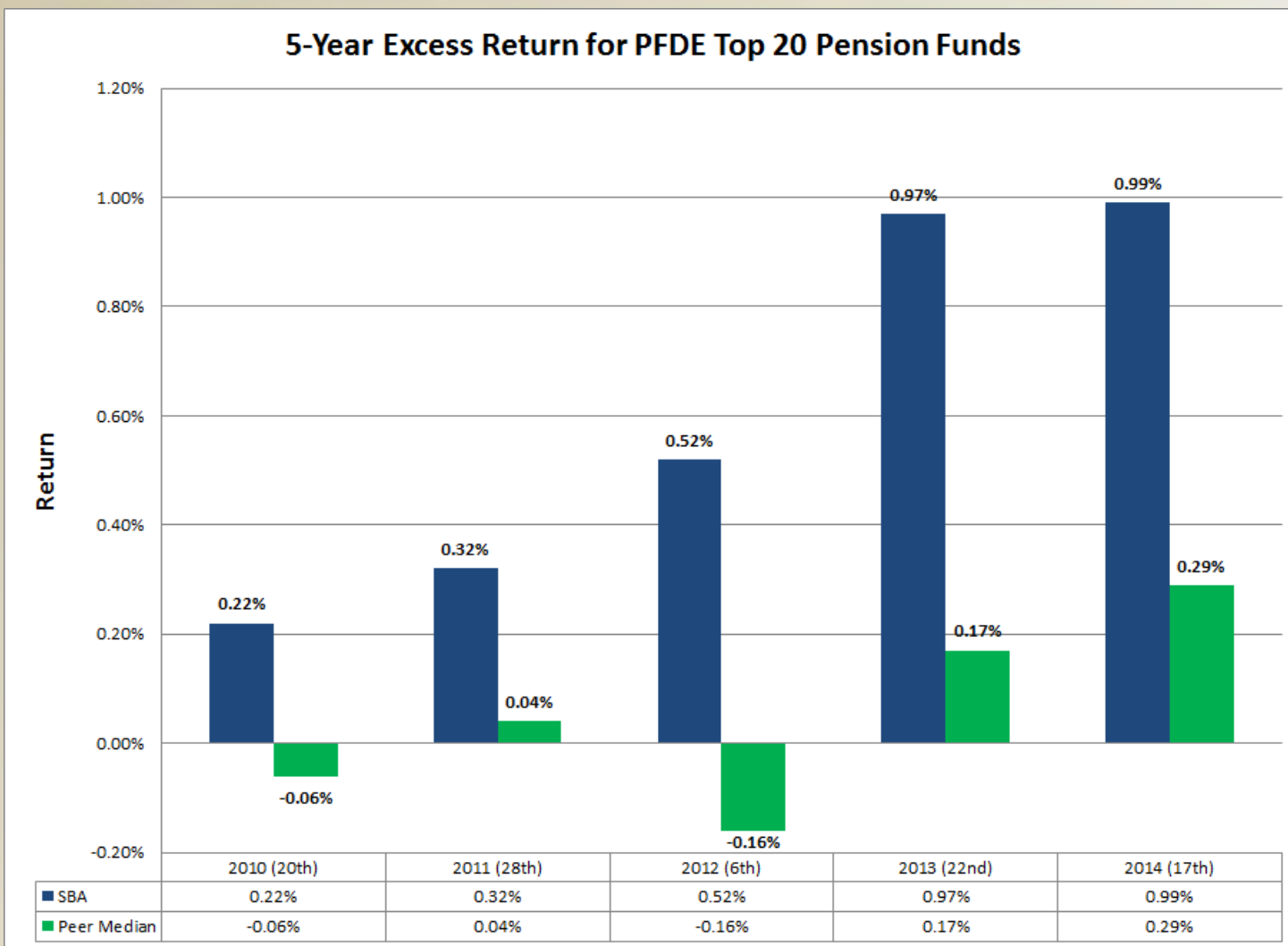
Compounded Excess Returns

SBA vs. Peers



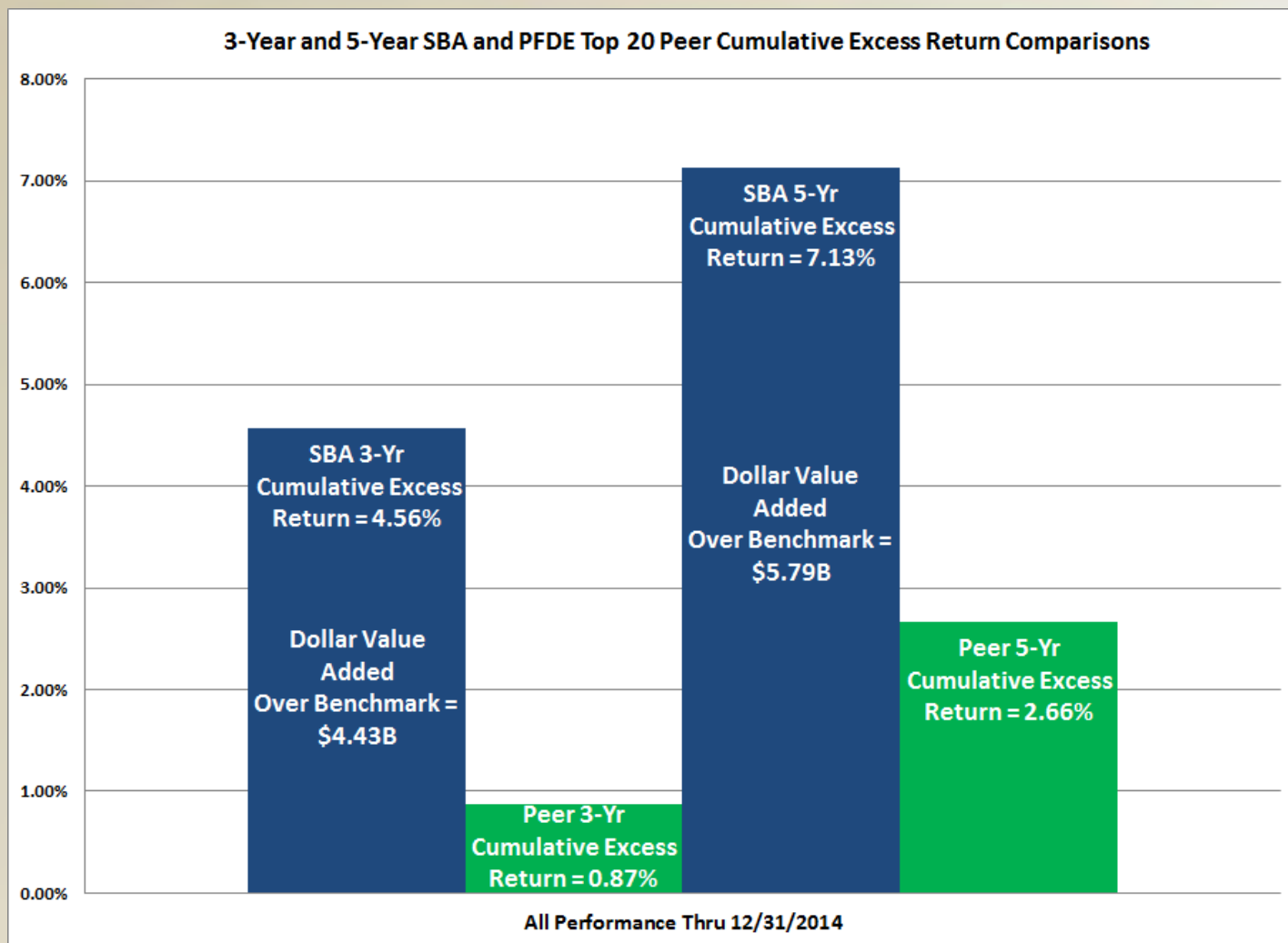
Compounded Excess Returns

SBA vs. Peers



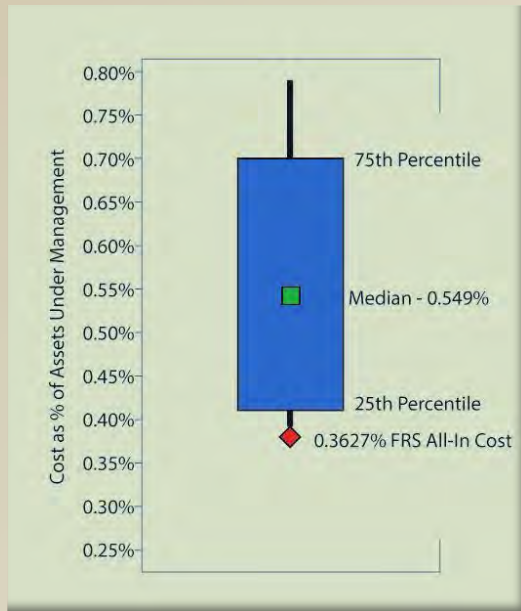
Compounded Excess Returns

SBA vs. Peers

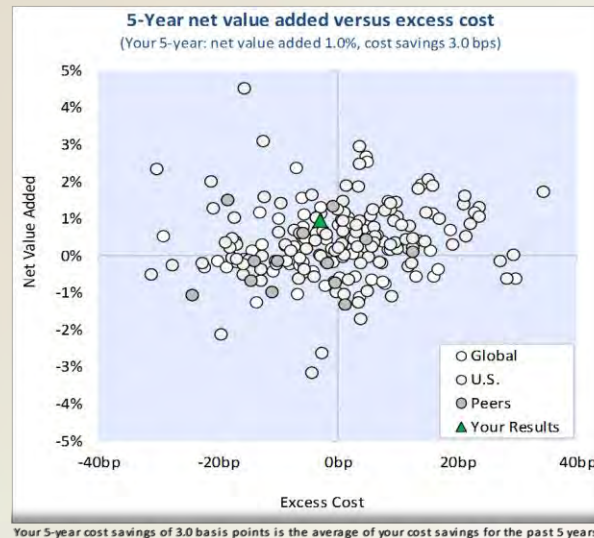


Pro Forma Impact of Maximum Incentive Payment on CEM Benchmarking Results

- CEM-reported costs would increase negligibly (by 0.15 basis points to 36.27 bps from 36.12 bps*)
- Likewise, the SBA would continue to fall in the upper left (most favorable) quadrant for Net Value Added vs. Excess Cost



	2013		With Max Incentive	
	\$ Thousands	bps	\$ Thousands	bps
External Manager Fees, per CEM	\$441,237	32.34	\$441,237	32.34
Internal SBA Costs, including Custody, RE Advisory/Legal	\$51,539	3.78	\$53,644	3.93
Total Costs (All-In), per CEM	\$492,776	36.12	\$494,881	36.27



TAB 2

Agenda Item 3 – Finalize ED/CIO Plan

a. Mercer Recommendations

- i. Incentive Compensation
Individual/Qualitative Measures
for ED/CIO**
- ii. Evaluation Process for
Individual/Qualitative Measures
for ED/CIO**

b. Discussion and Decisions

**Approval by the Subcommittee
(Action Required)**

Agenda Item 3. Vote on Compensation Subcommittee Recommendation for ED/CIO Plan

Mercer Recommendations - ED/CIO Individual/Qualitative Measurement

The sections below describe criteria and a 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). The criteria and evaluation process was discussed and approved at the June 11, 2015 Compensation Subcommittee meeting.

Agenda Item 3a. ED/CIO Individual/Qualitative Performance Criteria

Proposed Criteria

In line with the overall framework for the incentive plan (presented in Tab 1), proposed criteria for the individual/qualitative performance portion of the ED/CIO's incentive award are: (1) Overall Mission; (2) People; (3) Efficiencies/ Infrastructure/ Operations; and (4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee. Please see the proposed Qualitative Evaluation Form on the following pages for more descriptive information regarding each rating area.

Agenda Item 3b. Proposed Process and Schedule for ED/CIO Qualitative Performance Rating

The Compensation Subcommittee will rate the qualitative performance of the ED/CIO. The proposed annual process is shown below.

July 1-13: ED/CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC, PLGAC and Audit Committee). As part of the summary, the ED/CIO may want to encourage the individual Compensation Subcommittee raters to speak with individual members of the IAC, Audit Committee and/or PLGAC to gain additional perspective on interactions with them.

By July 15: ED/CIO sends his/her Summary to raters (members of Compensation Subcommittee) along with the attached evaluation form.

By July 31: Raters evaluate ED/CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

By August 31: Mercer compiles final ratings and all final comments from raters and sends them to the ED/CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee to review/discuss the evaluation with ED/CIO and provide an overall recommendation to the IAC.

Following the public meeting, the IAC Chair communicates the recommendation regarding qualitative incentive award and supporting rationale to Trustees, with a copy to IAC members, as materials for a noticed public meeting of the Trustees.

September: Trustees consider recommendation in public meeting.

State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form

Background:

As part of the annual incentive plan for the SBA, the ED/CIO will have an individual/qualitative portion of his award that the Compensation Subcommittee of the IAC will be responsible for assessing. Subsequently, the Compensation Subcommittee will make a recommendation to the full IAC (which in turn will make a recommendation to the Trustees) combining both financial and individual/qualitative performance. The following categories will be used to evaluate the individual/qualitative portion of the ED/CIO's performance.

Please complete the following ratings for the ED/CIO and provide any comments as appropriate. For each category below, please indicate your rating of the ED CIO's performance in that category by circling one of the responses ranging from "Poor" to "Exceeds Expectations". Please provide any additional comments you may have in the comments box for the respective category, particularly if the rating is below "Meets Expectations."

1) 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.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

--

**State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form**

2) People

The rating for this category should reflect the degree to which the ED/CIO has:

- Developed subordinate staff
- Recruited and retained key talent

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

3) 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.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

**State Board of Administration
Executive Director and Chief Investment Officer
Individual/Qualitative Evaluation Form**

4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee

The rating for this category should reflect the degree to which the ED/CIO has:

- Maintained effective working relationships with individual IAC members and the Council as a whole, with members of the Audit Committee, and members of the PLGAC, on matters within the concern of each body.
- Provided requested information and transparency.

Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee and/or PLGAC to gain perspective on ED/CIO interactions with them.

(Circle One)

Poor Below Expectation Meets Expectations Exceeds Expectations

Comments:

Other Commentary or Considerations

Overall Individual/Qualitative Performance Rating for this Period: *(Circle one)*

Poor Below Expectation Meets Expectations Exceeds Expectations



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ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

To: Board of Trustees
From: Gary Price, Chairman
Participant Local Government Advisory Council (PLGAC)
Date: June 1, 2015
Subject: Quarterly Update – Florida PRIME™

The Participant Local Government Advisory Council (the "Council") last met on March 26, 2015 and will meet next on June 22, 2015 as part of the once a year Joint PLGAC/IAC meeting. Over the prior quarter, the Council continued to oversee the operations and investment management of Florida PRIME™ and Fund B, reviewing participant transactions, as well as the final disposition of remaining Fund B assets.

CASH FLOWS / PERFORMANCE

- Over the quarter ending March 31, 2015 participant deposits totaled \$2.96 billion; participant withdrawals totaled \$3.34 billion; providing a net decrease of approximately \$0.38 billion.
- During the 1st quarter, Florida PRIME™ delivered an aggregate \$3.83 million in investment earnings.
- Performance of Florida PRIME™ has been consistently strong over short and long-term time periods. For the period ending March 31, 2015, Florida PRIME™ generated excess returns (performance above the pool's benchmark) of approximately 11 basis points (0.11 percent) over the last 12 months, 14 basis points (0.14 percent) over the last 3 years, and 15 basis points (0.15 percent) over the last 5 years.
- For the second quarter in a row, and through the 5 year period ending March 31, 2015, Florida PRIME™ was ranked as the highest performing investment vehicle among all registered money market funds within iMoneyNet's First Tier Institutional fund universe.

POOL CHARACTERISTICS

- As of March 31, 2015, the total market value of Florida PRIME™ was approximately \$7.5 billion.
- As of March 31, 2015, the investment pool had a 7 Day SEC Yield equal to 0.18 percent, a Weighted Average Maturity (WAM) equal to 34.8 days, and a Weighted Average Life (WAL or Spread WAM) equal to 62.0 days.

FUND B

- In early September 2014, 100 percent of the original principal balance was returned to participants with no loss of principal.
- As of March 31, 2015, the remaining assets held within Fund B totaled approximately \$43.2 million.
- On May 21, 2015, new legislation was signed into law directing the SBA to distribute any residual balance held within Fund B, "back to each participant in the Local Government Surplus Funds Trust Fund who had been entitled to, but had not received, a November 2007 interest payment on invested funds at any time during that month. The amount paid to such participants shall be based on each participant's proportional share of the total November 2007 interest earned by such participants in the Local Government Surplus Funds Trust Fund which was not paid out but transferred to the trust fund in order to maximize the payout of principal." Such distribution will occur in July 2015.



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Date: May 18, 2015
To: Board of Trustees
From: Judy Goodman, Audit Committee Chair *Judy*
Subject: Quarterly Audit Committee Report

The State Board of Administration's (SBA) Audit Committee met on April 6, 2015 and May 18, 2015 and discussed the following:

I. External Audits and Assessments

We reviewed and discussed the following:

- A. Ernst & Young's audit plan for the June 30, 2015 financial statement audits of the Florida Retirement System (FRS) Trust Fund and the FRS Investment Plan Trust Fund.
- B. Results of financial statement audits:
 - 1. Ernst & Young's financial statement audits of the SBA's 22 wholly-owned entities with a December 31, 2014 year-end
 - 2. Crowe Horwath's financial statement audits of SBA's four special purpose entities for the December 31, 2014 year-end

All of the audited financial statements received unmodified or clean opinions.

- C. KPMG's Statement on Standards for Attestation Engagements (SSAE) No. 16 Report on Controls at Paragon Strategic Solutions Inc. (Paragon).

This was an examination of Paragon's description of its Florida Hurricane Catastrophe Fund (FHCF) administrative services system for processing FHCF transactions and the suitability of the design and operating effectiveness of controls. There were no findings.

- D. Reports on agreed upon procedures, tax compliance, internal control over financial reporting, and compliance with debt covenants for SBA's 22 wholly-owned entities with a December 31, 2014 year-end. During the performance of agreed-upon procedures, Ernst & Young reported a change in the percentage of management fees paid not supported by written agreement. No other findings were identified.

II. Internal Audit

A. Reviewed and approved the following:

- 1. Office of Internal Audit (OIA) budget for the fiscal year 2015-16
- 2. OIA Annual Audit Plan for the fiscal year 2015-16

B. Reviewed the following report:

- 1. OIA Fiscal Year 2014-15 Third Quarter Follow-up Audit

C. Received OIA quarterly progress report on the following matters:

1. Status of 2014-15 Annual Audit Plan: All planned work is progressing as scheduled.
2. Status of Open Category A Recommendations

The table below summarizes the progress made on open Category “A” recommendations as of May 18, 2015.

	As of 2/23/2015	Changes from 2/23 to 5/18	As of 5/18/2015
Total number of recommendations	588	0	588
Closed recommendations	(501)	(19)	(520)
Open recommendations	87	(19)	68

Of the 68 open recommendations, nine are considered high risk. The nine high risk recommendations resulted from the assessments of the SBA’s internet and web applications, post-implementation assessment of the Charles River Investment Management Solution, disaster recovery plan, and payroll continuous audit. Additional details related to open recommendations are presented in Appendix 1.

Category “A” refers to recommendations made either by internal or external auditors. The OIA monitors and performs follow-up procedures on these recommendations in accordance with The IIA Standard 2500.A1. In certain cases, follow-up procedures are performed by external auditors.

3. OIA Continuous Auditing:

One of OIA’s focuses is continuous auditing program. The Audit Committee supported this initiative and, in fiscal year 2014-15, approved a budget of \$60k for the purchase of continuous auditing software. OIA was able to identify, purchase and implement a continuous auditing software for less than \$20k.

With the software in place, OIA planned on implementing its continuous auditing program in FY 2015-16. To support this initiative, OIA requested, and the Audit Committee approved, an additional full-time employee as part of the FY 2015-16 OIA budget. We understand the final version of the budget adopted by the SBA Trustees on May 5, 2015 had fewer new positions (from 5.5 to 4.5 full-time employees) and dollars than originally sought by the SBA. The proposed new full-time employee eliminated was the additional full-time employee for the OIA. As a result, the continuous auditing program will not be implemented in FY 2015-16.

4. Other External Audit and Review of the SBA

As part of its advisory activities, OIA coordinates audits and reviews with the Florida Auditor General (AG) and the Office of Program Policy Analysis & Government Accountability (OPPAGA). The AG’s Statewide Financial Statement Audit (Florida Comprehensive Annual Financial Report) and OPPAGA’s biennial review of SBA’s management of investments have been completed.

5. OIA's Oversight of Real Estate Entity Tax Compliance

Goose Pond Ag, Inc. (GPA) is a wholly-owned entity of the SBA and all of its income, less expenses, is remitted to the SBA for the benefit of the FRS Pension Plan. Although exempt from federal income tax, GPA files information returns with the federal and state governments.

As reported in our last report, the Internal Revenue Service (IRS) notified GPA that its 2013 federal tax return was being audited. On January 23, 2015, the external legal counsel engaged by the SBA submitted a memorandum to the IRS detailing why GPA is exempt from federal income tax. The IRS indicated that even if GPA is exempt, the audit will go forward to confirm that the funds earned by GPA really do flow to the benefit of the FRS Pension Plan.

Status:

As of May 6, 2015, this matter is still under review by the IRS. The OIA will continue to monitor and report on this audit.

III. Risk Management and Compliance (RMC)

The RMC unit completed its semi-annual risk assessment and is continuing to evaluate its reporting process.

APPENDIX 1
STATUS OF CATEGORY “A” RECOMMENDATIONS
AS OF MAY 18, 2015

1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating				%
	High	Medium	Low	Total	
2012			1	1	1.5%
2013		3	1	4	5.9%
2014	4	11	10	25	36.8%
2015	5	17	16	38	55.8%
	9	31	28	68	100%
	13%	46%	41%		

2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating				Status				%
		High	Medium	Low	Total	NYI	PIRP	OTV	Total	
Accounting Reconciliations Operational Audit (OIA)	9/14/2012			1	1		1		1	1.5%
Strategic Investments Operational Audit (OIA)	8/5/2013			1	1	1			1	1.5%
Investment Policy & Economics Operational Audit (OIA)	11/1/2013		1		1		1		1	1.5%
Systems/Server Backup Operational Audit (OIA)	11/1/2013		2		2	1		1	2	2.9%
Internet and Web Application Assessments (Ernst & Young)	2/12/2014		3	5	8	1		7	8	11.8%
Disaster Recovery Plan Assessment 2014 (Ernst & Young)	3/28/2014	2	3	3	8	5		3	8	11.8%
Fixed Income Operational Audit (OIA)	10/15/2014		5	1	6	5		1	6	8.8%
Payroll Continuous Audit (OIA)	12/5/2014	2		1	3	3			3	4.4%
Insurance Capital Build-up Incentive Program Compliance Audit (OIA)	1/9/2015			1	1	1			1	1.5%
Operational Audit of the SBA’s Procurement and Contract Monitoring (Auditor General)	1/1/2015		1	2	3	3			3	4.4%
Internet and Web Application Assessments 2015 (Ernst & Young)	2/13/2015	1	10	10	21	3		18	21	30.8%
Post-implementation assessment of the Charles River Investment Management Solution (Ernst & Young)	2/13/2015	4	3	1	8	7		1	8	11.8%
Travel Services Operational Audit (OIA)	2/13/2015		2	1	3	3			3	4.4%
Data Loss Prevention Assessment 2015 (Ernst & Young)	2/18/2015		1	1	2	1		1	2	2.9%
		9	31	28	68	34	2	32	68	100%

Category A - Recommendations were made by either by internal or external auditors. The OIA monitors and performs follow-up procedures on these recommendations in accordance with the IIA Standard 2500.A1

NYI - Not Yet Implemented

PIRP - Partially Implemented and the Remainder is in Progress

OTV - OIA to Verify



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CHAIR**

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CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

To: Ash Williams
From: Michael McCauley
Date: June 1, 2015
Subject: Board of Trustees Meeting – Standing Report / Investment Programs & Governance

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The SBA's Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) met last on March 26, 2015, and will meet next on June 25, 2015. The Proxy Committee continues to discuss ongoing governance issues including the volume and trends for recent SBA proxy votes, company specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA).

GLOBAL EQUITY PROXY VOTING & OPERATIONS

For the trailing twelve months ending on March 31, 2015, the SBA voted 10,211 public company proxies covering 95,557 individual voting items. Individual voting items included director elections, audit firm ratification, executive compensation plans, merger & acquisitions, and various other management and shareowner proposals.

The table below provides major statistics on the SBA's proxy voting activities during the 1st quarter of 2015:

Votes in Favor of Directors 84.3% (FY2014=79.8%)	Votes with Management 76.9% (FY2014=80.6%)
Votes in Favor of Auditors 96.4% (FY2014=94.9%)	Total Eligible Ballot Items 10,306 (FY2014=92,488)
% of Meetings with >1 Against Votes 73.8% (FY2014=68.6%)	Total Eligible Proxies 1,318 (FY2014=10,037)

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

From the beginning of the calendar year through late May, SBA staff conducted engagements with over 15 companies, including Apache Corporation, E.I. du Pont, JPMorgan, PepsiCo, and Xenoport, Inc.

On April 2, 2015, SBA staff co-signed an investor group letter regarding the German Corporate Governance Code, focused on support for proposals covering maximum director terms, the nomination process for committee membership, and other requirements involving shareowner-elected representatives to the supervisory board.

On May 11, 2015, SBA staff co-signed an investor group letter to Titan International, Inc. concerning problematic compensation practices. Titan's executive compensation lacks a rigorous performance orientation and is devoid of long-term capital efficiency measures. Earlier in 2015, the same group of investors communicated to Titan's board of directors about its staggered director terms, advocating the use of annual election cycles for all incumbent directors.

On May 28, 2015, Ceres and BlackRock published guidance for U.S. institutional investors on engaging with companies and policymakers on a broad range of sustainability issues. The guide titled "21st Century Engagement: Investor Strategies for Incorporating ESG Considerations into Corporate Interactions," includes tactics and case studies from 37 engagement experts spanning six countries, including content submitted by SBA staff.

LEADERSHIP & SPEAKING EVENTS

Staff frequently participates in and/or speaks at investor events, designed to further regulatory commentary and explain the objectives of the SBA's corporate governance activities. Events that include significant involvement by corporate directors, senior members of management, and other key investor stakeholders are targeted. The following items detail involvement at events that occurred recently:

- In late March, SBA staff participated in the 2015 Spring Conference of the Council of Institutional Investors (CII). During the meeting, SBA staff was reelected to the Board of Directors and also elected to the officer position of Chair of the Board, with a term of service through early 2016. The event marked the 30th anniversary of the Council's creation in 1985. Several structural changes to CII's membership categories were adopted, aimed at strengthening the Council's foreign membership roster and affiliate member dues structure.
- On April 1st, SBA staff attended the Conference Board Investor Summit, focused on key governance practices and recent trends in shareowner activism and proxy voting. The SBA is a member of the Conference Board's Governance Center.
- In mid-April, SBA staff participated in the 2015 13D Active-Passive investment conference, with a focus on activist fund investing and related market participants. Key issues included the investment strategies used by activist funds, a review of numerous case-studies and investor profiles, as well as several regulatory proposals.

SBA RESEARCH STUDY ON EFFECTIVENESS OF PROXY VOTING

In early June, SBA staff completed a study analyzing the effectiveness of its proxy voting decisions on director elections where there were dual nominees (i.e., proxy contests). The results of the study, available within the corporate governance section of the SBA's website, demonstrated added value when voted shares involved proxy contests, whether the SBA supported the management or dissident slate of directors. The study also quantifies the impact on stock price performance related to these votes, showing positive double digit increases in nominal and industry-relative total-stockholder-returns (TSR), over 1, 3, and 5 year time periods.

HIGHLIGHTED VOTES

- On April 17, 2015, SBA staff voted in favor of a proposal at **Vivendi** to amend its bylaws to allow for the absence of double voting rights. In France last year, the Florange Law was enacted to require companies to remove double voting rights unless the share structure was approved by shareowners. In some capital markets, and notably France, double voting rights are commonly used as a control mechanism to help entrench a core shareowner.

Over 30 percent of French companies exhibit such voting structures, typically due to family, principal or a controlling shareowner (which can include the French state). In 2012, the French government failed to stop the closure of a steel mill owned by ArcelorMittal in the town of Florange. The main pillar contained in the Florange Law is a mandate that French companies give two votes to any share held for longer than two years. The law

allows an opt-out if two-thirds of shareowners approve and if such vote is achieved no later than March 31, 2016. The new law also allows French companies to adopt poison pills similar to those used in the U.S. and requires that any hostile bidder negotiate with French workers before proceeding with a takeover.

Vivendi shareowners were presented with a proposal to exempt the company from the Florange Law. Although the government has no ownership in Vivendi, some pundits noted the new law was a move to protect government owned stakes in domestic industries and possibly to combat shareowner activists and American institutional investors, which have begun to target a few inefficiently managed European companies. Prior to passage of the Florange Law, 22 of the companies in the CAC-40, the French blue-chip index, had double voting rights. Although a majority of Vivendi's investors voted to maintain its one vote per share structure, due to the firm's two-thirds majority vote threshold, the proposal failed. Vincent Bolloré, Vivendi's chairman, was reported to have increased his ownership from just over 10 percent to almost 15 percent in order to reinforcing control. At other French companies, shareowners have supported the one share per vote structure, including at Vinci, L'Oréal, Unibail Rodamco, BNP Paribas, Crédit Agricole, Air Liquide, and Capgemini. The SBA voted to support these firms' one share one vote share structures.

Where the French state has equity stakes, the results have been different. Proposals at Veolia, Engie (formerly GDF Suez), and Orange all failed to garner investor support to overturn the double voting rights feature. Although much less prevalent in the U.S. equity market, double voting rights are allowed via dual class share structures. In 1988, an SEC rule that barred companies from issuing stock with extra voting rights was struck down in Federal court. As a result, the stock exchanges adopted rules limiting dual class share structures only at the time of initial public offering (IPO). Earlier in the year, SBA staff voted against the Florange Law proposals at Renault and Air France KLM. In the case of Renault, the French government bought \$1.4 billion worth of stock in order to block Renault from opting out of the voting law. Nissan, the owner of 15 percent of Renault, opposed the move but could not make any counter vote because the shares it owns do not have voting rights. With Air France, the state increased its ownership from 16 to 18 percent just prior to the shareowner vote.

- On April 17, 2015, SBA staff voted in favor of a proposal at **BP Plc** to increase reporting on the impact of climate change on its business. The proposal was supported by 98 percent of BP shareowners, one of the highest levels of support for such a resolution. Although the resolution was supported by management, BP's chairman warned that future shareowner returns may not be as strong as they were in the past, noting "the price of oil has gone back to the old, volatile days after six years of relative stability."
- On April 29, 2015, SBA staff voted shares in **Petroleo Brasileiro (or Petrobras)** in support of new members on its Board of Directors, including three new candidates nominated by the Brazilian government, the company's controlling shareowner. The director changes were well received by the market, which recognized a shift toward directors with technical background and business experience in the energy sector. At the annual meeting, shareowners elected Mr. Walter Mendes and Mr. Guilherme Affonso Ferreira as independent members through separate votes of common and preferred minority shareowners, respectively. Finally, members to the Company's Conselho Fiscal (similar to an Audit Committee) were also elected during the meeting. The company continues its turnaround efforts following a massive corruption scandal late last year.
- On May 13, 2015, SBA staff voted its shares in **E.I. du Pont de Nemours and Co. (Dupont)**, partially supporting Trian Partners dissident slate of directors. The company's annual meeting involved a contested election of directors with Trian Fund Management, a 2.7 percent shareowner who made its initial investment in the stock over two years ago, seeking to elect four dissident nominees to the board of directors. As part of the SBA's analysis, staff spoke directly with Dupont management (including CEO Ellen Kullman and Director Lois Juliber) as well as with Trian Partners (their Director Nominees' John Myers, Bob Zatta, and Art Winkleback). In order to provide additional input into this voting decision, SBA staff sought the views of one of the SBA's external investment managers invested in Dupont.

At the time of the proxy contest, the company was involved in an ongoing effort to spin-out its Performance Chemicals unit into a publicly-traded company to be named 'The Chemours Company.' Two other incumbent directors—who will become Chemours directors upon completion of the spin out—stepped off the DuPont board, and were replaced with two new independent directors in February 2015. The governance structure of Chemours was criticized by Trian, in addition to its poor historical operating efficiency.

Although the company's stock price performance has been modestly above its peers over longer time periods, the individual performance of its various business units has been lackluster. Critics of the firm's management laid the blame on the firm's conglomerate structure, which makes evaluating overall company performance very difficult. There was also evidence the company had failed to achieve competitive margins within several business segments (Performance Chemicals and Safety & Protection), despite its largest business segment (Agriculture) performing modestly above peers on some counts. Trian Partners proposed that the company consider breaking itself up into smaller pieces, beyond further the current spin-off of Chemours. Dupont management asserted a breakup would damage its research and development (R&D) efforts and negatively impact other cost synergies between the myriad business segments. Trian believed additional cost savings were achievable, as well as improvement to the company's executive compensation framework and necessary changes to the capital allocation and R&D spending process.

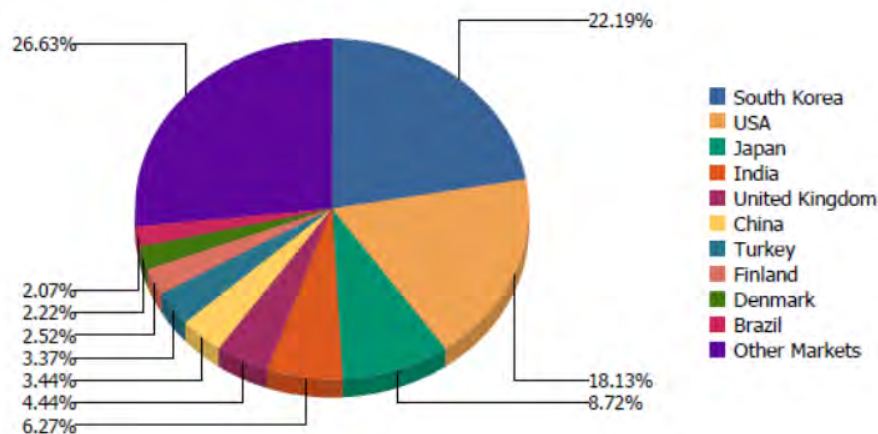
Of particular note was the fact the company had failed to beat its 2011 EPS target during the subsequent three year period, and had consistently underperformed its peers in earnings over the same time frame. DuPont's reported earnings-per-share (EPS) during management's tenure had grown at a CAGR of only 6 percent, which is half the Company's long-term EPS target growth rate of 12 percent. Free cash flow has exhibited a -13.2 percent compound annual growth rate over the last 5 years. Finally, Trian Partners had generally exhibited a collaborative engagement relationship with targeted companies, and built a long track record of positive financial performance at boards on which it gains seats.

One of the proxy advisors used by the SBA noted there was, "compelling evidence that the dissidents [Trian] have a point. Excluding the current Health & Nutrition business, which the company did not own in 2008, and the effect of a commodity boom in ethylene, which was beyond the control of management, DuPont's aggregate EBITDA margin for its continuing businesses increased by only half a percentage point over 7 years (measured as the trailing twelve months through the just-reported Q1 2015), or about 8 basis points per year." ISS recommended clients support two of the dissident nominees. Another one of the proxy advisors used by SBA staff, Glass, Lewis & Co. noted, "Trian has identified legitimate concerns at DuPont, primarily related to operational execution and management accountability, which we believe substantiate the Dissident's central thesis that the Company is not performing to its full potential -- and that significant value may yet be created by further addressing Trian's ongoing criticisms." Glass Lewis concluded that, "having established a case of less-than-best financial performance and identifying opportunities to further improve operational execution and board oversight, we see a need for further change on the DuPont board. We believe Trian has presented a compelling argument that Mr. Peltz is capable of working constructively with the incumbent nominees during DuPont's ongoing transformation process in order to drive greater returns for shareholders. Since Trian's involvement at DuPont, shareholders have already benefited from a number of value-creating initiatives which likely wouldn't have occurred otherwise to the same extent or as quickly, in our opinion."

Given the company's middling segment performance and partial progress the incumbent management team has delivered, SBA staff voted to support for 2 of the 4 Trian nominees, both of which were highly experienced and viewed to likely provide a positive input on future improvements to the company's performance and operations. Ultimately, Dupont won the proxy contest. Trian Partners, however, came very close to gaining a seat on the board—receiving 293 million votes or about 43 percent. According to the Wall Street Journal, the company's largest investors, including Vanguard Group, State Street and BlackRock, all voted in favor of the management slate. Of note, Peltz received the most votes of support among the four dissident candidates. On the day of the vote, after preliminary tabulation results were announced by the company, the Dupont stock price declined over 6 percent, but has recovered slightly since.

- On May 14, 2015, SBA staff voted for shareowner resolutions aimed at eliminating **Ford Motor's** longstanding dual class share structure and also providing investors owning 20 percent of outstanding shares the right to call a special meeting. SBA corporate governance principles and proxy voting guidelines oppose dual-class capital structures. Granting investors owning 20 percent of the firm's outstanding shares the right to call a special meeting enhances shareowner rights by facilitating action on important matters that may arise between annual meetings.
- On May 19, 2015, SBA staff voted in favor of a management proposal at **Xenoport** pharmaceuticals to remove supermajority voting thresholds within its bylaws. In January 2015, SBA staff met with the company's CEO and Lead Director concerning these corporate governance practices. As part of the SBA's engagement initiative focused on companies with staggered boards, supermajority voting requirements, and lack of majority vote election procedures, Xenoport was identified along with 52 other companies exhibiting each of these governance features.

SBA Proxy Voting, by Country (January 1st through March 31st, 2015):



PROXY ACCESS

Proxy access—the ability for shareowners to nominate board candidates on a corporate proxy statement—is the most frequent shareowner proposal submitted in 2015, increasing four-fold the number of proposals from last year. All of this year's proposals are based on the same (or nearly the same) ownership requirements used by the Securities and Exchange Commission's (SEC) vacated proxy access rule. As of the last week in May, shareowners at 47 companies had voted on proxy access proposals, with 29 proposals receiving a majority level of support and averaging 54.9 percent support. Leading up to this year's efforts, 13 companies had adopted proxy access bylaws, including seven companies year to date.

REGULATORY DEVELOPMENTS

Cuba

On May 28, 2015, Cuba was removed from the list of state sponsors of terrorism by the U.S. State Department. "The rescission of Cuba's designation as a state sponsor of terrorism reflects our assessment that Cuba meets the statutory criteria for rescission," State Department spokesman Jeff Rathke said. "While the U.S. has significant concerns and disagreements with a wide range of Cuba's policies and actions, these fall outside the criteria relevant to the rescission of a state sponsor of terrorism designation." Though Cuba has been removed from the State Department list, other sanctions remain in place and will be subject to U.S. Congressional review in the months ahead.

Japan

In late March, the \$1.1 trillion Government Pension Investment Fund (GPIF) of Japan, published a statement of investment principles and accompanying description. The GPIF committed to engage owned companies on corporate governance and

investor issues, in conformance with the country's stewardship code adopted in 2014 by the Financial Services Agency (FSA), and is viewed by many market participants as a sign of support for Prime Minister Shinzo Abe's plans to dramatically improve the governance and financial performance of domestic firms. In its publication, the GPIF states it will require its external equity investment managers, "to recognize the importance of corporate governance, to pledge that the purpose of proxy voting is to maximize the long-term interests of shareholders, and to report on their policies and the results of proxy voting."

In May, after extensive engagement by U.S. activist fund Third Point partners, Japanese robotics manufacturer Fanuc announced it would increase its dividend payout ratio, raising its target to 60 percent of consolidated net income; double the previous level. The company also announced the creation of an investor relations department. These moves are in line with other significant improvements to corporate governance occurring in the Japanese equity market.

Recent research by Daiwa has shown that companies on the Japanese Topix index with three or more independent board members delivered total shareowner returns (TSR) above those of other companies with zero independence directors—by about 25 percentage points in the 2 ½ years ending in April. These same companies also outperformed the whole Topix index itself. On June 1, 2015, Japanese equity markets will begin to require firms to appoint at least two independent directors or explain to shareowners why they have chosen not to do so (a regulatory approach dubbed, "comply or explain"). Daiwa equity analysts found that Topix companies with at least three outside (independent) directors posted returns of 133 percent from November 2012 through the end of April, while those with none delivered 108 percent. Among smaller Japanese firms, the results were even greater; companies included in the Topix Small Index (which excludes the Topix's 500 largest stocks) with at least three independent directors outperformed those with none by 41 percentage points. According to Bloomberg, only 151 of the 1,875 companies (about 8 percent) included within the Topix index, had three or more independent directors. By comparison, all but two of the companies included within the Standard and Poor's 500 Index have at least four independent directors.

Northern Ireland

Florida Statutes were amended effective July 1, 2015, repealing Section 121.153. As a result of this law change, the SBA will no longer be required to annually communicate with financial institutions, monitor corporate employment data, and other requirements related to equal employment in Northern Ireland. Activity through June 30, 2015 will be included in the 2015 Corporate Governance Annual Summary report published by the SBA later this year.

United States

On April 22, 2015, SBA staff submitted a comment letter to the Securities and Exchange Commission (SEC) covering disclosure requirements for executive hedging practices. The SEC has proposed rules to implement the disclosures mandated by Section 955 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. If adopted, these rules would require a registrant to disclose, in its proxy or information statement, whether employees (including officers) or members of the board of directors are permitted to engage in transactions to hedge or offset any decrease in the market value of equity securities granted to the employee or board member as compensation, or held directly or indirectly by the employee or board member. In its letter, the SBA staff stated, "It is important for shareowners of the company to be clear of the hedging status of all incentive-based compensation, whether it is provided to officers, directors, executives, or employees of the company. While issuers have the important task of deciding which employees are eligible for incentive-based compensation, and determining appropriate thresholds that will motivate long-term value creation, it is also necessary for shareowners to have knowledge of hedging policies that may allow employees to dilute the original intention of the incentives."

On April 29, 2015, the SEC approved the issuance of proposed rules to implement Section 953(a) of the Dodd-Frank Act regarding the disclosure of pay versus performance. Section 953(a) directs the SEC to promulgate rules to require public companies to provide a clear description of any compensation required to be disclosed under Regulation S-K, Item 402, including information that shows the relationship between executive compensation actually paid and the registrant's financial performance, taking into account any change in the value of the shares of stock and dividends and any distributions. The SEC has proposed adding a new paragraph (v) to Item 402 of Regulation S-K, which would require tabular disclosure of compensation "actually paid" to the principal executive officer and an average of the compensation "actually

paid” to the other named executive officers and the corresponding “total compensation” amount as shown in the summary compensation table. In addition, disclosure of the relationship between (1) compensation “actually paid” and the registrant’s total shareholder return (“TSR”) on an annual basis and (2) the registrant’s TSR and a peer group TSR on an annual basis, would be required. The disclosures will cover the last five (5) fiscal years, but smaller reporting companies will only be required to show the last three (3) fiscal years and will not be required to disclose peer group TSR. It is not yet clear whether the SEC will consider final rules later this year, and if so, whether any final rules will go into effect for the 2016 proxy season. Most observers believe the rules will provide greater uniformity in the kinds of pay-for-performance disclosures companies provide in filings, however not many think they will alter how sophisticated institutional investors vote during advisory votes on executive pay.



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ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO

MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO
From: Maureen M. Hazen, General Counsel *Maureen M. Hazen*
Date: June 2, 2015
Subject: Office of General Counsel: Standing Report
For Period March 1, 2015 – May 31, 2015

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 22 new agreements – including 6 private equity investments, 2 strategic investments, 2 real estate investments and 1 new investment manager agreement for the FRS Investment Plan; (ii) 132 contract amendments, addenda or renewals; and (iii) 10 contract or related terminations (4 of which relate to the wind down of the Fund B Surplus Funds Trust Fund).

SBA Litigation.

(a) Passive. As of May 31, 2015, the SBA was monitoring (as an actual or putative passive member of the class) 446 securities class actions. From March 1, 2015 – May 31, 2015, the SBA collected recoveries in the amount of \$416,969.46 as a passive member in 26 securities class actions.

(b) Active.

(i) In re Tribune Litigation. On January 24, 2012, the SBA was served a complaint (along with other defendants) now pending in the U.S. Bankruptcy Court, Southern District of New York by the Official Committee of Unsecured Creditors of the Tribune Company alleging damages for fraudulent conveyance and requesting the return of proceeds received by all defendant investors in a leveraged buy-out of the Tribune Company (which subsequently declared bankruptcy). Pursuant to a plan approved in the bankruptcy proceeding, the claim was transferred to the U.S. District Court, Southern District of New York (the "Court") and consolidated with additional parallel cases for multi-district litigation. The SBA received approximately \$11 million in connection with this leveraged buy-out. Pursuant to the Court's master scheduling order, the Court has stayed all answer and motion filing deadlines pending resolution of similar issues in a parallel class case. Several amended complaints have been filed in the action in which the SBA was originally served in January, 2012 (the "FitzSimons Action"). While responses remain stayed in the FitzSimons case, the court has ruled on the pending motions in the related Deutsche

Bank case, and it is expected that a deadline for filing individualized motions to dismiss in FitzSimons will be set by the Court soon. The Court has asked the parties to confer as to how best to proceed with the next round of more individualized motions, which will include motions directed at the FitzSimons case, but no agreement has been reached, and the Court is expected to set out a protocol for dealing with individualized motions to dismiss. There are approximately 1,700 defendants in the FitzSimons case, and the Court has appointed liaison counsel to represent each type of defendant group, including pension fund defendants. At the appropriate time, the SBA plans to seek dismissal on sovereign immunity grounds.

(c) FRS Investment Plan. During the period from March 1, 2015 through May 31, 2015, 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 three (3) Final Orders, received notice of filing of four (4) new cases, and continued to litigate eight (8) cases that were pending during the periods covered by previous reports, including defending three (3) appellate cases.

Other Matters.

(a) Public Records and Other Requests.

(i) During the period covered by this report, the General Counsel's Office received 23 new public records requests and provided responses to 16 requests. As of the date of this report, the General Counsel's Office continues to work on 15 open requests.

(ii) During a previous reporting period, the SBA was served a third-party subpoena in connection with the case styled *United State of America v. The Bank of New York Mellon*. On March 28, 2014, the SBA filed its Responses and Objections with respect to a portion of the Subpoena, which the Court has not heard. During the period covered by this report, the case was resolved. As a result, this matter is closed.

(b) SBA Rules.

During the period covered by this report, SBA staff commenced its annual review of existing rules due to OFARR no later than July 1, 2015, including the annual review of all of the rules for the Florida Retirement System Investment Plan. In addition to fulfilling Executive Order 11-211, the purpose of this review of the latter rules is to update, clarify, remove unnecessary information and make these rules more user-friendly to the Investment Plan participants.



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ATTORNEY GENERAL
ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

MEMORANDUM

DATE: June 5, 2015
TO: Board of Trustees
FROM: Ken Chambers, Inspector General
SUBJECT: Quarterly Report on SBA Inspector General Activities

The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing investment protection principles (IPP) compliance; and handling special projects as directed by the Executive Director.

Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The on-line training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is annually required for all employees in the areas of sexual harassment, information security, personal investment activity, and insider trading. The deadline for completing the courses is June 30, 2015
- During the period March 7, 2015 to June 5, 2015, no instances were reported to the Inspector General concerning non-compliance with the SBA gift policy.

Investment Protection Principles Compliance

In September 2002, the Trustees of the SBA adopted Investment Protection Principles (IPPs) for broker-dealers and investment managers in the wake of Wall Street scandals involving tainted equity research and conflicts of interest. The IPPs are geared toward promoting independence, transparency and regulatory compliance, and adherence to the highest standards of ethics and professionalism. On an annual basis, written certification is required from equity, fixed income and real estate investment managers, and broker-dealers. Additionally, annual certifications have been developed for the

investment services related consulting firms engaged by the SBA. These consulting firms are required to certify their compliance with certain independence and disclosure principles.

Consultant Independence and Disclosure Certifications for 2014 were submitted to all applicable SBA consultants in January. The certifications have been received from all consultants, indicating full compliance with the principles.

The IPP certifications for the equity, fixed income and real estate investment managers were disseminated in late January. All of the investment managers completed and returned their IPP certification forms for the 2014 reporting period. An analysis of the 2014 certifications indicated full compliance with the IPP's by most of the investment managers. For the others, explanations were provided supporting that the managers are in compliance with the spirit of the IPP's.

Certification forms for broker-dealers were disseminated to the applicable firms in April 2015. The majority of the certifications have been completed and returned, and the compliance results for all of the broker-dealers will be included in the next Trustee's report.

Investment Advisory Council Disclosures

As per Chapter 215.444, Florida Statutes, all current IAC members are required to complete an annual Conflict Disclosure Statement. The nine council members have completed and returned their disclosure statement for this year.

SBA Fraud Hotline

Since July 2006, The Network Inc. has been the independent provider of SBA Fraud Hotline services. Through an 800 number, SBA employees may anonymously report tips or information related to fraud, theft, or financial misconduct. The telephone number and information is prominently displayed on the SBA intranet home page. Additionally, the hotline information is available on the SBA internet site as part of the SBA Internal Control and Fraud Policy.

To date, no complaints or tips have been received by the Hotline for 2015.

Financial Disclosure Forms

The Commission on Ethics requires certain state employees and officials who meet the reporting requirement to file an annual Financial Disclosure Form. All SBA employees who met this requirement have filed a Financial Disclosure Form with the Commission on Ethics for the year ending December 31, 2013, as well as all new employees hired during 2014. Disclosure Forms for 2014 were recently submitted to all affected employees, and are due to the Commission by July 1, 2015.

cc: Ash Williams



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

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TALLAHASSEE, FLORIDA 32308
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GOVERNOR
AS CHAIR**

**JEFF ATWATER
CHIEF FINANCIAL OFFICER**

**PAM BONDI
ATTORNEY GENERAL**

**ASH WILLIAMS
EXECUTIVE DIRECTOR & CIO**

DATE: June 5, 2015

TO: Ash Williams, Executive Director & CIO

FROM: Karen Chandler, Acting Chief Risk & Compliance Officer

SUBJECT: Trustee Update – June 2015

The following is a brief status report of Risk Management and Compliance (RMC) activities and initiatives completed or in progress during the period March 7, 2015 through June 5, 2015:

- As part of the continuous compliance program, there were no material compliance exceptions during the period March 7, 2015 through June 5, 2015.
- The Risk and Compliance Committee (RCC) met on May 12th. The RCC reviewed the results of the spring semi-annual risk assessment. There were no significant changes from the prior assessment and the RCC reconfirmed management's plans to mitigate risk. (Please see attached risk assessment results.)
- Efforts continue in enhancing processes, including trading counterparty monitoring, reporting, compliance testing automation, and third-party monitoring guidance development.
- Management continues to evaluate considerations resulting from the Triennial Governance, Risk, and Compliance review.
- During budget development for the upcoming fiscal year, strategic initiatives and priorities were evaluated across the SBA, considering impact on both resource allocation and risk mitigation. The SBA Strategic Plan is in the final stages of development.

Semiannual Risk Assessment Results

5/15/2015

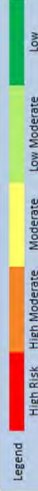
Background

SBA management has implemented controls designed to reduce inherent risk across all identified risks. Management continues to implement additional risk mitigation initiatives to strengthen controls, improve processes, and/or further mitigate residual risk. Semiannually, risk owners (assigned business unit heads) rank the likelihood (probability), severity, and velocity of risks for which they are responsible for managing. The Enterprise Risk Management team within Risk Management and Compliance aggregates the rankings at the enterprise level. Significant controls and risk mitigation initiatives are included in the 2014-2016 Risk Management Plan.

March 2015 Summary

At the top level of the framework, there was no change for Inherent or Aggregate Residual Risk levels from the September 2014 rating. Management's February 2015 plans were carried forward to May 2015 and reaffirmed by the Risk and Compliance Committee.

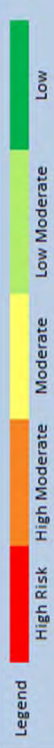
SBA ERM Framework		Sept-14		March-15 Assessment	
		Inherent Risk Sept-14	Aggregate Residual Risk Sept-14	Inherent Risk Mar-15	Aggregate Residual Risk Mar-15 Management Plan May-15
1	Investment Management Risk				Mitigate Further
2	Governance/Management Risk				Mitigate Further
3	Communication/Public Affairs/Reputational Risk				Mitigate Further
4	Legislative/Political Risk				Accept
5	Compliance Risk				Accept
6	Fraud/Misconduct/Internal Controls Risk				Accept
7	Service Provider Risk				Mitigate Further
8	Client Relationship Risk				Accept
9	Operational Risk				Mitigate Further
10	Human Capital Risk				Mitigate Further
11	Security Risk				Mitigate Further
12	Business Continuity/Infrastructure Risk				Mitigate Further
13	Legal Risk				Mitigate Further



Semiannual Risk Assessment Results

5/15/2015

SBA ERM Framework		Sept-14		March-15 Assessment			Management Plan May-15
		Inherent Risk	Aggregate Residual Risk	Inherent Risk	Aggregate Residual Risk	Management Plan	
1 Investment Management Risk							
1.a	Policy Risk						Accept
1.b	Implementation Risk						Mitigate Further
1.c	Inherent Risk						Accept
2 Governance/Management Risk							
2.a	Resource Allocation Risk						Accept
2.b	Governance Policy Design Risk						Accept
2.c	Fiduciary/Ethics Risk						Accept
2.d	Management Execution Risk						Mitigate Further
3 Communication/Public Affairs/Reputational Risk							
3.	Communication/Public Affairs/Reputational Risk						Mitigate Further
4 Legislative/Political Risk							
4.	Legislative/Political Risk						Accept
5 Compliance Risk							
5.a	Laws, Rules & Regulations						Accept
5.b	SBA Policies						Accept
5.c	Investment Policy Guidelines						Accept
5.d	Contractual Agreements						Accept
6 Fraud/Misconduct/Internal Controls Risk							
6.a	Internal Staff						Accept
6.b	Service Providers						Accept
6.c	External Parties						Accept
7 Service Provider Risk							
7.a	Financial Condition						Mitigate Further
7.b	Service Level Quality						Mitigate Further
7.c	Key Personnel						Mitigate Further
7.d	Premature/Unexpected Service Termination						Mitigate Further



- Indicates a decrease in the Risk Level from the prior ranking.
 - Indicates an increase in the Risk Level from the prior ranking.

SBA ERM Framework	Sept-14				March-15 Assessment			
	Inherent Risk		Aggregate Residual Risk		Inherent Risk		Aggregate Residual Risk	
	Risk		Risk		Risk		Risk	Management Plan

8 Client Relationship Risk

8.a	Service Delivery							Accept
8.b	Education							Accept
8.c	Communication/Reporting							Accept
8.d	Allocation of Investment Opportunities							Accept

9 Operational Risk

9.a	Cash Management							Accept
9.b	Trade Settlement							Accept
9.c	Transaction Processing							Accept
9.d	Asset Reconciliation							Mitigate Further
9.e	Accounting & Financial Reporting							Accept
9.f	Valuation							Accept
9.g	Performance Measurement							Accept
9.h	Internal System Reliability/Electronic Data Integrity Risk							Mitigate Further
9.i	FHCF Program-Specific Risks							Accept
9.j	DC Program-Specific Risks							Accept
9.k	Proxy Voting							Accept
9.l	External Corporate Governance							Accept

10 Human Capital Risk

10.a	Recruitment							Mitigate Further
10.b	Retention							Mitigate Further
10.c	Training and Development							Mitigate Further
10.d	Succession							Mitigate Further

11 Security Risk

11.a	Physical Safety/Security							Mitigate Further
11.b	Network/System Security							Mitigate Further
11.c	Information Security & Records Management							Mitigate Further

12 Business Continuity/Infrastructure Risk

12.a	Facilities							Mitigate Further
12.b	Communication Systems							Mitigate Further
12.c	Data/System Recovery							Mitigate Further
12.d	Process Recovery							Mitigate Further

13 Legal Risk

13.a	Contract Development							Mitigate Further
13.b	Legal Advisory							Mitigate Further
13.c	Litigation							Accept



- Indicates a decrease in the Risk Level from the prior ranking.
 - Indicates an increase in the Risk Level from the prior ranking.



State Board of Administration of Florida

Major Mandate Review First Quarter 2015

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Table of Contents

1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME and Fund B Review
7. Appendix

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Executive Summary

First Quarter 2015

Executive Summary

- The major mandates outperformed their respective benchmarks over all longer time periods through March 31, 2015.
- The Pension Plan outperformed its Performance Benchmark over the trailing one-, three-, five-, ten- and fifteen-year time periods.
 - Global Equity has been a consistent source of value added over the trailing one-, three- and five-year time periods. Fixed Income, Real Estate and Strategic Investments have also added value.
- Over the trailing three- and ten-year periods, the Pension Plan's return ranked in the top half of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan met or outperformed the Total Plan Aggregate Benchmark during the first quarter and over all trailing periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the first quarter and also over the one-, three-, five-, and ten-year periods, primarily due to strong public equity performance.
- The CAT Funds and Florida PRIME continued to outperform their respective benchmarks over both short and long time periods.

State Board of Administration of Florida Florida Retirement System

Pension Plan Review First Quarter 2015

Executive Summary

- The Pension Plan assets totaled \$148.5 billion as of March 31, 2015 which represents a \$1.9 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten- and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the fifteen-year period, but has outperformed over the trailing one-, three-, five-, ten-, twenty- and twenty five-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
 - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type and investment strategy.
 - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value

Periods Ending 3/31/2015

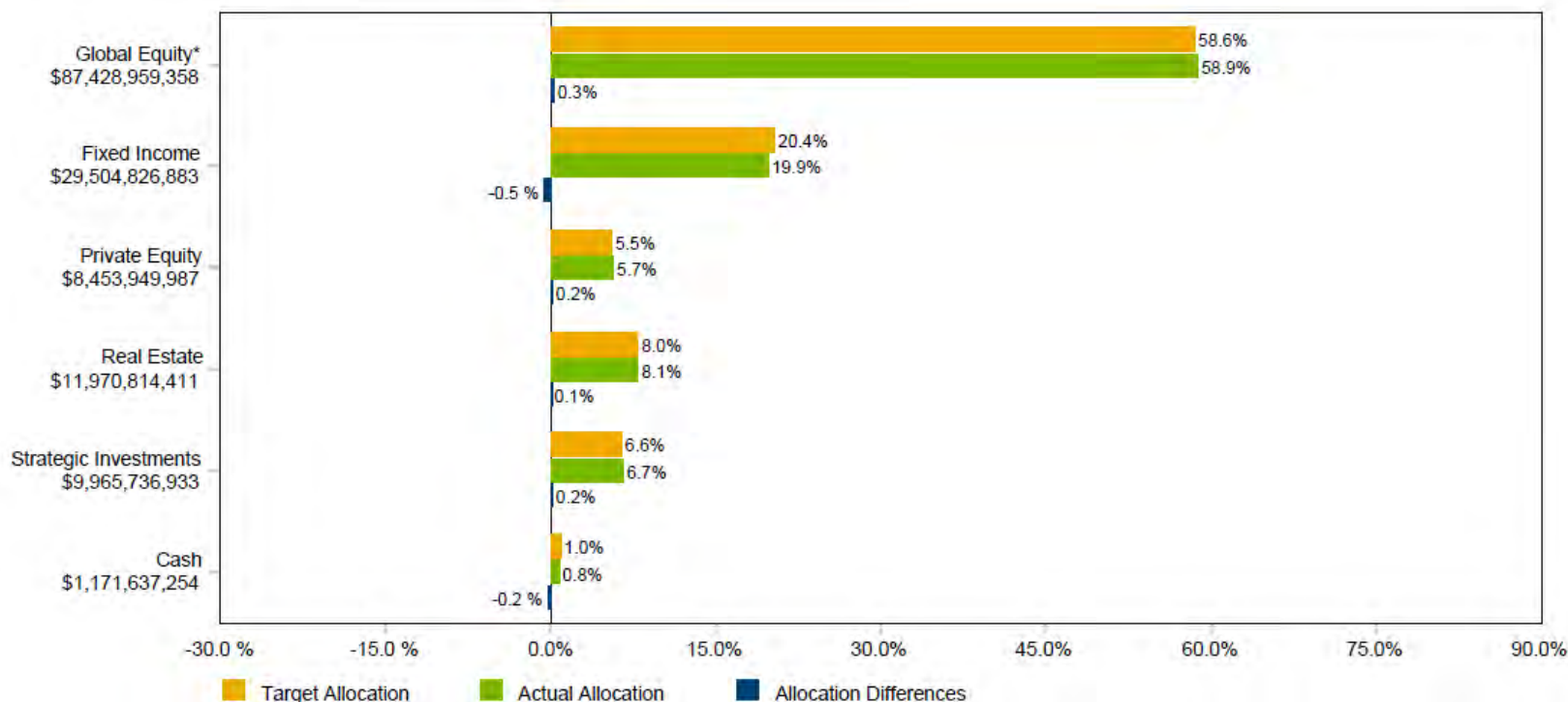
Summary of Cash Flows		
	First Quarter	Fiscal YTD*
Beginning Market Value	\$146,561,699,438	\$149,097,956,343
+/- Net Contributions/(Withdrawals)	(\$1,521,209,015)	(\$4,737,991,706)
Investment Earnings	\$3,455,434,402	\$4,135,960,189
= Ending Market Value	\$148,495,924,825	\$148,495,924,825
Net Change	\$1,934,225,387	(\$602,031,518)

*Period July 2014 – March 2015

Asset Allocation as of 3/31/2015

Total Fund Assets = \$148.5 Billion

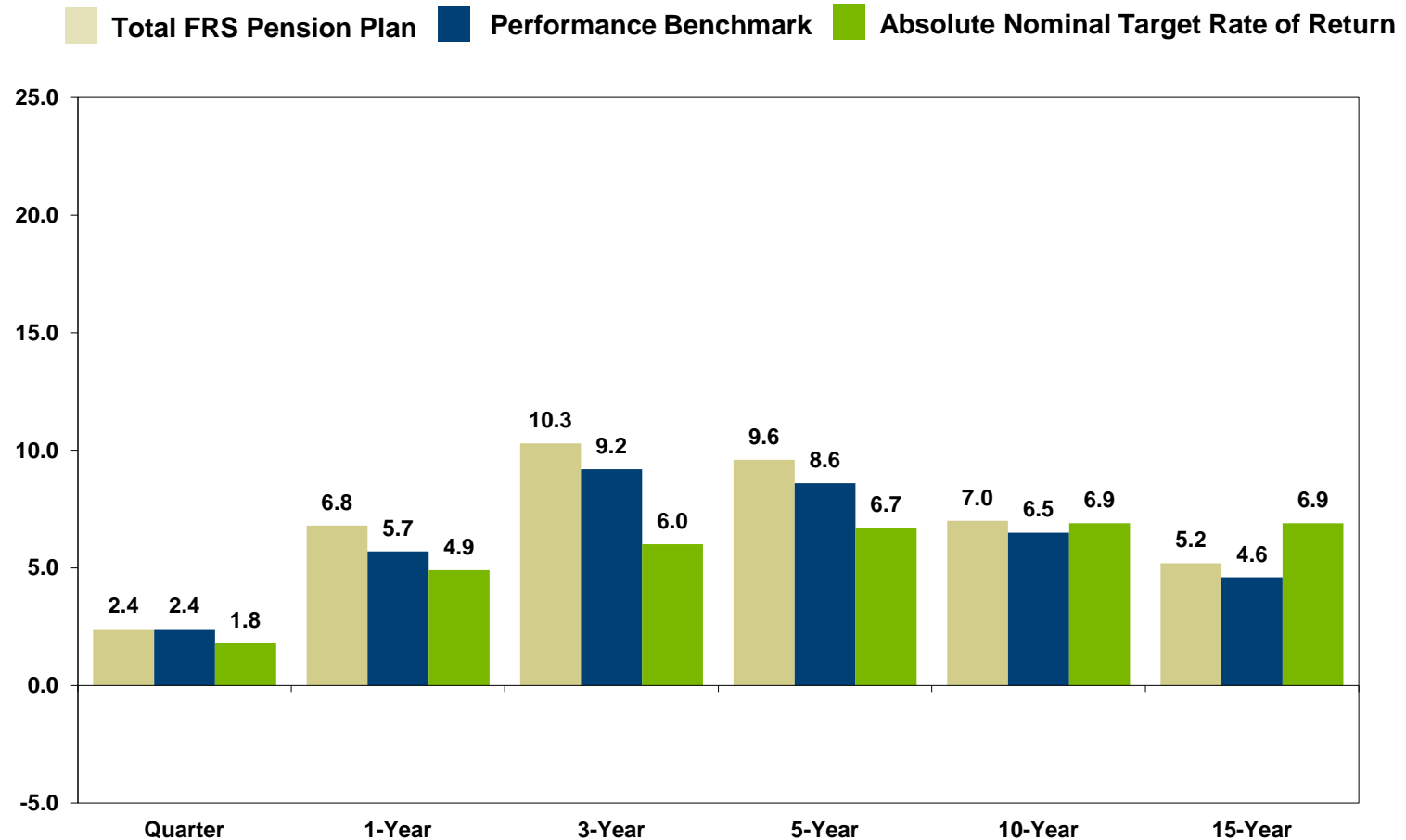
	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	148,495,924,825	100.0	100.0		
Global Equity*	87,428,959,358	58.9	58.6	45.0	70.0
Fixed Income	29,504,826,883	19.9	20.4	10.0	26.0
Private Equity	8,453,949,987	5.7	5.5	4.0	16.0
Real Estate	11,970,814,411	8.1	8.0	2.0	9.0
Strategic Investments	9,965,736,933	6.7	6.6	0.0	16.0
Cash	1,171,637,254	0.8	1.0	0.3	5.0



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

FRS Pension Plan Investment Results

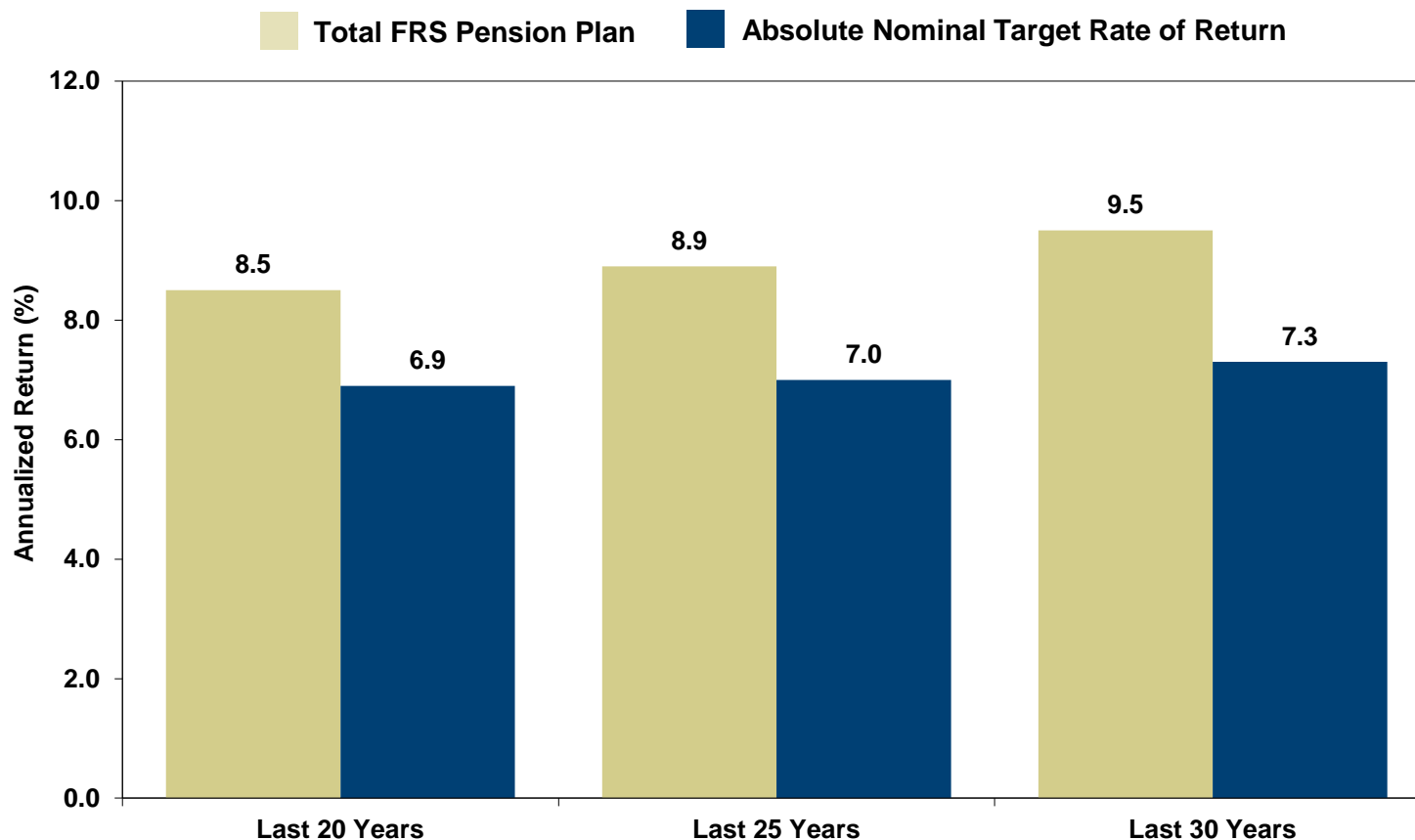
Periods Ending 3/31/2015



FRS Pension Plan Investment Results

Periods Ending 3/31/2015

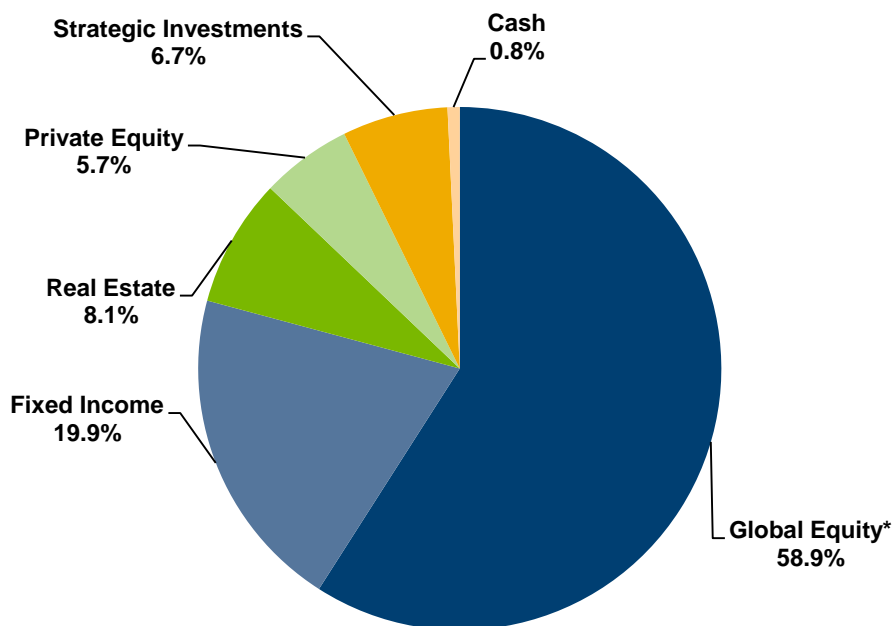
Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



Comparison of Asset Allocation (TUCS Top Ten) As of 3/31/2015

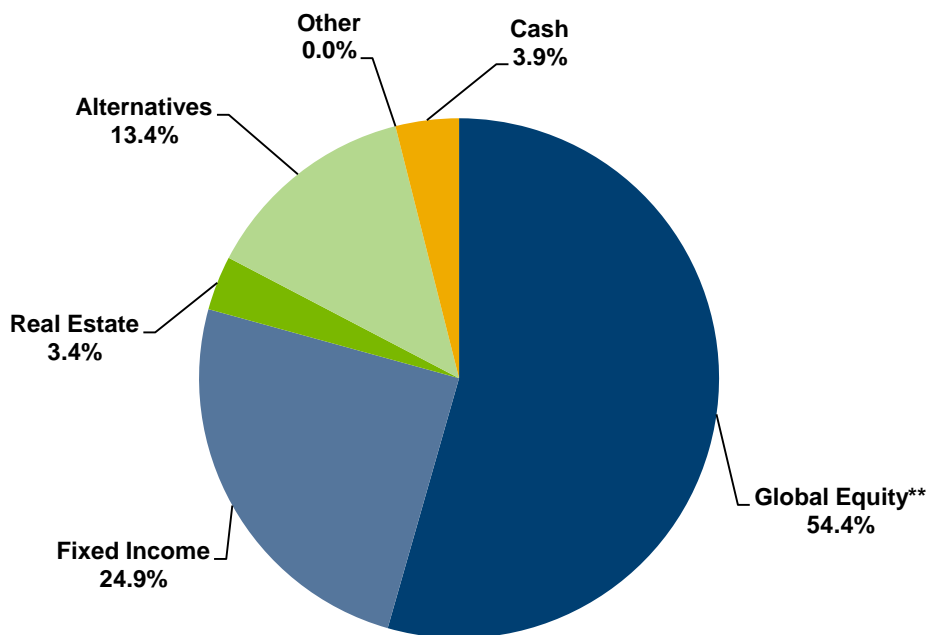
FRS Pension Plan vs. Top Ten Defined Benefit Plans

FRS TOTAL FUND



*Global Equity Allocation: 28.4% Domestic Equities; 26.3% Foreign Equities; 4.2% Global Equities. Percentages are of the Total FRS Fund.

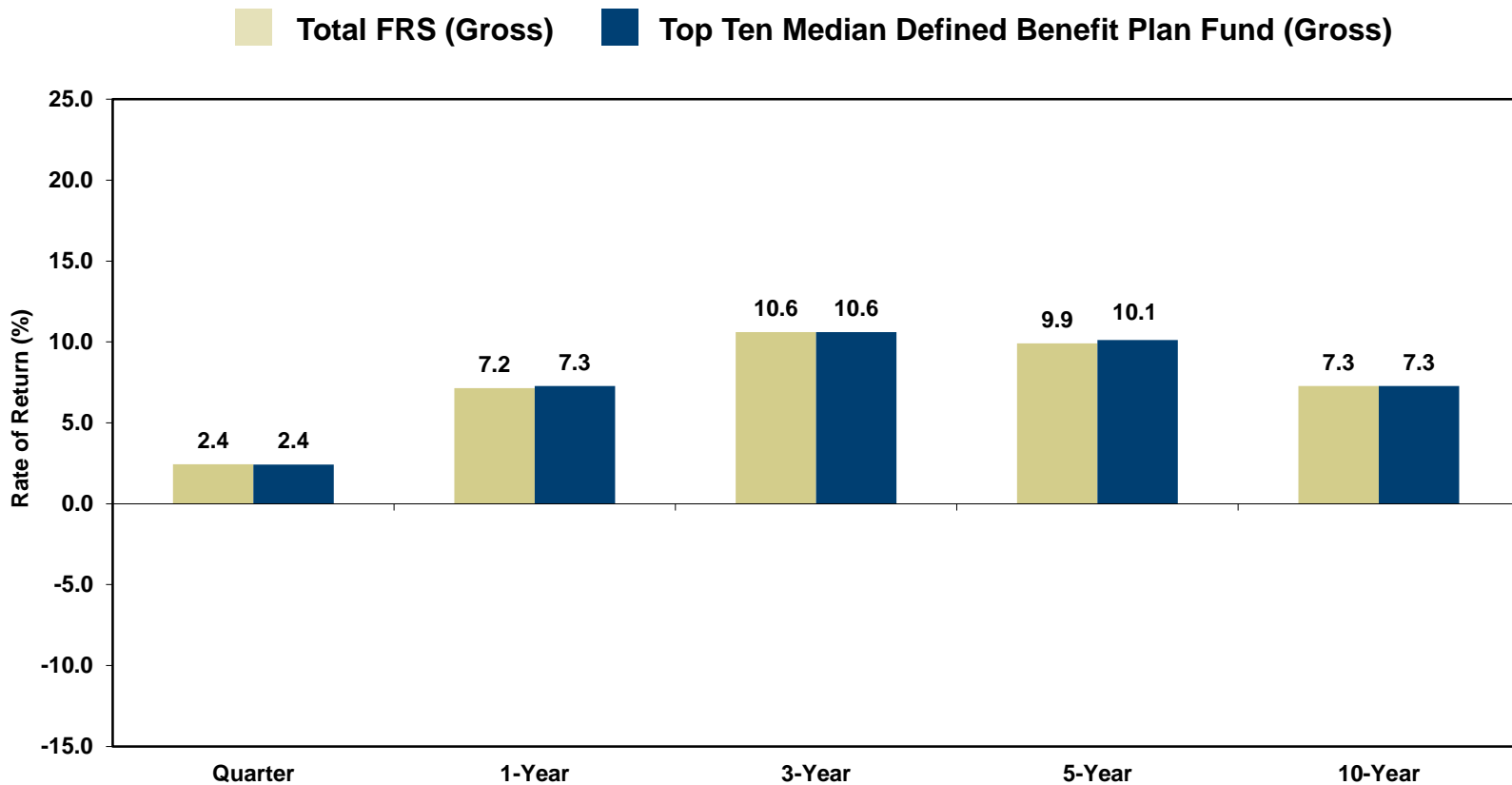
TUCS TOP TEN



**Global Equity Allocation: 33.4% Domestic Equities; 21.0% Foreign Equities.

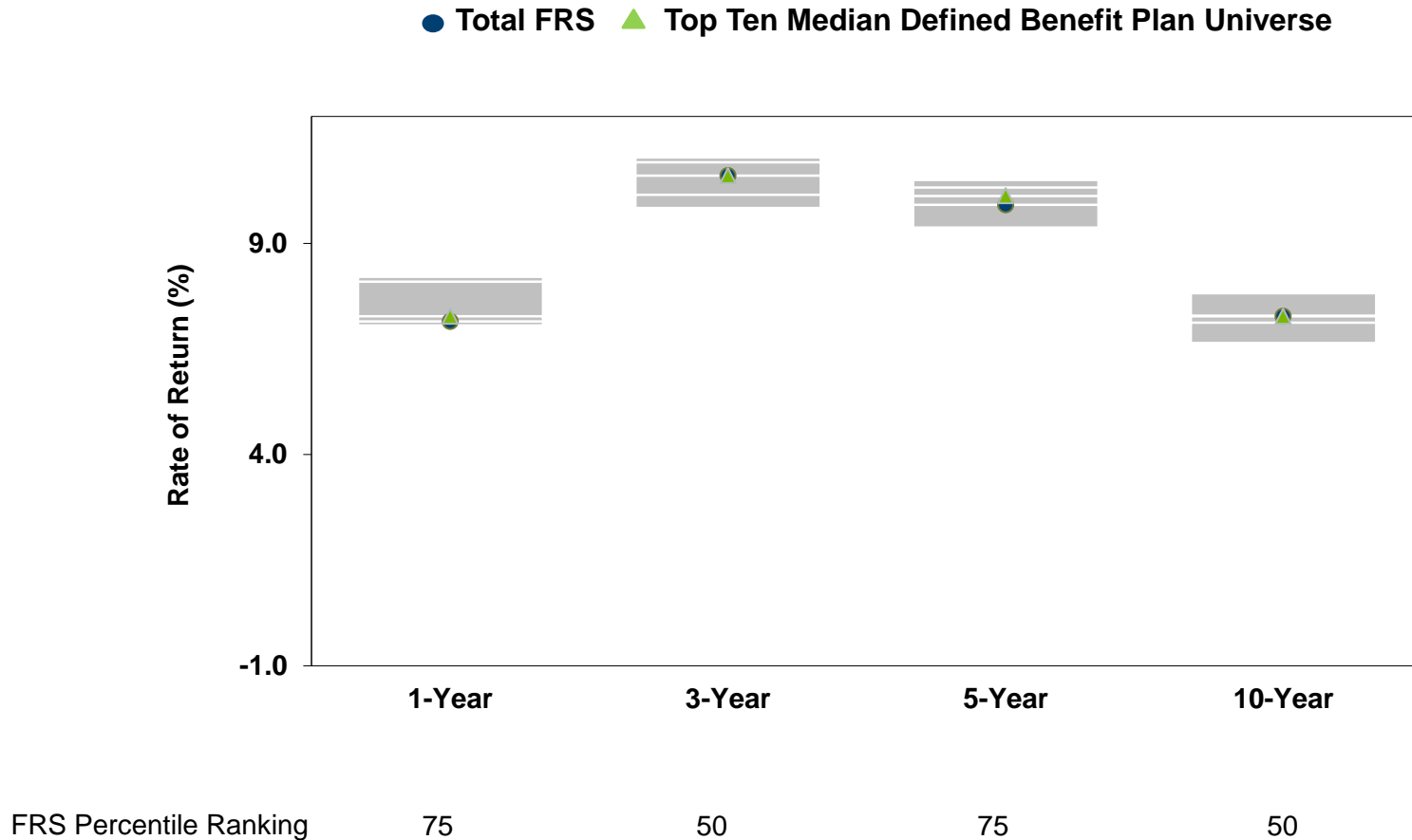
Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 3/31/2015



Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 3/31/2015



Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

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State Board of Administration of Florida Florida Retirement System

Investment Plan Review First Quarter 2015

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 2013 data.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 3/31/2015*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	6.0%	8.7%	8.1%	6.2%
<i>Total Plan Aggregate Benchmark**</i>	5.6	8.3	7.7	5.7
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.4	0.4	0.4	0.5

Periods Ending 12/31/2013***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	10.7%	0.6%	0.38%*****
<i>Peer Group</i>	11.9	0.2	0.30
FRS Investment Plan vs. Peer Group	-1.2	0.4	0.08

*Returns shown are net of fees.

**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

***Source: 2013 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 2013 Survey that included 147 U.S. defined contribution plans with assets ranging from \$52 million to \$46.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 19 DC plans including corporate and public plans with assets between \$1.9 - \$16.7 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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State Board of Administration of Florida CAT Fund Review

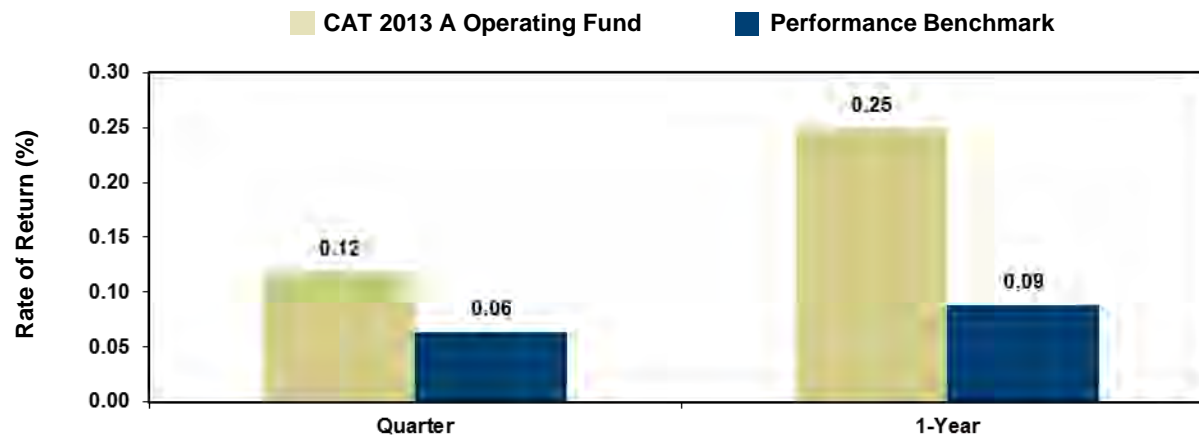
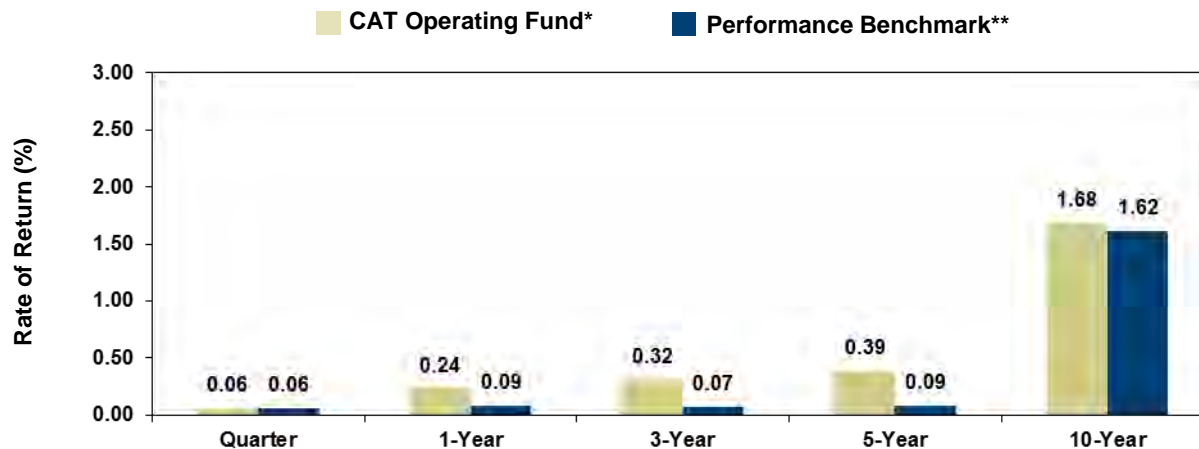
First Quarter 2015

Executive Summary

- Performance of the CAT Funds on both an absolute and relative basis has been strong over short- and long-term time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results

Periods Ending 3/31/2015



*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

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State Board of Administration of Florida Lawton Chiles Endowment Fund Review

First Quarter 2015

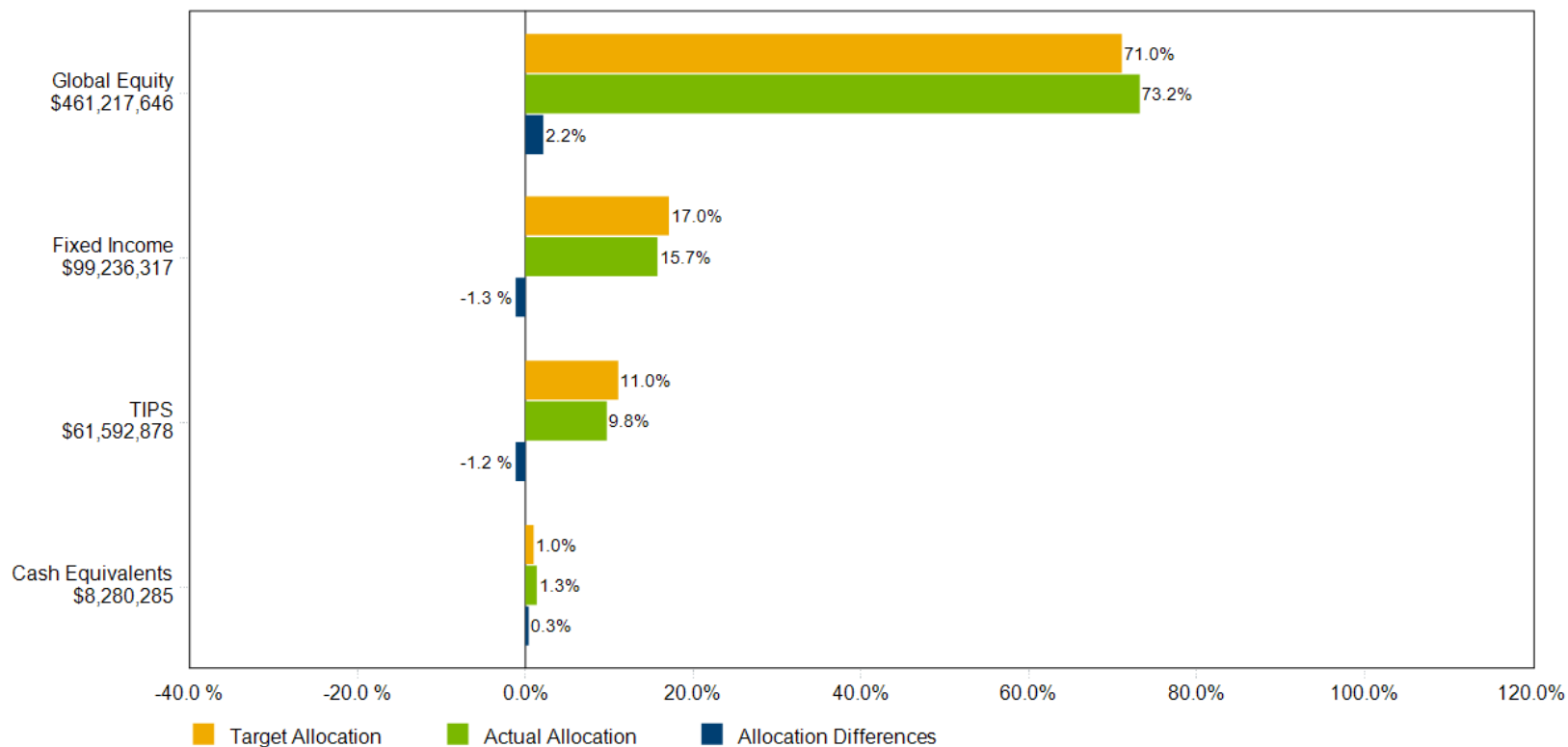
Executive Summary

- 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 \$630.3 million as of March 31, 2015.
- The Endowment's return outperformed that of its Target during the first quarter, trailing one-, three-, five- and ten-year time periods.

Asset Allocation as of 3/31/2015

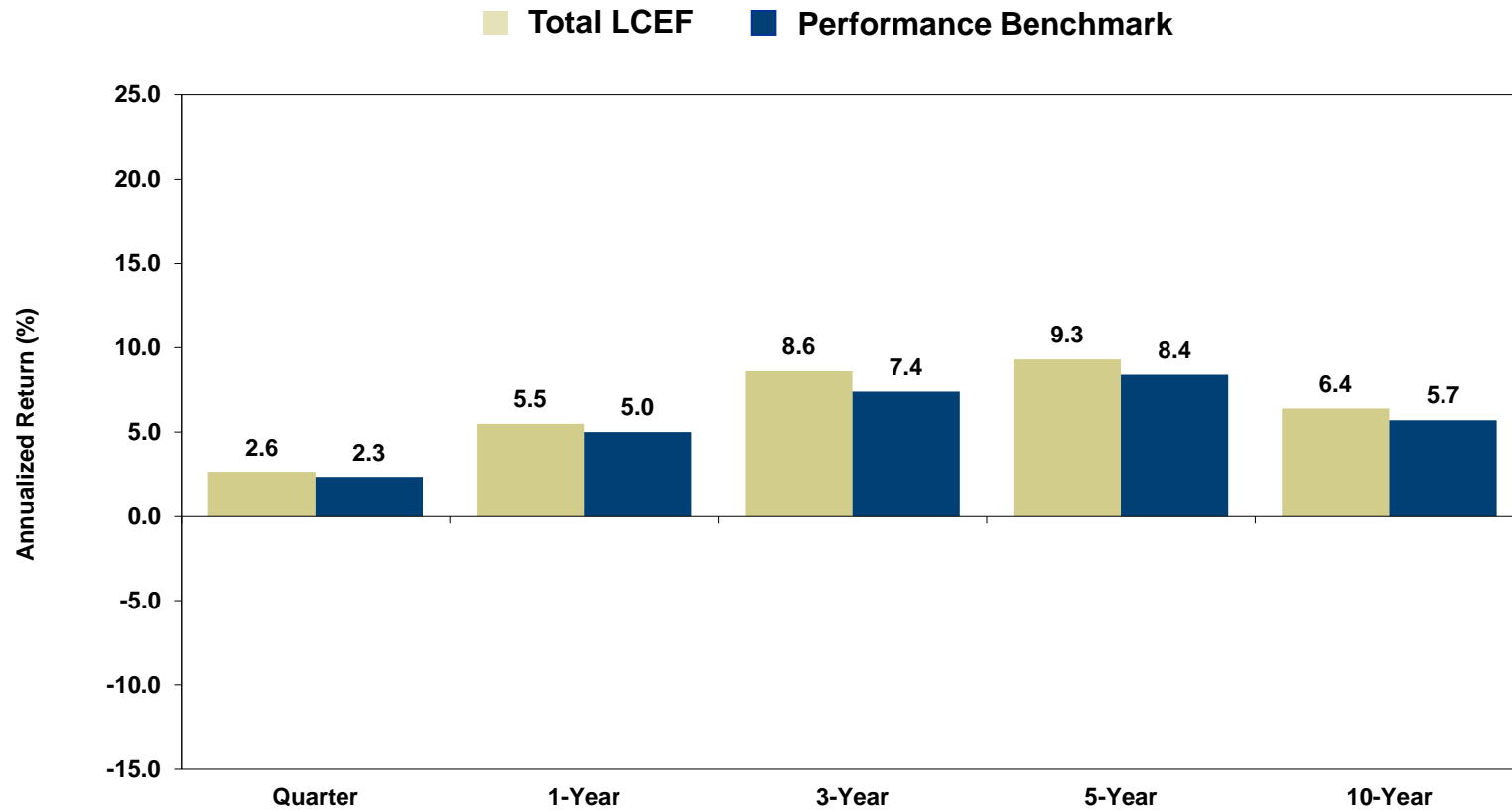
Total LCEF Assets = \$630.3 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	630,327,126	100.0	100.0		
Global Equity	461,217,646	73.2	71.0	61.0	81.0
Fixed Income	99,236,317	15.7	17.0	12.0	22.0
TIPS	61,592,878	9.8	11.0	6.0	16.0
Cash Equivalents	8,280,285	1.3	1.0	0.0	10.0



LCEF Investment Results

Periods Ending 3/31/2015



State Board of Administration of Florida

Florida PRIME and Fund B Review

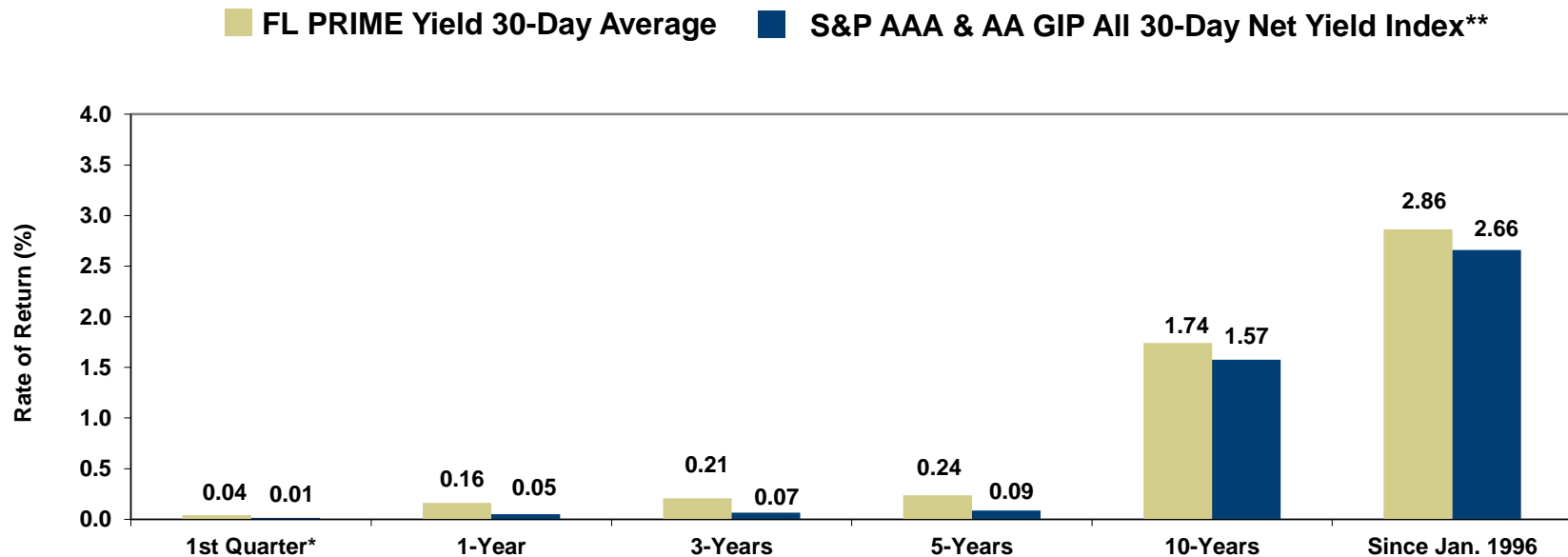
First Quarter 2015

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, on both an absolute and relative basis, has been strong over short- and long-term time periods.
- As of March 31, 2015, the total market value of Florida PRIME was \$7.5 billion.
- Aon Hewitt Investment Consulting, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

Florida PRIME Investment Results

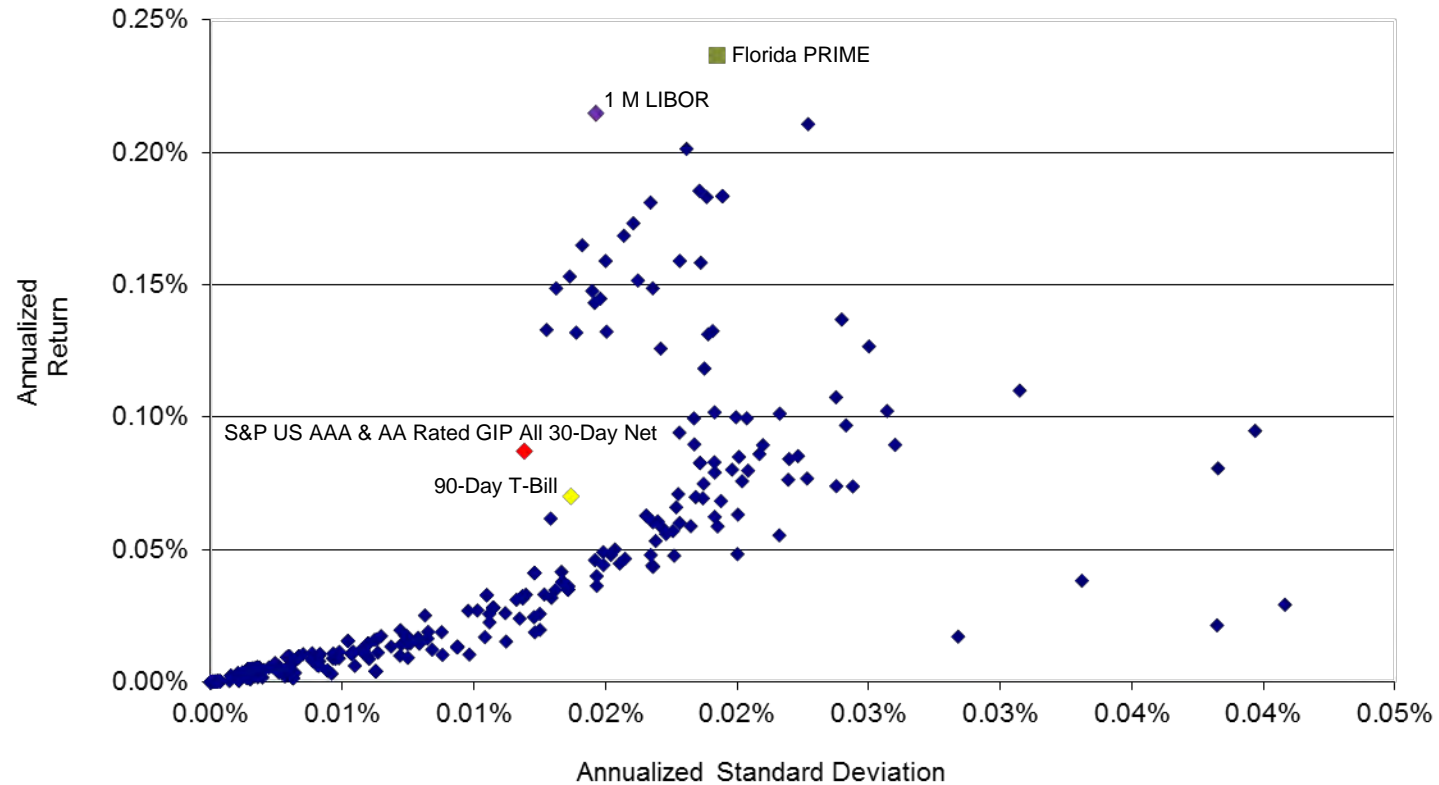
Periods Ending 3/31/2015



*Returns less than one year are not annualized.

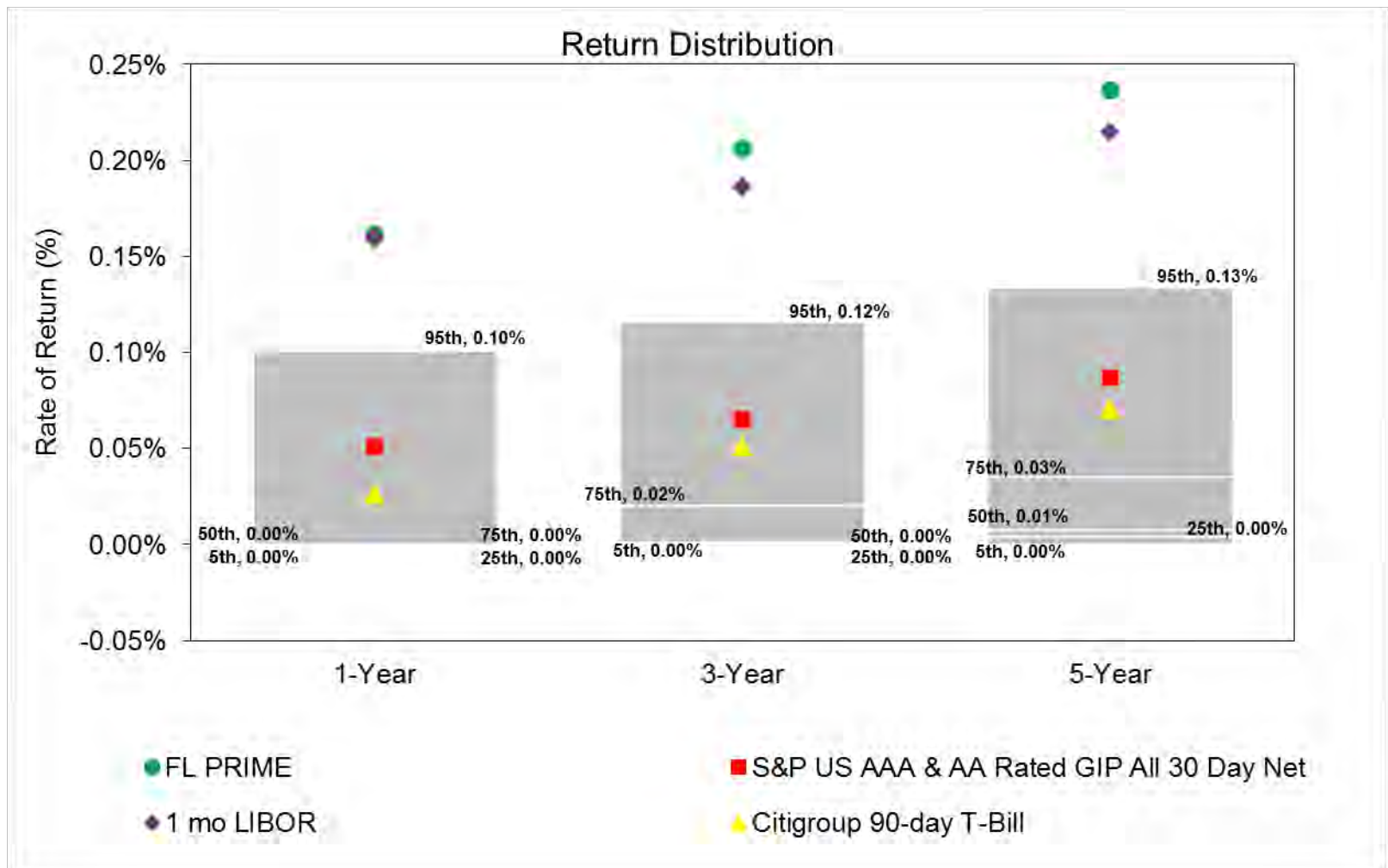
**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

Florida PRIME Risk vs. Return 5 Years Ending 3/31/2015

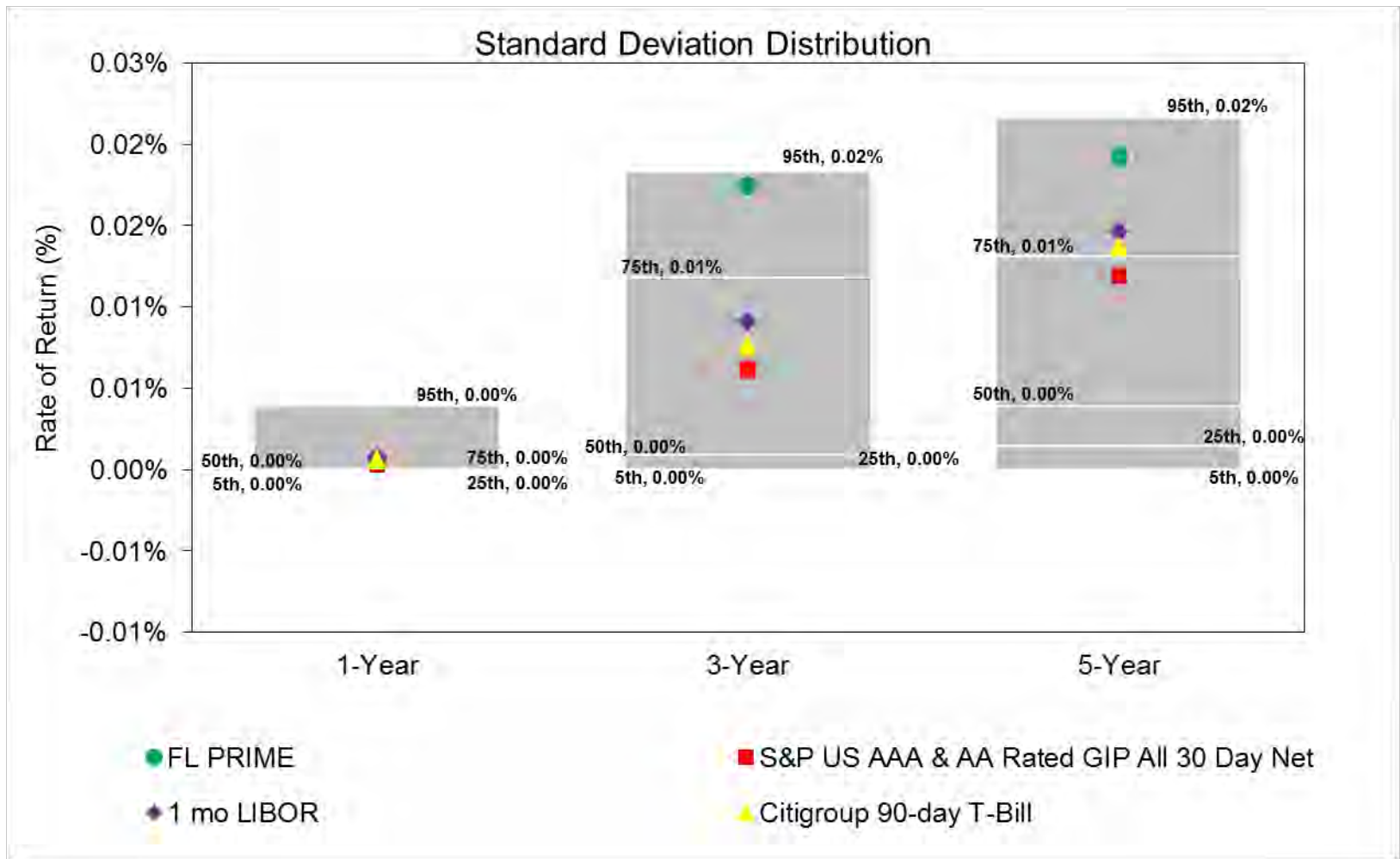


Return Distribution

Periods Ending 3/31/2015



Standard Deviation Distribution Periods Ending 3/31/2015



Fund B Status Update

- In early September 2014, 100% of the original principal in Fund B was returned to participants.
- Additional returns and legal settlements have resulted in a remaining reserve balance within Fund B equal to \$43,224,158.89 (as of March 31, 2015).
- On May 21, 2015, legislation was signed into law directing the SBA to distribute any residual balance back to any participant in the Local Government Surplus Funds Trust Fund who had been entitled to, but had not received, a November 2007 interest payment.
- This distribution will be based on each participant's proportional share of the total November 2007 interest earned
- Final distribution of the remaining reserve account value is expected to occur in July 2015.
- Once all Fund B account proceeds have been distributed, the Trust Fund will be terminated.

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Appendix

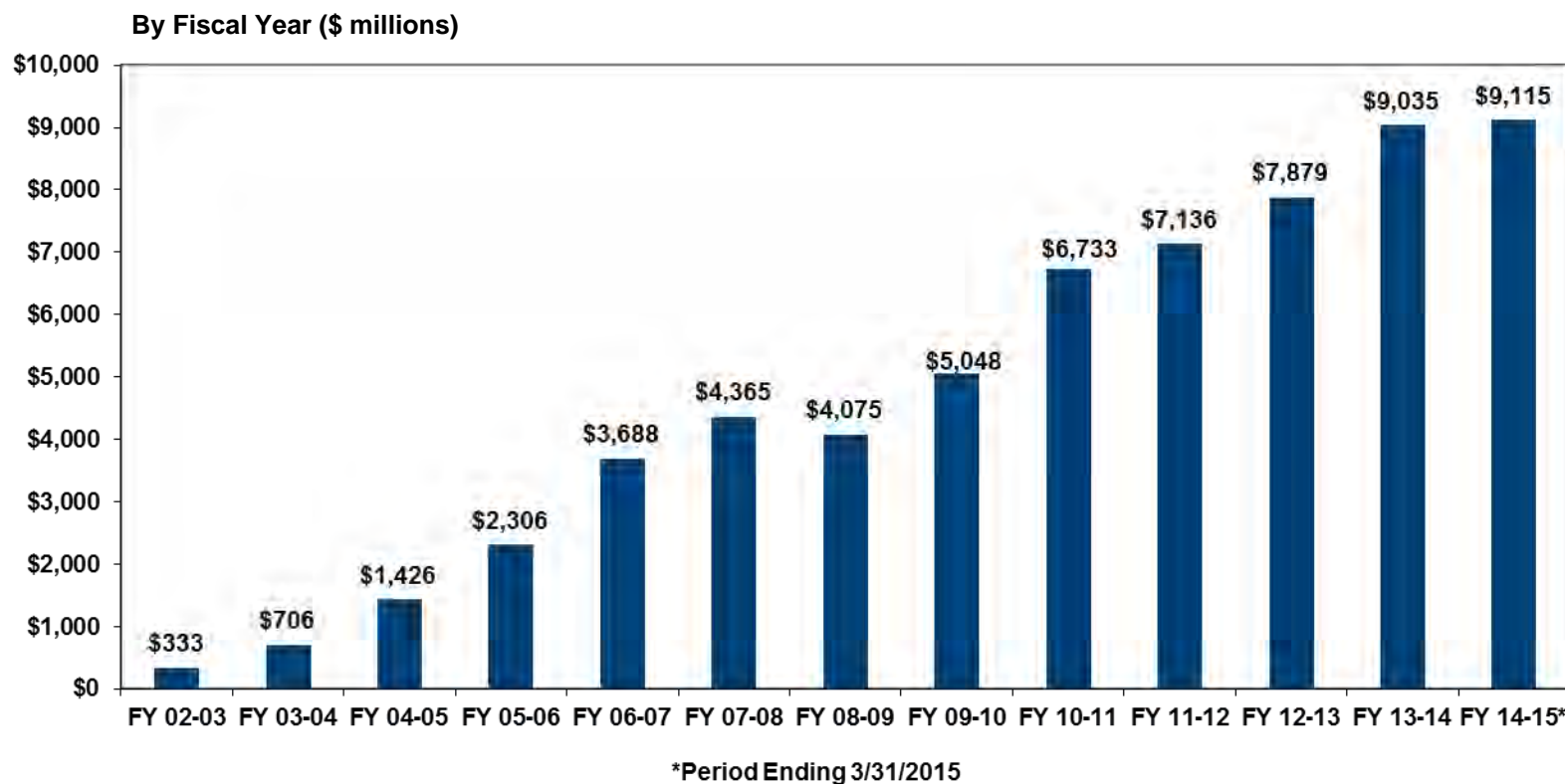
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.23%	0.86%
Small-Mid Cap Equity	0.64%	1.07%
International Equity	0.33%	1.04%
Diversified Bonds	0.12%	0.64%
Target Date	0.12%	0.65%
Money Market	0.06%	0.12%

*Average fee of multiple products in category as of 3/31/2015.

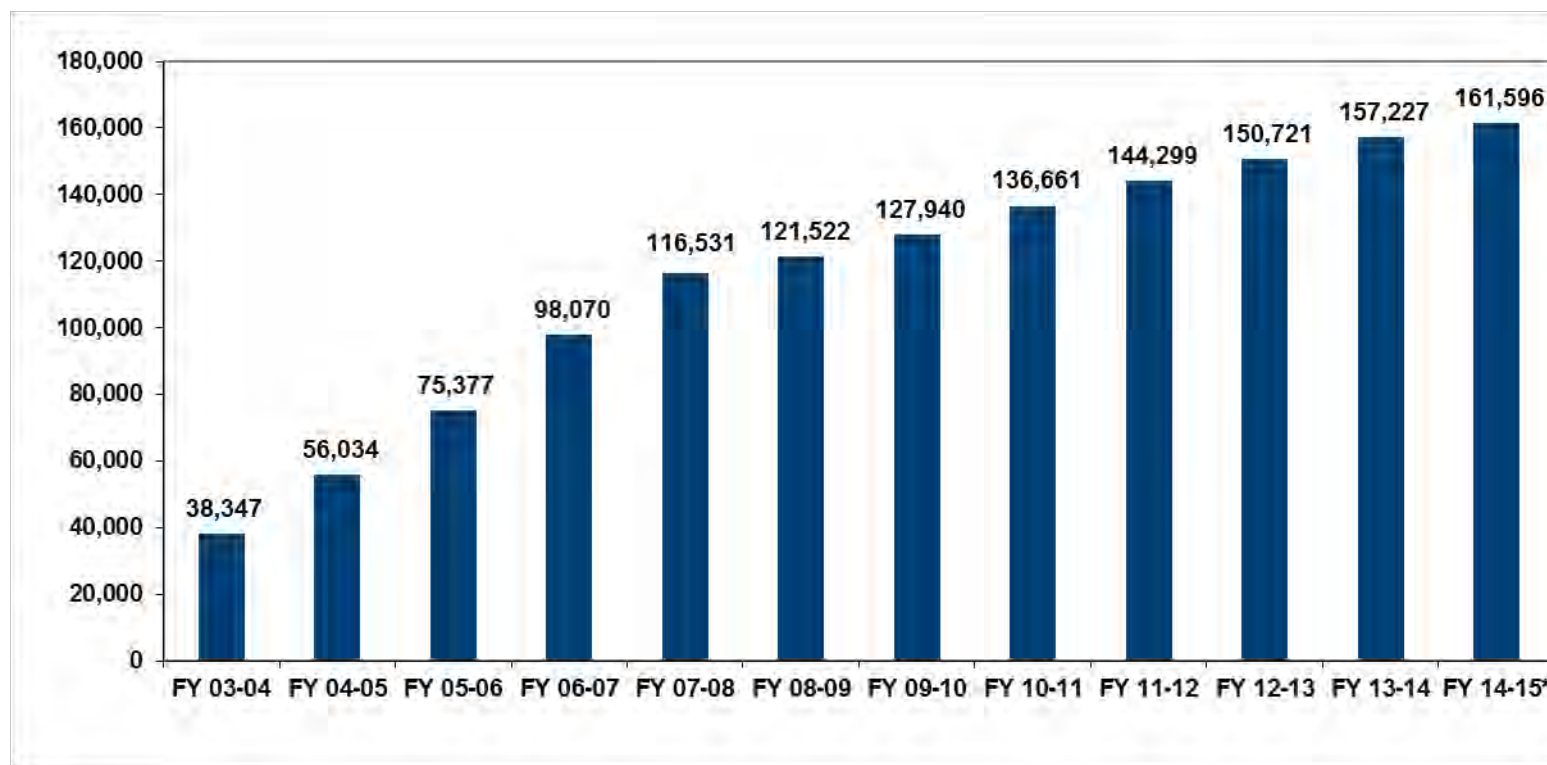
**Source: HEK's annual mutual fund expense analysis as of 12/31/2014.

Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

Investment Plan Membership



*Period Ending 3/31/2015

Source: Investment Plan Administrator

Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- Both the CAT Fund (Operating Fund) and the CAT 2013 A Fund are internally managed portfolios benchmarked to a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- As of March 31, 2015, the total value of all FHCF accounts was \$13.0 billion.

CAT Operating Fund Characteristics

Period Ending 3/31/2015

Effective Maturity Schedule	
O/N* - 14 Days	9.7%
15 - 30 Days	6.5
31 - 60 Days	4.4
61 - 90 Days	5.9
91 - 120 Days	1.5
121 - 150 Days	1.6
151 - 180 Days	0.4
181 - 210 Days	3.4
211 - 240 Days	1.3
241 - 270 Days	0.2
271 - 300 Days	1.5
301 - 365 Days	2.7
366 - 732 Days	27.6
733 - 1,098 Days	24.4
1,099 - 1,875 Days	9.0
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	52.0%
AA	18.4
A	29.6
Total % of Portfolio:	100.0%

*O/N stands for overnight.

CAT 2013 A Fund Characteristics

Period Ending 3/31/2015

Effective Maturity Schedule	
O/N* - 14 Days	6.0%
15 - 30 Days	1.2
31 - 60 Days	5.6
61 - 90 Days	4.5
91 - 120 Days	1.8
121 - 150 Days	3.6
151 - 180 Days	1.4
181 - 210 Days	5.2
211 - 240 Days	6.8
241 - 270 Days	4.9
271 - 300 Days	5.1
301 - 365 Days	4.2
366 - 732 Days	27.4
733 - 1,098 Days	19.6
1,099 - 1,875 Days	2.7
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	65.7%
AA	9.1
A	25.2
Total % of Portfolio:	100.0%

*O/N stands for overnight.

Florida PRIME Characteristics

Quarter Ending 3/31/2015

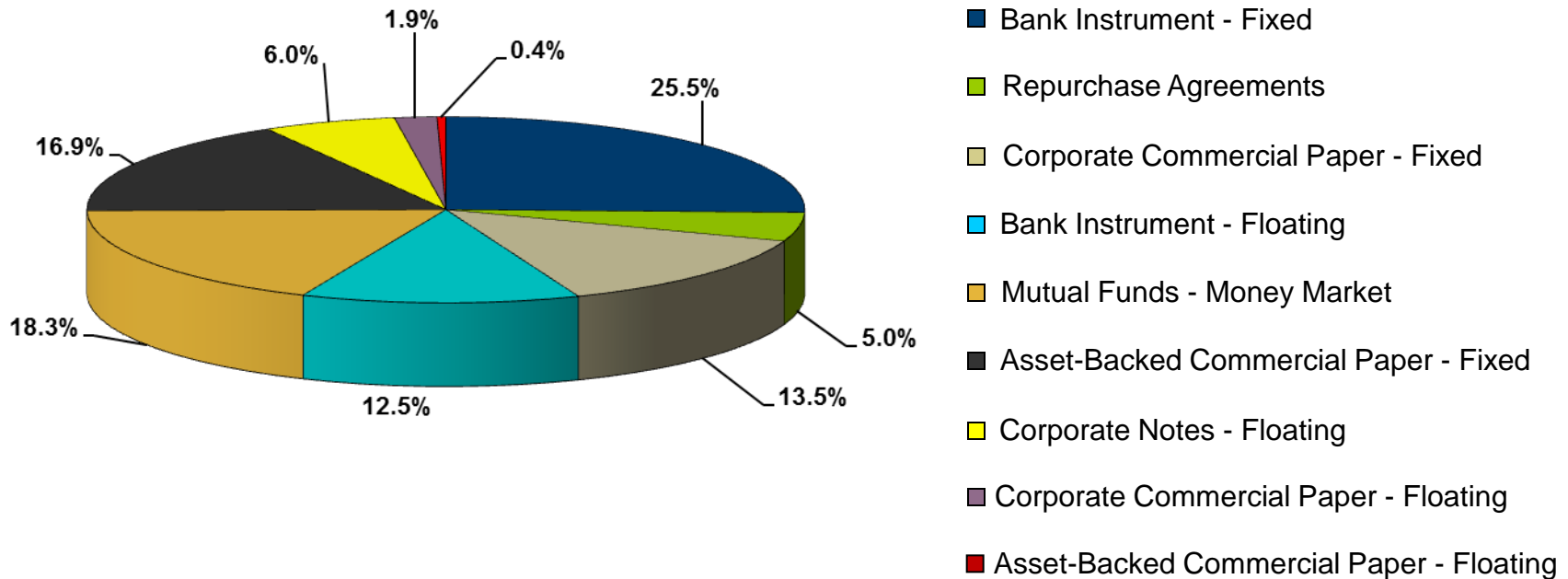
Cash Flows as of 3/31/2015	First Quarter	Fiscal YTD*
Opening Balance	\$7,880,588,161	\$7,191,418,576
Participant Deposits	\$2,956,073,678	\$12,683,660,205
Transfers from Fund B	\$0	\$30,746,941
Gross Earnings	\$3,827,800	\$10,087,074
Participant Withdrawals	(\$3,337,764,044)	(\$12,412,187,014)
Fees	(\$335,835)	(\$1,336,019)
Closing Balance (3/31/2015)	\$7,502,389,759	\$7,502,389,759
Change	(\$378,198,402)	\$310,971,183

*Period July 2014 – March 2015

Florida PRIME Characteristics

Quarter Ending 3/31/2015

Portfolio Composition



Florida PRIME Characteristics

Period Ending 3/31/2015

Effective Maturity Schedule	
1-7 Days	36.5%
8-30 Days	18.9%
31-90 Days	37.0%
91-180 Days	6.7%
181+ Days	0.9%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	54.4%
A-1	45.6%
Total % of Portfolio:	100.0%



State Board of Administration of Florida

Major Mandate Review First Quarter 2015

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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 and Fund B Review
7. Appendix

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Executive Summary

First Quarter 2015

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Executive Summary

- The major mandates outperformed their respective benchmarks over all longer time periods through March 31, 2015.
- The Pension Plan outperformed its Performance Benchmark over the trailing one-, three-, five-, ten- and fifteen-year time periods.
 - Global Equity has been a consistent source of value added over the trailing one-, three- and five-year time periods. Fixed Income, Real Estate and Strategic Investments have also added value.
- Over the trailing three- and ten-year periods, the Pension Plan's return ranked in the top half of the TUCS Top Ten Defined Benefit Plan universe.
- The FRS Investment Plan met or outperformed the Total Plan Aggregate Benchmark during the first quarter and over all trailing periods.
- The Lawton Chiles Endowment Fund outperformed its benchmark during the first quarter and also over the one-, three-, five-, and ten-year periods, primarily due to strong public equity performance.
- The CAT Funds and Florida PRIME continued to outperform their respective benchmarks over both short and long time periods.

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Pension Plan Review First Quarter 2015

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Executive Summary

- The Pension Plan assets totaled \$148.5 billion as of March 31, 2015 which represents a \$1.9 billion increase since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, outperformed over the trailing one-, three-, five-, ten- and fifteen-year periods.
- Relative to the Absolute Nominal Target Rate of Return, the Pension Plan underperformed over the fifteen-year period, but has outperformed over the trailing one-, three-, five-, ten-, twenty- and twenty five-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
 - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
 - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type and investment strategy.
 - Asset allocation is monitored on a daily basis to ensure that the actual asset allocation of the Pension Plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

FRS Pension Plan Change in Market Value Periods Ending 3/31/2015

Summary of Cash Flows		
	First Quarter	Fiscal YTD*
Beginning Market Value	\$146,561,699,438	\$149,097,956,343
+/- Net Contributions/(Withdrawals)	(\$1,521,209,015)	(\$4,737,991,706)
Investment Earnings	\$3,455,434,402	\$4,135,960,189
= Ending Market Value	\$148,495,924,825	\$148,495,924,825
Net Change	\$1,934,225,387	(\$602,031,518)

*Period July 2014 – March 2015

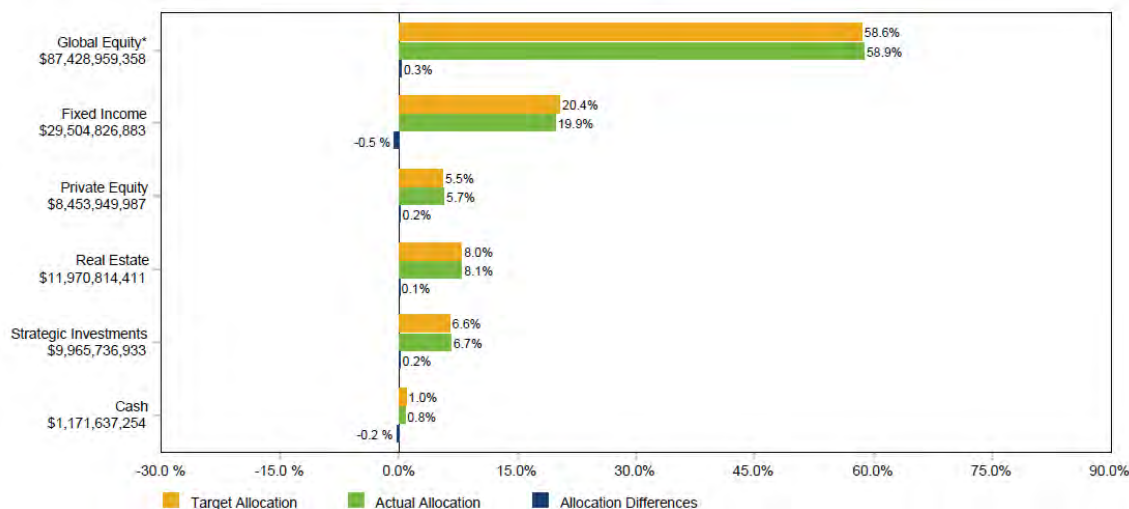
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Asset Allocation as of 3/31/2015 Total Fund Assets = \$148.5 Billion

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	148,495,924,825	100.0	100.0		
Global Equity*	87,428,959,358	58.9	58.6	45.0	70.0
Fixed Income	29,504,826,883	19.9	20.4	10.0	26.0
Private Equity	8,453,949,987	5.7	5.5	4.0	16.0
Real Estate	11,970,814,411	8.1	8.0	2.0	9.0
Strategic Investments	9,965,736,933	6.7	6.6	0.0	16.0
Cash	1,171,637,254	0.8	1.0	0.3	5.0



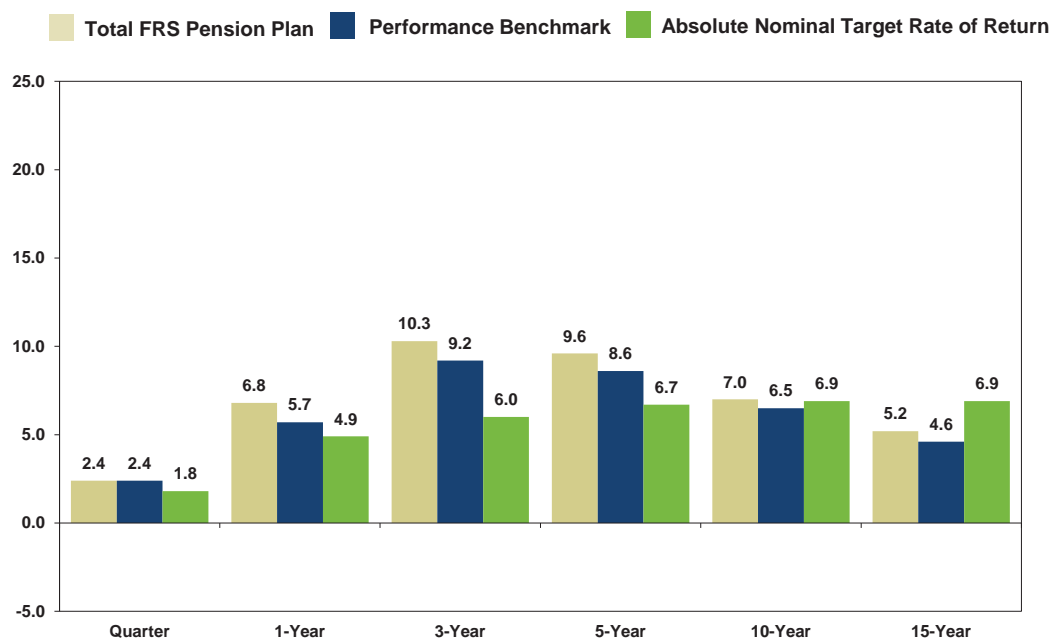
* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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FRS Pension Plan Investment Results Periods Ending 3/31/2015



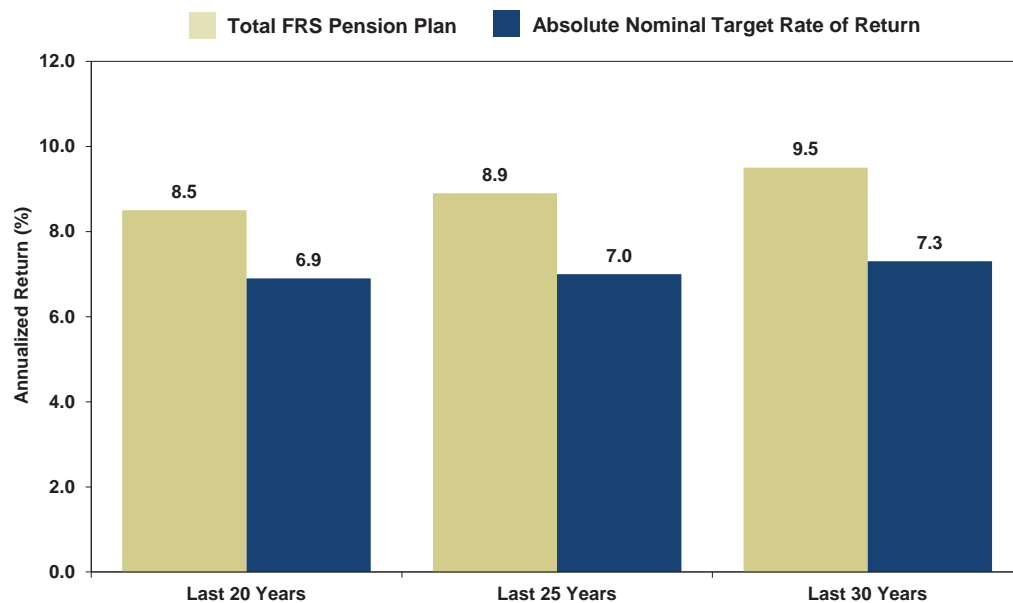
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FRS Pension Plan Investment Results Periods Ending 3/31/2015

Long-Term FRS Pension Plan Performance Results vs. SBA's Long-Term Investment Objective



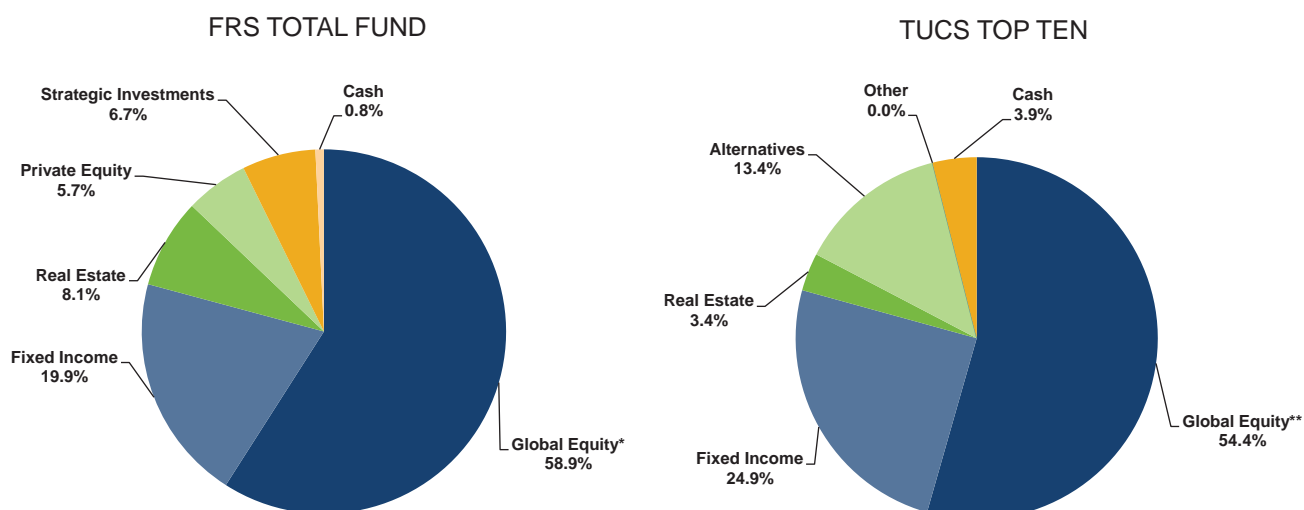
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Comparison of Asset Allocation (TUCS Top Ten) As of 3/31/2015

FRS Pension Plan vs. Top Ten Defined Benefit Plans



*Global Equity Allocation: 28.4% Domestic Equities; 26.3% Foreign Equities; 4.2% Global Equities. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 33.4% Domestic Equities; 21.0% Foreign Equities.

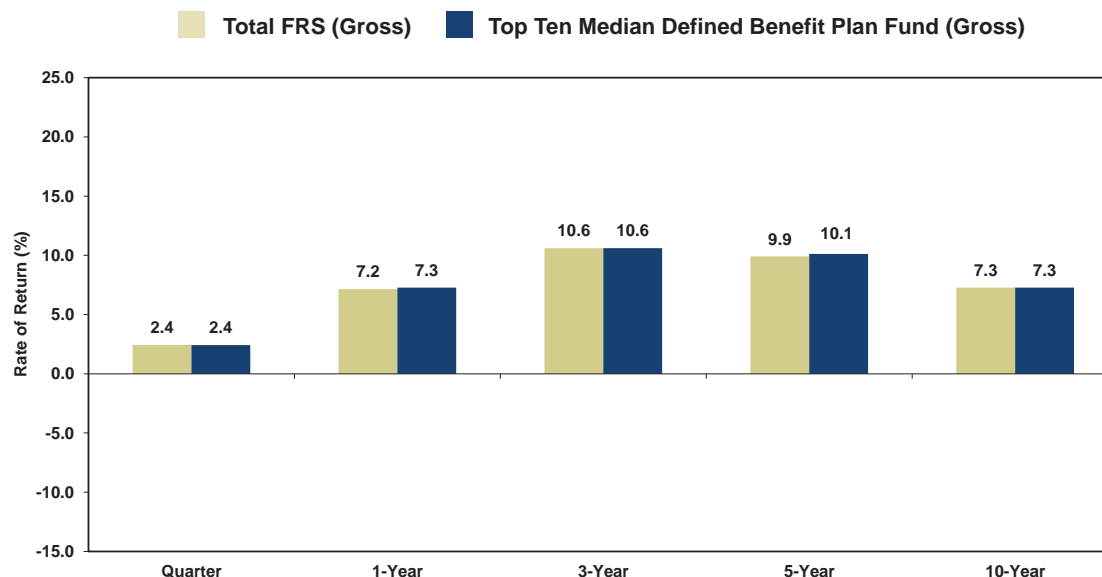
Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

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FRS Results Relative to TUCS Top Ten Defined Benefit Plans Periods Ending 3/31/2015



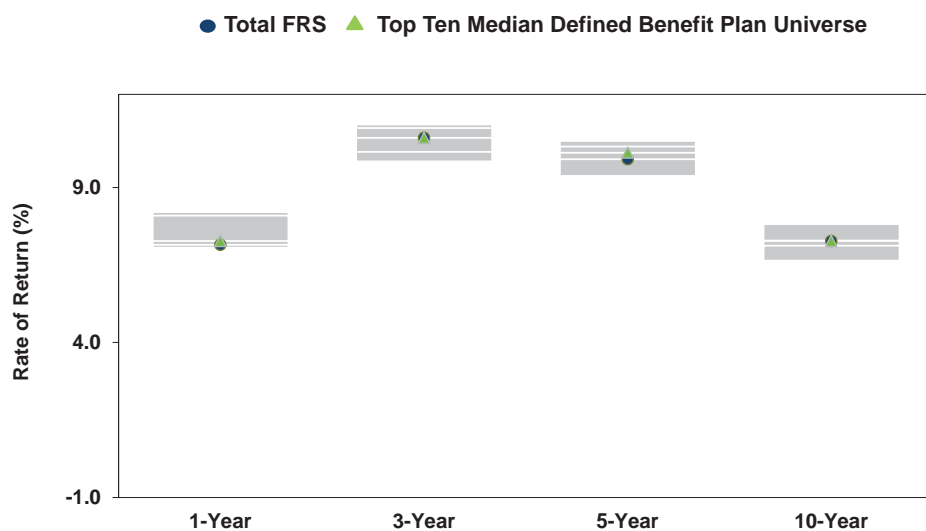
Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

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Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 3/31/2015



FRS Percentile Ranking	75	50	75	50
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Note: The TUCS Top Ten Universe includes \$1,417.2 billion in total assets. The median fund size was \$148.5 billion and the average fund size was \$141.7 billion.

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Investment Plan Review First Quarter 2015

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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 2013 data.
- Management fees are lower than the median as represented by Morningstar's mutual fund universe for every investment category.
- The FRS Investment Plan offers an appropriate number of fund options that span the risk and return spectrum.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the FRS Investment Plan are appropriate, taking into consideration the FRS Investment Plan's goals and objectives.

Total Investment Plan Returns & Cost

Periods Ending 3/31/2015*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	6.0%	8.7%	8.1%	6.2%
<i>Total Plan Aggregate Benchmark**</i>	5.6	8.3	7.7	5.7
FRS Investment Plan vs. Total Plan Aggregate Benchmark	0.4	0.4	0.4	0.5

Periods Ending 12/31/2013***

	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	10.7%	0.6%	0.38%*****
<i>Peer Group</i>	11.9	0.2	0.30
FRS Investment Plan vs. Peer Group	-1.2	0.4	0.08

*Returns shown are net of fees.

**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.

***Source: 2013 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 2013 Survey that included 147 U.S. defined contribution plans with assets ranging from \$52 million to \$46.3 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 19 DC plans including corporate and public plans with assets between \$1.9 - \$16.7 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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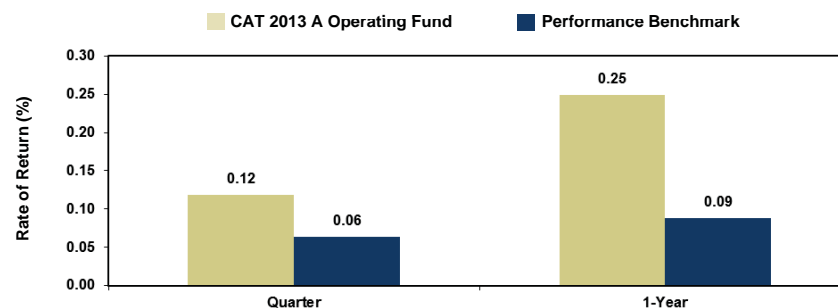
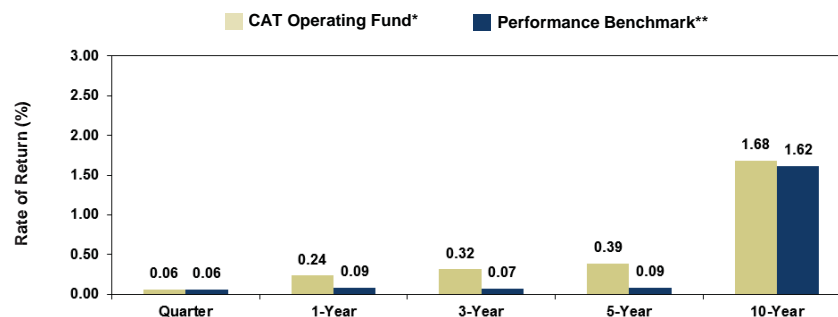
First Quarter 2015

Executive Summary

- Performance of the CAT Funds on both an absolute and relative basis has been strong over short- and long-term time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results

Periods Ending 3/31/2015



*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.

**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

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First Quarter 2015

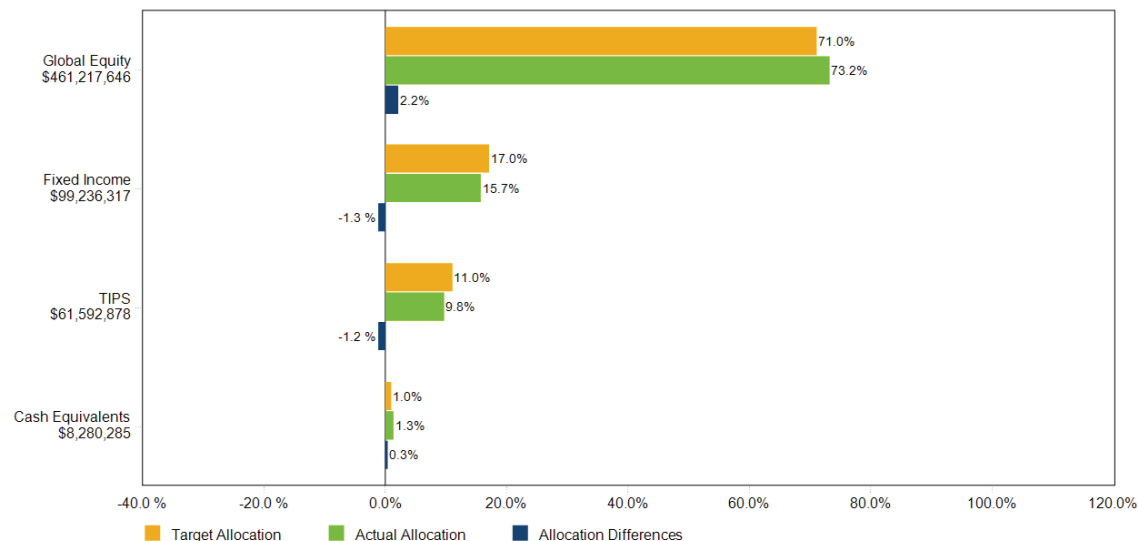
Executive Summary

- 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 \$630.3 million as of March 31, 2015.
- The Endowment's return outperformed that of its Target during the first quarter, trailing one-, three-, five- and ten-year time periods.

Asset Allocation as of 3/31/2015

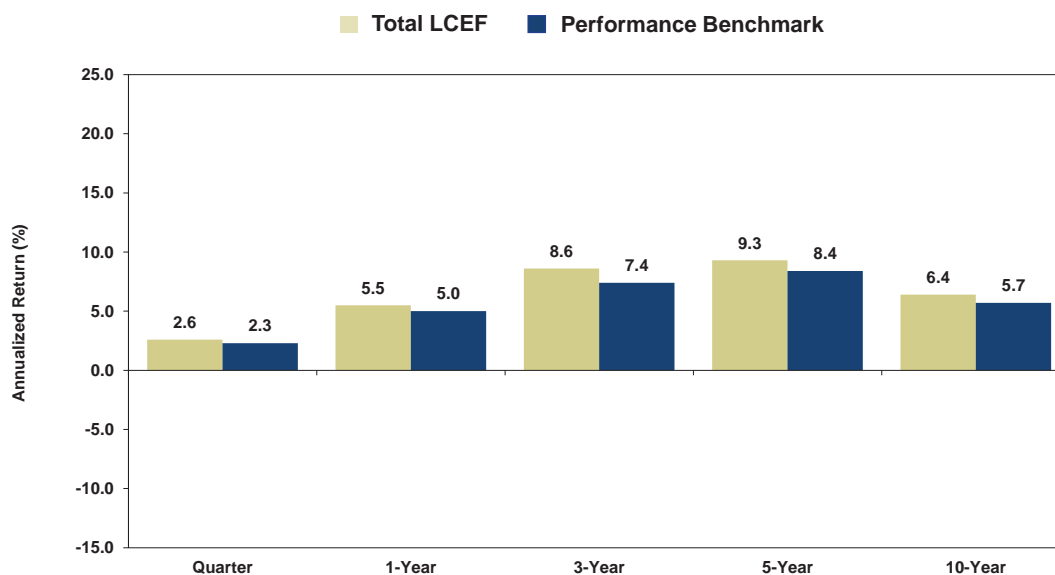
Total LCEF Assets = \$630.3 Million

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	630,327,126	100.0	100.0		
Global Equity	461,217,646	73.2	71.0	61.0	81.0
Fixed Income	99,236,317	15.7	17.0	12.0	22.0
TIPS	61,592,878	9.8	11.0	6.0	16.0
Cash Equivalents	8,280,285	1.3	1.0	0.0	10.0



LCEF Investment Results

Periods Ending 3/31/2015

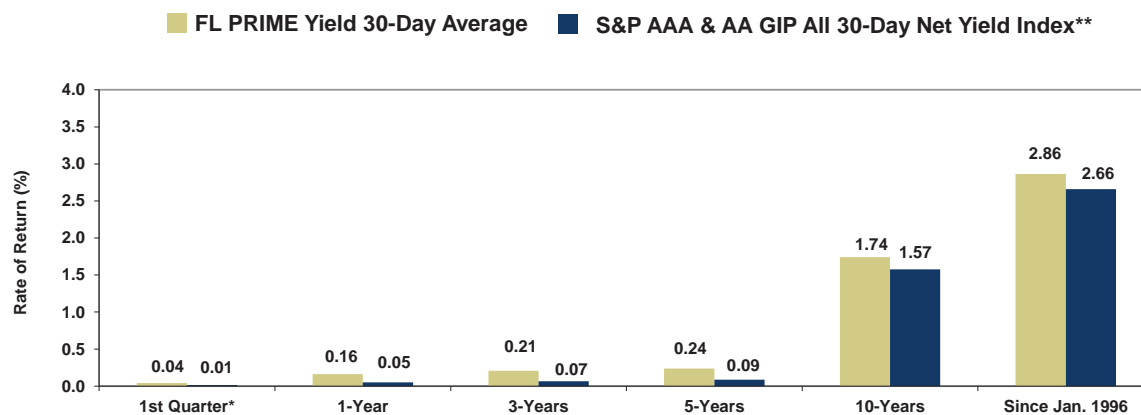


First Quarter 2015

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, on both an absolute and relative basis, has been strong over short- and long-term time periods.
- As of March 31, 2015, the total market value of Florida PRIME was \$7.5 billion.
- Aon Hewitt Investment Consulting, in conjunction with SBA staff, compiles an annual best practices report that includes a full review of the Investment Policy Statement, operational items, and investment structure for Florida PRIME.

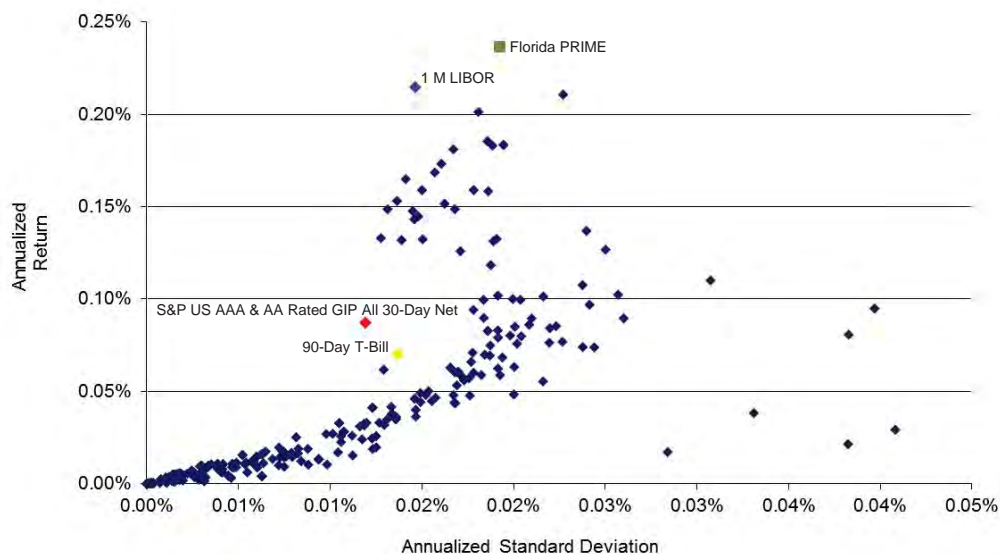
Florida PRIME Investment Results Periods Ending 3/31/2015



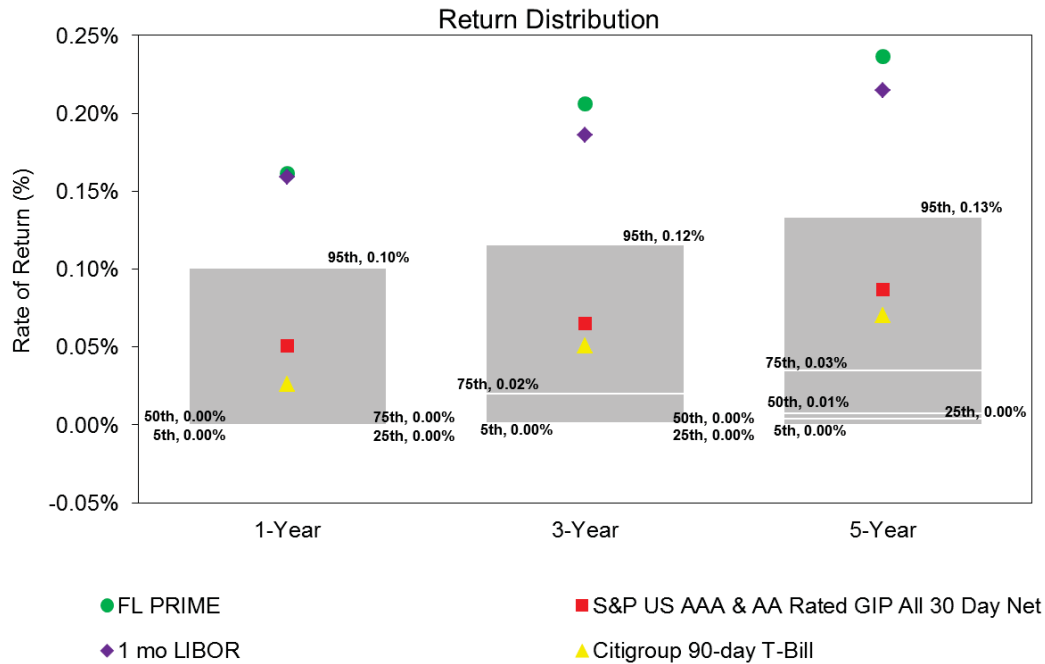
*Returns less than one year are not annualized.

**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

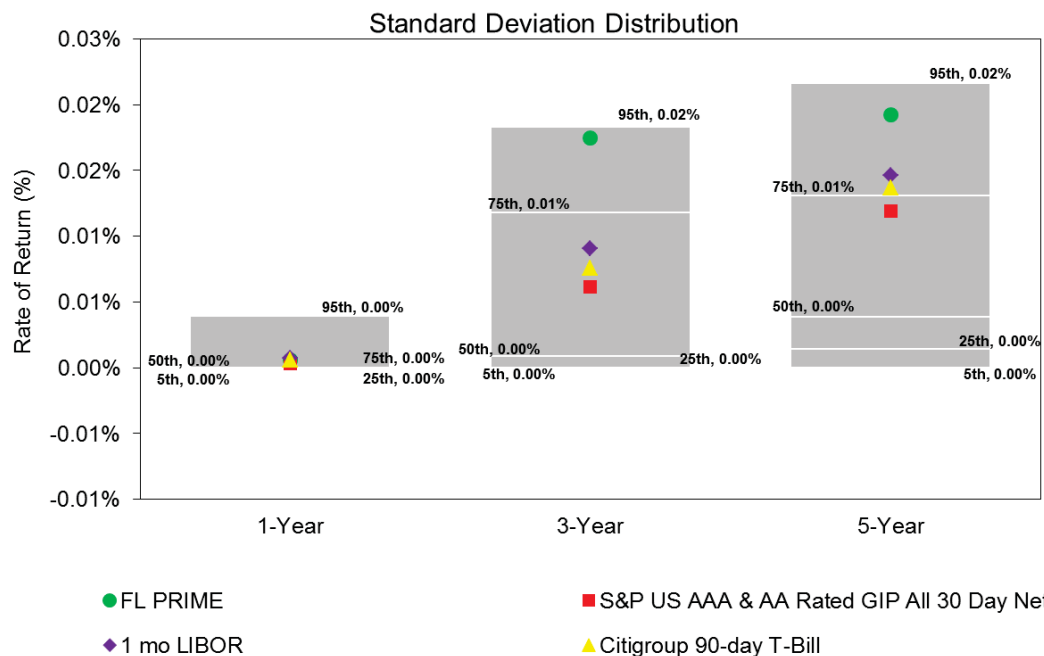
Florida PRIME Risk vs. Return 5 Years Ending 3/31/2015



Return Distribution Periods Ending 3/31/2015



Standard Deviation Distribution Periods Ending 3/31/2015



Fund B Status Update

- In early September 2014, 100% of the original principal in Fund B was returned to participants.
- Additional returns and legal settlements have resulted in a remaining reserve balance within Fund B equal to \$43,224,158.89 (as of March 31, 2015).
- On May 21, 2015, legislation was signed into law directing the SBA to distribute any residual balance back to any participant in the Local Government Surplus Funds Trust Fund who had been entitled to, but had not received, a November 2007 interest payment.
- This distribution will be based on each participant's proportional share of the total November 2007 interest earned
- Final distribution of the remaining reserve account value is expected to occur in July 2015.
- Once all Fund B account proceeds have been distributed, the Trust Fund will be terminated.

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Appendix

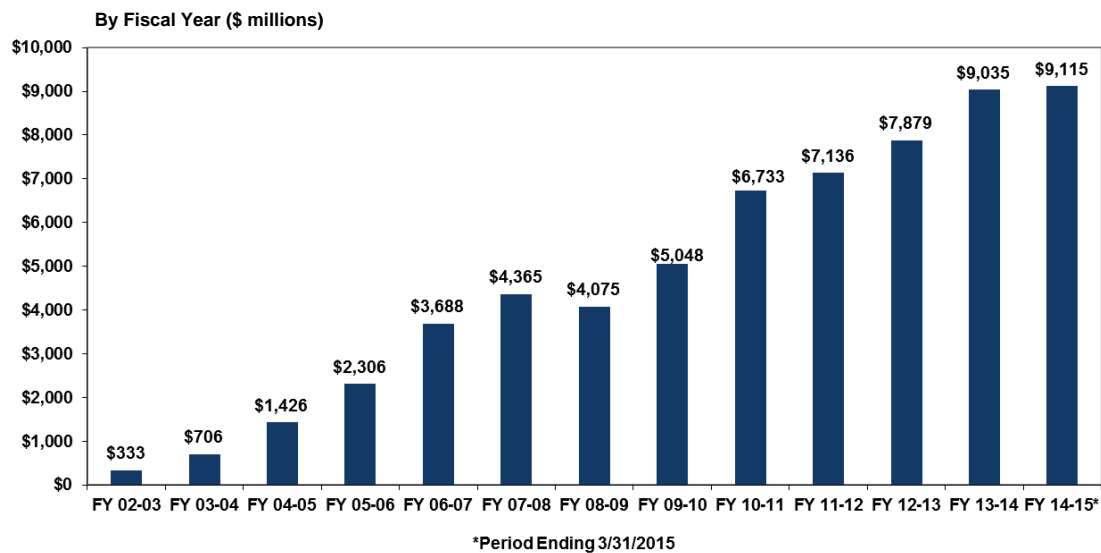
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.23%	0.86%
Small-Mid Cap Equity	0.64%	1.07%
International Equity	0.33%	1.04%
Diversified Bonds	0.12%	0.64%
Target Date	0.12%	0.65%
Money Market	0.06%	0.12%

*Average fee of multiple products in category as of 3/31/2015.

**Source: HEK's annual mutual fund expense analysis as of 12/31/2014.

Investment Plan Fiscal Year End Assets Under Management



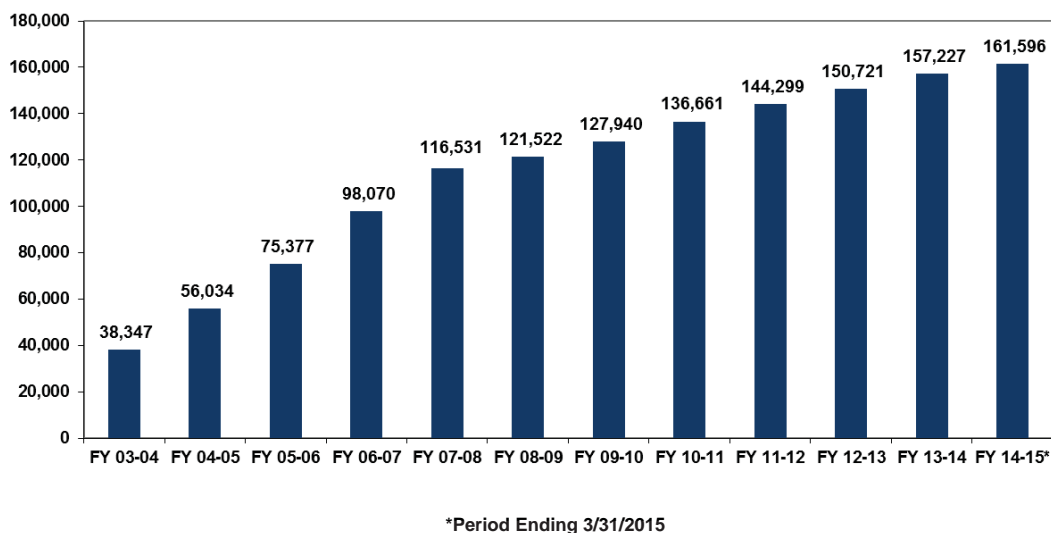
Source: Investment Plan Administrator

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Investment Plan Membership



Source: Investment Plan Administrator

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Florida Hurricane Catastrophe Fund Background

- The purpose of the Florida Hurricane Catastrophe Fund (FHCF) is to provide a stable, ongoing and timely source of reimbursement to insurers for a portion of their hurricane losses.
- Both the CAT Fund (Operating Fund) and the CAT 2013 A Fund are internally managed portfolios benchmarked to a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.
- As of March 31, 2015, the total value of all FHCF accounts was \$13.0 billion.

CAT Operating Fund Characteristics Period Ending 3/31/2015

Effective Maturity Schedule	
O/N* - 14 Days	9.7%
15 - 30 Days	6.5
31 - 60 Days	4.4
61 - 90 Days	5.9
91 - 120 Days	1.5
121 - 150 Days	1.6
151 - 180 Days	0.4
181 - 210 Days	3.4
211 - 240 Days	1.3
241 - 270 Days	0.2
271 - 300 Days	1.5
301 - 365 Days	2.7
366 - 732 Days	27.6
733 - 1,098 Days	24.4
1,099 - 1,875 Days	9.0
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	52.0%
AA	18.4
A	29.6
Total % of Portfolio:	100.0%

*O/N stands for overnight.

CAT 2013 A Fund Characteristics

Period Ending 3/31/2015

Effective Maturity Schedule	
O/N* - 14 Days	6.0%
15 - 30 Days	1.2
31 - 60 Days	5.6
61 - 90 Days	4.5
91 - 120 Days	1.8
121 - 150 Days	3.6
151 - 180 Days	1.4
181 - 210 Days	5.2
211 - 240 Days	6.8
241 - 270 Days	4.9
271 - 300 Days	5.1
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366 - 732 Days	27.4
733 - 1,098 Days	19.6
1,099 - 1,875 Days	2.7
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
AAA	65.7%
AA	9.1
A	25.2
Total % of Portfolio:	100.0%

*O/N stands for overnight.

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Florida PRIME Characteristics

Quarter Ending 3/31/2015

Cash Flows as of 3/31/2015	First Quarter	Fiscal YTD*
Opening Balance	\$7,880,588,161	\$7,191,418,576
Participant Deposits	\$2,956,073,678	\$12,683,660,205
Transfers from Fund B	\$0	\$30,746,941
Gross Earnings	\$3,827,800	\$10,087,074
Participant Withdrawals	(\$3,337,764,044)	(\$12,412,187,014)
Fees	(\$335,835)	(\$1,336,019)
Closing Balance (3/31/2015)	\$7,502,389,759	\$7,502,389,759
Change	(\$378,198,402)	\$310,971,183

*Period July 2014 – March 2015

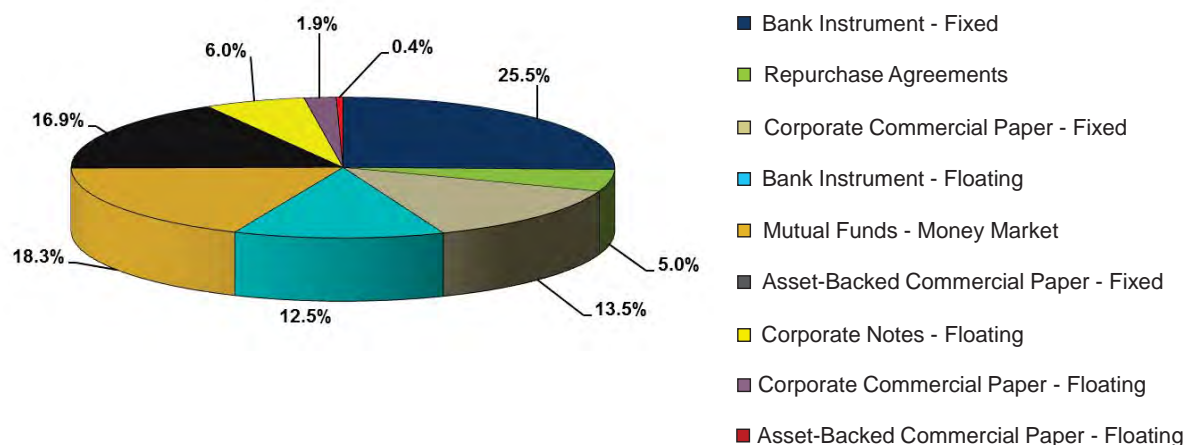
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Florida PRIME Characteristics Quarter Ending 3/31/2015

Portfolio Composition



Florida PRIME Characteristics Period Ending 3/31/2015

Effective Maturity Schedule	
1-7 Days	36.5%
8-30 Days	18.9%
31-90 Days	37.0%
91-180 Days	6.7%
181+ Days	0.9%
Total % of Portfolio:	100.0%

S & P Credit Quality Composition	
A-1+	54.4%
A-1	45.6%
Total % of Portfolio:	100.0%



FRS Pension Plan | First Quarter 2015

Quarterly Investment Review

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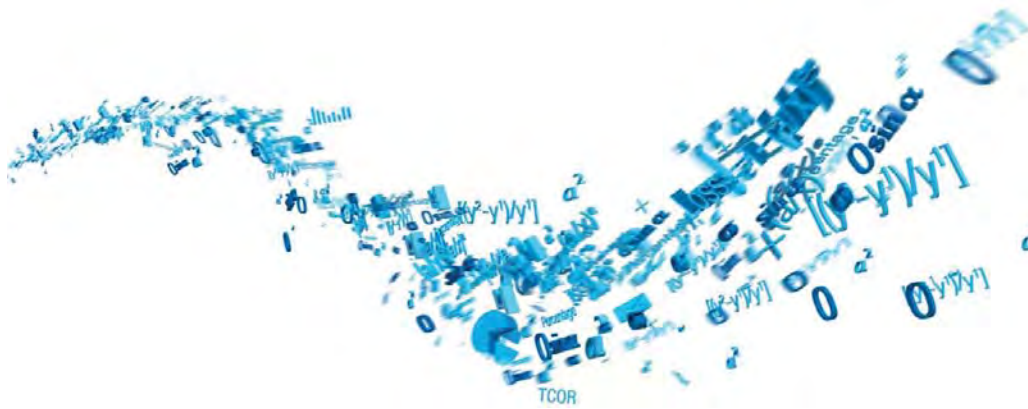
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Market Environment

1



Market Highlights

SHORT TERM RETURNS
AS OF 3/31/2015



LONG TERM ANNUALIZED RETURNS
AS OF 3/31/2015



2



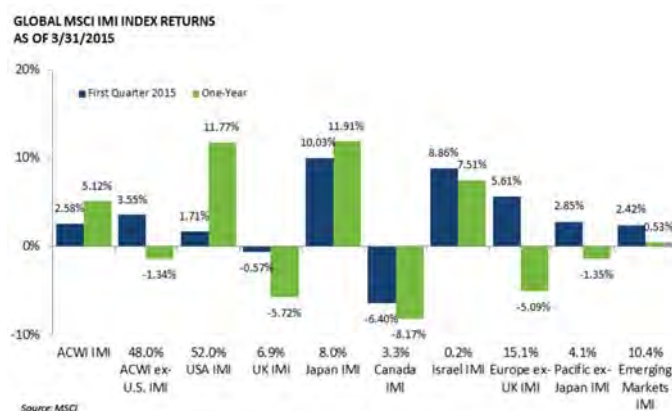
Market Highlights

Returns of the Major Capital Markets					
Periods Ending 3/31/2015					
	First Quarter	1-Year	3-Year	5-Year	10-Year
Domestic Stock Indices					
Dow Jones U.S. Total Stock Market Index	1.80%	12.24%	16.36%	14.75%	8.53%
Russell 3000 Index	1.80%	12.37%	16.43%	14.71%	8.38%
S&P 500 Index	0.95%	12.73%	16.11%	14.46%	8.01%
Russell 2000 Index	4.32%	8.21%	16.27%	14.57%	8.82%
Global Stock Indices					
MSCI All Country World IMI Index	2.58%	5.12%	10.95%	9.25%	6.74%
MSCI All Country World ex-U.S. IMI Index	3.55%	-1.34%	6.52%	5.02%	5.67%
MSCI EAFE Index	4.88%	-0.92%	9.02%	6.16%	4.95%
MSCI Emerging Markets Index	2.24%	0.44%	0.31%	1.75%	8.48%
Domestic/Foreign Bond Indices					
Barclays Aggregate Bond Index	1.61%	5.72%	3.11%	4.42%	4.93%
Barclays Long Gov't Index	3.89%	21.03%	7.60%	10.49%	7.83%
Barclays Long Credit Index	3.06%	12.83%	7.79%	9.92%	7.48%
Barclays Long Gov't/Credit Index	3.36%	15.74%	7.71%	10.20%	7.72%
Citi Group Non-U.S. WGBI	-4.36%	-9.82%	-3.32%	0.38%	2.51%

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Global Equity Markets



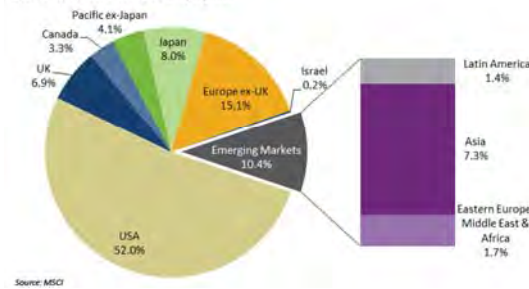
- Global equity markets rose 2.58% in value during the first quarter of 2015, driven by economic stimulus programs and signs of a turn in economic fortunes in Europe and Japan.
- Non-U.S. developed equities, aside from the U.K. and Canada, rose during the first quarter. Quantitative easing programs in Europe and Japan and positive economic data have driven the outperformance.
- Emerging markets rose in value as well, led by China's easing monetary policy, as well as Russia, which was aided by oil price stabilization.

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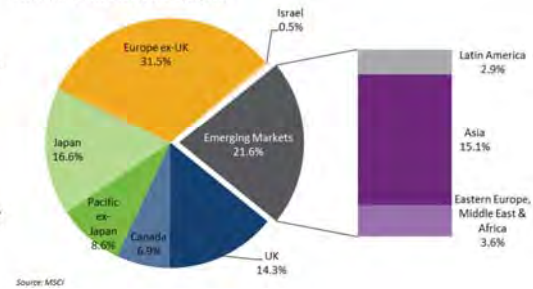


Global Equity Markets

MSCI ALL COUNTRY WORLD IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 3/31/2015



MSCI ALL COUNTRY WORLD EX-U.S. IMI INDEX
GEOGRAPHIC ALLOCATION AS OF 3/31/2015



- The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

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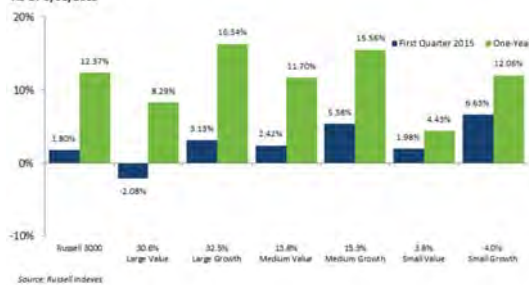


U.S. Equity Markets

RUSSELL GICS SECTOR RETURNS
AS OF 3/31/2015



RUSSELL STYLE RETURNS
AS OF 3/31/2015



- The Russell 3000 Index returned 1.80% during the quarter and returned 12.37% over the one-year period.
- During the first quarter, the healthcare and consumer discretionary sectors were the strongest performers, posting returns of 7.80% and 4.68%, respectively. The energy and utilities sectors were the weakest performers, producing returns of -2.24% and -4.56%, respectively.
- Performance across the market capitalization spectrum was mixed over the quarter. Large cap stocks trailed the smaller segments of the markets, and value underperformed growth across all market capitalizations.

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U.S. Fixed Income Markets

BARCLAYS AGGREGATE RETURNS BY SECTOR
AS OF 3/31/2015



- The Barclays Aggregate Bond Index returned 1.61% in the first quarter. Corporate bonds were the strongest performing index segment, returning 2.32%.
- In the investment grade market, Baa bonds outperformed higher quality bonds.
- High yield bonds outperformed investment grade corporate bonds.
- Long duration bonds continued to outperform shorter duration bonds.

BARCLAYS AGGREGATE RETURNS BY QUALITY AND HIGH YIELD RETURNS
AS OF 3/31/2015



BARCLAYS AGGREGATE RETURNS BY MATURITY
AS OF 3/31/2015

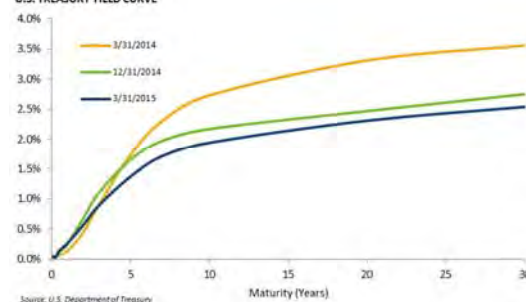


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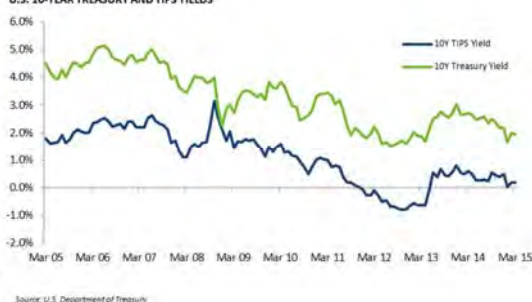


U.S. Fixed Income Markets

U.S. TREASURY YIELD CURVE



U.S. 10-YEAR TREASURY AND TIPS YIELDS

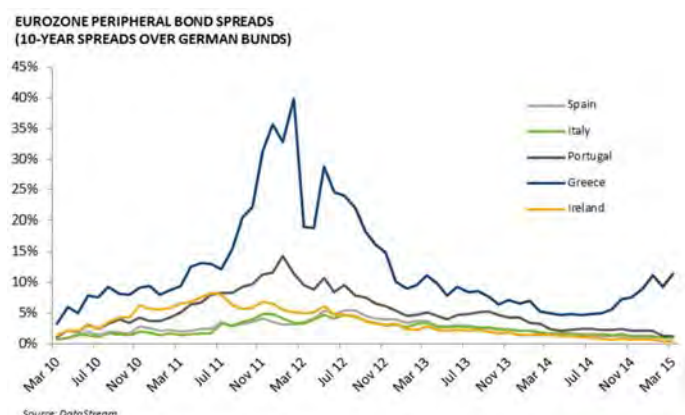


- The Treasury yield curve flattened during the first quarter, driven by long bond yields falling.
- The 10-year U.S. Treasury yield ended the quarter at 1.94%, 23 basis points lower than its level at the beginning of the quarter.
- The 10-year TIPS yield fell by 31 basis points over the quarter and ended the period at 0.18%.

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European Fixed Income Markets



- In the Eurozone, bond spreads continued to remain low through the first quarter of 2015 as peripheral tensions have eased. The exception is Greece, where tensions have been increasing due to greater uncertainty over ability of the Greek government to secure a new bailout package and repay near term loans.
- Eurozone bond spreads, with the exception of Greek bond spreads, fell over the quarter.

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Credit Spreads

Spread (bps)	3/31/2015	12/31/2014	3/31/2014	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	46	48	44	-2	2
Long Gov't	3	4	5	-1	-2
Long Credit	187	185	155	2	32
Long Gov't/Credit	118	119	102	-1	16
MBS	20	27	38	-7	-18
CMBS	95	98	107	-3	-12
ABS	62	58	50	4	12
Corporate	129	131	106	-2	23
High Yield	466	483	358	-17	108
Global Emerging Markets	354	365	294	-11	60

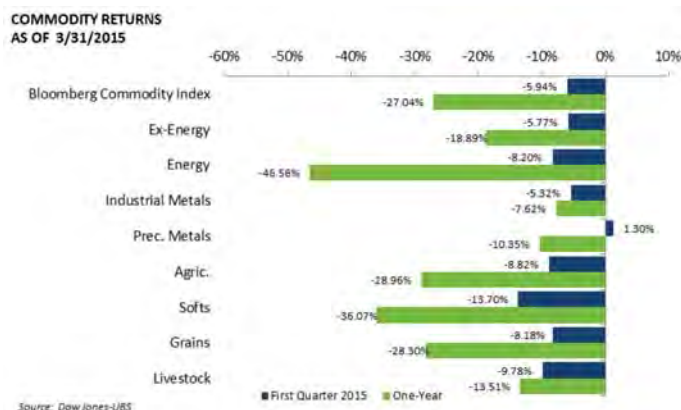
Source: Barclays Live

- During the first quarter, credit spreads tightened across most areas of the bond market.
- High yield spreads (-17 basis points) fell by the most over the quarter, followed by Global emerging markets (-11 basis points).

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Commodities

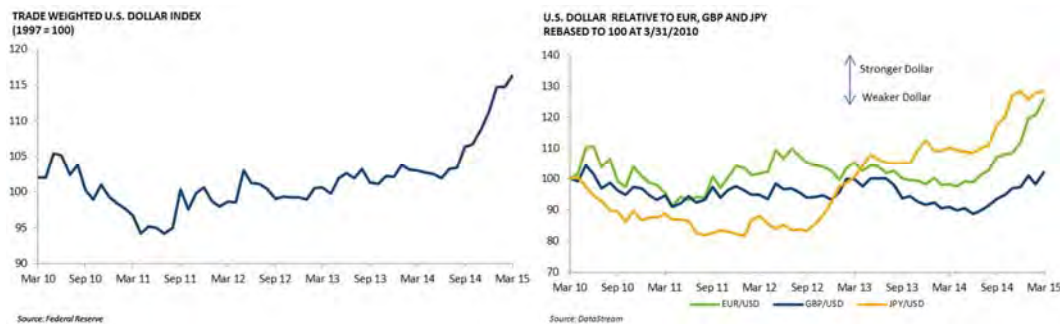


- The Bloomberg Commodity Index fell during the first quarter with a return of -5.94%.
- Over the quarter, the best performing segment of the market was Precious Metals, returning 1.30%.
- Softs and Livestock were the worst performing sectors of the market during the quarter with returns of -13.70% and -9.78%, respectively.

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Currency

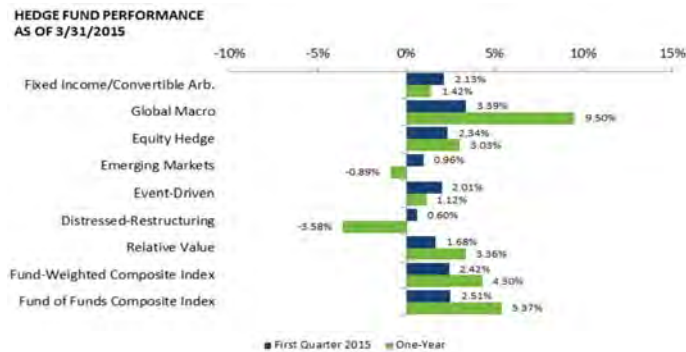


- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar strengthened during the quarter.
- The dollar appreciated against the Euro, Yen, and British Pound Sterling.

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Hedge Fund Markets Overview



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

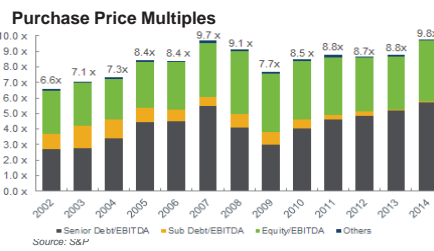
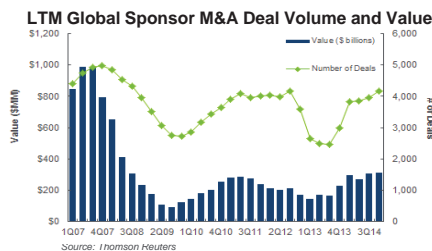
- Hedge fund performance was positive over the quarter.
- The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 2.42% and 2.51%, respectively, during the quarter.
- Global Macro strategies were the strongest performers, gaining 3.39% over the course of the quarter.

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Private Equity Market Overview



- Fundraising: \$88.6 billion was raised in 4Q2014, bringing FY capital raised to \$360.1 billion; 10.6% and 48.1% above FY2013 and the five year average, respectively¹. Dry powder reached a new peak of \$1.0 trillion, representing a 13.2% increase from the prior mark set in 2008 and a 20.7% increase from the five year average¹.
- Buyout: In 4Q, 1,168 global sponsor-backed M&A deals closed totaling \$90.8 billion. Total 2014 M&A deal volume reached \$310.7 billion closed on by 4,156 deals, representing the highest amounts since 2007 on both a deal and value basis². For the first time since 2005, purchase price multiples for middle market transactions (9.8x) exceeded those of large cap transactions (9.7x). Purchase price multiples for middle market and total U.S. LBOs reached new record levels as of YE2014³. European purchase price multiples increased year over year for all transaction sizes, increasing at an average of 1.3x. On a FY basis, total exit value and number of exits increased to \$443.4 billion and 1,724 exits, respectively, both representing record year end levels⁴.
- Venture: Investment activity continues to be healthy, with 2014 deployment exceeding 2013 levels by 61.4% and 3.9% in dollar and deal terms, respectively. Total 2014 investments of \$48.3 billion marked the highest total since the year 2000, which saw \$105.0 billion in capital invested⁵. This has been driven by the influx of capital from non-traditional investors, particularly in later rounds, (i.e., hedge funds and mutual funds) and the increase in financing rounds exceeding \$100.0 million. The exit environment is solid and continues to strengthen, evidenced by the fact that there were 115 venture-backed IPOs in 2014, topping the 2013 mark of 81⁶.
- Mezzanine: 4Q2014 mezzanine capital raised decreased 74.2% quarter over quarter to \$1.8 billion and represents the lowest quarterly total since 3Q2012⁷. Estimated dry powder was \$37.6 billion at year end, down 8.7% and 5.0% over 2013 and the five year average, respectively¹. Capital deployment in 2014 was limited due to the continued infiltration of private lending platforms and business development companies (BDCs) in the middle market, disintermediating mezzanine funds through the offering of unitranche debt and second lien lending opportunities.
- Distressed Debt: High yield default rates were 0.2% in the fourth quarter with a FY rate of 2.4%, compared to 0.3% and 1.5% in the third quarter and 2013, respectively⁸. Default rates are expected to rise due to a combination of energy developments and a slow reversion away from current unsustainably low default rates, but are expected to remain below the 4.6% long-term average⁹. Completed distressed debt and bankruptcy restructuring activity reached \$204.4 billion in 2014, roughly a 12.0% increase from the prior year¹⁰.
- Secondaries: 2014's full year fundraising total of \$26.7 billion surpassed 2013's total of \$21.7 billion, setting a new record¹¹. Transaction volume in 2014 reached \$37.5 billion, representing a substantial increase over the \$26.5 billion completed in 2013. The average discount rate for all private equity sectors improved slightly quarter over quarter to 8.0% and remains very favorable for potential sellers¹².
- Infrastructure: \$7.6 billion closed by 13 partnerships during 4Q2014 bringing FY2014 fundraising to \$40.3 billion; down 22.4% and 8.6% over 3Q2014 and FY2013, respectively¹. As of YE2014, dry powder stood at \$94.0 billion, of which 50.9% was expected to be targeted for North America¹. In 2014, infrastructure managers completed 844 deals with an estimated aggregate deal value of \$427.3 billion for an average deal value of \$506.2 million, up 26.4% from the same period last year¹.
- Natural Resources: During 4Q2014, twelve funds closed on \$14.5 billion, bringing FY capital raised to \$24.7 billion, down 14.5% year over year¹. Energy and utilities industry managers completed 42 deals during the fourth quarter, bringing 2014 FY estimated deal quantity and aggregate value to 238 and \$34.5 billion, respectively. This represents a 15.2% increase over 2013's FY deal value¹.

Sources: 1. Preqin 2. UBS 3. Standard & Poors 4. Aon Hewitt Investment Consulting 5. Thomson Reuters 6. Fitch Ratings 7. PWC / National Venture Capital Association (NVCA) MoneyTree Report 8. Thomson Reuters and NVCA 9. Cooley Venture Financing Report 10. Federal Reserve 11. U.S. Energy Information Administration 12. Bloomberg

Notes: FY: Fiscal year ended 12/31; YTD: Year to date; LTM: Last twelve months (aka trailing twelve months); PPM: Purchase Price Multiples: Total Purchase Price / EBITDA

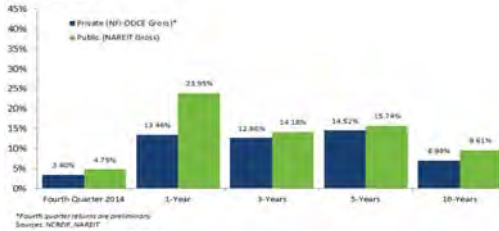
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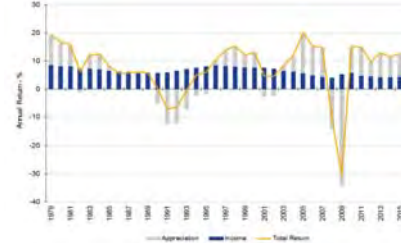
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U.S. Commercial Real Estate Market

PRIVATE VS. PUBLIC REAL ESTATE RETURNS
AS OF 3/31/2015



PRIVATE CORE REAL ESTATE TOTAL RETURNS
SOURCE: NFI-ODCE (PRELIMINARY) AS OF 3/31/2015



- As the real estate recovery continues to mature, private Core real estate returns remain well above the sector's long run average, though off their peak rebound pace. For the quarter, the NFI-ODCE returned 3.4%* (gross of fees), generally in line with the fourth quarter return of 3.3%. The trailing five year total return currently stands at a robust 13.5%*.
- Non-Core investments generally remain attractive at the current point-in-cycle; although manager and strategy selection is crucial given that the peak rebound potential is now past. Access to capital continues to deepen and legacy fund returns generally continue to strengthen as strategies become fully executed and sold into the Core investment segment.
- U.S. real estate stocks started 2015 on solid ground, ending the first quarter with a 4.8% gain (FTSE NAREIT Equity REIT Index), though elevated volatility remains present. Most of the quarter's gain was realized in January, with February giving back a bit, and March fairly flat. While short-term performance in the sector is tied closely to interest rates, still improving fundamentals in the sector position REITs well over the longer time frame.
- Sector fundamentals continue to rebound beyond the primary markets, helping to support and expand current pricing. Investors, however, continue to show preference for high quality assets in primary cities even as the pricing premium for those assets continues to grow.
- New supply remains generally low across all property types except Apartments, though it is anticipated to rise, albeit modestly. Office, Retail, and Hotel construction continues to lag Apartments and Industrial. While the demand/supply gap remains favorable in the Core property types with the exception of Apartments, market selection has become even more important as new supply can ramp up quickly in select regions.
- Rental rate growth continues to expand, offering strong net operating income growth expectations across many property types/markets. Cash flow yields remain attractive, even in the Core segment.
- Rising interest rates remain on investors' radar, though timing is highly uncertain. Improving fundamentals should help offset rising rates, though not completely. Portfolio structure and other long term risk mitigation measures are important to managing the maturing cycle, liquidity, and interest rate risks.

Source: Aon Hewitt, NAREIT US Equity REIT Index, NCREIF
*Preliminary

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Total Fund

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As of March 31, 2015

Highlights

Executive Summary

- Performance of the Pension Plan, when measured against the Performance Benchmark, has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- Over the trailing one-, three-, and five-year periods, the Total Fund outperformed the Performance Benchmark. During the fourth quarter, the Fund outperformed its Benchmark, returning 1.5%, compared to the benchmark return of 1.1%.

Asset Allocation

- The Fund assets total \$148.5 billion as of March 31, 2015, which represents a \$1.9 billion increase since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was modestly overweight to global equity, private equity, real estate, and strategic investments, with corresponding marginal underweights to fixed income and cash.

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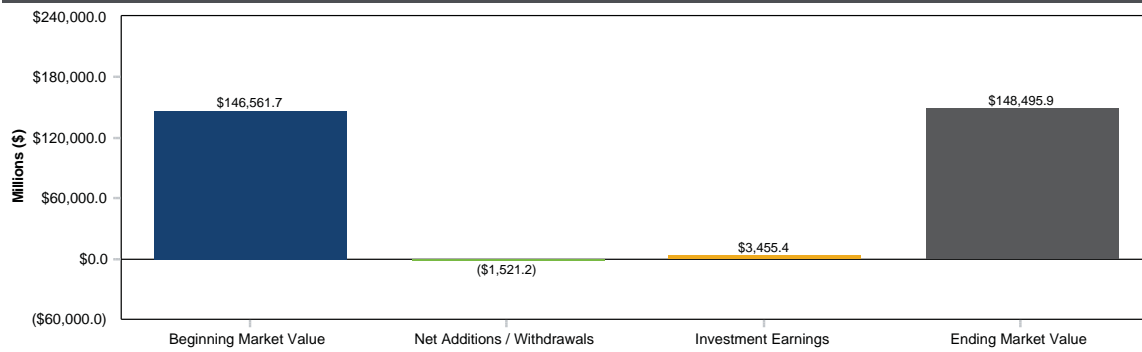


Total Fund

As of March 31, 2015

Total Plan Asset Summary

Change in Market Value
From January 1, 2015 to March 31, 2015



Summary of Cash Flow

	1 Quarter	Fiscal YTD*
Total Fund		
Beginning Market Value	146,561,699,438	149,097,956,343
+ Additions / Withdrawals	-1,521,209,015	-4,737,991,706
+ Investment Earnings	3,455,434,402	4,135,960,189
= Ending Market Value	148,495,924,825	148,495,924,825

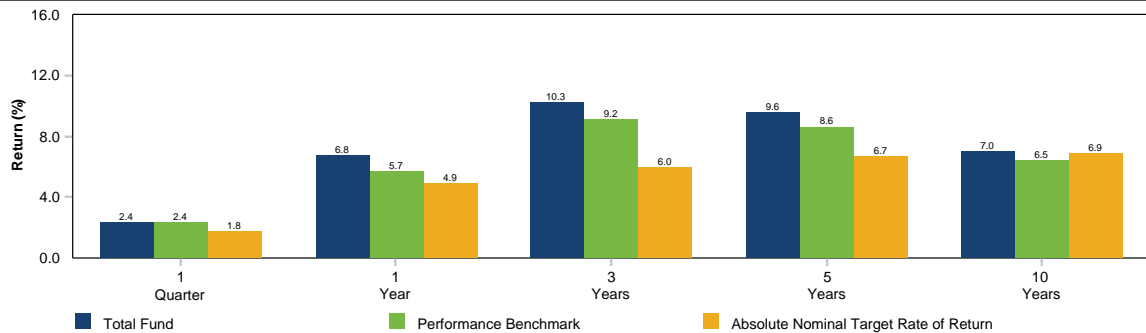
*Period July 2014 - March 2015

Total Fund

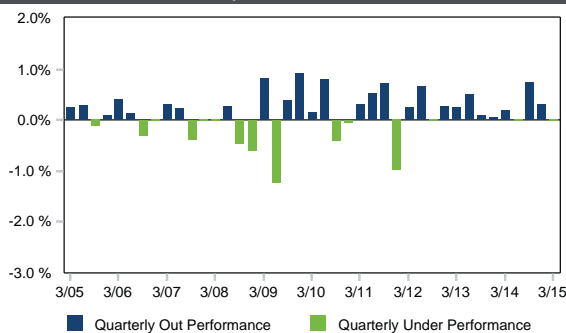
As of March 31, 2015

Total Plan Performance Summary

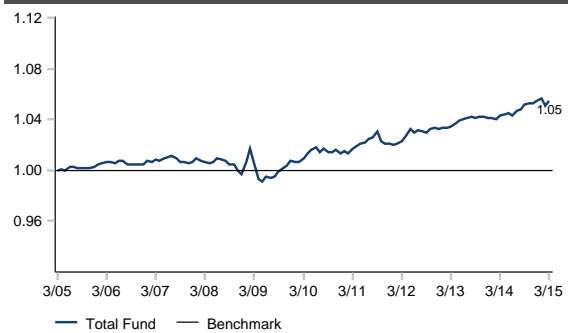
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



As of March 31, 2015

Asset Allocation & Performance

	Allocation			Performance(%)				
	Market Value (\$)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	10 Years
Total Fund	148,495,924,825	100.0	100.0	2.4 (41)	6.8 (41)	10.3 (25)	9.6 (31)	7.0 (20)
Performance Benchmark				2.4 (41)	5.7 (70)	9.2 (52)	8.6 (69)	6.5 (60)
Absolute Nominal Target Rate of Return				1.8 (88)	4.9 (91)	6.0 (100)	6.7 (100)	6.9 (27)
Global Equity*	87,428,959,358	58.9	58.6	2.7	6.0	12.1	10.4	6.8
Asset Class Target				2.6	5.2	11.1	9.2	6.3
Domestic Equities	42,111,140,521	28.4		1.9 (55)	12.5 (16)	16.5 (15)	15.0 (17)	8.5 (27)
Asset Class Target				1.8 (62)	12.4 (17)	16.4 (15)	14.7 (31)	8.4 (29)
Foreign Equities	39,045,613,812	26.3		3.5 (76)	-0.5 (66)	7.7 (42)	6.6 (30)	6.6 (24)
Asset Class Target				3.6 (71)	-1.2 (87)	6.7 (70)	5.1 (79)	5.7 (66)
Global Equities	6,268,385,070	4.2		2.4	6.1	12.4	9.8	6.3
Benchmark				2.3	5.9	11.8	9.7	6.9
Fixed Income	29,504,826,883	19.9	20.4	1.5 (88)	4.4 (74)	3.0 (73)	4.8 (74)	5.2 (50)
Asset Class Target				1.3 (95)	4.2 (79)	2.4 (91)	4.0 (92)	4.8 (86)
Private Equity	8,453,949,987	5.7	5.5	1.4	14.8	14.8	13.7	9.2
Asset Class Target				3.8	8.3	16.9	16.2	11.6
Secondary Target**				1.8	12.7	15.8	15.6	13.5
Real Estate	11,970,814,411	8.1	8.0	3.5 (6)	13.6 (24)	14.2 (19)	14.5 (16)	8.6
Asset Class Target				3.2 (34)	12.0 (52)	11.6 (58)	13.0 (49)	4.7
Strategic Investments	9,965,736,933	6.7	6.6	1.8	8.2	12.6	10.7	
Short-Term Target				1.4	5.1	8.1	6.6	
Cash	1,171,637,254	0.8	1.0	0.1	0.2	0.2	0.3	0.9
iMoneyNet First Tier Institutional Money Market Funds Net Index				0.0	0.0	0.0	0.1	1.7

Benchmark and universe descriptions can be found in the Appendix.

* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.



As of March 31, 2015

Asset Allocation & Performance

	Performance(%)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total Fund	6.2 (48)	16.9 (28)	14.2 (12)	-0.5 (73)	13.5 (36)	20.8 (32)	-26.7 (48)	9.1 (39)	14.6 (44)	7.8 (66)
Performance Benchmark	4.9 (81)	15.9 (42)	12.8 (56)	-1.2 (85)	12.9 (47)	19.5 (41)	-26.1 (41)	8.9 (41)	14.4 (48)	7.3 (77)
Absolute Nominal Target Rate of Return	5.8 (60)	6.6 (93)	6.8 (99)	8.1 (3)	6.6 (98)	7.9 (97)	5.1 (1)	8.9 (42)	6.6 (99)	7.6 (70)
Global Equity*	4.7	25.2	17.8	-6.5	15.9	33.7	-39.9	8.4	17.5	8.6
Asset Class Target	3.9	23.7	16.5	-7.9	15.1	33.8	-40.4	8.5	18.4	8.7
Domestic Equities	12.4 (16)	34.1 (53)	16.3 (48)	1.6 (21)	17.2 (65)	28.8 (43)	-37.4 (43)	5.3 (42)	14.7 (52)	6.3 (67)
Asset Class Target	12.6 (14)	33.6 (59)	16.4 (41)	1.0 (30)	16.9 (70)	28.3 (55)	-37.3 (40)	5.1 (43)	15.7 (31)	6.1 (77)
Foreign Equities	-3.0 (38)	17.4 (60)	19.3 (27)	-12.9 (45)	15.2 (7)	42.7 (11)	-44.4 (34)	16.1 (31)	26.4 (55)	16.1 (54)
Asset Class Target	-3.7 (63)	16.0 (76)	17.2 (83)	-14.6 (80)	13.0 (42)	43.7 (10)	-46.1 (74)	16.4 (23)	26.7 (49)	16.6 (44)
Global Equities	4.9	26.3	15.6	-5.7	10.4	32.8	-41.8	10.2	20.0	9.4
Benchmark	4.7	25.4	16.0	-6.7	13.1	34.6	-42.1	11.8	21.1	11.3
Fixed Income	4.3 (86)	-1.5 (53)	6.4 (61)	7.5 (47)	9.2 (34)	14.4 (45)	-4.0 (43)	7.1 (32)	4.7 (51)	2.8 (34)
Asset Class Target	4.1 (87)	-2.1 (70)	4.2 (89)	7.8 (37)	6.5 (92)	5.9 (89)	5.2 (5)	7.2 (32)	4.7 (49)	2.5 (48)
Private Equity	19.3	15.0	12.4	8.0	18.6	-12.1	-4.3	16.5	12.2	12.9
Asset Class Target	7.6	36.6	19.4	4.0	19.9	32.8	-32.8	9.6	20.2	10.6
Secondary Target**	18.9	17.0	14.9	14.7	17.2	-9.6	-5.3	30.0	22.6	36.4
Real Estate	13.8 (47)	16.8 (10)	14.4 (7)	14.5 (17)	5.1 (73)	-22.8 (35)	-1.5 (20)	13.6 (61)	22.5 (25)	17.2 (78)
Asset Class Target	11.9 (77)	11.2 (52)	12.2 (23)	15.3 (11)	8.8 (64)	-29.7 (58)	-1.1 (19)	12.1 (82)	6.5 (94)	8.8 (100)
Strategic Investments	9.9	16.1	15.2	5.5	8.9	22.0	-37.4			
Short-Term Target	5.7	11.6	9.1	4.2	3.5	20.8	-33.6			
Cash	0.2	0.2	0.3	0.3	0.4	1.7	-5.8	4.1	5.1	3.4
iMoneyNet First Tier Institutional Money Market Funds Net Index	0.0	0.0	0.1	0.1	0.2	0.7	3.0	5.4	5.1	3.4

* 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.

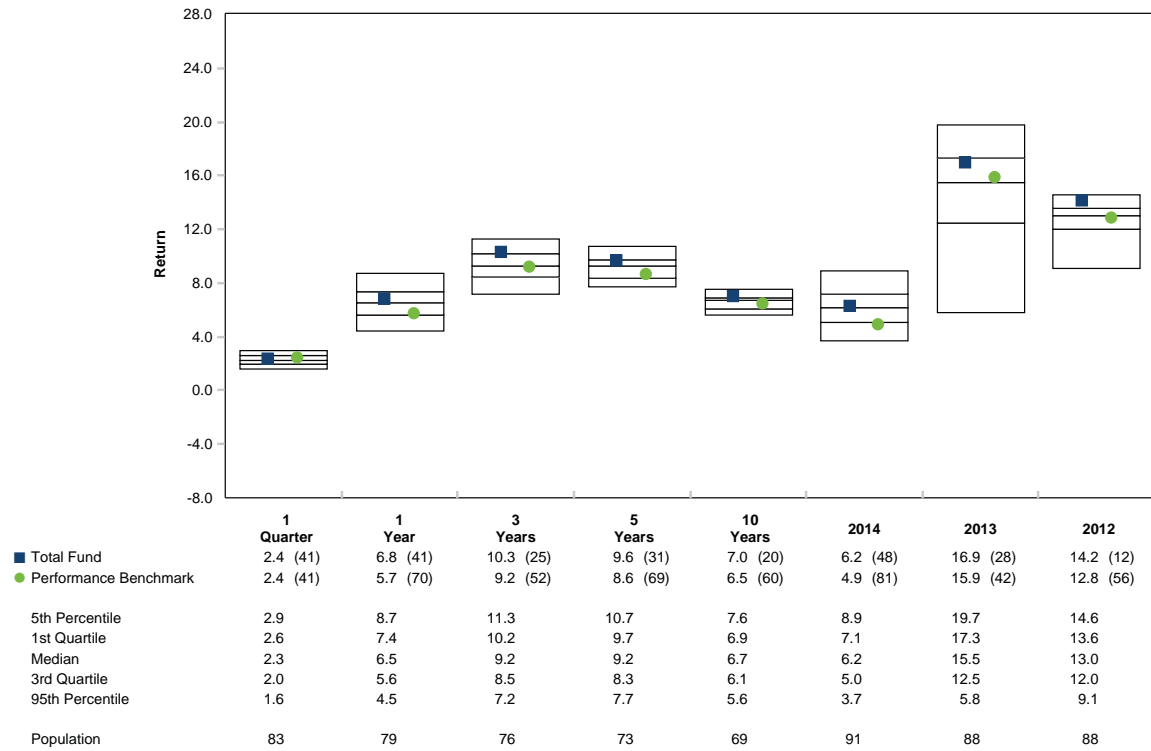
** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index.



As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Total Fund

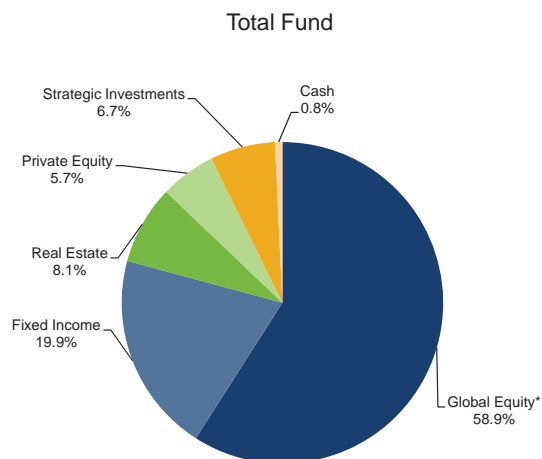


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Total Fund

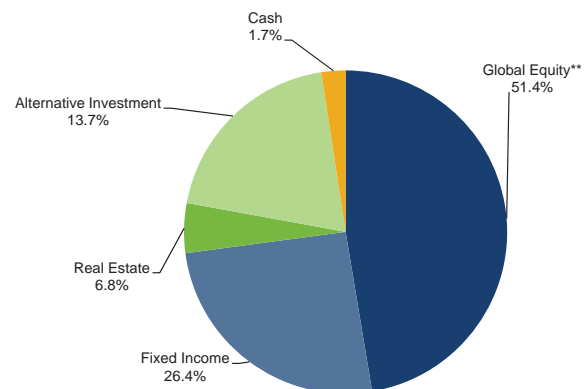
As of March 31, 2015

Universe Asset Allocation Comparison



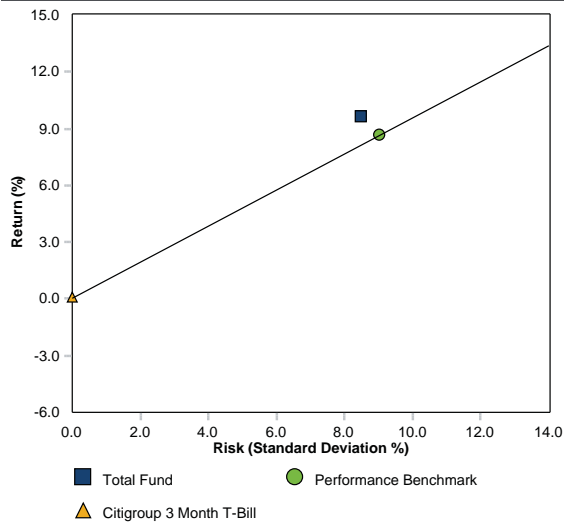
*Global Equity Allocation: 28.4% Domestic Equities; 26.3% Foreign Equities; 4.2% Global Equities. Percentages are of the Total FRS Fund.

BNY Mellon Public Funds > \$1B Net Universe

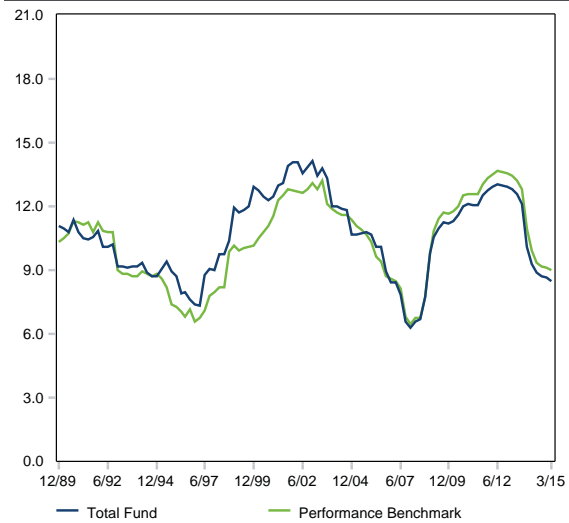


**Global Equity Allocation: 31.4% Domestic Equities; 20.0% Foreign Equities.

Total Fund Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years

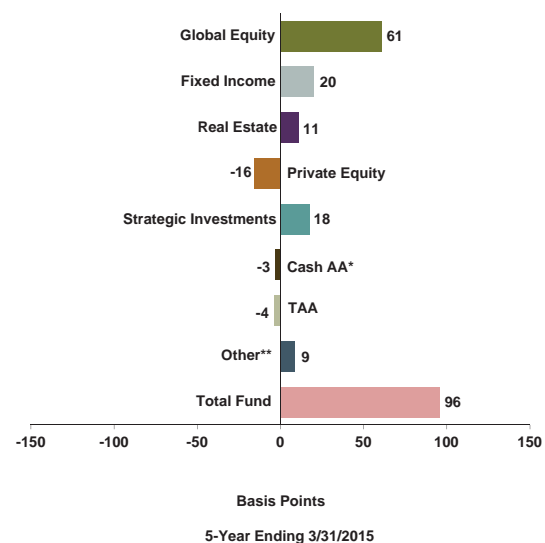
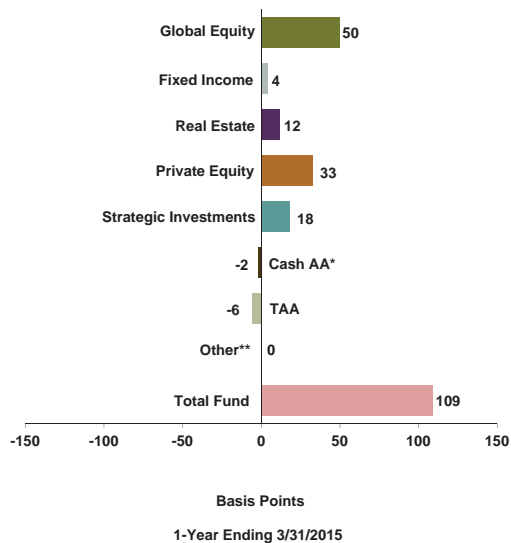
Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Total Fund	0.84	0.80	1.05	1.00	1.12	1.38	0.94	9.60	8.48	1.00
Performance Benchmark	0.00	0.00	N/A	1.00	0.96	0.00	1.00	8.65	9.02	1.00
Citigroup 3 Month T-Bill	-8.66	9.01	-0.96	0.00	N/A	0.06	0.00	0.06	0.02	0.06

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.

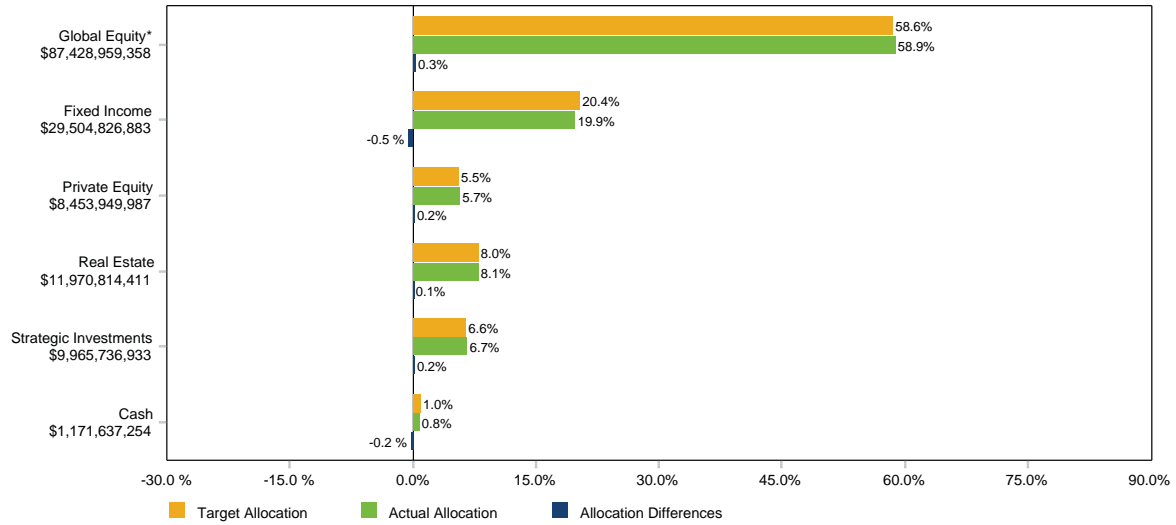
**Other includes legacy accounts and unexplained differences due to methodology.

Total Fund

As of March 31, 2015

Asset Allocation Compliance

	Market Value (\$)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	148,495,924,825	100.0	100.0		
Global Equity*	87,428,959,358	58.9	58.6	45.0	70.0
Fixed Income	29,504,826,883	19.9	20.4	10.0	26.0
Private Equity	8,453,949,987	5.7	5.5	4.0	16.0
Real Estate	11,970,814,411	8.1	8.0	2.0	9.0
Strategic Investments	9,965,736,933	6.7	6.6	0.0	16.0
Cash	1,171,637,254	0.8	1.0	0.3	5.0



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.



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Global Equity

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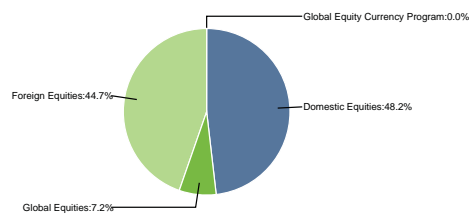
Global Equity*

As of March 31, 2015

Global Equity* Portfolio Overview

Current Allocation

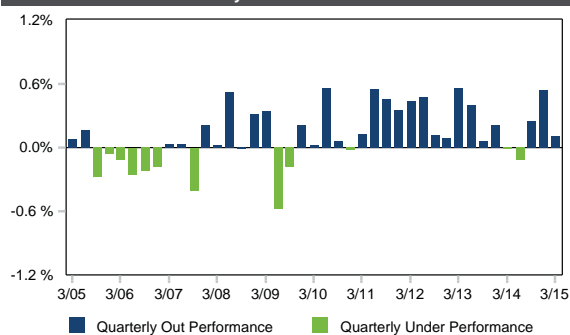
March 31, 2015 : \$87,429M



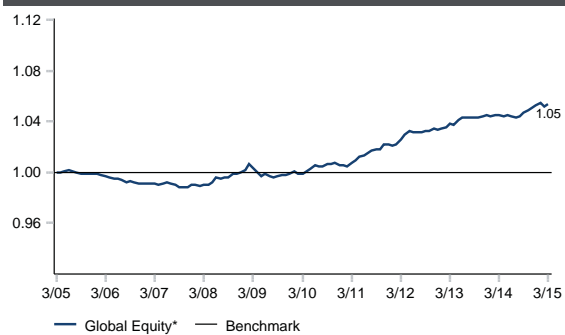
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

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Domestic Equities

31

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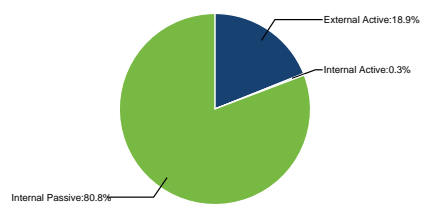
Domestic Equities

As of March 31, 2015

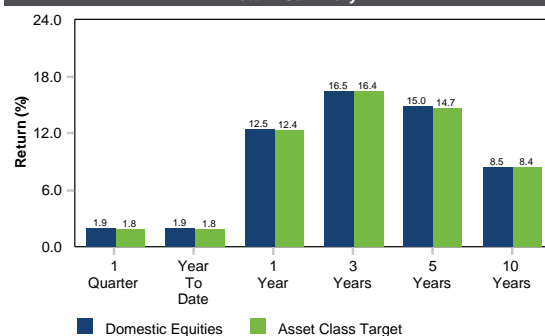
Domestic Equities Portfolio Overview

Current Allocation

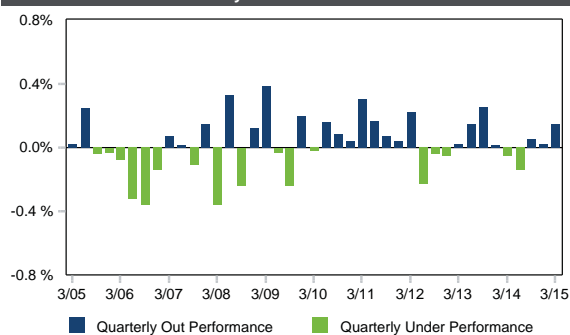
March 31, 2015 : \$42,111M



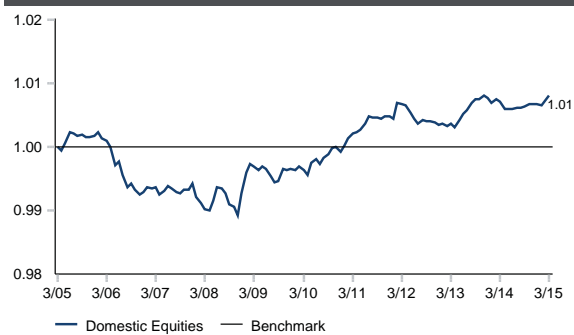
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



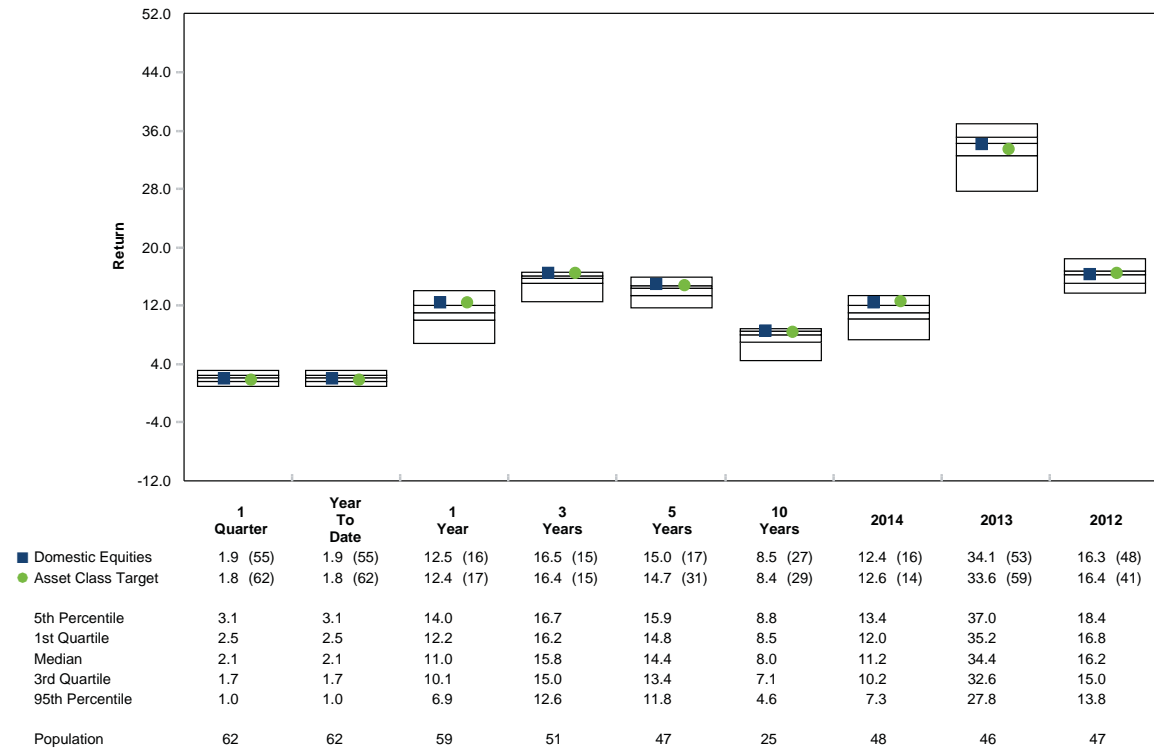
32

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As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Equity Segment



Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

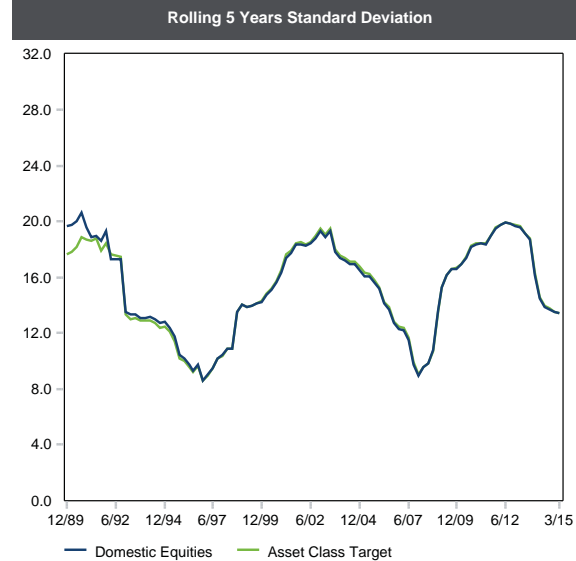
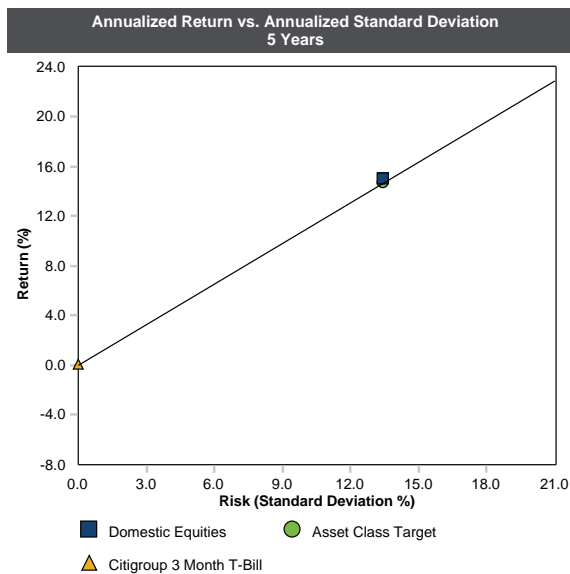
33



Domestic Equities

As of March 31, 2015

Domestic Equities Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Domestic Equities	0.24	0.25	0.96	1.00	1.11	0.25	1.00	14.98	13.45	1.00
Asset Class Target	0.00	0.00	N/A	1.00	1.09	0.00	1.00	14.71	13.46	1.00
Citigroup 3 Month T-Bill	-14.63	13.46	-1.09	0.00	N/A	0.06	0.00	0.06	0.02	0.00

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Foreign Equities

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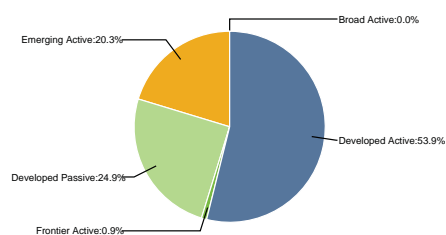
Foreign Equities

As of March 31, 2015

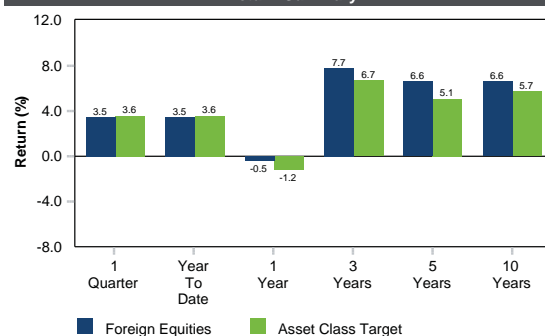
Foreign Equities Portfolio Overview

Current Allocation

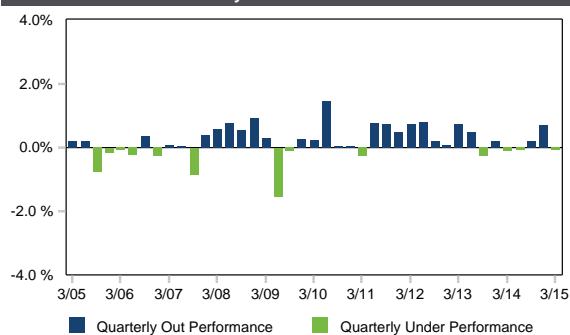
March 31, 2015 : \$39,046M



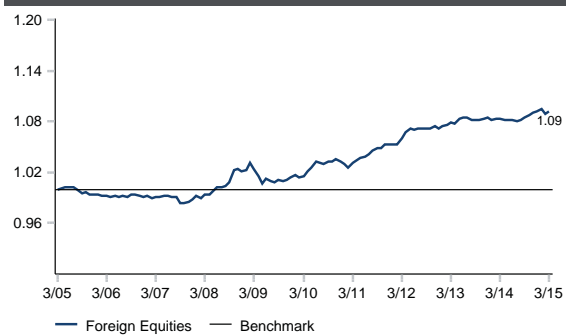
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



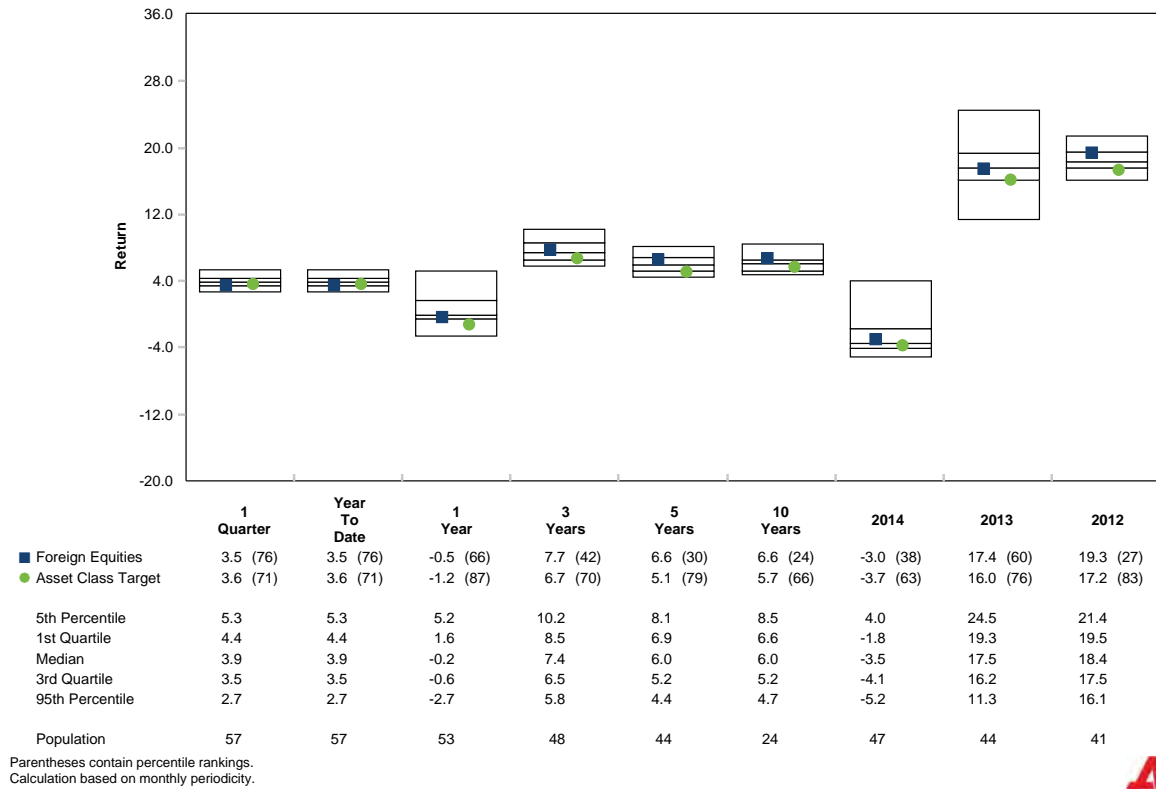
36

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As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-Intl. Equity Segment

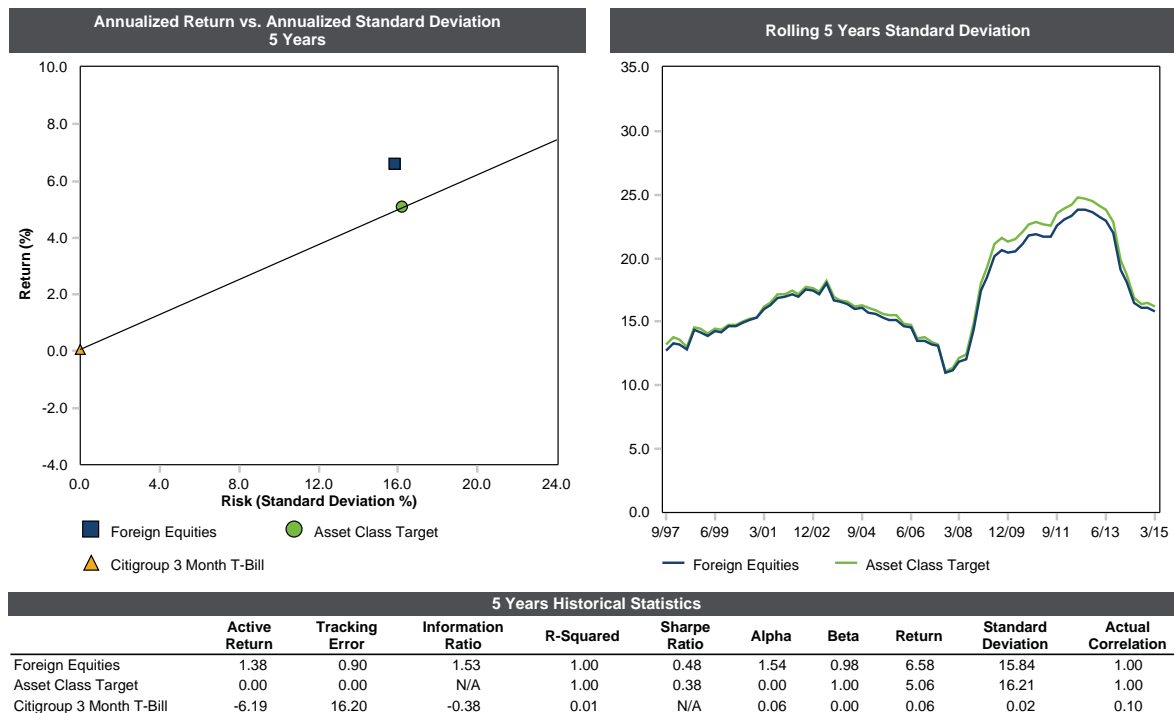


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Foreign Equities

As of March 31, 2015

Foreign Equities Risk Profile



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Global Equities

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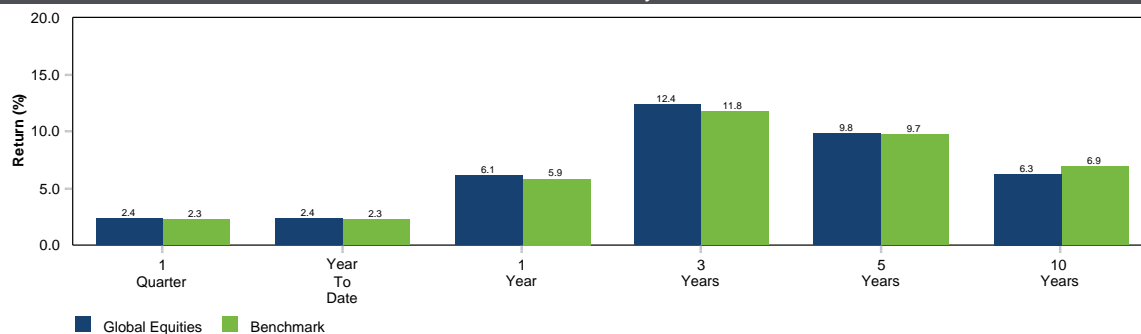
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Global Equities

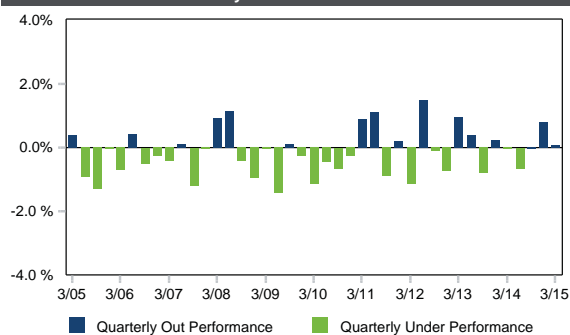
As of March 31, 2015

Global Equities Performance Summary

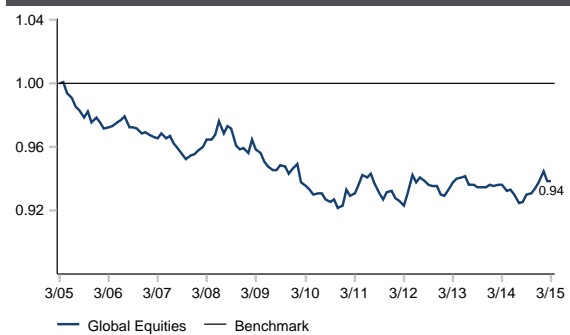
Return Summary



Quarterly Excess Performance



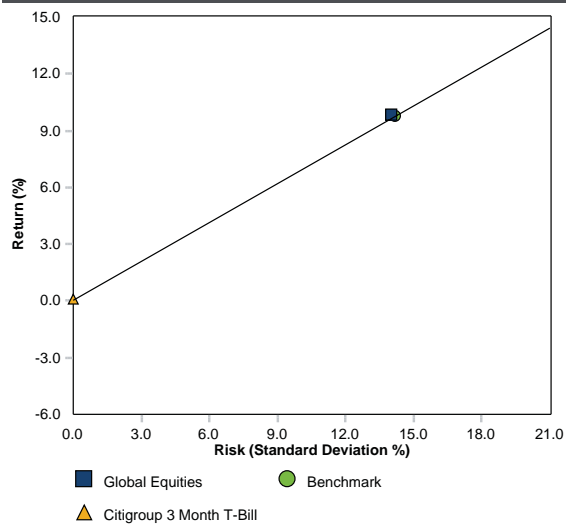
Ratio of Cumulative Wealth - 10 Years



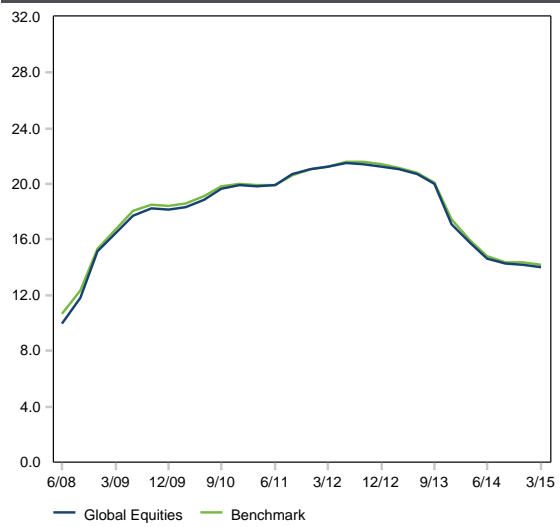
40

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Global Equities Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Global Equities	0.04	1.45	0.03	0.99	0.73	0.21	0.98	9.81	14.03	0.99
Benchmark	0.00	0.00	N/A	1.00	0.72	0.00	1.00	9.74	14.18	1.00
Citigroup 3 Month T-Bill	-10.25	14.18	-0.72	0.00	N/A	0.06	0.00	0.06	0.02	0.06

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Fixed Income

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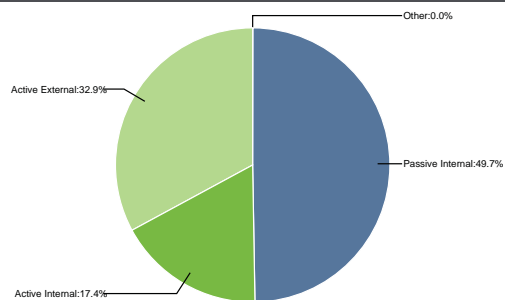
Fixed Income

As of March 31, 2015

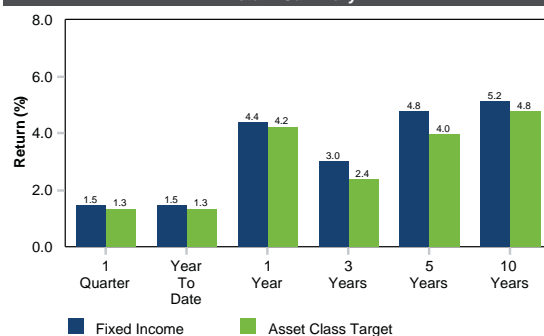
Fixed Income Portfolio Overview

Current Allocation

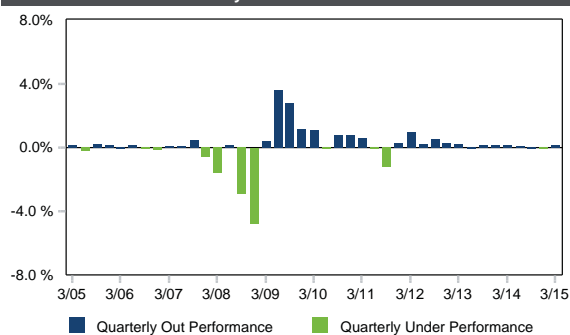
March 31, 2015 : \$29,505M



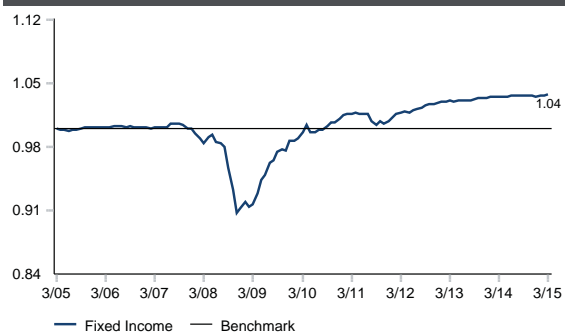
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



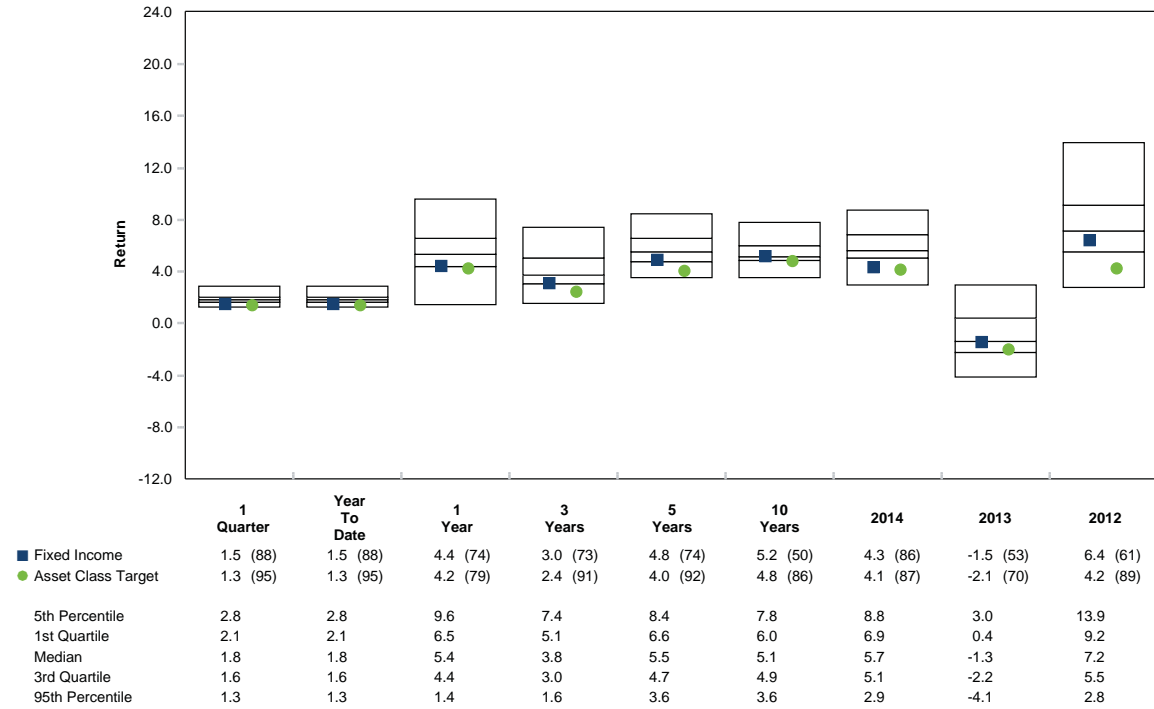
44



As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Public Plans > \$1B-US Fixed Income Segment

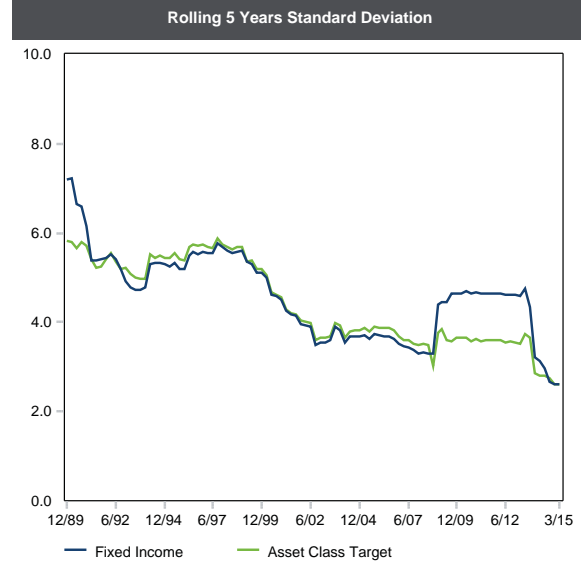
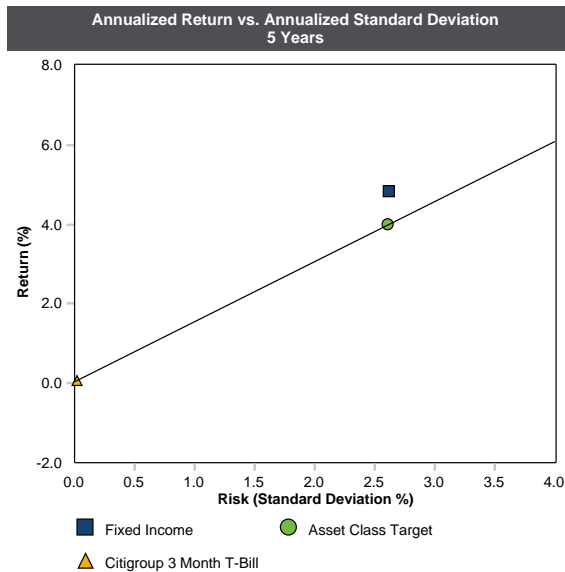


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Fixed Income

As of March 31, 2015

Fixed Income Risk Profile



5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	0.81	0.81	0.99	0.91	1.79	0.98	0.96	4.82	2.62	0.95
Asset Class Target	0.00	0.00	N/A	1.00	1.49	0.00	1.00	3.98	2.61	1.00
Citigroup 3 Month T-Bill	-3.88	2.61	-1.49	0.00	N/A	0.06	0.00	0.06	0.02	-0.01

Private Equity

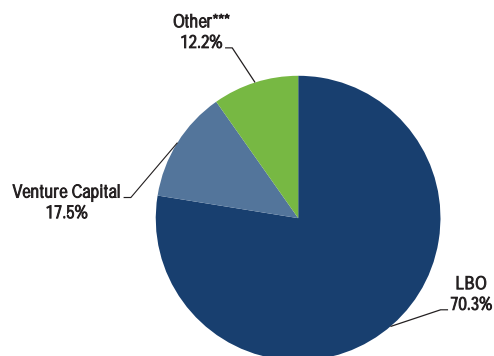
47

Private Equity

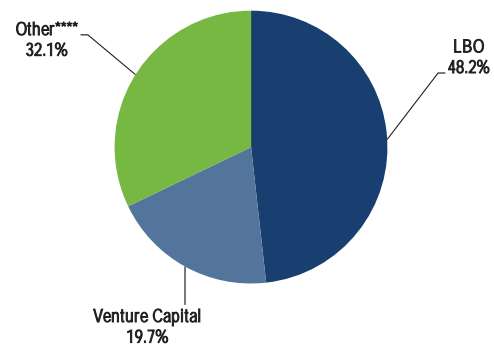
As of March 31, 2015

Overview

FRS Private Equity by Market Value*



Private Equity Strategies by Market Value**



*Allocation data is as of March 31, 2015.

**Allocation data is as of June 30, 2014, from the Preqin database.

***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.

****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.

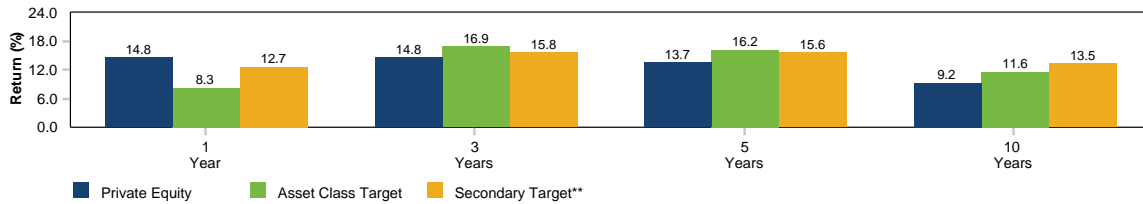
Preqin universe is comprised of 10,000 private equity funds representing \$3.8 trillion.

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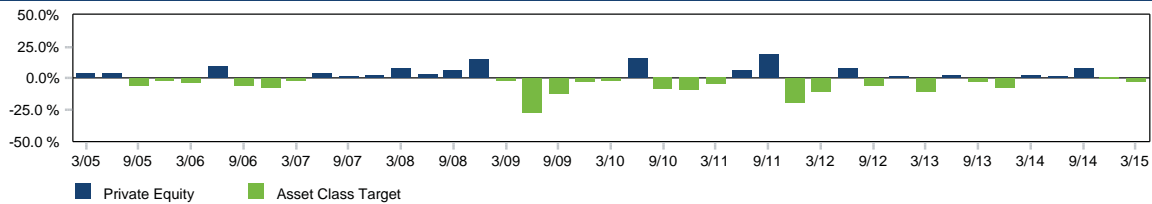
Private Equity

Time-Weighted Investment Results

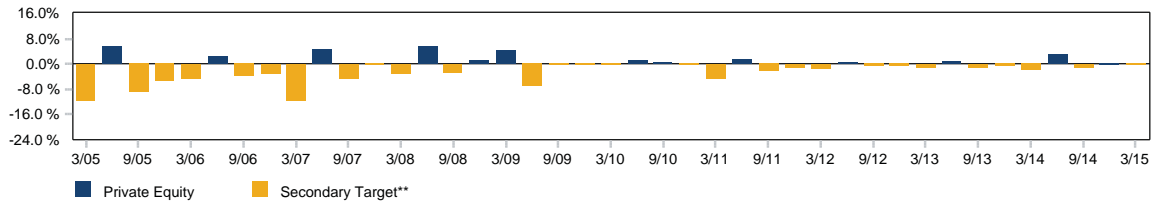
Return Summary as of March 31, 2015



Quarterly Excess Performance vs. Asset Class Target as of March 31, 2015



Quarterly Excess Performance vs. Secondary Target as of December 31, 2014



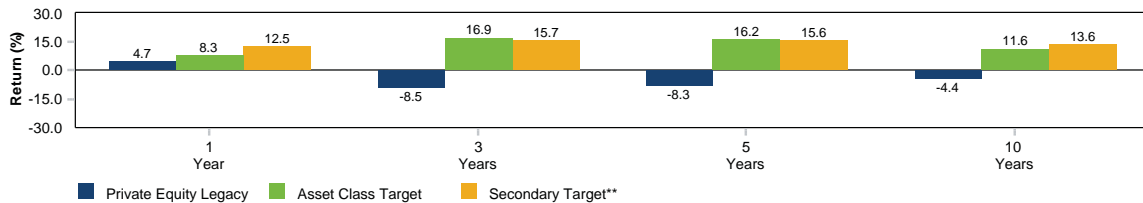
** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary target data is on a quarterly lag.



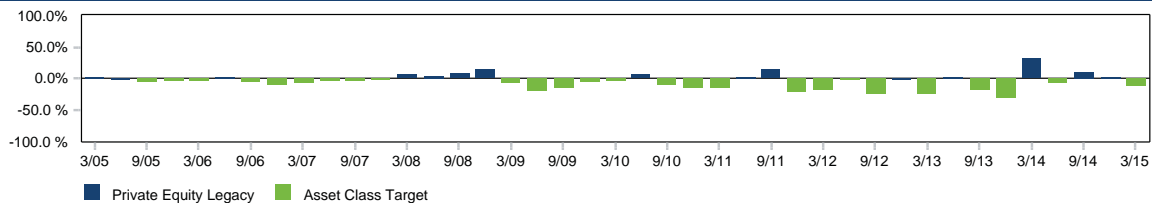
Private Equity Legacy

Time-Weighted Investment Results

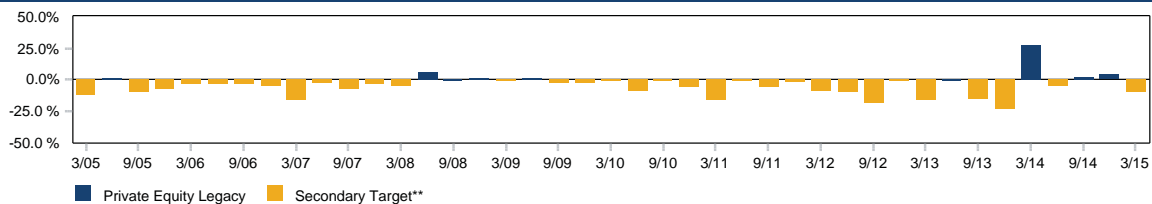
Return Summary as of March 31, 2015



Quarterly Excess Performance vs. Asset Class Target as of March 31, 2015



Quarterly Excess Performance vs. Secondary Target as of December 31, 2014



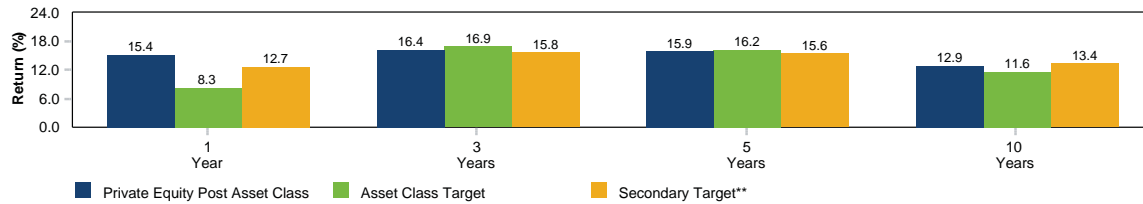
** The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary target data is on a quarterly lag.



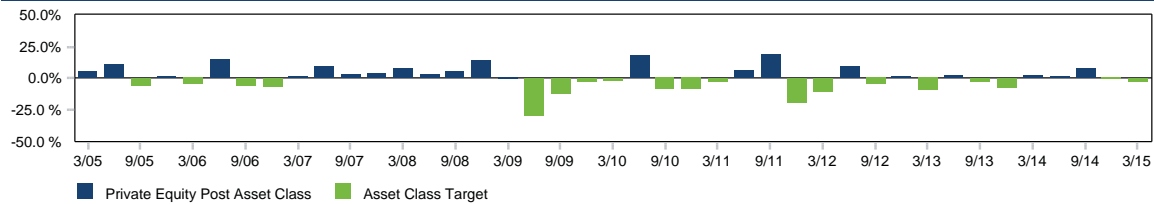
Private Equity Post Asset Class

Time-Weighted Investment Results

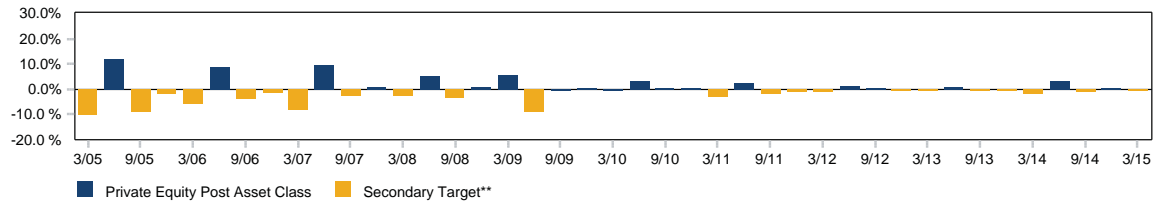
Return Summary as of March 31, 2015



Quarterly Excess Performance vs. Asset Class Target as of March 31, 2015



Quarterly Excess Performance vs. Secondary Target as of December 31, 2014



** 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.



Private Equity Dollar-Weighted Performance Cumulative Performance Measures Since Inception Through March 31, 2015

Name	Years Since Inception	Commitment	Net Paid In Cap.	Net Asset Value	IRR
Lexington Capital Partners IV	13.96	\$200,000,000	-\$146,010,994	\$5,995,805	19.4%
Liberty Partners VI	13.21	\$595,484,687	\$192,598,281	\$7,390,000	-6.6%
Lexington Capital Partners V	12.64	\$100,000,000	-\$56,430,566	\$11,446,436	19.0%
Lexington Co-Investment Partners II	12.52	\$500,000,000	-\$538,530,119	\$82,804,052	25.1%
Top Tier Venture Capital II	11.51	\$120,000,000	\$22,898,139	\$63,291,702	4.5%
Gores Capital Partners I	11.19	\$50,000,000	-\$7,749,957	\$14,410,763	10.8%
Platinum Equity Capital Partners I	11.14	\$50,000,000	-\$57,557,007	\$6,705,219	58.0%
Pantheon Venture Partners II	11.13	\$100,000,000	\$42,947,498	\$84,696,527	7.2%
Grove Street Partners Ventures	10.76	\$200,000,000	\$70,903,442	\$161,816,865	7.2%
Kelso Investment Associates VII	10.75	\$50,000,000	-\$29,382,924	\$3,922,816	11.8%
Fairview Ventures Fund II	10.75	\$50,000,000	\$26,380,577	\$36,932,832	3.2%
Hellman & Friedman Capital Partners V	10.31	\$75,000,000	-\$112,121,864	\$2,175,924	27.9%
New Mountain Partners II	10.22	\$50,000,000	-\$32,402,218	\$7,864,190	13.3%
Top Tier Venture Capital III	9.97	\$75,000,000	\$31,006,753	\$54,874,173	5.7%
Carlyle Partners IV	9.93	\$75,000,000	-\$63,746,041	\$10,219,942	13.0%
Warburg Pincus Private Equity IX	9.58	\$75,000,000	-\$35,901,244	\$19,636,584	10.1%
Lexington Co-Investment Partners 2005	9.54	\$500,000,000	\$176,385,816	\$292,737,202	3.8%
Pomona Capital VI	9.54	\$50,000,000	\$5,486,602	\$19,128,196	5.2%
Liberty Partners VII	9.43	\$290,808,542	\$46,386,443	\$13,401,199	-6.5%
Lexington Capital Partners VI B	9.32	\$100,000,000	\$6,409,041	\$42,241,825	7.1%
Apollo Investment Fund VI	9.32	\$200,000,000	-\$35,164,508	\$103,444,829	10.0%
Wellspring Capital Partners IV	9.18	\$75,000,000	\$9,819,598	\$46,560,994	8.4%
Blackstone Capital Partners V	9.05	\$150,000,000	\$17,987,177	\$99,906,618	7.9%
TowerBrook Investors II	9.00	\$75,000,000	-\$10,697,042	\$35,654,119	11.0%
Thoma Cressey Fund VIII	8.99	\$50,000,000	-\$35,574,695	\$43,354,151	17.0%
TPG Partners V	8.76	\$100,000,000	\$43,066,088	\$72,876,282	4.6%
Fairview Ventures Fund III	8.76	\$75,000,000	\$32,081,179	\$76,243,647	13.5%
Permira IV	8.63	€50,000,000	\$8,377,204	\$30,623,993	6.0%
Lindsay Goldberg & Bessemer II	8.63	\$100,000,000	-\$25,298,040	\$22,251,458	8.4%
Grove Street Partners Buyouts	8.51	\$150,000,000	\$46,663,820	\$95,563,488	8.9%
Thomas H Lee Equity Fund VI	8.38	\$75,000,000	\$18,341,196	\$54,570,975	8.0%
First Reserve Fund XI	8.38	\$100,000,000	\$47,985,513	\$33,668,163	-3.4%
RCP Advisors Fund IV	8.26	\$50,000,000	\$2,849,265	\$31,956,525	11.7%
Hellman & Friedman Capital Partners VI	8.20	\$100,000,000	-\$36,322,676	\$32,669,476	12.4%
Providence Equity Partners VI	8.05	\$50,000,000	\$17,500,121	\$32,732,770	5.8%
Green Equity Investors V	7.92	\$100,000,000	\$12,542,072	\$86,741,371	17.3%
Gores Capital Partners II	7.69	\$50,000,000	\$8,688,499	\$21,895,233	7.3%
New Mountain Partners III	7.65	\$100,000,000	\$59,229,177	\$89,304,541	7.8%



Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through March 31, 2015

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Carlyle Partners V	7.51	\$200,000,000	\$26,871,837	\$150,699,345	14.0%
Kohlberg Investors VI	7.47	\$50,000,000	-\$19,499,194	\$11,712,630	16.5%
Apollo Investment Fund VII	7.46	\$200,000,000	-\$93,545,463	\$82,777,230	25.5%
Kelso Investment Associates VIII	7.46	\$100,000,000	\$57,723,588	\$89,333,869	9.9%
Platinum Equity Capital Partners II	7.46	\$75,000,000	-\$7,809,368	\$36,780,764	14.4%
RCP Advisors Fund V	7.40	\$50,000,000	\$19,602,125	\$40,355,929	11.6%
Warburg Pincus Private Equity X	7.36	\$150,000,000	\$48,258,087	\$107,281,910	7.9%
Top Tier Venture Capital IV	7.15	\$100,000,000	\$55,827,336	\$110,692,899	13.2%
TPG Partners VI	6.96	\$200,000,000	\$93,970,408	\$166,638,876	11.0%
Pomona Capital VII	6.77	\$50,000,000	\$5,198,779	\$19,568,288	9.8%
Grove Street Partners Ventures II	6.76	\$200,000,000	\$122,599,178	\$233,528,581	19.6%
Advent International GPE VI	6.73	\$58,000,000	\$19,014,326	\$66,562,803	18.3%
TowerBrook Investors III	6.71	\$150,000,000	\$50,786,216	\$94,016,864	10.6%
CVC European Equity Partners V	6.71	€ 70,000,000	\$27,953,340	\$58,028,684	10.0%
Lindsay Goldberg III	6.71	\$100,000,000	\$63,768,435	\$84,404,288	8.7%
Thoma Bravo Fund IX	6.71	\$50,000,000	-\$60,444,202	\$40,954,153	42.4%
Ares Corporate Opportunities Fund III	6.52	\$100,000,000	\$15,333,173	\$89,551,422	21.4%
RCP Advisors Fund VI	6.49	\$50,000,000	\$31,713,066	\$37,327,927	4.9%
Cressey & Company Fund IV	6.40	\$50,000,000	\$14,532,852	\$43,330,469	21.1%
Blackstone Capital Partners VI	6.40	\$200,000,000	\$111,707,617	\$137,238,421	12.0%
First Reserve Fund XII	6.38	\$200,000,000	\$122,811,131	\$118,417,399	-0.1%
Carlyle Asia Growth Partners IV	6.29	\$75,000,000	\$42,227,828	\$56,517,638	7.0%
Top Tier Special Opportunities Fund	5.85	\$12,450,000	\$10,845,819	\$6,419,011	-10.5%
Riverside Capital Appreciation Fund V	5.79	\$75,000,000	\$4,523,703	\$36,172,027	12.4%
Freeman Spogli Equity Partners VI	5.68	\$75,000,000	\$31,536,033	\$78,842,767	18.6%
Energy Capital Partners II	5.67	\$100,000,000	\$48,649,427	\$105,930,329	18.2%
KPS Special Situations Fund III	5.52	\$50,000,000	\$5,351,325	\$29,861,893	20.9%
Gores Capital Partners III	5.50	\$125,000,000	\$83,198,918	\$98,849,291	6.4%
Charlesbank Equity Fund VII	5.44	\$75,000,000	\$43,449,883	\$86,084,660	23.5%
Lexington Capital Partners VII	5.33	\$200,000,000	\$51,924,495	\$120,361,122	16.2%
TA XI	4.67	\$100,000,000	\$48,000,000	\$85,998,534	17.8%
Snow Phipps II	4.64	\$50,000,000	\$32,810,640	\$46,176,760	14.8%
Pantheon Global Secondary Fund IV	4.61	\$100,000,000	\$18,162,499	\$45,031,466	16.4%
JH Whitney VII	4.47	\$75,000,000	\$44,863,375	\$59,748,696	12.0%
Trident V	4.42	\$75,000,000	\$65,407,957	\$76,129,465	6.6%
RCP Advisors Fund VII	4.33	\$50,000,000	\$26,012,538	\$30,305,055	7.0%
EnerVest Energy XII A	4.26	\$60,000,000	\$21,933,684	\$47,986,673	14.5%
EnCap Energy Capital Fund VIII	4.12	\$75,000,000	\$42,529,663	\$50,265,529	6.8%

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Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through March 31, 2015

<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Cortec Group V	3.95	\$50,000,000	\$37,689,839	\$50,739,767	17.3%
Montagu Private Equity Fund IV	3.85	€ 40,000,000	\$29,085,235	\$29,720,772	1.1%
Wellspring Capital Partners V	3.75	\$150,000,000	\$83,046,752	\$87,668,311	3.0%
Grove Street Partners Buyouts II	3.69	\$200,000,000	\$73,442,643	\$78,146,318	3.7%
Fairview Special Opportunities Fund	3.67	\$35,000,000	\$112,147,610	\$161,478,417	29.2%
ABRY Partners VII	3.64	\$75,000,000	\$60,559,121	\$77,466,598	10.4%
Hellman & Friedman Capital Partners VII	3.64	\$200,000,000	\$126,132,574	\$151,482,541	9.0%
Berkshire Fund VIII	3.60	\$60,000,000	\$30,133,816	\$30,046,354	-0.2%
Strategic Investors Fund V A	3.50	\$125,000,000	\$77,489,806	\$91,966,937	10.5%
Francisco Partners III	3.43	\$75,000,000	\$61,568,921	\$84,478,557	16.1%
TPG Growth II	3.27	\$100,000,000	\$78,688,528	\$118,399,136	34.0%
TrueBridge - FLSBA Special Purpose	3.20	\$50,000,000	\$33,975,000	\$44,926,229	18.6%
TrueBridge - Kauffman Fellows Endowment Fund II	3.20	\$100,000,000	\$83,402,350	\$108,558,459	13.3%
Lexington Co-Investment Partners 2005 II Pool III	3.13	\$500,000,000	\$268,071,479	\$337,423,757	16.1%
Platinum Equity Capital Partners III	3.01	\$200,000,000	\$14,403,989	\$68,213,879	33.7%
Denham Commodity Partners Fund VI	3.00	\$100,000,000	\$31,349,907	\$42,318,709	15.4%
Thoma Bravo Fund X	2.99	\$100,000,000	\$47,992,528	\$104,677,890	30.3%
Providence Equity Partners VII	2.89	\$150,000,000	\$72,506,335	\$74,791,325	3.0%
Warburg Pincus Private Equity XI	2.85	\$200,000,000	\$109,666,985	\$136,573,346	15.6%
AXA Secondary Fund V	2.80	\$100,000,000	\$44,404,990	\$75,549,191	21.7%
Summit Partners Growth Equity Fund VIII A	2.80	\$60,000,000	\$60,989,016	\$69,358,186	9.4%
RCP Advisors Fund VIII	2.75	\$50,000,000	\$15,035,407	\$13,730,014	-6.9%
Strategic Investors Fund V A Opportunity	2.70	\$50,000,000	\$32,756,961	\$35,752,506	6.1%
Carlyle Partners VI	2.44	\$200,000,000	\$61,256,315	\$57,425,346	-7.7%
Grove Street Partners Ventures III	2.44	\$150,000,000	\$46,550,294	\$44,496,690	-5.7%
Apax VIII	2.42	\$157,584,000	\$50,962,753	\$54,797,053	6.0%
Green Equity Investors VI	2.42	\$200,000,000	\$91,432,100	\$98,921,888	6.7%
Ares Corporate Opportunities Fund IV	2.40	\$200,000,000	\$122,856,369	\$129,562,839	6.1%
Advent International GPE VII	2.32	€ 100,000,000	\$60,726,916	\$67,872,348	8.1%
Silver Lake Partners IV	2.27	\$100,000,000	\$21,600,247	\$30,233,303	43.7%
EnCap Energy Capital Fund IX	2.23	\$75,000,000	\$34,145,843	\$32,562,841	-5.9%
Lexington Middle Market Investors III	2.21	\$100,000,000	\$11,998,114	\$14,043,984	10.2%
EnerVest Energy Institutional Fund XIII A	2.19	\$100,000,000	\$93,861,970	\$85,063,154	-11.4%
SVB Strategic Investors Fund VI A	2.00	\$125,000,000	\$45,692,478	\$44,260,904	-4.6%
TowerBrook Investors IV	1.89	\$190,000,000	\$15,132,624	\$14,727,468	-3.3%
KKR Asia Fund II	1.80	\$100,000,000	\$31,151,388	\$35,284,956	13.9%
TrueBridge - Kauffman Fellows Endowment Fund III	1.76	\$150,000,000	\$42,544,440	\$39,643,099	-7.8%
KPS Special Situations Fund IV	1.76	\$150,000,000	\$13,032,778	\$12,323,551	-6.5%

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Private Equity Dollar-Weighted Performance (continued)
Cumulative Performance Measures Since Inception Through March 31, 2015

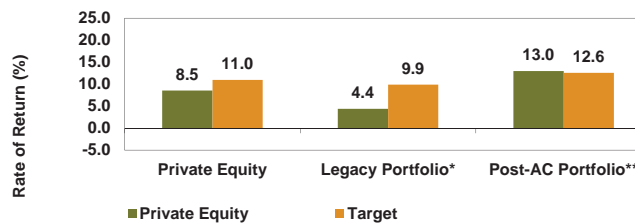
<u>Name</u>	<u>Years Since Inception</u>	<u>Commitment</u>	<u>Net Paid In Cap.</u>	<u>Net Asset Value</u>	<u>IRR</u>
Riverside Capital Appreciation Fund VI	1.76	\$75,000,000	\$20,142,716	\$17,249,275	-18.1%
TrueBridge - FLSBA Special Purpose III	1.76	\$25,000,000	\$3,033,888	\$3,014,562	-1.1%
Insight Venture Partners VIII	1.76	\$75,000,000	\$65,358,165	\$68,724,180	4.9%
W Capital Partners III	1.64	\$75,000,000	\$21,561,553	\$21,866,330	1.2%
Thoma Bravo Special Opportunities Fund I	1.61	\$50,000,000	\$24,350,082	\$33,766,236	31.8%
Apollo Investment Fund VIII	1.60	\$200,000,000	\$27,037,706	\$24,364,225	-16.3%
AXA LBO Fund V	1.59	€58,000,000	\$43,492,622	\$35,196,872	-15.6%
DCPF VI Oil and Gas Coinvestment Fund	1.50	\$50,000,000	\$10,829,773	\$9,448,638	-14.8%
CVC Capital Partners VI	1.46	\$75,000,000	\$7,487,598	\$4,422,700	-49.5%
Energy Capital Partners III	1.17	\$150,000,000	\$30,768,658	\$25,201,070	-33.0%
ASF VI	1.17	\$150,000,000	\$41,919,858	\$49,718,763	30.3%
Permira V	1.15	€73,800,000	\$33,792,194	\$27,028,000	-25.7%
New Mountain Partners IV	1.15	\$100,000,000	\$13,745,829	\$13,315,054	-9.1%
Atlas Capital Resources II	1.15	\$20,000,000	\$5,495,575	\$5,990,837	34.8%
Post Oak Energy Partners II	1.12	\$25,000,000	\$1,219,255	\$504,906	-85.4%
SVB Capital Partners III	0.98	\$22,500,000	\$5,287,465	\$5,643,049	N/A
Asia Alternatives FL Investor	0.89	\$150,000,000	\$10,431,993	\$9,261,189	N/A
RCP Advisors Fund IX	0.89	\$100,000,000	\$2,548,988	\$1,802,675	N/A
Thoma Bravo Fund XI	0.83	\$150,000,000	\$56,869,304	\$55,696,743	N/A
The Energy & Minerals Group Fund III	0.79	\$85,000,000	\$54,804,850	\$54,068,661	N/A
Rubicon Technology Partners	0.75	\$50,000,000	\$7,766,265	\$6,576,641	N/A
EnCap Flatrock Midstream Fund III	0.73	\$50,000,000	\$1,779,486	\$1,173,326	N/A
Freeman Spogli Equity Partners VII	0.73	\$100,000,000	\$11,803,540	\$9,904,242	N/A
Trident VI	0.66	\$75,000,000	\$9,976,925	\$8,699,321	N/A
Lexington Capital Partners VIII	0.66	\$200,000,000	\$17,569,931	\$20,729,726	N/A
Accel-KKR Structured Capital Partners II	0.66	\$25,000,000	\$2,384,071	\$1,994,379	N/A
Charlesbank Equity Fund VIII	0.66	\$100,000,000	\$8,717,177	\$8,163,820	N/A
Strategic Investors Fund VII	0.48	\$125,000,000	\$31,177	\$0	N/A
OpenView Venture Partners IV	0.41	\$30,000,000	\$3,725,690	\$3,191,305	N/A
ABRY Partners VIII	0.31	\$75,000,000	\$60,185	\$0	N/A
Hellman & Friedman Capital Partners VIII	0.31	\$200,000,000	\$41,794	\$0	N/A
Inflexion Partnership Capital Fund I	0.31	£16,700,000.00	\$42,395	\$0	N/A
Inflexion Buyout Fund IV	0.31	£33,300,000.00	\$42,395	\$0	N/A
Insight Venture Partners IX	0.18	\$75,000,000	\$8,281,848	\$8,250,000	N/A
Siris Partners III	0.18	\$50,000,000	\$68,200	\$0	N/A
Cressey & Company Fund V	0.16	\$75,000,000	\$48,552	\$0	N/A
Francisco Partners IV	0.16	\$75,000,000	\$73,756	\$0	N/A
EnCap Energy Capital Fund X	0.01	\$100,000,000	\$4,780,000	\$4,322,582	N/A
Venture Overage Fund	0.01	\$125,000,000	\$74,512,500	\$74,512,500	N/A
Private Equity ex Cash ex Transition			\$1,992,062,447	\$8,280,106,231	8.5%

Private Equity

Dollar-Weighted Investment Results

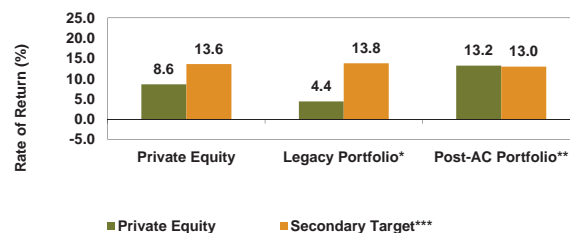
As of March 31, 2015

Since Inception



As of December 31, 2014

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.

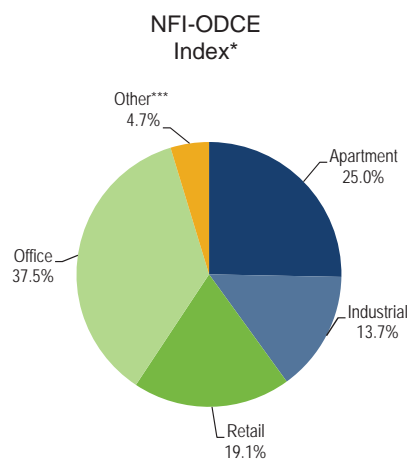
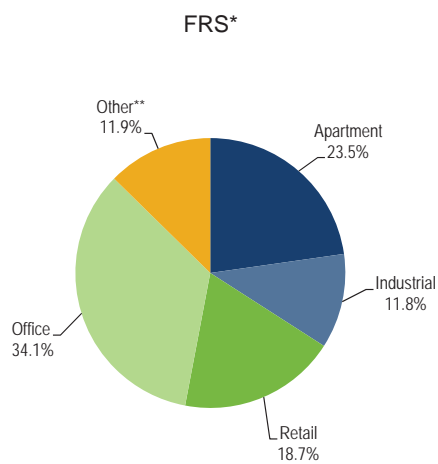
Real Estate

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Real Estate

As of March 31, 2015

Overview



*Property Allocation data is as of December 31, 2014. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.

**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.

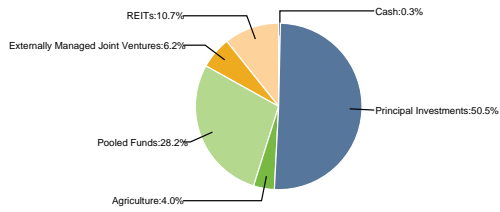
***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Health Care, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

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Real Estate Portfolio Overview

Current Allocation

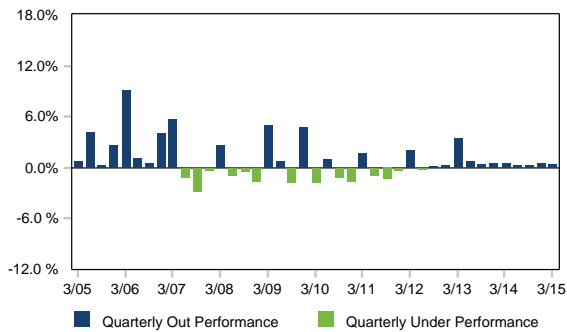
March 31, 2015 : \$11,971M



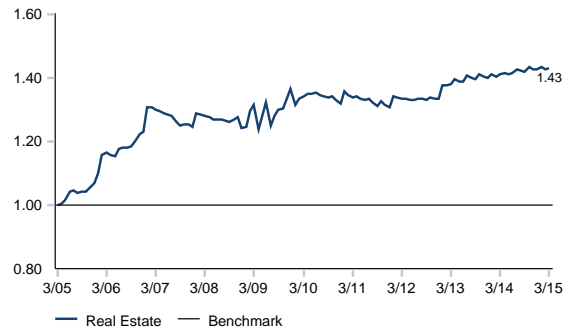
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years

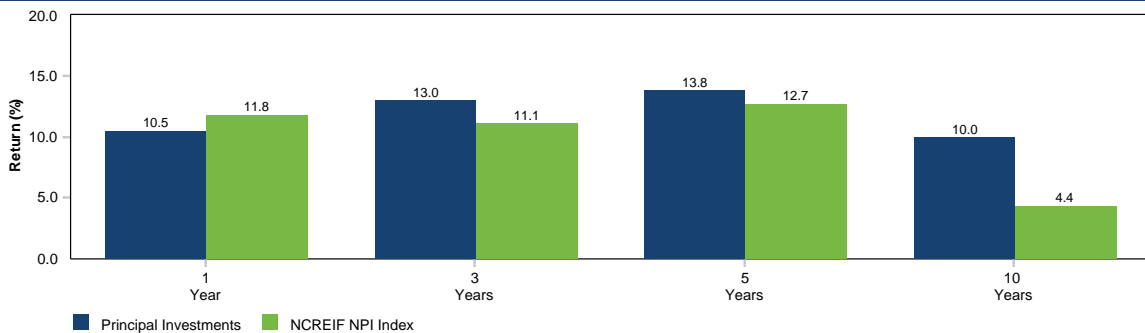


Principal Investments

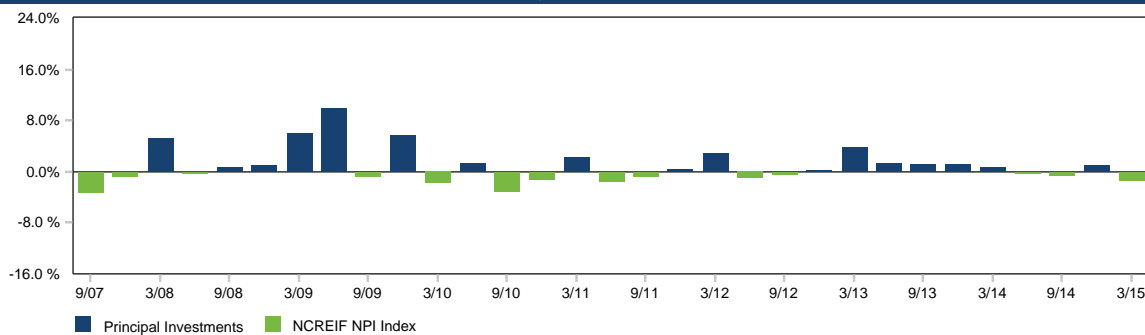
As of March 31, 2015

Principal Investments

Return Summary



Quarterly Excess Performance

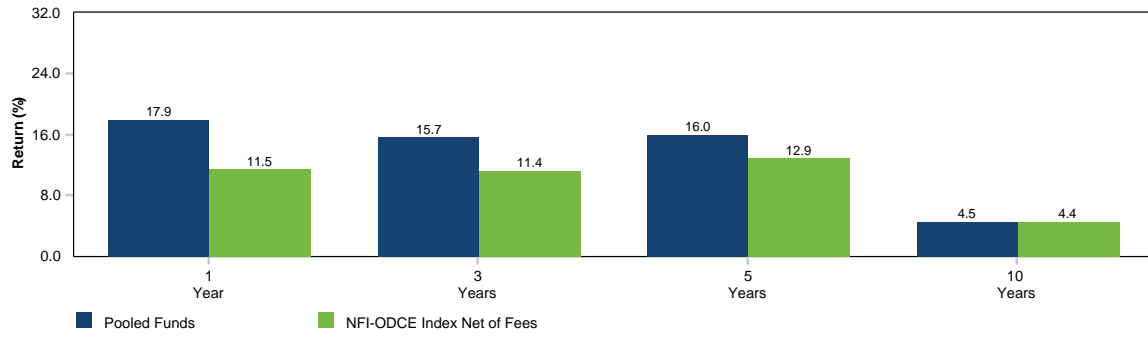


Pooled Funds

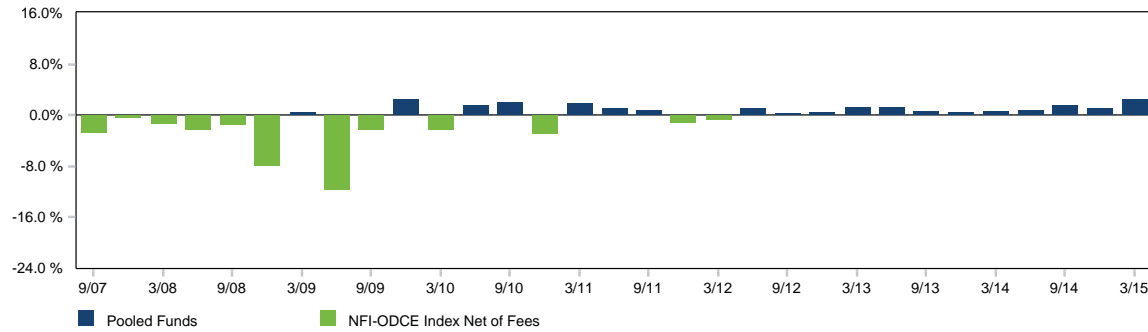
As of March 31, 2015

Pooled Funds

Return Summary



Quarterly Excess Performance

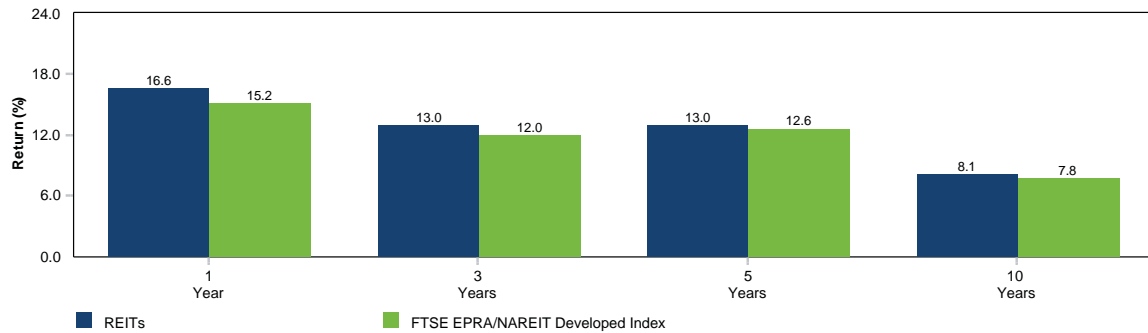


REITs

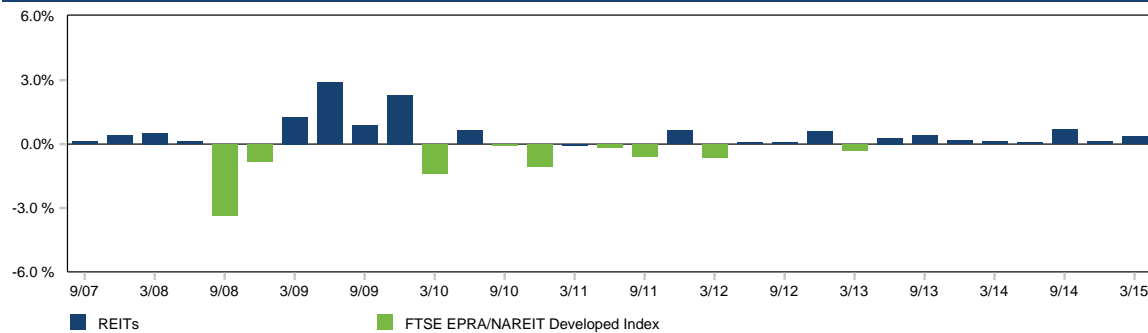
As of March 31, 2015

REITs

Return Summary



Quarterly Excess Performance



Real Estate Pooled Funds Dollar-Weighted Performance Measures Through March 31, 2015

	Years Since			Since Inception
Name	Inception	Commitment	Net Asset Value	Managed Return
Pooled Funds				
Beacon Capital Strategic Partners Fund V	7.78	\$100,000,000	\$26,979,211	-8.2%
Blackstone Asia	1.27	\$200,000,000	\$97,705,944	8.4%
Blackstone Real Estate Partners VI	7.76	\$200,000,000	\$201,416,236	14.8%
Blackstone Real Estate Partners VII	2.96	\$300,000,000	\$306,656,622	29.4%
Brookfield-Fairfield US Multi	2.64	\$50,000,000	\$55,985,877	21.0%
Brookfield-Fairfield US Multi II	1.22	\$75,000,000	\$33,652,522	9.6%
CapMan Nordic Real Estate Fund	0.27	€50,000,000	\$15,381,277	N/A
Carlyle Realty Partners VI	3.24	\$83,000,000	\$58,378,010	21.6%
Carlyle Realty Partners VII	0.75	\$50,000,000	\$3,009,866	N/A
CIM Fund VIII	0.27	\$50,000,000	\$16,710,485	N/A
Diamond Property Fund	8.75	\$100,000,000	\$33,668,793	-9.9%
Europa Fund IV	0.88	€74,000,000	\$26,366,160	N/A
Hines US Office Value Added Fund II	7.61	\$135,437,699	\$38,907,685	-9.7%
JP Morgan European Opportunistic Property Fund III	0.42	€50,000,000	-\$1,291,159.77	N/A
JP Morgan Pooled Fund	11.66	\$250,000,000	\$351,033,904	6.2%
JP Morgan Special Situation Fund	7.90	\$150,000,000	\$146,860,166	0.5%
Prime Property Fund	8.84	\$250,000,000	\$324,227,805	5.3%
Principal Financial Group Pooled Fund	11.74	\$175,000,000	\$289,363,769	6.1%
Prologis US Logistics Fund	0.42	\$100,000,000	\$0	N/A
Prudential PRISA	10.01	\$250,000,000	\$290,706,903	3.8%
Prudential PRISA Fund II	7.59	\$145,000,000	\$160,515,196	3.3%
Prudential PRISA III	7.25	\$150,000,000	\$206,773,125	9.6%
Rockpoint Real Estate Fund III	7.30	\$100,000,000	\$16,028,491	14.9%
Rockpoint Real Estate Fund IV	2.75	\$100,000,000	\$49,699,832	42.9%
RREEF America REIT Pooled Fund	11.76	\$250,000,000	\$260,112,009	5.1%
Starwood Opportunity Fund IX	2.33	\$100,000,000	\$81,974,257	35.8%
Starwood Opportunity Fund X	0.66	\$150,000,000	\$451,674	N/A
Tristan EPISO 3	1.11	€55,000,000	\$27,600,489	-27.7%
UBS Pooled Fund	11.76	\$200,000,000	\$259,797,452	6.7%
Total Pooled Funds			\$3,378,672,599	5.4%

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Strategic Investments

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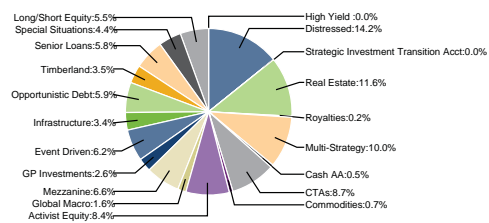
Strategic Investments

As of March 31, 2015

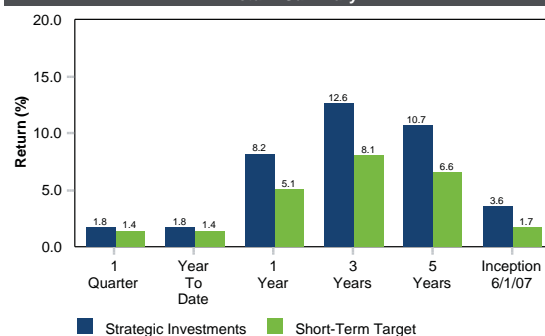
Strategic Investments Portfolio Overview

Current Allocation

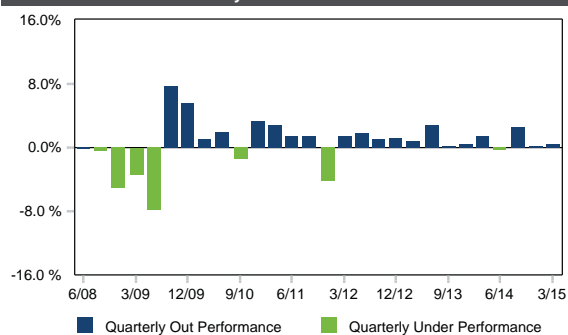
March 31, 2015 : \$9,966M



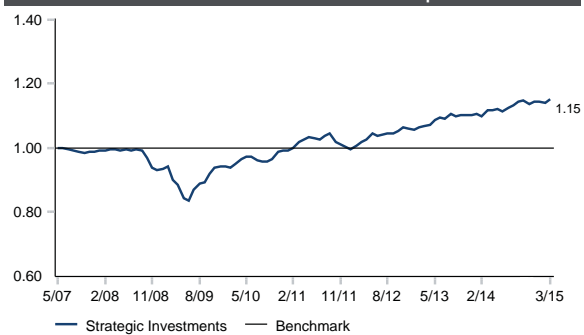
Return Summary



Quarterly Excess Performance



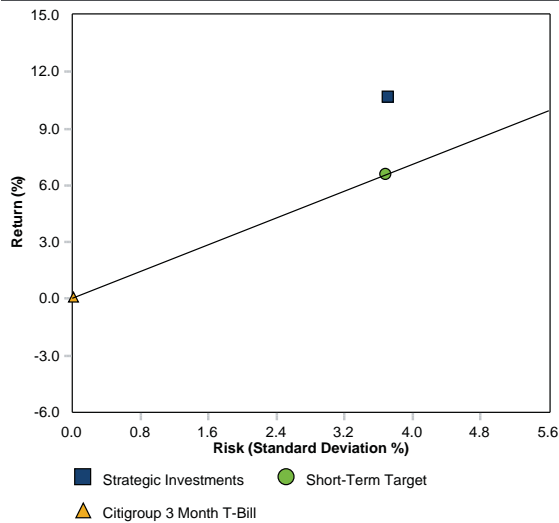
Ratio of Cumulative Wealth - Since Inception



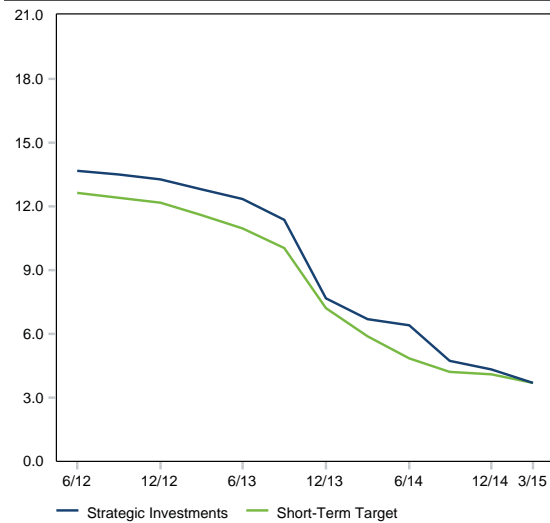
66

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Strategic Investments Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Strategic Investments	3.82	2.98	1.28	0.46	2.75	6.02	0.68	10.68	3.72	0.68
Short-Term Target	0.00	0.00	N/A	1.00	1.73	0.00	1.00	6.56	3.68	1.00
Citigroup 3 Month T-Bill	-6.38	3.68	-1.73	0.00	N/A	0.06	0.00	0.06	0.02	0.06

Strategic Investments Value-Added Returns

For Time Periods Ending March 2015

Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Senior Loans:													
ABRY Advanced Securities Fund	\$150,000,000	41.20%	4.91%	36.29%	42.90%	6.03%	36.87%	27.61%	6.52%	21.09%	25.98%	5.92%	20.06%
ABRY Advanced Securities Fund II	\$150,000,000	5.23%	4.91%	0.32%	20.12%	6.03%	14.09%				10.36%	6.16%	4.20%
ABRY Advanced Securities Fund III	\$150,000,000										-49.04%	3.02%	-52.06%
Apollo Credit Liquidity Fund	\$238,233,051	8.10%	4.91%	3.19%	19.60%	6.03%	13.57%	16.08%	6.52%	9.56%	13.09%	6.55%	6.54%
Audax Credit Opportunities	\$200,000,000	7.05%	4.91%	2.14%	6.93%	6.03%	0.90%				6.72%	6.47%	0.25%
Blackstone Credit Liquidity Partners, L.P.	\$250,000,000	78.63%	4.91%	73.72%	45.00%	6.03%	38.97%	37.11%	6.52%	30.59%	22.73%	6.55%	16.18%
Providence TMT Debt Opportunity Fund II, L.P.	\$100,000,000	7.10%	4.91%	2.19%	13.37%	6.03%	7.34%				8.98%	6.52%	2.46%
Providence TMT Special Situation Fund	\$150,000,000	18.36%	4.91%	13.45%	17.25%	6.03%	11.22%	13.54%	6.52%	7.02%	12.53%	6.44%	6.09%
Providence Debt Fund III, L.P.	\$150,000,000	13.94%	4.91%	9.03%							2.81%	5.00%	-2.19%
Mezzanine:													
ABRY Senior Equity III, L.P.	\$60,000,000	32.24%	4.91%	27.33%	23.04%	6.03%	17.01%				11.14%	6.46%	4.68%
ABRY Senior Equity IV, L.P.	\$60,000,000	12.98%	4.91%	8.07%							6.78%	5.40%	1.38%
Carlyle Mezzanine Partners II, L.P.	\$150,000,000	8.98%	4.91%	4.07%	13.30%	6.03%	7.27%	8.47%	6.52%	1.95%	7.26%	6.13%	1.13%
Crescent Mezzanine Partners VI	\$150,000,000	9.23%	4.91%	4.32%							4.74%	5.64%	-0.90%
Falcon Strategic Partners III	\$75,000,000	4.23%	4.91%	-0.68%	9.41%	6.03%	3.38%	12.69%	6.52%	6.17%	11.47%	6.62%	4.85%
Falcon Strategic Partners IV	\$100,000,000	10.43%	4.91%	5.52%							6.38%	5.40%	0.98%
GSO Capital Opportunities Fund	\$200,000,000	10.58%	4.91%	5.67%	21.90%	6.03%	15.87%	22.39%	6.52%	15.87%	18.75%	5.99%	12.76%
GSO Capital Opportunities Fund II	\$150,000,000	23.16%	4.91%	18.25%	24.22%	6.03%	18.19%				21.28%	5.95%	15.33%
Levine Leichtman Capital Partners IV	\$100,000,000	-1.35%	4.91%	-6.26%	13.65%	6.03%	7.62%	19.23%	6.52%	12.71%	13.51%	6.46%	7.05%
Levine Leichtman Capital Partners V	\$200,000,000	16.80%	4.91%	11.89%							-65.69%	5.25%	-70.94%
TCW Crescent Mezzanine Partners V	\$150,000,000	10.15%	4.91%	5.24%	11.89%	6.03%	5.86%	10.60%	6.52%	4.08%	9.44%	6.04%	3.40%
TSS Structured Capital II	\$75,000,000	77.23%	4.91%	72.32%	43.48%	6.03%	37.45%	28.33%	6.52%	21.81%	18.53%	6.62%	11.91%
Distressed:													
Blackstone/GSO Capital Solutions Fund	\$100,000,000	5.09%	4.91%	0.18%	14.78%	6.03%	8.75%				14.09%	6.47%	7.62%
GSO Capital Solutions Fund II, L.P.	\$200,000,000	60.43%	4.91%	55.52%							214.62%	4.82%	209.80%
Castelake III, L.P.	\$75,000,000	5.08%	4.91%	0.17%							4.68%	5.26%	-0.58%
CVI Credit Value Fund A	\$100,000,000	15.35%	4.91%	10.44%	23.51%	6.03%	17.48%				18.42%	6.56%	11.86%
CVI Credit Value Fund II, L.P.	\$200,000,000	3.65%	4.91%	-1.26%							11.77%	5.70%	6.07%
CVI Global Value Fund A-Class P	\$250,000,000	20.72%	4.91%	15.81%	24.68%	6.03%	18.65%	21.49%	6.52%	14.97%	21.78%	6.00%	15.78%
Distressed Managers II F.L.P.	\$150,000,000	7.31%	4.91%	2.40%	2.14%	6.03%	-3.89%	2.61%	6.52%	-3.91%	1.70%	7.99%	-6.29%
Marathon European Credit Opportunity Fund II	\$100,000,000	0.00%	4.91%	-4.91%							3.91%	1.55%	2.36%
Oaktree Opportunities Fund VIII, L.P.	\$100,000,000	3.64%	4.91%	-1.27%	13.46%	6.03%	7.43%				9.85%	6.54%	3.31%
Oaktree Opportunities Fund VIIIb, L.P.	\$50,000,000	2.75%	4.91%	-2.16%	9.07%	6.03%	3.04%				6.00%	5.90%	0.10%
Oaktree Opportunity Fund IX	\$100,000,000	2.21%	4.91%	-2.70%							2.59%	5.86%	-3.27%
OCM Opportunities Fund VIIb	\$50,000,000	-13.85%	4.91%	-18.76%	10.66%	6.03%	4.63%	9.74%	6.52%	3.22%	9.39%	4.60%	4.79%
PCG Special Situations Partners, L.P.	\$150,000,000	9.94%	4.91%	5.03%	15.35%	6.03%	9.32%	9.46%	6.52%	2.94%	8.07%	0.00%	8.07%
Special Situation Partners II	\$100,000,000	-1.41%	4.91%	-6.32%	12.01%	6.03%	5.98%	12.58%	6.52%	6.06%	5.97%	5.43%	0.54%
The Verde Fund XI (C), L.P.	\$200,000,000	6.99%	4.91%	2.08%							6.96%	5.25%	1.71%
Verde Fund X, L.P.	\$100,000,000	10.38%	4.91%	5.47%	14.09%	6.03%	8.06%	10.02%	6.52%	3.50%	10.02%	6.52%	3.50%
Wayzata Opportunities Fund II	\$50,000,000	23.36%	4.91%	18.45%	24.38%	6.03%	18.35%	21.38%	6.52%	14.86%	17.37%	4.95%	12.42%
Wayzata Opportunities Fund III, LP	\$150,000,000	-1.33%	4.91%	-6.24%							-13.63%	5.70%	-19.33%
Opportunistic Debt:													
Anchorage Capital Fund	\$150,000,000	4.84%	-0.24%	5.08%	12.92%	7.98%	4.94%				11.84%	8.78%	3.06%
King Street Capital Fund	\$200,000,000	4.08%	-0.24%	4.32%	8.19%	7.98%	0.21%				5.40%	5.53%	-0.13%
Canyon Value Realization Fund, L.P.	\$100,000,000										1.76%	8.19%	-6.43%
TSSP Adjacent Opportunities Partners, L.P.	\$100,000,000										1.70%	1.04%	0.66%

Strategic Investments Value-Added Returns (continued)													
For Time Periods Ending March 2015													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Long/Short Equity:													
Highline Capital Partners	\$150,000,000	10.66%	5.82%	4.84%	12.88%	8.51%	4.37%				9.64%	5.55%	4.09%
Scopia PX LLC	\$100,000,000	18.86%	-0.56%	19.42%	8.39%	6.28%	2.11%				8.39%	6.28%	2.11%
Three Bridges Europe Fund LP	\$75,000,000	4.25%	5.82%	-1.57%							12.47%	10.05%	2.42%
JHL Capital Group Fund LLC	\$100,000,000	12.17%	5.82%	6.35%							11.90%	6.46%	5.44%
Activist Equity:													
Cevian Capital II	\$100,000,000	6.92%	-4.94%	11.86%	11.38%	9.37%	2.01%	13.97%	6.38%	7.59%	13.97%	6.38%	7.59%
KV Partners	\$150,000,000	-23.02%	-4.94%	-18.08%	1.28%	9.39%	-8.11%				-3.61%	7.97%	-11.58%
P2 Capital Fund	\$100,000,000	7.19%	8.21%	-1.02%	17.76%	16.27%	1.49%				16.73%	16.04%	0.69%
Starboard Value and Opportunity Fund	\$200,000,000	28.42%	8.21%	20.21%	18.30%	16.27%	2.03%				17.20%	12.26%	4.94%
GP Investments:													
Blackstone Unit Trusts		19.73%	12.37%	7.36%	33.10%	16.43%	16.67%	22.78%	14.71%	8.07%	6.28%	6.78%	-0.50%
Lexington GP Holdings	\$41,250,000	44.11%	4.91%	39.20%	19.28%	6.03%	13.25%				25.45%	6.48%	18.97%
Providence Equity Global Group	\$150,000,000	17.89%	4.91%	12.98%							6.34%	5.55%	0.79%
Infrastructure:													
Global Infrastructure Partners II, L.P.	\$150,000,000	58.00%	4.91%	53.09%							35.15%	5.60%	29.55%
IFM Global Infrastructure (US) L.P.	\$300,000,000										-1.70%	-0.17%	-1.53%
Timberland													
Boston Timber Opportunities	\$300,000,000	6.03%	11.48%	-5.45%	9.24%	10.23%	-0.99%				9.24%	10.23%	-0.99%
Jackson Timberland Opportunities	\$200,000,000	11.58%	10.48%	1.10%							7.57%	9.53%	-1.96%
Commodities:													
EIG Energy Fund XVI, L.P.	\$100,000,000	-57.08%	4.91%	-61.99%							-59.80%	4.82%	-64.62%
Orion Mine Finance Fund I	\$100,000,000	3.66%	4.91%	-1.25%							-0.01%	5.76%	-5.77%
Real Estate:													
BlackRock Carbon Capital V	\$150,000,000	8.34%	4.91%	3.43%							4.92%	5.25%	-0.33%
Principal RE Debt (SBAF Mortgage Fund)	\$600,000,000	8.89%	4.91%	3.98%	9.67%	6.03%	3.64%	7.32%	6.52%	0.80%	6.05%	6.46%	-0.41%
Bayview Opportunity Fund IIb	\$150,000,000	16.97%	4.91%	12.06%							11.07%	5.86%	5.21%
Bayview Opportunity Master Fund II b	\$100,000,000	40.00%	4.91%	35.09%	34.76%	6.03%	28.73%				23.23%	6.47%	16.76%
Cerberus Institutional Real Estate Partners III, L.P.	\$150,000,000	12.77%	4.91%	7.86%							5.58%	5.00%	0.58%
Colony Distressed Credit Fund II	\$75,000,000	11.88%	4.91%	6.97%	12.28%	6.03%	6.25%				9.92%	5.89%	4.03%
Square Mile Partners III	\$100,000,000	16.88%	4.91%	11.97%	15.03%	6.03%	9.00%	14.43%	6.52%	7.91%	7.91%	6.56%	1.35%
Tricon Housing Partners US LP	\$105,000,000	14.35%	4.91%	9.44%	12.99%	6.03%	6.96%	10.60%	6.52%	4.08%	9.03%	6.00%	3.03%
Tricon Housing Partners US II LP	\$100,000,000	23.18%	4.91%	18.27%							12.43%	5.68%	6.75%
TriGate Property Partners II, L.P.	\$50,000,000	6.59%	4.91%	1.68%							-2.95%	5.34%	-8.29%
Colony Distressed Credit and Special Situations Fund III	\$150,000,000										5.40%	4.10%	1.30%
Bayview Opportunity Fund IV b LLC	\$150,000,000										-9.43%	1.05%	-10.48%
Benefit Street Partners CRE Conduit Company L.P.	\$125,000,000										-14.79%	0.90%	-15.69%



Strategic Investments Value-Added Returns (continued)													
For Time Periods Ending March 2015													
Style/Manager	Commitment	1 Year			3 Year			5 Year			Since Inception		
		Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added	Mgd Return	Bmk Return	Value Added
Macro:													
MKP Opportunity Partners, L.P.	\$150,000,000										6.96%	7.27%	-0.31%
Relative Value:													
Overland Relative Value Fund	\$150,000,000										0.00%	3.36%	-3.36%
CTAs:													
Caerus DT Fund, LLC	\$300,000,000										14.77%	44.09%	-29.32%
Elan Fund LP	\$300,000,000										9.13%	42.59%	-33.46%
AQR Managed Futures Fund II	\$200,000,000										0.00%	7.54%	-7.54%
Royalties:													
Healthcare Royalty Partners III, L.P.	\$65,000,000										19.16%	1.05%	18.11%
Vine Media Opportunities Fund III	\$100,000,000										-5.69%	-0.51%	-5.18%
Event Driven:													
Gruss Global Investors Enhanced II	\$150,000,000	2.86%	0.28%	2.58%	5.18%	7.79%	-2.61%				4.35%	4.58%	-0.23%
Mason Capital Fund Litespeed	\$200,000,000	-13.28%	0.28%	-13.56%	-0.98%	7.79%	-8.77%				0.73%	3.86%	-3.13%
Partners, L.P. Luxor Capital	\$100,000,000	-6.09%	0.28%	-6.37%							-2.82%	3.61%	-6.43%
Partners	\$100,000,000	-11.25%	0.28%	-11.53%							-8.62%	2.54%	-11.16%
Multi-Strategy:													
Davidson Kempner Institutional Partners	\$100,000,000	2.72%	0.28%	2.44%							4.41%	5.27%	-0.86%
OZ Domestic Partners II, L.P.	\$200,000,000	7.11%	5.08%	2.03%							11.32%	11.09%	0.23%
Taconic Opportunity Fund	\$200,000,000	0.83%	0.28%	0.55%	7.63%	7.79%	-0.16%				5.43%	3.88%	1.55%
York Capital Management L.P.	\$150,000,000	3.74%	0.28%	3.46%							14.11%	9.21%	4.90%
HBK Fund II, L.P.	\$150,000,000	2.43%	0.28%	2.15%							4.30%	5.36%	-1.06%
Special Situations:													
Castellake Aviation II	\$75,000,000	5.69%	4.91%	0.78%	12.83%	6.03%	6.80%				12.90%	6.56%	6.34%
Florida Growth Fund	\$250,000,000	19.14%	4.91%	14.23%	13.26%	6.03%	7.23%	9.99%	6.52%	3.47%	8.51%	6.48%	2.03%
Florida Growth Fund Credit Tranche	\$100,000,000												
Florida Growth Fund Tranche II	\$150,000,000	13.74%	4.91%	8.83%							5.15%	5.64%	-0.49%
G.I. Partners Fund IV, L.P.	\$150,000,000	-26.43%	4.91%	-31.34%							-90.79%	5.04%	-95.83%
GI Partners III	\$100,000,000	9.30%	4.91%	4.39%	16.09%	6.03%	10.06%	14.53%	6.52%	8.01%	11.63%	6.56%	5.07%
Cash													
Strategic Investments Cash		0.27%	0.02%	0.25%	0.22%	0.04%	0.18%	0.27%	0.00	0.21%	-0.13%	0.61%	-0.75%
Strategic Investments		8.22%	5.12%	3.10%	12.63%	8.11%	4.52%	10.68%	6.57%	4.11%	3.59%	1.75%	1.84%
Value-Added returns are managed returns minus benchmark returns.													
Transition accounts are included in the total aggregate.													
Terminated co/rols are not shown individually but are included in the aggregate.													

Value-Added returns are managed returns minus benchmark returns.

Transition accounts are included in the total aggregate.

Terminated portfolios are not shown individually but are included in the aggregate.

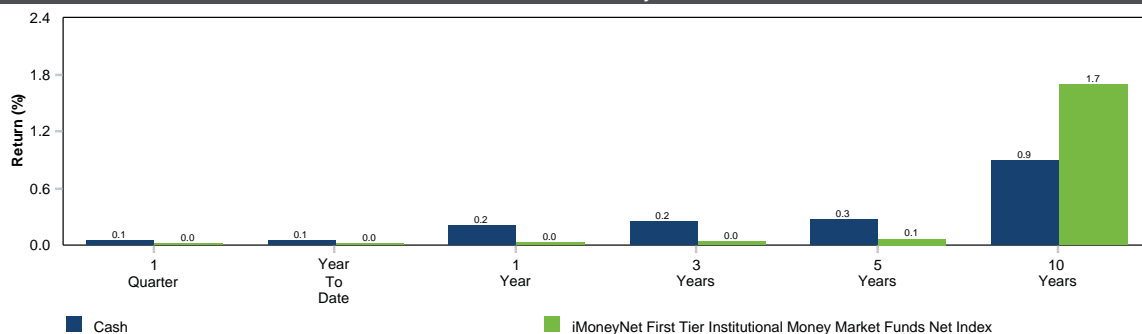


Cash

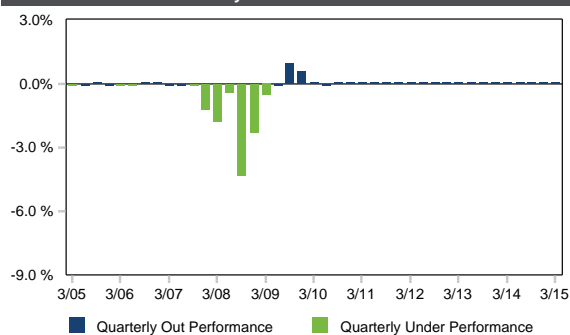
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Cash As of March 31, 2015 Cash Performance Summary

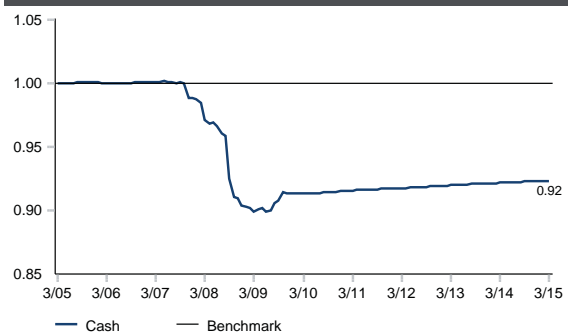
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



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Appendix

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Historical Policy Allocation

	Global Equity	Domestic Equity	Foreign Equity	Global Equity Legacy	Strategic Investments	Fixed Income	Real Estate	Private Equity	High Yield	Cash
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
3/31/2015	58.6	--	--	--	6.6	20.4	8.0	5.5	--	1.0
12/31/2014	58.8	--	--	--	6.3	20.5	7.8	5.6	--	1.0
9/30/2014	59.3	--	--	--	5.7	20.8	7.5	5.6	--	1.0
6/30/2014	59.7	--	--	--	5.4	20.9	7.6	5.4	--	1.0
3/31/2014	60.0	--	--	--	5.5	20.9	7.4	4.9	--	1.2
12/31/2013	57.5	--	--	--	5.2	24.0	7.2	5.0	--	1.0
9/30/2013	57.2	--	--	--	5.2	24.0	7.4	5.1	--	1.0
6/30/2013	57.4	--	--	--	5.0	24.0	7.5	5.1	--	1.0
3/31/2013	57.6	--	--	--	4.8	24.0	7.6	5.0	--	1.0
12/31/2012	57.2	--	--	--	5.0	24.0	7.5	5.2	--	1.0
9/30/2012	57.5	--	--	--	4.7	24.0	7.6	5.2	--	1.0
6/30/2012	55.6	--	--	--	4.4	26.0	7.7	5.3	--	1.0
3/31/2012	57.1	--	--	--	4.0	26.0	7.2	4.7	--	1.0
12/31/2011	56.8	--	--	--	4.1	26.0	7.2	4.9	--	1.0
9/30/2011	57.8	--	--	--	3.7	26.0	6.9	4.7	--	1.0
6/30/2011	59.2	--	--	--	3.2	26.0	6.4	4.3	--	1.0
3/31/2011	60.0	--	--	--	2.6	26.0	6.3	4.0	--	1.0
12/31/2010	59.6	--	--	--	2.8	26.0	6.3	4.3	--	1.0
9/30/2010	58.2	--	--	--	4.2	26.0	6.5	4.2	--	1.0
6/30/2010	--	36.5	19.2	--	3.9	27.2	6.3	4.0	1.9	1.0
3/31/2010	--	37.1	19.3	--	3.7	27.3	6.2	3.6	1.9	1.0
12/31/2009	--	37.1	19.3	--	3.6	27.2	6.4	3.5	1.9	1.0
9/30/2009	--	37.0	19.3	--	3.5	26.9	6.9	3.5	1.9	1.0
6/30/2009	--	36.5	19.3	--	3.4	26.4	7.9	3.6	1.9	1.0
3/31/2009	--	34.4	19.3	--	3.6	25.0	10.0	4.8	1.9	1.0
12/31/2008	--	34.6	19.2	--	4.0	25.0	9.8	4.5	1.9	1.0
9/30/2008	--	36.2	19.1	--	4.3	26.1	7.9	3.5	1.9	1.0
6/30/2008	--	36.8	19.2	--	4.2	26.5	7.3	3.2	1.9	1.0
3/31/2008	--	36.3	19.1	--	4.5	26.3	7.4	3.7	1.8	1.0
12/31/2007	--	37.7	18.7	--	4.5	26.8	6.6	3.4	1.4	1.0
9/30/2007	--	38.9	17.8	--	4.4	27.1	6.2	3.2	1.4	1.0
6/30/2007	--	42.6	14.4	--	4.4	27.3	5.9	3.2	1.4	1.0
03/01/04 - 03/31/04	--	50.6	14.0	3.0	--	22.4	5.6	3.4	--	1.0
02/01/04 - 02/29/04	--	50.5	14.0	3.0	--	22.4	5.5	3.4	--	1.0
01/01/04 - 02/01/04	--	51.3	14.0	2.0	--	22.7	5.5	3.5	--	1.0
12/01/03 - 12/31/03	--	51.1	14.0	2.0	--	22.8	5.5	3.6	--	1.0
11/01/03 - 11/30/03	--	51.7	13.5	2.0	--	22.8	5.6	3.5	--	1.0
10/01/03 - 10/31/03	--	51.7	13.5	2.0	--	23.0	5.5	3.3	--	1.0
09/01/03 - 09/30/03	--	53.5	12.5	1.0	--	22.9	5.7	3.4	--	1.0
08/01/03 - 08/31/03	--	53.4	12.5	1.0	--	23.5	5.2	3.4	--	1.0
07/01/03 - 07/31/03	--	52.5	12.5	1.0	--	24.2	4.9	3.6	--	1.0
06/01/03 - 06/30/03	--	52.5	12.5	1.0	--	24.6	4.6	3.6	--	1.0
04/01/01 - 06/01/03	--	54.0	12.0	0.0	--	25.0	4.1	3.6	--	1.0
10/1/99 - 03/31/01	--	54.0	12.0	0.0	--	25.0	4.0	2.8	--	1.0
03/1/95 - 10/1/99	--	61.0	8.0	0.0	--	26.0	4.0	0.0	--	1.0
09/30/94 - 03/31/95	--	59.0	8.0	0.0	--	24.0	8.0	0.0	--	1.0
06/30/93 - 09/30/94	--	59.0	3.0	0.0	--	29.0	8.0	0.0	--	1.0
11/30/88 - 06/30/93	--	55.0	0.0	0.0	--	30.0	8.0	0.0	--	1.0
12/31/87 - 11/30/88	--	50.0	5.0	0.0	--	36.5	7.5	0.0	--	1.0
12/31/86 - 12/31/87	--	50.0	5.0	0.0	--	35.5	7.5	0.0	--	2.0
12/31/84 - 12/31/86	--	48.0	0.0	0.0	--	40.0	10.0	0.0	--	2.0

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As of March 31, 2015

Appendix

Total FRS Assets

Performance Benchmark - A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. 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).

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As of March 31, 2015

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 provision of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark - The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark - Long-term, 5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

Total Cash

Performance Benchmark - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

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Appendix

Description of Benchmarks

Barclays Capital U.S. Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of \$250 million or greater.

Consumer Price Index (CPI) - The CPI, an index consisting of a fixed basket of goods bought by the typical consumer and used to measure consumer inflation.

FTSE EPRA/NAREIT Developed Index - An index designed to represent general trends in eligible real estate equities worldwide. Relevant real estate activities are defined as the ownership, disposal and development of income-producing real estate. This index covers the four primary core asset classes (Industrial, Retail, Office, and Apartment).

iMoneyNet First Tier Institutional Money Market Funds Net Index - An average of non-governmental institutional funds that do not hold any second tier securities. It includes money market mutual funds, net of fees, that invest in commercial paper, bank obligations and short-term investments in the highest ratings category and is open to corporations and fiduciaries only.

MSCI All Country World Investable Market Index - A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets. This investable market index contains constituents from the large, mid, and small cap size segments and targets a coverage range around 99% of free-float adjusted market capitalization.

NCREIF ODCE Property Index - The NCREIF ODCE is a capitalization-weighted, gross of fee, time-weighted return index. The index is a summation of open-end funds, which NCREIF defines as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests.

Russell 3000 Index - A capitalization-weighted stock index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This represents most publicly traded, liquid U.S. stocks.

Appendix

Description of Universes

Total Fund - A universe comprised of 82 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised \$950.7 billion as of quarter-end and the average market value was \$17.6 billion.

Domestic Equity - A universe comprised of 62 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 \$258.4 billion as of quarter-end and the average market value was \$4.9 billion.

Foreign Equity - A universe comprised of 57 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 \$205.6 billion as of quarter-end and the average market value was \$4.1 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 \$198.6 billion as of quarter-end and the average market value was \$4.0 billion.

Real Estate - A universe comprised of 30 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 \$45.6 billion as of quarter-end and the average market value was \$1.5 billion.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

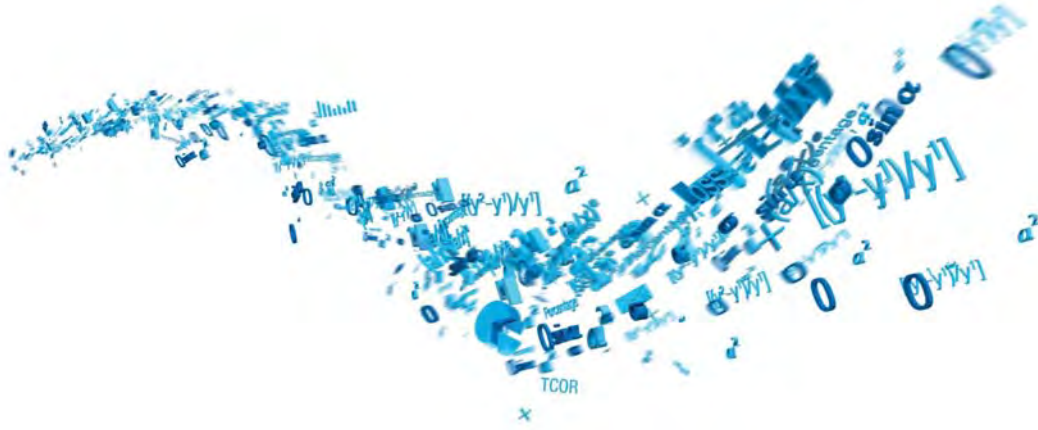
Explanation of Exhibits

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.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

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.



FRS Investment Plan | First Quarter 2015

Quarterly Investment Review

Visit the **Aon Hewitt Retirement and Investment Blog** (<http://retirementandinvestmentblog.aon.com>); sharing our best thinking.



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FRS Investment Plan

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As of March 31, 2015

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	9,114,820,939	100.0	2.5	6.0	8.7	8.1	6.2
<i>Total Plan Aggregate Benchmark</i>			2.2	5.6	8.3	7.7	5.7
Retirement Date	3,953,570,863	43.4					
FRS Retirement Income Fund	420,193,082	4.6	1.9 (55)	4.0 (90)	5.2 (84)	6.5 (69)	-
<i>Retirement Income Custom Index</i>			1.7 (77)	3.1 (96)	4.3 (93)	6.0 (81)	-
FRS 2015 Retirement Date Fund	444,155,771	4.9	2.0 (51)	4.2 (76)	5.8 (91)	6.7 (87)	-
<i>2015 Retirement Custom Index</i>			1.8 (73)	3.4 (92)	5.1 (94)	6.4 (89)	-
FRS 2020 Retirement Date Fund	627,313,723	6.9	2.2 (44)	4.6 (84)	7.2 (68)	7.5 (65)	-
<i>2020 Retirement Custom Index</i>			2.0 (71)	4.0 (91)	6.7 (79)	7.2 (72)	-
FRS 2025 Retirement Date Fund	593,040,709	6.5	2.5 (35)	5.1 (83)	8.6 (69)	8.3 (78)	-
<i>2025 Retirement Custom Index</i>			2.2 (67)	4.6 (90)	8.2 (75)	8.0 (81)	-
FRS 2030 Retirement Date Fund	503,883,872	5.5	2.6 (36)	5.5 (83)	10.0 (51)	9.1 (61)	-
<i>2030 Retirement Custom Index</i>			2.4 (57)	5.2 (85)	9.8 (55)	8.9 (65)	-
FRS 2035 Retirement Date Fund	441,891,860	4.8	2.8 (35)	5.6 (85)	11.3 (37)	10.0 (48)	-
<i>2035 Retirement Custom Index</i>			2.6 (56)	5.4 (89)	11.1 (47)	9.8 (55)	-
FRS 2040 Retirement Date Fund	371,759,401	4.1	2.9 (39)	5.6 (85)	11.4 (47)	10.0 (47)	-
<i>2040 Retirement Custom Index</i>			2.6 (53)	5.3 (86)	11.2 (48)	9.8 (49)	-
FRS 2045 Retirement Date Fund	354,571,386	3.9	2.9 (45)	5.6 (89)	11.4 (49)	10.0 (55)	-
<i>2045 Retirement Custom Index</i>			2.6 (65)	5.3 (89)	11.2 (56)	9.8 (84)	-
FRS 2050 Retirement Date Fund	161,924,790	1.8	2.9 (46)	5.6 (88)	11.4 (53)	10.0 (48)	-
<i>2050 Retirement Custom Index</i>			2.6 (60)	5.3 (89)	11.2 (59)	9.8 (65)	-
FRS 2055 Retirement Date Fund	34,836,270	0.4	2.9 (44)	5.6 (88)	11.4 (56)	-	-
<i>2055 Retirement Custom Index</i>			2.6 (63)	5.3 (89)	11.2 (73)	-	-

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As of March 31, 2015

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
Cash	842,019,915	9.2	0.0 (4)	0.2 (1)	0.2 (1)	0.2 (1)	1.7 (3)
FRS Money Market Fund	842,019,915	9.2	0.0 (4)	0.2 (1)	0.2 (1)	0.2 (1)	1.7 (3)
<i>iMoneyNet 1st Tier Institutional Net Index</i>			0.0 (25)	0.0 (23)	0.0 (23)	0.1 (21)	1.7 (3)
Real Assets	123,688,388	1.4					
FRS Real Assets Fund	123,688,388	1.4	1.4	0.9	0.3	4.3	-
<i>FRS Custom Real Assets Index</i>			0.7	-1.5	-1.2	3.2	-
Fixed Income	658,111,032	7.2	1.8 (2)	4.7 (1)	3.4 (16)	4.7 (15)	5.3 (11)
<i>Total Bond Index</i>			1.8 (3)	4.8 (1)	3.2 (26)	4.5 (21)	4.9 (17)
FRS U.S. Bond Enhanced Index Fund	197,270,175	2.2	1.6 (45)	5.9 (35)	3.2 (32)	4.6 (35)	5.1 (28)
<i>Barclays Aggregate Index</i>			1.6 (47)	5.7 (35)	3.1 (32)	4.4 (36)	4.9 (34)
Pyramis Intermediate Duration Pool Fund	104,595,959	1.1	1.5 (11)	3.6 (6)	2.8 (34)	4.0 (36)	4.6 (28)
<i>Barclays Intermediate Aggregate</i>			1.3 (15)	4.2 (1)	2.4 (50)	3.6 (47)	4.5 (28)
FRS Core Plus Fixed Income Fund	356,244,898	3.9	2.1 (15)	4.7 (72)	5.0 (24)	5.9 (31)	-
<i>FRS Custom Core-Plus Fixed Income Index</i>			2.1 (10)	5.0 (63)	4.7 (32)	5.9 (31)	-
Domestic Equity	2,591,170,171	28.4	2.8 (43)	12.1 (42)	16.7 (35)	15.3 (22)	9.2 (21)
<i>Total U.S. Equities Index</i>			2.5 (49)	11.6 (45)	16.3 (40)	14.7 (34)	8.5 (33)
FRS U.S. Stock Market Index Fund	732,031,138	8.0	1.8 (41)	12.4 (41)	16.5 (25)	14.8 (24)	8.5 (27)
<i>Russell 3000 Index</i>			1.8 (41)	12.4 (42)	16.4 (25)	14.7 (25)	8.4 (29)
FRS U.S. Large Cap Equity Fund	941,334,869	10.3	2.4 (38)	12.8 (42)	16.5 (37)	15.7 (16)	-
<i>Russell 1000 Index</i>			1.6 (52)	12.7 (42)	16.4 (37)	14.7 (35)	-
FRS U.S. Small/Mid Cap Equity Fund	917,804,164	10.1	4.8 (49)	11.1 (34)	17.7 (23)	16.6 (22)	-
<i>FRS Custom Small/Mid Cap Index</i>			4.2 (59)	9.6 (46)	12.9 (85)	12.5 (85)	-

As of March 31, 2015

Asset Allocation & Performance

	Allocation		Performance(%)				
	Market Value (\$)	%	1 Quarter	1 Year	3 Years	5 Years	10 Years
International/Global Equity	681,832,295	7.5	4.5 (45)	0.4 (38)	9.4 (26)	7.0 (30)	6.4 (43)
<i>Total Foreign and Global Equities Index</i>			3.4 (61)	-0.5 (44)	8.4 (40)	6.2 (40)	5.0 (64)
FRS Foreign Stock Index Fund	242,893,617	2.7	4.2 (48)	-1.3 (52)	8.5 (38)	6.0 (43)	5.3 (58)
<i>MSCI All Country World ex-U.S. IMI Index</i>			3.5 (59)	-1.6 (55)	8.2 (43)	5.7 (48)	5.0 (65)
American Funds New Perspective Fund	252,972,151	2.8	4.7 (20)	8.1 (23)	13.6 (22)	11.3 (27)	9.1 (19)
<i>MSCI All Country World Index Net</i>			2.3 (55)	5.4 (41)	10.9 (50)	9.2 (50)	6.1 (59)
American Funds Euro-Pacific Growth Fund	185,966,526	2.0	6.0 (17)	2.8 (8)	10.0 (13)	7.1 (13)	7.7 (1)
<i>MSCI All Country World ex-U.S. Index</i>			3.6 (84)	-0.6 (32)	6.9 (83)	5.3 (74)	4.8 (60)
FRS Self-Dir Brokerage Acct	264,428,275	2.9					

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

As of March 31, 2015

Asset Allocation & Performance

	Performance(%)								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
FRS Investment Plan	4.9	15.2	10.5	0.7	10.6	18.4	-23.2	7.8	12.4
<i>Total Plan Aggregate Benchmark</i>	4.9	14.6	9.7	0.9	10.2	16.8	-23.4	6.1	13.9
Retirement Date									
FRS Retirement Income Fund	4.4 (87)	3.5 (96)	10.7 (56)	3.4 (9)	11.5 (52)	20.0 (82)	-	-	-
<i>Retirement Income Custom Index</i>	3.6 (92)	3.4 (96)	8.5 (74)	5.0 (1)	9.9 (80)	19.1 (84)	-	-	-
FRS 2015 Retirement Date Fund	4.4 (72)	5.5 (86)	11.3 (46)	2.1 (19)	11.5 (60)	21.8 (70)	-	-	-
<i>2015 Retirement Custom Index</i>	3.7 (90)	5.7 (86)	9.6 (88)	3.2 (1)	10.4 (86)	22.2 (67)	-	-	-
FRS 2020 Retirement Date Fund	4.4 (77)	9.6 (75)	12.4 (37)	0.6 (37)	12.2 (62)	24.5 (57)	-	-	-
<i>2020 Retirement Custom Index</i>	3.9 (88)	9.7 (75)	11.0 (75)	1.5 (20)	11.2 (87)	24.2 (60)	-	-	-
FRS 2025 Retirement Date Fund	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)	26.4 (64)	-	-	-
<i>2025 Retirement Custom Index</i>	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)	26.3 (65)	-	-	-
FRS 2030 Retirement Date Fund	4.5 (83)	18.1 (55)	14.6 (33)	-2.1 (48)	13.0 (86)	29.0 (46)	-	-	-
<i>2030 Retirement Custom Index</i>	4.4 (84)	18.2 (54)	13.8 (52)	-2.0 (47)	12.5 (92)	29.2 (45)	-	-	-
FRS 2035 Retirement Date Fund	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)	29.8 (58)	-	-	-
<i>2035 Retirement Custom Index</i>	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)	30.1 (57)	-	-	-
FRS 2040 Retirement Date Fund	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)	29.8 (54)	-	-	-
<i>2040 Retirement Custom Index</i>	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)	30.1 (53)	-	-	-
FRS 2045 Retirement Date Fund	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)	29.8 (65)	-	-	-
<i>2045 Retirement Custom Index</i>	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)	30.1 (63)	-	-	-
FRS 2050 Retirement Date Fund	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)	29.8 (73)	-	-	-
<i>2050 Retirement Custom Index</i>	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)	30.1 (70)	-	-	-
FRS 2055 Retirement Date Fund	4.4 (80)	22.3 (73)	15.8 (45)	-	-	-	-	-	-
<i>2055 Retirement Custom Index</i>	4.3 (80)	22.4 (72)	15.2 (75)	-	-	-	-	-	-

As of March 31, 2015

Asset Allocation & Performance

	Performance(%)								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Cash	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)	5.4 (1)	5.2 (1)
FRS Money Market Fund	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)	5.4 (1)	5.2 (1)
<i>iMoneyNet 1st Tier Institutional Net Index</i>	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)	3.0 (5)	5.4 (1)	5.2 (1)
Real Assets									
FRS Real Assets Fund	3.2	-9.1	9.1	7.4	11.7	16.0	-	-	-
<i>FRS Custom Real Assets Index</i>	1.8	-8.9	6.6	4.6	13.0	17.2	-	-	-
Fixed Income	4.7 (1)	-1.1 (84)	6.0 (43)	6.7 (1)	7.6 (32)	11.7 (60)	1.4 (47)	6.9 (14)	4.8 (20)
<i>Total Bond Index</i>	4.9 (1)	-1.2 (86)	4.8 (66)	7.4 (1)	7.0 (39)	8.9 (82)	1.9 (45)	6.5 (22)	4.9 (19)
FRS U.S. Bond Enhanced Index Fund	6.2 (34)	-2.0 (17)	4.4 (11)	7.9 (65)	6.7 (46)	6.5 (7)	5.9 (86)	7.2 (62)	4.3 (1)
<i>Barclays Aggregate Index</i>	6.0 (35)	-2.0 (18)	4.2 (12)	7.8 (66)	6.5 (47)	5.9 (8)	5.2 (89)	7.0 (65)	4.3 (1)
Pyramis Intermediate Duration Pool Fund	3.4 (15)	-0.5 (64)	4.9 (64)	5.9 (11)	7.0 (38)	11.9 (59)	-1.7 (52)	6.0 (35)	4.8 (20)
<i>Barclays Intermediate Aggregate</i>	4.1 (1)	-1.0 (82)	3.6 (81)	6.0 (10)	6.1 (53)	6.5 (90)	4.9 (7)	7.0 (13)	4.6 (24)
FRS Core Plus Fixed Income Fund	4.6 (87)	0.8 (19)	11.1 (14)	4.6 (89)	10.1 (27)	21.6 (19)	-	-	-
<i>FRS Custom Core-Plus Fixed Income Index</i>	5.1 (79)	0.8 (19)	7.8 (50)	7.6 (32)	9.1 (41)	18.7 (30)	-	-	-
Domestic Equity	11.5 (40)	35.2 (44)	16.9 (34)	0.3 (37)	20.4 (24)	30.9 (52)	-36.5 (33)	5.2 (58)	14.1 (49)
<i>Total U.S. Equities Index</i>	11.1 (43)	34.0 (54)	16.5 (36)	-0.1 (39)	19.3 (31)	28.4 (64)	-36.5 (33)	3.3 (68)	16.8 (25)
FRS U.S. Stock Market Index Fund	12.6 (35)	33.6 (40)	16.5 (39)	1.0 (40)	17.1 (16)	28.6 (49)	-37.2 (51)	5.2 (65)	15.7 (33)
<i>Russell 3000 Index</i>	12.6 (35)	33.6 (40)	16.4 (39)	1.0 (40)	16.9 (17)	28.3 (50)	-37.3 (52)	5.1 (65)	15.7 (32)
FRS U.S. Large Cap Equity Fund	12.8 (42)	36.4 (22)	17.2 (24)	1.2 (44)	17.8 (19)	30.5 (37)	-	-	-
<i>Russell 1000 Index</i>	13.2 (33)	33.1 (48)	16.4 (32)	1.5 (40)	16.1 (31)	28.4 (44)	-	-	-
FRS U.S. Small/Mid Cap Equity Fund	8.6 (31)	37.1 (46)	18.7 (28)	-0.9 (36)	29.6 (24)	37.0 (43)	-	-	-
<i>FRS Custom Small/Mid Cap Index</i>	7.7 (37)	22.0 (98)	15.3 (53)	1.1 (21)	21.3 (85)	26.4 (87)	-	-	-

As of March 31, 2015

Asset Allocation & Performance

	Performance(%)								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
International/Global Equity	-3.2 (41)	21.6 (33)	18.6 (53)	-11.3 (22)	10.1 (73)	34.8 (63)	-40.9 (19)	15.0 (47)	23.2 (80)
<i>Total Foreign and Global Equities Index</i>	<i>-3.0 (40)</i>	<i>20.6 (39)</i>	<i>16.6 (72)</i>	<i>-11.3 (22)</i>	<i>10.1 (73)</i>	<i>32.4 (69)</i>	<i>-42.8 (30)</i>	<i>11.3 (65)</i>	<i>24.2 (74)</i>
FRS Foreign Stock Index Fund	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (26)	9.2 (77)	32.3 (70)	-42.5 (28)	12.7 (58)	25.8 (62)
<i>MSCI All Country World ex-U.S. IMI Index</i>	<i>-4.2 (50)</i>	<i>21.0 (36)</i>	<i>16.4 (72)</i>	<i>-12.2 (30)</i>	<i>8.9 (78)</i>	<i>33.7 (67)</i>	<i>-43.6 (35)</i>	<i>12.4 (59)</i>	<i>25.7 (63)</i>
American Funds New Perspective Fund	3.7 (41)	27.1 (41)	21.0 (16)	-7.4 (44)	13.0 (54)	37.7 (44)	-37.7 (31)	16.3 (32)	20.1 (42)
<i>MSCI All Country World Index Net</i>	<i>4.2 (37)</i>	<i>22.8 (60)</i>	<i>16.3 (40)</i>	<i>-5.5 (33)</i>	<i>11.8 (60)</i>	<i>30.0 (65)</i>	<i>-40.7 (44)</i>	<i>9.0 (55)</i>	<i>20.1 (42)</i>
American Funds Euro-Pacific Growth Fund	-2.3 (13)	20.6 (53)	19.6 (23)	-13.3 (65)	9.8 (27)	39.6 (18)	-40.3 (10)	19.3 (5)	22.3 (94)
<i>MSCI All Country World ex-U.S. Index</i>	<i>-3.4 (20)</i>	<i>15.8 (79)</i>	<i>17.4 (71)</i>	<i>-13.3 (65)</i>	<i>11.6 (10)</i>	<i>32.5 (39)</i>	<i>-43.1 (61)</i>	<i>11.6 (52)</i>	<i>26.9 (26)</i>
FRS Self-Dir Brokerage Acct									

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.
Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

FRS Investment Plan

As of March 31, 2015

Asset Allocation

Asset Allocation as of 3/31/2015								
	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Income Fund	60,507,804	53,784,715	168,917,619	136,982,945			420,193,082	4.6%
FRS 2015 Retirement Date Fund	76,394,793	67,955,833	172,776,595	127,028,551			444,155,771	4.9%
FRS 2020 Retirement Date Fund	146,164,097	129,226,627	226,460,254	125,462,745			627,313,723	6.9%
FRS 2025 Retirement Date Fund	173,760,928	153,597,544	197,482,556	68,199,682			593,040,709	6.5%
FRS 2030 Retirement Date Fund	178,878,774	158,723,420	152,172,929	14,108,748			503,883,872	5.5%
FRS 2035 Retirement Date Fund	184,268,906	163,499,988	94,122,966				441,891,860	4.8%
FRS 2040 Retirement Date Fund	159,484,783	141,640,332	70,634,286				371,759,401	4.1%
FRS 2045 Retirement Date Fund	152,111,124	135,091,698	67,368,563				354,571,386	3.9%
FRS 2050 Retirement Date Fund	69,465,735	61,693,345	30,765,710				161,924,790	1.8%
FRS 2055 Retirement Date Fund	14,944,760	13,272,619	6,618,891				34,836,270	0.4%
Total Retirement Date Funds	\$ 1,215,981,704	\$ 1,078,486,119	\$ 1,187,320,370	\$ 471,782,670	\$ -	\$ -	\$ 3,953,570,863	43.4%
FRS Money Market Fund					842,019,915		842,019,915	9.2%
Total Cash	\$ -	\$ -	\$ -	\$ -	\$ 842,019,915	\$ -	\$ 842,019,915	9.2%
FRS Real Assets Fund				123,688,388			123,688,388	1.4%
Total Real Assets	\$ -	\$ -	\$ -	\$ 123,688,388	\$ -	\$ -	\$ 123,688,388	1.4%
FRS U.S. Bond Enhanced Index Fund			197,270,175				197,270,175	2.2%
Pyramis Intermediate Duration Pool Fund			104,595,959				104,595,959	1.1%
FRS Core Plus Fixed Income Fund			356,244,898				356,244,898	3.9%
Total Fixed Income	\$ -	\$ -	\$ 658,111,032	\$ -	\$ -	\$ -	\$ 658,111,032	7.2%
FRS U.S. Stock Market Index Fund	732,031,138						732,031,138	8.0%
FRS U.S. Large Cap Equity Fund	941,334,869						941,334,869	10.3%
FRS U.S. Small/Mid Cap Equity Fund	917,804,164						917,804,164	10.1%
Total Domestic Equity	\$ 2,591,170,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,591,170,171	28.4%
FRS Foreign Stock Index Fund		242,893,617					242,893,617	2.7%
American Funds New Perspective Fund		252,972,151					252,972,151	2.8%
American Funds Euro-Pacific Growth Fund		185,966,526					185,966,526	2.0%
Total International/Global Equity	\$ -	\$ 681,832,295	\$ -	\$ -	\$ -	\$ -	\$ 681,832,295	7.5%
FRS Self-Dir Brokerage Acct						264,428,275	264,428,275	2.9%
Total Self-Dir Brokerage Acct						\$ 264,428,275	\$ 264,428,275	2.9%
Total Portfolio	\$ 3,807,151,875	\$ 1,760,318,414	\$ 1,845,431,403	\$ 595,471,058	\$ 842,019,915	\$ 264,428,275	\$ 9,114,820,939	100.0%
Percent of Total	41.77%	19.31%	20.25%	6.53%	9.24%	2.90%	100.0%	

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.
Note: The SDBA opened for members on 1/2/14. No performance calculations will be made for the SDBA.

As of March 31, 2015

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	8.66	5.92	1.42	0.34	1.07	101.56	96.86
FRS Retirement Income Fund	5.16	4.87	1.04	1.94	0.45	118.85	116.85
FRS 2015 Retirement Date Fund	5.80	5.17	1.10	1.55	0.44	112.23	111.02
FRS 2020 Retirement Date Fund	7.24	5.90	1.21	1.09	0.53	108.43	107.96
FRS 2025 Retirement Date Fund	8.61	6.71	1.26	0.65	0.62	104.19	103.08
FRS 2030 Retirement Date Fund	10.04	7.67	1.28	0.36	0.70	101.55	100.02
FRS 2035 Retirement Date Fund	11.31	8.76	1.26	0.40	0.54	100.95	99.44
FRS 2040 Retirement Date Fund	11.42	8.87	1.26	0.41	0.55	100.96	99.44
FRS 2045 Retirement Date Fund	11.42	8.87	1.26	0.41	0.55	100.96	99.44
FRS 2050 Retirement Date Fund	11.42	8.87	1.26	0.41	0.55	100.96	99.44
FRS 2055 Retirement Date Fund	11.42	8.87	1.26	0.41	0.55	100.97	99.45
FRS Money Market Fund	0.22	0.02	8.05	0.02	11.22	577.48	N/A
FRS Real Assets Fund	0.32	6.06	0.07	2.07	0.73	111.84	92.07
FRS U.S. Bond Enhanced Index Fund	3.23	2.93	1.08	0.12	1.09	102.34	100.23
Pyramis Intermediate Duration Pool Fund	2.78	2.24	1.21	0.51	0.72	110.48	104.65
FRS Core Plus Fixed Income Fund	4.96	3.33	1.45	0.78	0.39	112.74	125.84
FRS U.S. Stock Market Index Fund	16.49	9.78	1.61	0.05	1.13	100.16	99.82
FRS U.S. Large Cap Equity Fund	16.45	10.72	1.47	2.83	0.04	102.26	105.42
FRS U.S. Small/Mid Cap Equity Fund	17.71	11.59	1.47	3.19	1.37	125.59	112.48
FRS Foreign Stock Index Fund	8.52	12.74	0.70	1.17	0.27	99.93	97.37
American Funds New Perspective Fund	13.61	10.34	1.28	2.59	0.94	102.36	80.06
American Funds Euro-Pacific Growth Fund	9.96	11.42	0.88	3.17	0.86	98.54	76.24

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

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Appendix

As of March 31, 2015

Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Real Assets Index - A monthly weighted blend of underlying indices that make up the Principal Real Asset Custom Index. These underlying indices include Barclays U.S. TIPS Index, Bloomberg Commodity Index FTSE EPRA/NAREIT Developed Index, Natural Resources Custom Index, S&P LSTA Leveraged Loan 100 Index, S&P Global Agribusiness Index, and S&P Global Timber & Forestry 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 65% Barclays U.S. Aggregate Bond Index and 35% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

FRS Custom Small/Mid Cap Index - A monthly rebalanced blend of 45% S&P 400 Index, 30% Russell 2000 Index and 25% Russell 2000 Value Index.

Total Foreign and Global Equities Index - A weighted average composite of the underlying benchmarks for each foreign and global equity fund.

MSCI All Country World ex-U.S. IMI Index - A capitalization-weighted index of stocks representing 22 developed country stock markets and 23 emerging countries, excluding the U.S. market.

MSCI All Country World Index - A capitalization-weighted index of stocks representing approximately 46 developed and emerging countries, including the U.S. and Canadian markets.

MSCI All Country World ex-U.S. Index - A capitalization-weighted index consisting of 23 developed and 21 emerging countries, but excluding the U.S.

Descriptions of Universes

Retirement Date Funds - Target date universes calculated and provided by Lipper.

FRS Money Market Fund - A money market universe calculated and provided by Lipper.

FRS U.S. Bond Enhanced Index Fund - A long-term bond fixed income universe calculated and provided by Lipper.

Pyramis Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Fixed Income Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large-cap blend universe calculated and provided by Lipper.

FRS U.S. Large Cap Equity Fund - A large-cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Equity Fund - A small/mid-cap universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

American Funds New Perspective Fund - A global stock universe calculated and provided by Lipper.

American Funds Euro-Pacific Growth Fund - A foreign large blend universe calculated and provided by Lipper.



Lawton Chiles Endowment Fund | First Quarter 2015

Quarterly Investment Review

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LCEF Total Fund

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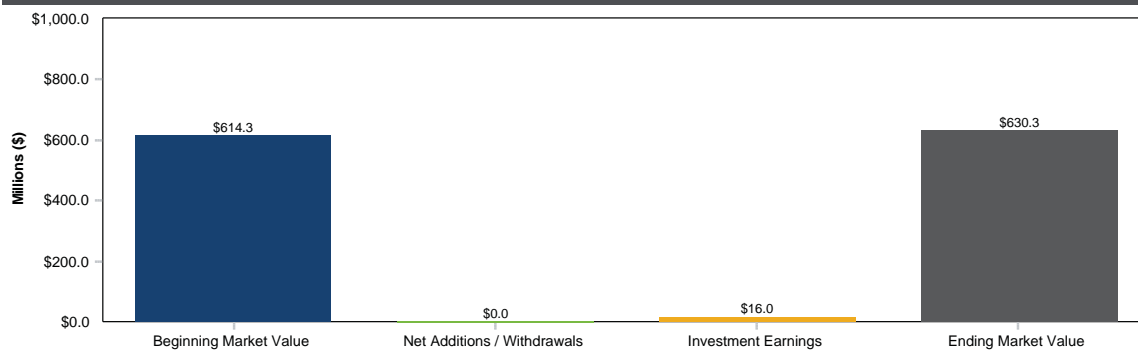


LCEF Total Fund

As of March 31, 2015

Total Plan Asset Summary

Change in Market Value From January 1, 2015 to March 31, 2015



Summary of Cash Flow

	1 Quarter	Fiscal YTD*
LCEF Total Fund		
Beginning Market Value	614,281,978	626,104,239
+ Additions / Withdrawals	-	-
+ Investment Earnings	16,045,148	4,222,887
= Ending Market Value	630,327,126	630,327,126

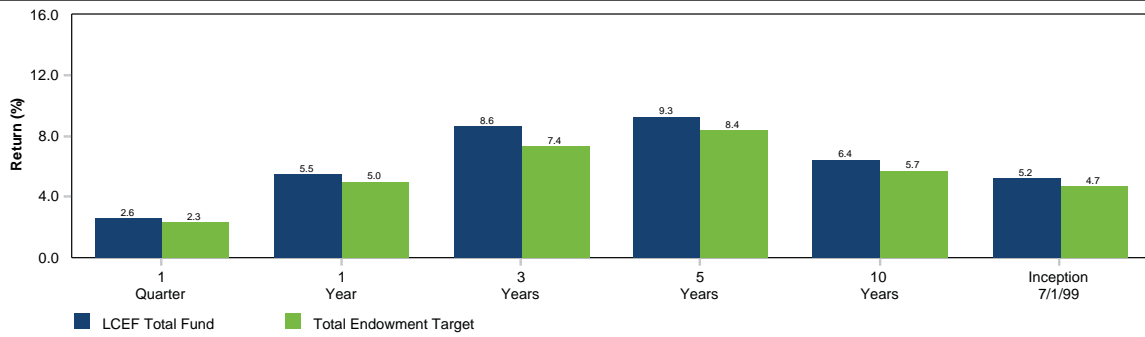
*Period July 2014 - March 2015

2

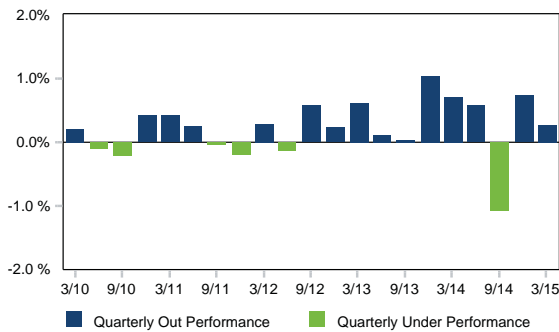


Total Plan Performance Summary

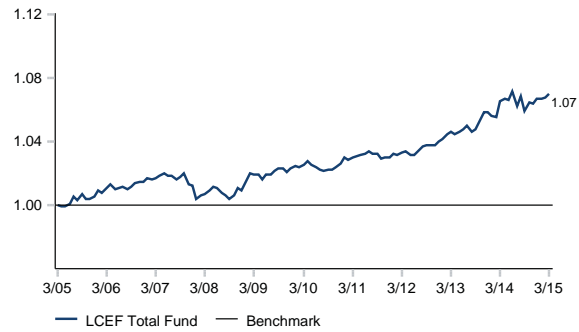
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



Asset Allocation & Performance

	Allocation			Performance(%)				
	Market Value (\$)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	630,327,126	100.0	100.0	2.6 (18)	5.5 (54)	8.6 (64)	9.3 (28)	6.4 (44)
Total Endowment Target				2.3 (28)	5.0 (60)	7.4 (81)	8.4 (56)	5.7 (71)
Global Equity*	461,217,646	73.2	71.0	3.0	5.8	13.7	12.7	7.7
Global Equity Target				2.6	5.1	11.9	11.3	7.0
Fixed Income	99,236,317	15.7	17.0	1.7 (47)	5.9 (15)	3.3 (52)	4.6 (56)	5.0 (57)
Barclays Aggregate Index				1.6 (52)	5.7 (18)	3.1 (64)	4.4 (59)	4.9 (58)
TIPS	61,592,878	9.8	11.0	1.6	3.2	0.7	4.3	4.9
Barclays U.S. TIPS				1.4	3.1	0.6	4.3	4.6
Cash Equivalents	8,280,285	1.3	1.0	0.3	0.5	0.5	0.7	2.0
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.0	0.1	0.1	0.1	1.6

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 March 31, 2015

Calendar Year Performance

	Performance(%)									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
LCEF Total Fund	5.2 (36)	14.7 (48)	13.2 (22)	1.9 (14)	14.0 (13)	21.2 (46)	-29.2 (73)	6.3 (84)	15.0 (19)	7.4 (48)
<i>Total Endowment Target</i>	<i>4.3 (49)</i>	<i>12.8 (69)</i>	<i>12.2 (46)</i>	<i>1.5 (15)</i>	<i>13.7 (16)</i>	<i>19.6 (55)</i>	<i>-28.9 (72)</i>	<i>6.5 (80)</i>	<i>14.0 (34)</i>	<i>6.7 (61)</i>
Global Equity*	5.3	27.1	20.4	-1.1	17.0	30.8	-39.6	6.8	17.4	8.5
<i>Global Equity Target</i>	<i>3.9</i>	<i>24.1</i>	<i>19.4</i>	<i>-2.2</i>	<i>16.1</i>	<i>30.5</i>	<i>-39.2</i>	<i>7.2</i>	<i>17.8</i>	<i>7.9</i>
Fixed Income	6.0 (24)	-1.8 (68)	4.6 (90)	7.6 (32)	7.0 (73)	4.6 (84)	5.8 (20)	7.3 (42)	4.4 (37)	2.7 (28)
<i>Barclays Aggregate Index</i>	<i>6.0 (24)</i>	<i>-2.0 (69)</i>	<i>4.2 (93)</i>	<i>7.8 (29)</i>	<i>6.5 (75)</i>	<i>5.9 (77)</i>	<i>5.2 (25)</i>	<i>7.0 (53)</i>	<i>4.3 (39)</i>	<i>2.4 (51)</i>
TIPS	3.5	-8.7	7.2	13.6	6.1	13.3	-2.0	12.4	0.8	2.9
<i>Barclays U.S. TIPS</i>	<i>3.6</i>	<i>-8.6</i>	<i>7.0</i>	<i>13.6</i>	<i>6.3</i>	<i>11.4</i>	<i>-2.4</i>	<i>11.6</i>	<i>0.4</i>	<i>2.8</i>
Cash Equivalents	0.2	0.2	1.3	0.1	2.0	2.6	0.5	5.4	5.2	3.3
<i>S&P US AAA & AA Rated GIP 30D Net Yield Index</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>0.2</i>	<i>0.3</i>	<i>0.7</i>	<i>2.3</i>	<i>4.7</i>	<i>5.1</i>	<i>3.4</i>

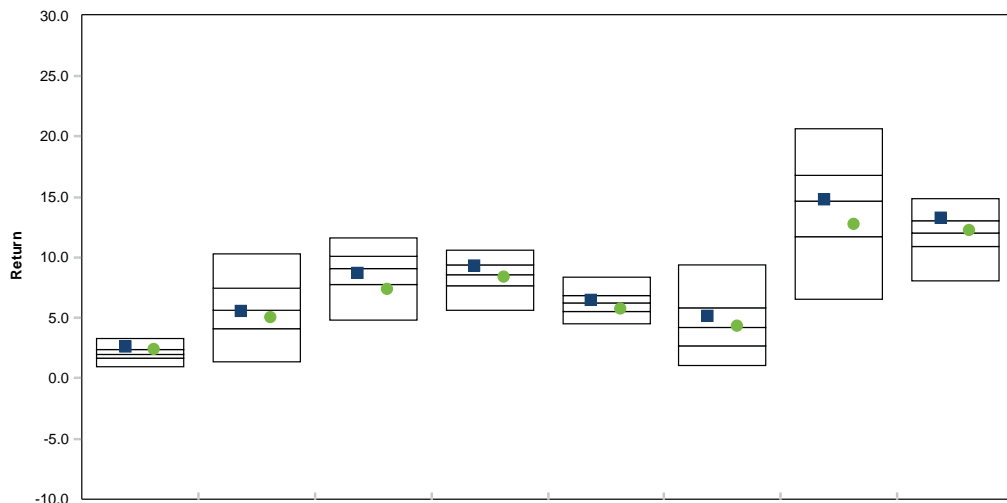
*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.



As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Endowments-Total Fund

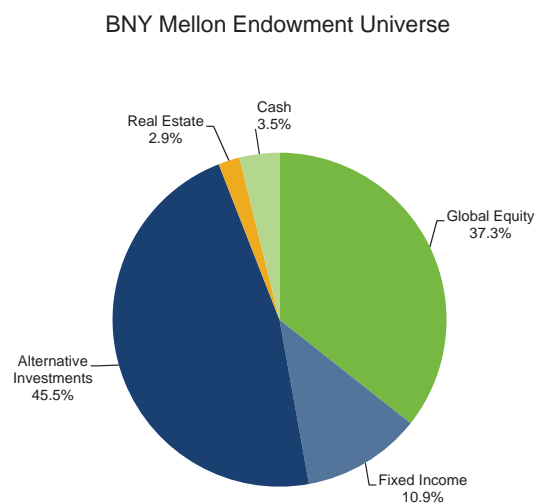
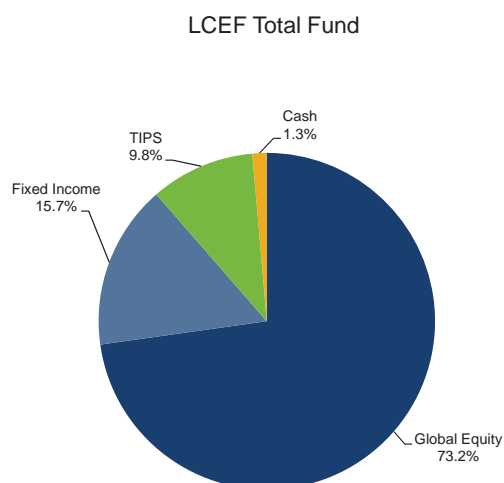


	1 Quarter	1 Year	3 Years	5 Years	10 Years	2014	2013	2012
■ LCEF Total Fund	2.6 (18)	5.5 (54)	8.6 (64)	9.3 (28)	6.4 (44)	5.2 (36)	14.7 (48)	13.2 (22)
● Total Endowment Target	2.3 (28)	5.0 (60)	7.4 (81)	8.4 (56)	5.7 (71)	4.3 (49)	12.8 (69)	12.2 (46)
5th Percentile	3.3	10.3	11.6	10.6	8.4	9.4	20.7	14.9
1st Quartile	2.4	7.5	10.1	9.4	6.9	5.8	16.8	13.0
Median	2.0	5.7	9.1	8.6	6.3	4.2	14.7	12.0
3rd Quartile	1.6	4.1	7.8	7.7	5.5	2.7	11.7	10.9
95th Percentile	0.9	1.3	4.8	5.6	4.5	1.0	6.5	8.1
Population	201	198	179	155	103	382	362	357

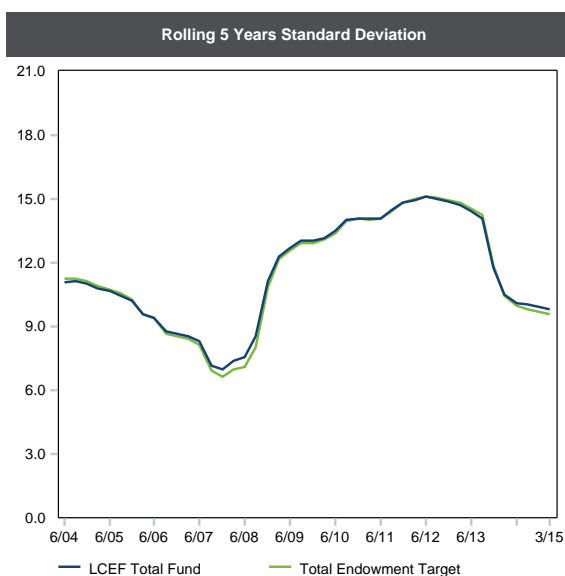
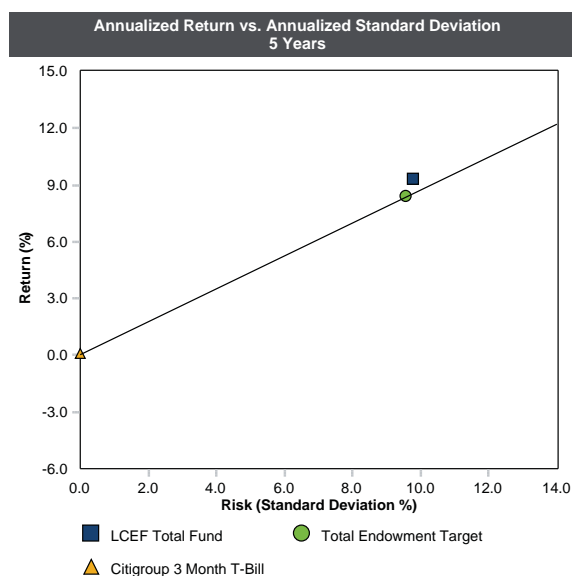
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.



Universe Asset Allocation Comparison

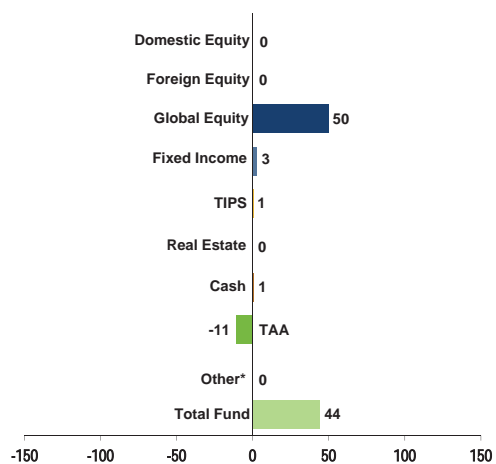


LCEF Total Fund Risk Profile

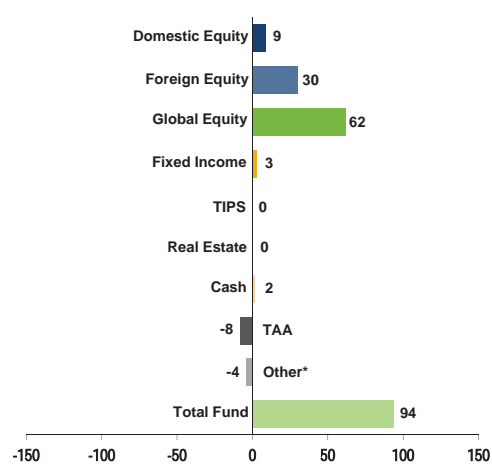


5 Years Historical Statistics										
	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
LCEF Total Fund	0.89	0.99	0.90	0.99	0.95	0.72	1.02	9.31	9.80	1.00
Total Endowment Target	0.00	0.00	N/A	1.00	0.88	0.00	1.00	8.38	9.57	1.00
Citigroup 3 Month T-Bill	-8.46	9.57	-0.88	0.00	N/A	0.06	0.00	0.06	0.02	0.01

Attribution



Basis Points
1-Year Ending 3/31/2015



Basis Points
5-Year Ending 3/31/2015

*Other includes differences between official performance value added due to methodology and extraordinary payouts.



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Global Equity

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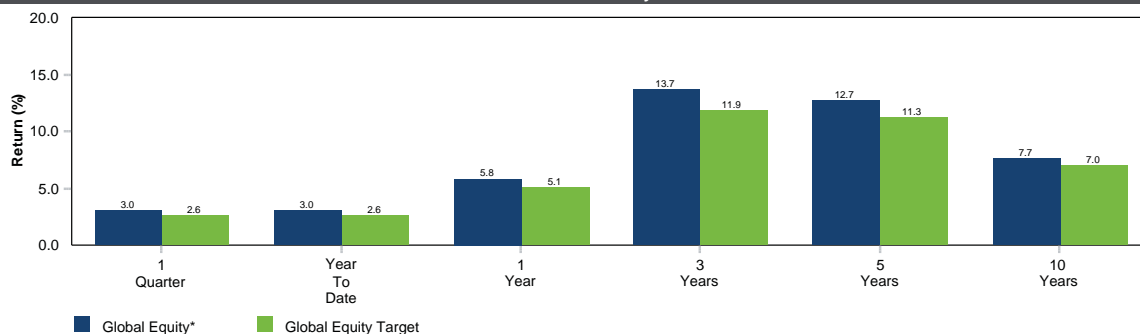


Global Equity*

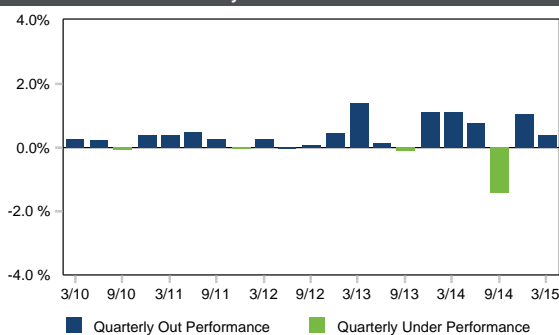
As of March 31, 2015

Total Plan Performance Summary

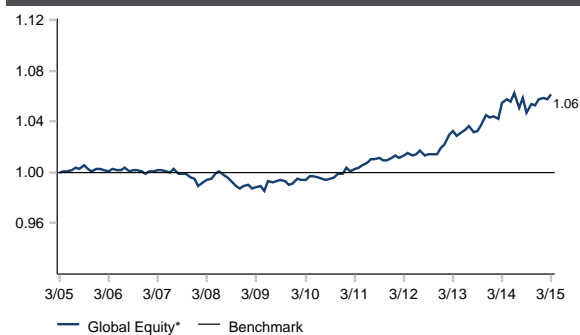
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years

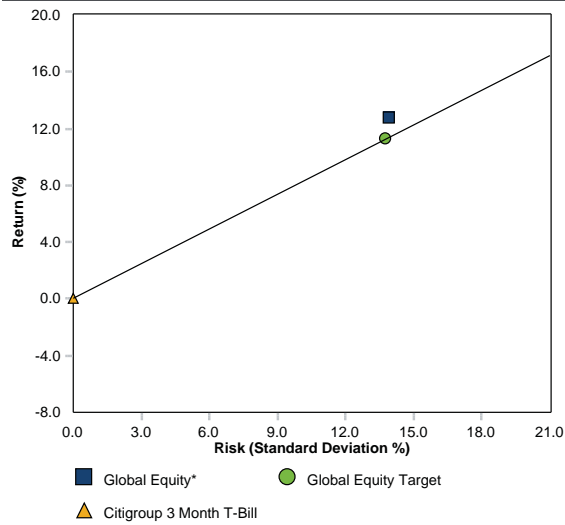


*Global Equity became an asset class in September 2012 by merging the Domestic Equities and Foreign Equities asset classes. The return series prior to September 2012 is a weighted average of Domestic Equities' and Foreign Equities' historical performance.

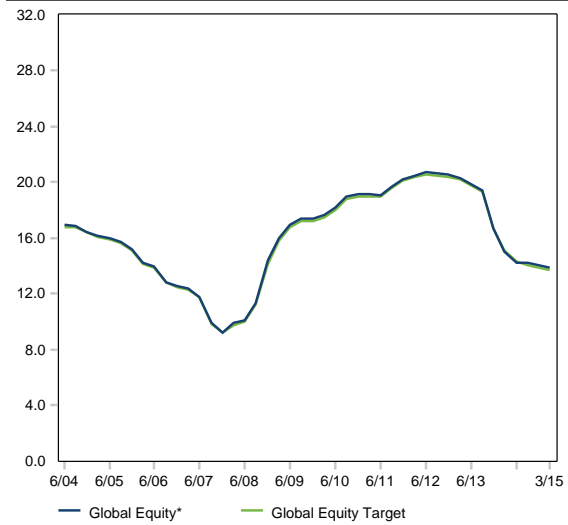
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Global Equity Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Global Equity*	1.36	1.32	1.03	0.99	0.93	1.27	1.01	12.74	13.93	1.00
Global Equity Target	0.00	0.00	N/A	1.00	0.84	0.00	1.00	11.26	13.76	1.00
Citigroup 3 Month T-Bill	-11.58	13.75	-0.84	0.00	N/A	0.06	0.00	0.06	0.02	0.05

*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.



Fixed Income

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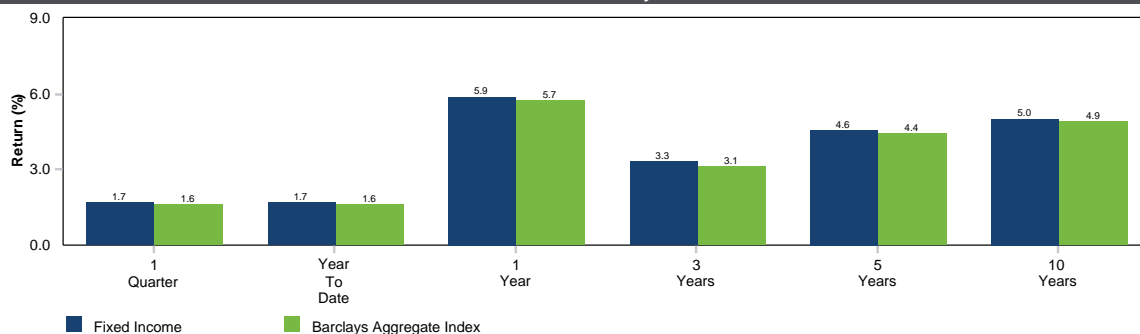


Fixed Income

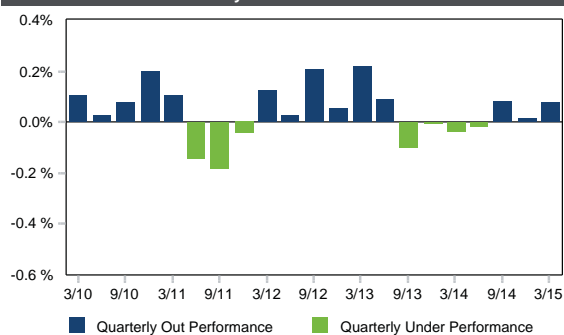
As of March 31, 2015

Total Plan Performance Summary

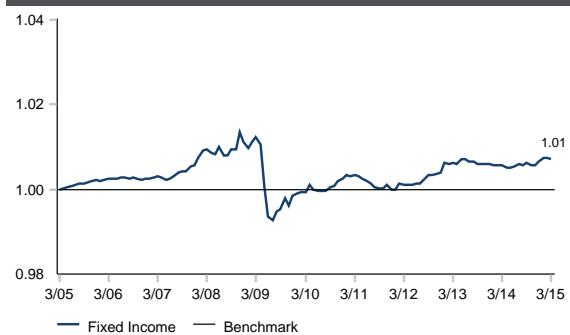
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



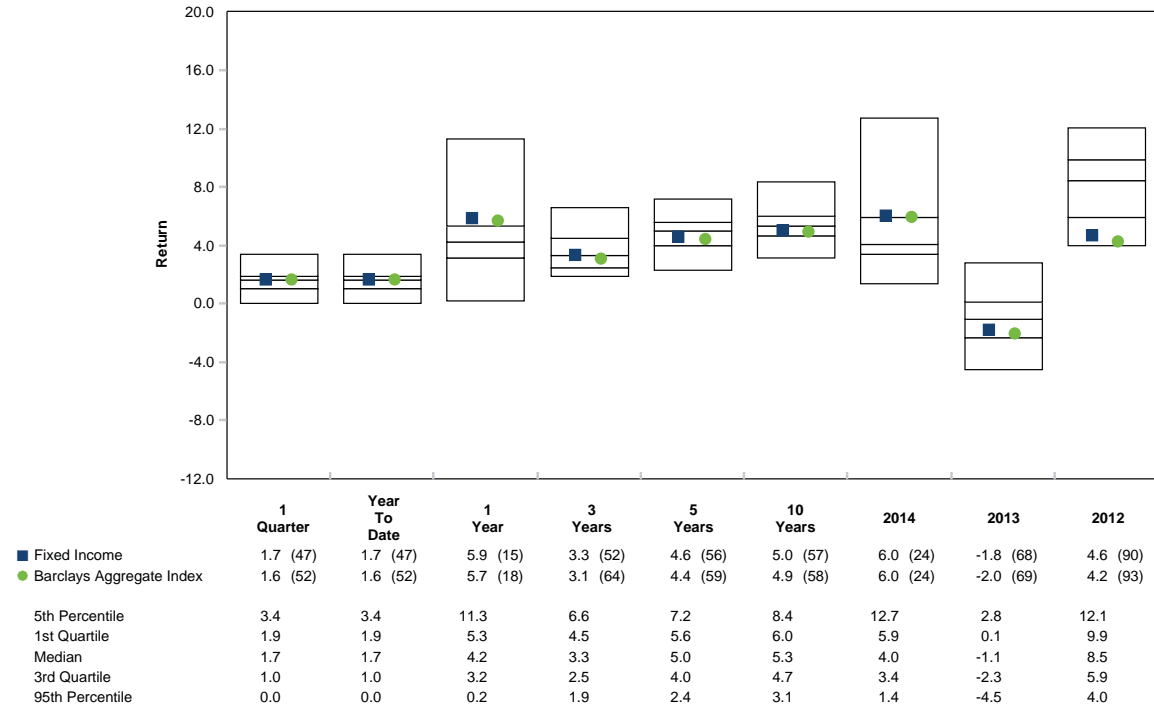
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As of March 31, 2015

Plan Sponsor Peer Group Analysis

All Endowments-US Fixed Income Segment



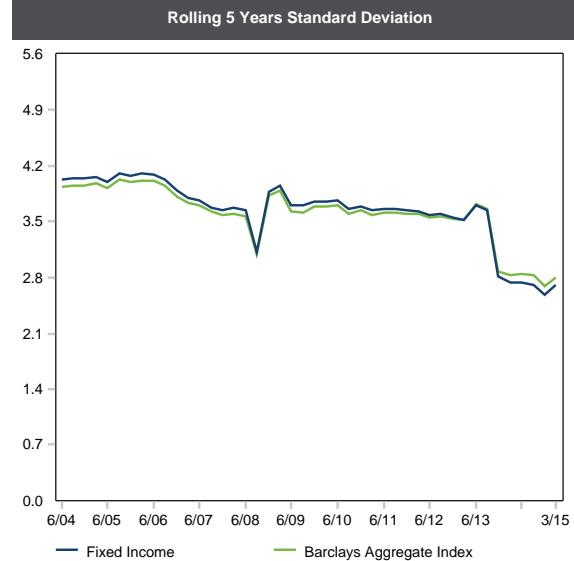
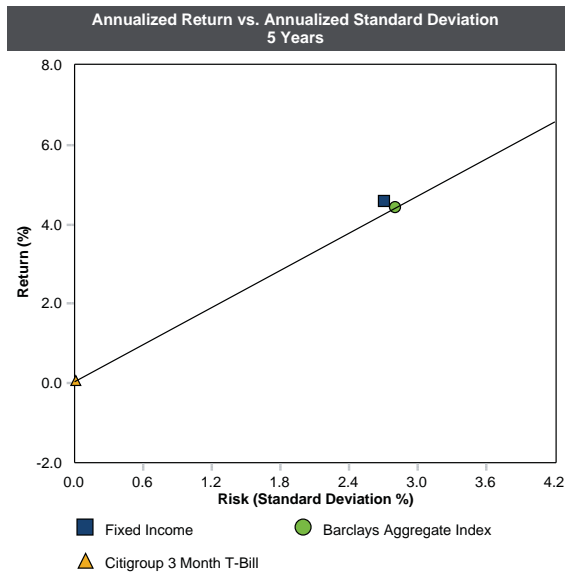
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.



Fixed Income

As of March 31, 2015

Fixed Income Risk Profile



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Fixed Income	0.15	0.23	0.68	0.99	1.64	0.30	0.97	4.57	2.71	1.00
Barclays Aggregate Index	0.00	0.00	N/A	1.00	1.53	0.00	1.00	4.41	2.80	1.00
Citigroup 3 Month T-Bill	-4.30	2.80	-1.53	0.00	N/A	0.07	0.00	0.06	0.02	-0.04



TIPS

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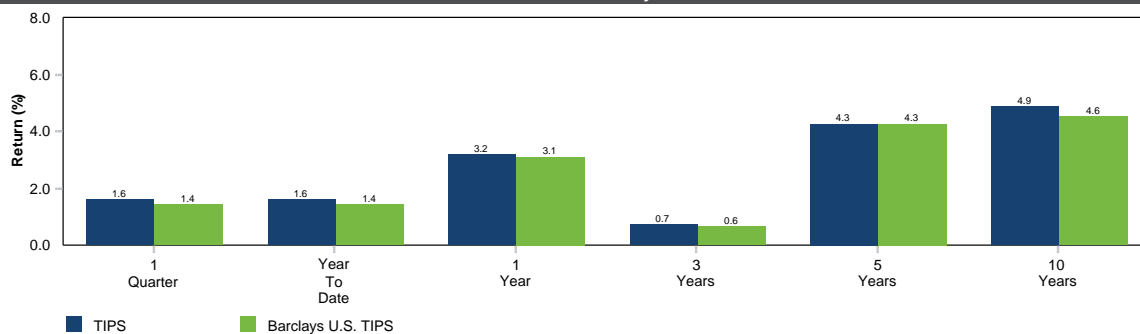


TIPS

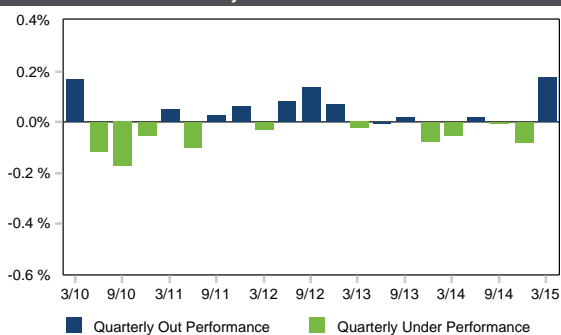
As of March 31, 2015

Total Plan Performance Summary

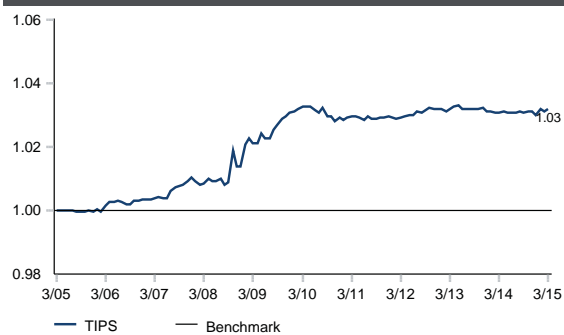
Return Summary



Quarterly Excess Performance

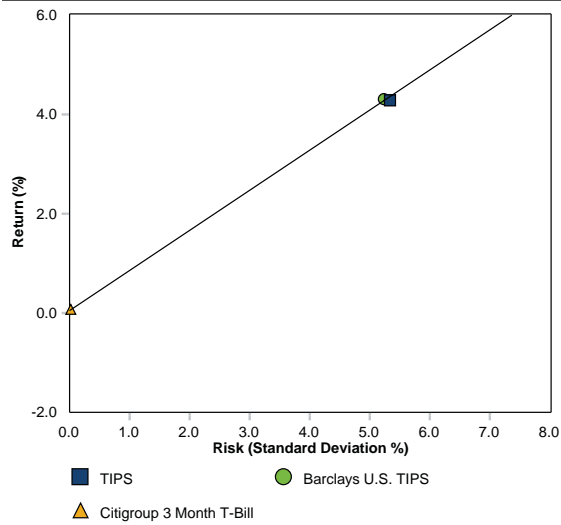


Ratio of Cumulative Wealth - 10 Years



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Annualized Return vs. Annualized Standard Deviation
5 Years

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
TIPS	-0.01	0.25	-0.03	1.00	0.80	-0.08	1.02	4.28	5.35	1.00
Barclays U.S. TIPS	0.00	0.00	N/A	1.00	0.81	0.00	1.00	4.29	5.25	1.00
Citigroup 3 Month T-Bill	-4.28	5.25	-0.81	0.00	N/A	0.06	0.00	0.06	0.02	0.04

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Cash Equivalents

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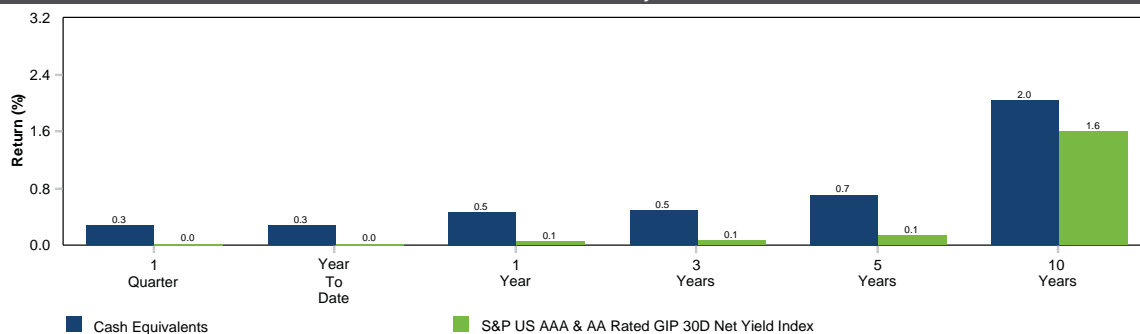


Cash Equivalents

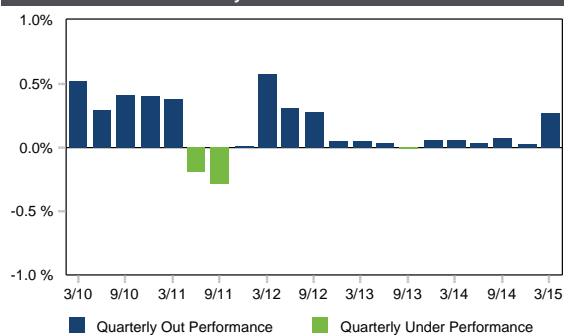
As of March 31, 2015

Total Plan Performance Summary

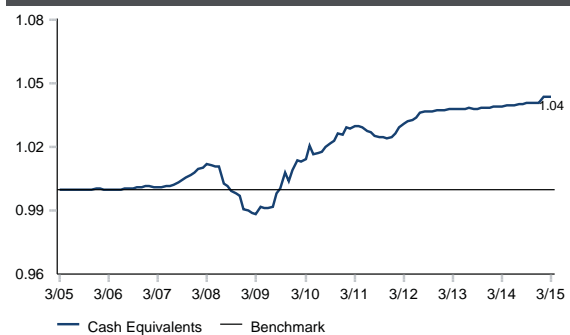
Return Summary



Quarterly Excess Performance



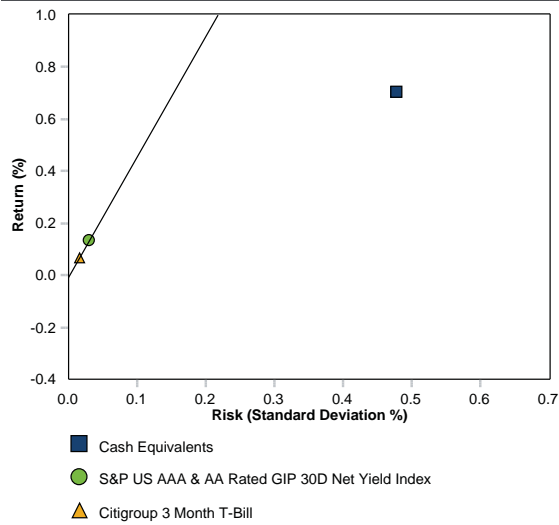
Ratio of Cumulative Wealth - 10 Years



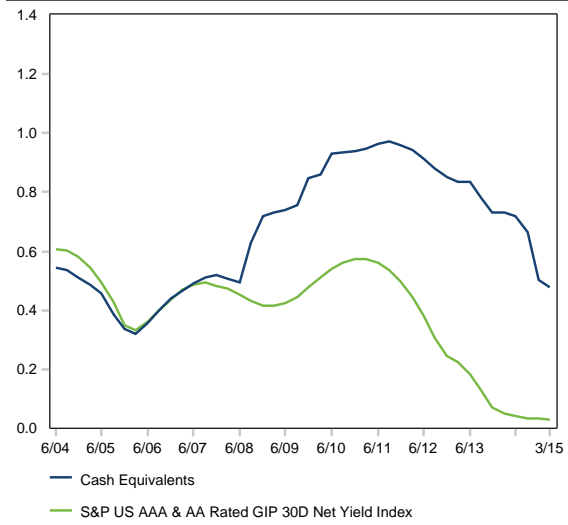
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Cash Equivalents Risk Profile

Annualized Return vs. Annualized Standard Deviation
5 Years

Rolling 5 Years Standard Deviation



5 Years Historical Statistics

	Active Return	Tracking Error	Information Ratio	R-Squared	Sharpe Ratio	Alpha	Beta	Return	Standard Deviation	Actual Correlation
Cash Equivalents	0.57	0.47	1.21	0.05	1.34	0.21	3.72	0.70	0.48	0.23
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.00	0.00	N/A	1.00	2.73	0.00	1.00	0.13	0.03	1.00
Citigroup 3 Month T-Bill	-0.07	0.02	-2.73	0.33	N/A	0.03	0.30	0.06	0.02	0.58

Appendix

As of March 31, 2015

Benchmark Descriptions

LCEF Total Fund

Total Endowment Target - A weighted blend of the individual asset class target benchmarks.

Total Global Equity

MSCI ACWI IMI ex-Tobacco - From 7/1/2014 forward, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. From 10/1/2013 to 6/30/2014, a custom version of the MSCI ACWI IMI adjusted to reflect a 55% fixed weight in the MSCI USA IMI and a 45% fixed weight in the MSCI ACWI ex-USA IMI, and excluding certain equities of tobacco-related companies. From 9/1/2012 to 9/30/2013, a custom version of the MSCI ACWI IMI excluding tobacco-related companies. Prior to 9/1/2012, the benchmark is a weighted average of both the Domestic Equities and Foreign Equities historical benchmarks.

Total Domestic Equities

Russell 3000 Index ex-Tobacco - Prior to 9/1/2012, an index that measures the performance of the 3,000 stocks that make up the Russell 1000 and Russell 2000 Indices, while excluding tobacco companies.

Total Foreign Equities

MSCI ACWI ex-US IMI ex-Tobacco - Prior to 9/1/2012, a capitalization-weighted index representing 44 countries, but excluding the United States. The index includes 23 developed and 21 emerging market countries, and excludes tobacco companies.

Total Fixed Income

Barclays Aggregate Bond Index - A market value-weighted index consisting of the Barclays Credit, Government, and Mortgage-Backed Securities Indices. The index also includes credit card, auto, and home equity loan-backed securities. This index is the broadest available measure of the aggregate investment grade U.S. fixed income market.

Total TIPS

Barclays U.S. TIPS - A market value-weighted index consisting of U.S. Treasury Inflation-Protected Securities with one or more years remaining until maturity with total outstanding issue size of \$500 million or more.

Total Cash Equivalents

S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index - An unmanaged, net-of-fees, market index representative of the Local Government Investment Pool. On 10/1/2011, the S&P U.S. AAA & AA Rated GIP 30-Day Net Yield Index replaced the S&P U.S. AAA & AA Rated GIP 30-Day Gross Yield Index, which was previously used from 4/30/08 - 9/30/11. Prior to 4/30/08, it was the average 3-month T-bill rate.

As of March 31, 2015

Universe Descriptions

LCEF Total Fund

A universe comprised of 201 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 \$283.3 billion as of quarter-end and the average market value was \$2.8 billion.

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 \$24.2 billion as of quarter-end and the average market value was \$298.2 million.

As of March 31, 2015

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.

Risk-Return Graph - The horizontal axis, annualized standard deviation, is a statistical measure of risk, or the volatility of returns. The vertical axis is the annualized rate of return. As investors generally prefer less risk to more risk and always prefer greater returns, the upper left corner of the graph is the most attractive place to be. The line on this exhibit represents the risk and return trade-offs associated with market portfolios, or index funds.

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.