MEETING OF THE STATE BOARD OF ADMINISTRATION

GOVERNOR SCOTT AS CHAIRMAN
CHIEF FINANCIAL OFFICER ATWATER
ATTORNEY GENERAL BONDI

AUGUST 2, 2016

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AGENDA

ITEM 1. **REQUEST APPROVAL OF THE MINUTES OF THE MARCH 29, 2016 AND MAY 10, 2016 CABINET MEETINGS.**

(See Attachments 1A – 1B)

ACTION REQUIRED

ITEM 2. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $52,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, 2016 SERIES (TO BE DETERMINED).**

(See Attachment 2A)

ACTION REQUIRED

ITEM 3. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $25,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF SOUTH FLORIDA PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 3A)

ACTION REQUIRED

ITEM 4. **REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $23,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).**

(See Attachment 4A)

ACTION REQUIRED

ITEM 5. **REQUEST APPROVAL OF A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $10,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (TRINITY TOWERS EAST).**

(See Attachment 5A)

ACTION REQUIRED

ITEM 6. **REQUEST APPROVAL OF A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $6,400,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (MARY EAVES).**

(See Attachment 6A)

ACTION REQUIRED

ITEM 7. **REQUEST APPROVAL OF SBA QUARTERLY REPORT ON SCRUTINIZED COMPANIES WITH DESIGNATED BUSINESS PRACTICES.**

Pursuant to Sections 215.442, 215.4702, 215.471, 215.4725, and 215.473, F.S., the SBA is required to submit a quarterly report that includes lists of "Scrutinized Companies," with certain business activities in Sudan and Iran, as well as certain business practices aimed at Boycotting Israel. The Protecting Florida's Investments Act ("PFIA") prohibits the SBA, acting on behalf of the Florida Retirement System Trust Fund, from directly investing in, and requires divestment from, companies involved in certain types of business activities in or with Sudan or Iran. The SBA is prohibited from making additional direct investments in companies participating in a Boycott of Israel. The SBA is encouraged to identify companies in which its invests that operate in Northern Ireland. Other information on corporate proxy voting at companies with operations in Cuba, Northern Ireland, and Syria is included.

(See Attachment 7A)

ACTION REQUIRED

ITEM 8. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING "THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE MONTHLY [FLORIDA PRIME] SUMMARY REPORTS AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS." (SECTION 218.409(6)(a)1, F.S.)

(See Attachments 8A - 8D)

ACTION REQUIRED

ITEM 9. 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 presented their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 8, 2016.

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 presented their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 8, 2016.

(See Attachments 9A – 9E)

ACTION REQUIRED

ITEM 10. REQUEST APPROVAL OF THE INVESTMENT POLICY STATEMENT FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS "FLORIDA PRIME"), AS REQUIRED UNDER s. 218.409(2)(d), F.S.

The Investment Policy State 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 23, 2015.

(See Attachments 10A – 10C)

ACTION REQUIRED

ITEM 11. REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULE 19-11.002, F.A.C. (BENEFICIARY DESIGNATIONS AND DISTRIBUTIONS FOR THE FRS INVESTMENT PLAN) AND TO FILE THE RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.

The rule amendments adopt the latest version of the beneficiary designation form. Further, the rule amendments indicate that if a Special Risk Class Investment Plan member is killed in the line of duty, such member's family will be entitled to a monthly survivor benefit as outlined in detail by new Rule 19-11.014. The rule also is being amended to make reference to the latest versions of the applicable enrollment forms.The rule amendments further indicate that an incomplete beneficiary designation form will not be processed. Additionally, the rule states that if a member designates the same person/entity as both a primary and a contingent beneficiary, the person or entity designated will be deemed to be only a primary beneficiary.

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

(See Attachments 11A – 11B)

ACTION REQUIRED

ITEM 12. REQUEST APPROVAL TO FILE FOR NOTICE A NEW RULE, RULE 19-11.014, F.A.C. (BENEFITS PAYABLE FOR INVESTMENT PLAN MEMBER DISABILITY AND IN-LINE-OF-DUTY DEATH BENEFITS) AND TO FILE THE NEW RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THIS RULE.

The purpose and effect of the proposed new Rule 19-11.014 is to set forth information regarding what happens if an Investment Plan member applies to receive a disability benefit in lieu of benefits payable under Section 121.591, Florida Statutes. The new rule also sets forth information as to the In-Line-of-Duty Death benefits available to the spouse and unmarried children of Special Risk Investment Plan members that were killed in the line of duty on or after July 1, 2013, as provided in Section 121.591(4), Florida Statutes (2016).

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

(See Attachments 12A – 11B)

ACTION REQUIRED

ITEM 13. 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, 2016 – *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 13A – 13I)

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, MARCH 29, 2016

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

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P R O C E E D I N G S

GOVERNOR SCOTT: Welcome to the March 29th Cabinet meeting.

To begin our meeting, I would like to welcome Michaela Bowling to lead this morning's invocation.

Please remain standing after the invocation for the Pledge of Allegiance led by the PACE Center for Girls, followed by the singing of the National Anthem by Grace Sams.

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STATE BOARD OF ADMINISTRATION

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

EXECUTIVE DIRECTOR WILLIAMS: Good morning, Governor.

ATTORNEY GENERAL BONDI: I think we need the CFO for this.

GOVERNOR SCOTT: It just takes a majority vote. Yeah, I think it will just take a majority vote.

ATTORNEY GENERAL BONDI: I guess, yeah.

GOVERNOR SCOTT: Yeah, we're okay.

Go ahead.

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

By way of an update on the fund, and we have our quarterly report later today; and Kristen Doyle is here with us from Aon Hewitt to provide detail if you like, but the short summary as of last night's close is we're down 1.92% fiscal year to date. That's 54 basis points ahead of target, leaving us with a balance in the Florida Retirement System Trust Fund of $140.6 billion, which is

$7.3 billion below where we opened the fiscal year.

GOVERNOR SCOTT: Can you say it -- Ash, can you say it one more time exactly where we are?

EXECUTIVE DIRECTOR WILLIAMS: Yes. As of last night's close, fiscal year to date we're down 1.92% on the Florida Retirement System Trust Fund. That's 54 basis points ahead of target, leaving us with a balance of $140.6 billion, which is 7.3 billion below where we started the fiscal year.

Interestingly, in the first quarter, if you just looked at where we were at year-end and looked at where we are now, you'd think, gosh, everybody has been taking a nap, nothing has happened. What has, in fact, happened is equity markets have gone down 10% and come back 10%. It's been like a circular roller coaster, but we've held our own and protected capital in that environment, which is why we're ahead of benchmark.

Other questions on performance?

GOVERNOR SCOTT: Anybody have anything?

(NO RESPONSE).

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

GOVERNOR SCOTT: Okay.

EXECUTIVE DIRECTOR WILLIAMS: Item 1, request approval of a fiscal sufficiency of an amount not exceeding $660 million State of Florida full faith and credit Board of Education public education capital outlay refunding bonds.

GOVERNOR SCOTT: This is just Item 1, right?

EXECUTIVE DIRECTOR WILLIAMS: Yes, sir.

GOVERNOR SCOTT: Is there a motion to approve on the item?

ATTORNEY GENERAL BONDI: So moved.

CFO ATWATER: Second.

GOVERNOR SCOTT: So you've seconded it, so it's passed.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 2, request approval of a fiscal sufficiency of an amount not exceeding $440 million State of Florida State Board of Education lottery refunding bonds.

GOVERNOR SCOTT: Okay. Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 3, request approval of a fiscal determination in connection with the issuance of an amount not exceeding 10,500,000 Florida Housing Finance Corporation multi-family mortgage revenue bonds. This is for the acquisition and rehabilitation of an apartment project, Phoenix Apartments in Dade County.

GOVERNOR SCOTT: Is there a motion?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 4, request approval of the SBA quarterly report provided by the Protective Florida's Investments Act. By way of summary, there are two areas we follow here: Sudan and Iran; and there are two areas within each of those jurisdictions we keep track of: Companies that enter or exit scrutinized status or continued examination status.

With regard to Sudan, we had one added and one subtracted from the scrutinized list, one added and three subtracted from the continued examination list. With regard to Iran, there was one added to the scrutinized category and one removed, and zero change in the continued examination category.

Request approval of the report.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 5, request approval of a draft letter to the Joint Legislative Auditing Committee affirming the SBA Trustees have reviewed and approved the monthly summary reports and actions taken, if any, to address any impacts. There were no material impacts.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 6, request approval of the 2016/17 Florida Hurricane Catastrophe Fund Reimbursement Premium Formula. A couple of things on the Formula. First of all, the law requires that the Formula be put together through third-party actuaries, reviewed in public by the Hurricane Catastrophe Advisory Council, and adopted unanimously by the Trustees.

The meeting was held on 15 March and the Advisory Council did, in fact, recommend adoption. The net of the Formula this year would be that the rates for the Florida Hurricane Catastrophe Fund would go down an aggregate 9.07%. That is absent any --

GOVERNOR SCOTT: You want to repeat that?

EXECUTIVE DIRECTOR WILLIAMS: I'm sorry?

GOVERNOR SCOTT: What's going to happen?

EXECUTIVE DIRECTOR WILLIAMS: The rate for the

Cat Fund would go down 9.07%.

GOVERNOR SCOTT: Good job.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Request approval of the Formula.

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

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Okay. Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 7, request authority to file a notice of a proposed rule to implement the Florida Hurricane Catastrophe Fund for Rule 19-8028. That is the Reimbursement Premium Formula, and this will be the process to the Formula into rule.

GOVERNOR SCOTT: Okay. Is there a motion on the item?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 8 is an update on the Hurricane Catastrophe Fund's status as we look forward to the coming hurricane season, and I think the short summary is, with a combination of good luck; ten years with no land-falling hurricanes in Florida; and prudent policy leadership which has included the reduction of liability in the Cat Fund with the elimination of the temporary increase coverage layer, the rapid cash buildup, and not allowing any other steps to be taken that would increase the liabilities of the Cat Fund in an imprudent manner, we're in the strongest financial position we've ever been in.

We're fortunate to have 16 and a half billion dollars in liquid resources to fund a $17 billion maximum liability. And given the practicalities of the way that 17 billion max could ever be touched, every insurance company in Florida would have to max out to hit that. The likelihood of that happening, given the geographic disparity of the books of exposure of each of those insurance companies is low. So I think you can practically say we're fully funded for the coming season and on a stand-alone basis.

That 16 and a half billion dollars is comprised of $13.8 billion in cash balance, which is unencumbered money that's proceeds from prior reimbursement premiums that we've been able to keep because the wind hasn't blown, in addition to $2.7 billion in pre-event bonds that we have outstanding. These will be maturing annually from 2018 through '21.

I think importantly we no longer have any post-event bonds outstanding. This is after eight years of paying off the bonds that were issued to pay down the losses incurred in the 2004 and '05 hurricane season, which you may recall didn't have any single storms of stunning magnitude but had a lot of events that collectively were a 500-year loss event and probability.

So after eight years of paying off those bonds originally issued in 2006, we are now out of the woods; and in January of '15, we terminated the emergency assessments that Floridians had been paying since that paper was put out in '06.

To give you an idea of the magnitude of the importance of being out from under those assessments, actually only 23% of the insurance premiums on which those post-event bond assessments are leveed are homeowners. The rest are other forms of insurance written in Florida. So by design, and it's deliberate legislative policy consistent with federal guidance from the IRS in terms of what we needed to do in terms of the Cat Fund structure to get our tax exempt status, post-event losses spread very, very widely over Florida.

As I said earlier, the Cat Fund rates are expected to decrease 9.07% on average for the upcoming contract year, and one could reasonably say, given that reality, there is no compelling need for any additional liquid resources to fund a single season exposure. But like all good things, there's always room to make them better.

If we look at this graph, this just summarizes where we are, and this is a nod of the head to Jack Nicholson while we are doing this; this is his standard format for these things.

But you can see the $7 billion industry retention at the base of the chart. Those are the liabilities that the industry essentially shoulders as their part of risk retention before the Cat Fund is tagged to start paying out; and then you see our $13.8 billion in cash; and then above that, the $2.7 billion in pre-event debt issuance; and off to the side, the co-payments that the industry would continue to pay, even if we are paying out from our own resources in the Cat Fund.

On the far left side, you can see probabilities of certain loss experiences. So to have a loss that would take us beyond the top of our existing cash, the probability of that is a little over two and a half percent, or roughly a one-in-39.5-year event.

To give you an idea of the scale of this, if you looked at Hurricane Andrew in 2015 dollars, it would be ground-up losses of 26.4 billion. So the 26.4 before we would be touched, you'd have 7 billion of that retained by the insurance industry, the primary insurance industry; and then we'd be on the hook for the next component of roughly 18 billion and change, 19 billion.

So you could see, if we were hit by a single event the magnitude of Hurricane Andrew in the current season, we could literally write a check from where we are. And we would be depleted, but we would absolutely make our obligations timely.

To put in perspective another catastrophic event we're all familiar with, Hurricane Katrina in 2015 dollars would be an $80 billion loss experience, and that would certainly blow through all of our resources.

So to the extent we can take something good and make it better, what would those opportunities for improvement be and how might we think about them in an appropriate context?

First of all, we always look at cost-effective opportunities to optimize the capital structure of the Fund for the current contract year; and then going beyond that, we consider whether we could accumulate or preserve capital for subsequent contract years.

Historically that option really hasn't been viable for us. Last year is the first time we ever contemplated that through risk transfer because it was the first time we had ever deemed it to be economically attractive.

Let's talk about the first opportunity for improvement, which is optimizing the capital structure for the current contract year. If you think about our four main sources of capital; they're cash, 13.8 billion currently; reimbursement premium proceeds; pre-event debt; or post-event debt. You also have a fourth (sic) option, which is risk transfer, the notion of using the private capital markets to transfer Hurricane Catastrophe Fund to third parties commonly outside of Florida in the global capital markets.

Ideally, if we think about any capital structure, you want the components and the cost of that capital structure to be borne by those who benefit from it; and in this case, that would be residential homeowners. Post-event debt allocates costs beyond homeowners to a broader group of Florida consumers. Pre-event debt temporarily allocates the cost to homeowners and provides liquidity; but to the extent it's ultimately taken out by post-event debt issuance, it then transfers a lot of that cost beyond the immediate beneficiaries of the Cat Fund coverage, which are residential holders.

Only cash and risk transfer optimally and permanently allocate costs directly to those who benefit. Now last year, we did risk transfer in the Cat Fund for the first time because it was at a historically low cost and a historically large level of availability. So we were able to come into the market without any detrimental impact that we could perceive on any primary insurers in terms of either the availability or cost of reinsurance to others or risk transfer to others. That's important because at its fundamental purpose, the Cat Fund exists to stabilize and add capacity to the primary reinsurance market, not compete with it or take it away.

Secondly, if we think about the aspect of why risk transfer might make sense now, it would optimize the Fund's capital structure by allocating costs to those who benefit and transfer risk away from Florida consumers, because to the extent we do have loss experience that tags the risk transfer point, then that risk is paid by third parties, not subsequent assessments on Floridians.

The annual cost continues to be advantageous. It's actually gone down a bit since last year, and availability continues to be ample. So on a historical basis, the cost of risk transfer continues to be more comparable than it historically has been to other capital sources, such as pre- or post-event debt.

We continue to believe also that to the extent that we did do any risk transfer, the impact on the net cost of the -- of Cat Fund as reflected by Cat Fund rates would be minimal from the standpoint that rates would go down. Our estimate is that risk transfer at the level we would consider attractive would increase Cat Fund rates by about 3.2 percent, but in the face of a 9.07% decline otherwise, you would still have a net decrease of over 6% in Cat Fund rates, even if we did adopt risk transfer.

If we think about the second opportunity for improvement, which is accumulating or preserving capital for the subsequent contract year, first of all, Florida Statutes specifically contemplates the notion of the Board considering preserving claims-paying capacity for subsequent contract years. We go beyond that if we consider where we would be if we had single year loss experience that essentially wiped out the Cat Fund as we know it and put us back where we were at the end of 2005. So this is not a place that's unknown to us, we've been here before. We started in '06 with absolutely nothing.

What we would have would be a single year's reimbursement premium, together with our estimated ability to borrow in the capital markets, which would be a total of $8.2 billion against a $17 billion maximum statutory liability, or a potential shortfall of up to $8.8 billion.

What opportunities might we have before us to reduce the risk of that possible shortfall? Well, we could issue additional pre-event debt, in which case we would accumulate additional capital that could carryover into subsequent years, or we could do risk transfer.

Now we already have a 2013 and 2016 series of pre-event debt outstanding. The Division of Bond Finance executed on both of those for us at their usual high level of effectiveness and low level of cost, so we're there on that. Our view is, going forward it's worth considering doing risk transfer in lieu of additional debt for several reasons, so let's weigh the options.

If we look at pre-event debt, the pros of doing more of that would be that it's a stable source of liquidity over multiple years; market conditions continue to be favorable in terms of open capital markets and low interest rates; and the annual cost is, in fact, lower relative to the cost of risk transfer in a single year at the relative attachment points.

The cons are that it does not transfer risk, we still have to pay the proceeds with interest. It allocates those -- it allocates costs beyond those primarily benefiting after an event, and it would have higher lifetime costs relative to risk transfer. Lastly, it would not increase overall claims-paying capacity, it just accelerates it by providing liquidity.

If we contrast that to risk transfer and look at the pros and cons there, the pros would be transferring risk outside of Florida away from Florida consumers, reducing dependency on the debt capital markets, allocating costs directly to those who benefit, and having a currently lower life-time cost relative to pre-event financing.

The cons are it's commonly short term, one year at a time, there is a higher annual cost relevant to pre-event financing at relevant attachment points, and the probability of triggering is fairly low.

Where we're thinking about attaching, if we wanted to go there at all, would be a probability of about two and a half percent of hitting the risk transfer point; and I think we should go back to where we started. We're in the best position we've ever been in, and there's no compelling need to do anything. So you can honestly say here doing nothing is an option. You don't have a gun to your head to do anything.

But at the SBA we're in the business of looking at marginal risk management and the marginal cost of that risk management and mitigation. And in the current circumstance, we could do nothing, in which case we have no out-of-pocket cost to the fund at all and be in very good for the current season; or we could go forward with something that would contemplate improving our posture for subsequent seasons.

On net, having weighed that, the only way to really know with absolute certainty which of those options is the most prudent is to also know the weather for the current hurricane season. We've called lots of people and not been able to get a dependable answer to that question. So we have to look at it at the margin, look at probabilities, look at costs, and look at benefits.

And while it's a marginal call, I think where I would come away from this would be to say that risk transfer is probably the right option given where costs are; given that we've been for most of the Cat Fund's life without this option because the costs and availability were not there; and that we're historically blessed with both ample capacity and lower costs than we've ever seen before, and the fact that those costs are made even more low by the fact that because we have a lot of assets we can attach at a higher point, not at zero.

If we were attaching a risk transfer solution at the loss excess of a single year's reimbursement premium, which is a little over a billion dollars, the cost would be off the table. It would not be something we would be talking about because we couldn't afford it.

So there are a lot of things that line up that make this viable now that have not historically been there say for the last year. So what we could do through risk transfer is transfer risk away from Florida consumers, preserve capacity for the subsequent contract year, not be locked into a multi-year cost, and transfer the risk at a more attractive relative cost to debt than has been the case in the past.

So for those reasons, I think it probably makes sense. I would also add that SBA rules provide for a very broad delegation of authority to the staff to make any number of operating decisions relating to investments, management of Cat Fund, including risk transfer. A conspicuous exception to that is debt issuance, where statutes specifically require Trustee approval because of the nature of credit and the importance of protecting that AAA rating that we talked about earlier.

So this is something that, just like the purchase or sale of bonds, stocks, real estate, et cetera, we could go ahead and undertake; but given the gravity of it and our commitment to transparency, I wanted to bring it forward, make sure you were fully aware of it, get the benefit of your guidance and observations before proceeding.

So with that, let me stop there and see if anyone has questions or comments.

GOVERNOR SCOTT: Any questions?

CFO ATWATER: Ash, as always, a really high quality presentation, and also I think a very good walkthrough to the historical to bring us to today. It's been a long road, and I'm just glad to say that we're getting to this point. It's been a long, long road, and I think you've done, you know, again a high quality analysis here.

I would just tell you that last year as we had the conversation, I think, again, you positioned it very well, that none of us have a crystal ball and there would -- I think logical and reasoned arguments could have been made to go either way, and I think the same exists today with what you've put before us.

I would tell you that personally, I am comfortable with the current position we're at today; and I, again, would not find any fault or argument with somebody who would take a different position.

So I know that you're asking for a little guidance to come back to us in April, and I just would -- I'm just sharing mine with the group here, that I -- again, I don't think there can be a right or wrong answer to this. I think over the last four or five years, Governor, again I would say under your leadership, Some really critically important decisions have been made to get us to this point, and I'm really proud of those, and those didn't always come with consensus, but they were the right and tough calls to make.

So when I look at this, we've reached a position where with a 97 and a half percent -- percentage that you've placed on this, that we would never need it; and that the present position that we have in both -- all the other arrangements that we have made, plus cash, we can handle an Andrew, another billion dollars, as you already stated, would still leave us at about 50 billion short Katrina.

And so I would just say, I'm comfortable with where we're at, but I'm certainly, you know, a team player and would be willing to participate in any conversation that you would have, if somebody wanted to have you come back to us in April with something else.

GOVERNOR SCOTT: Attorney General, do you have anything?

ATTORNEY GENERAL BONDI: It's remarkable what you've done. Thank you.

GOVERNOR SCOTT: Commissioner, did you want to add anything?

EXECUTIVE DIRECTOR WILLIAMS: Thank you for your leadership.

COMMISSIONER PUTNAM: I do have a question about the -- what do you use for your modeling of storm probability? So do you subscribe to a service, multiple services?

We have a meteorologist on staff in Forestry; we've got great universities with great meteorologists. I mean is there a Florida confab who take a distinctly Florida view of is El Nino going to wane, will it persist into the summer.

I mean there is a way of knowing. The insurance guys certainly rely on it, and do we take the subscription service, or do we kick it up a notch and rely on home state talent to make sure that we're really making decisions based on the best possible projection of conditions going into the storm season?

EXECUTIVE DIRECTOR WILLIAMS: I think all of the above is the answer. The statutes contemplate several things.

First of all, there is a Commission on Hurricane Methodology, hurricane modeling methodology that's statutorily established that includes in its membership actuaries, meteorologists, et cetera, et cetera.

Florida's universities absolutely are involved. We also use multiple external models that I would argue are the state of the art, and they've been evaluated by the Modeling Commission, which includes mathematicians, statisticians, et cetera, various people with the sorts of capabilities to evaluate mathematical models that exceed my own level of imagination, much less competence.

So, yes, I think we do everything you possibly could reasonably do to model, but net of that, it's like predicting interest rates or stock prices or anything else, you can have all of the king's horses and all the king's men and still get it wrong because you're talking about nature and forces beyond humanity.

But I think we know as much as anybody in this business can know, and I think we also draft through our outside partnerships in the private sector the best talent in the world in this space. And I don't think one could do any better job than the Cat Fund team has done. And frankly, I think the Florida Legislature has done a terrific job structuring the governance structure under which we do all of this.

I mean if you think about it, it's been pretty durable going all the way back to '93. And considering that our little peninsula is the most exposed piece of hurricane real estate in the world and we've come through all of these years of ups and downs and we're where we are today kind of suggests to me that it's worked pretty well.

COMMISSIONER PUTNAM: Thank you.

EXECUTIVE DIRECTOR WILLIAMS: So in terms of where we leave this, the meeting in April is toward the end of the month. One of the things we want to do is give as much clarity to the primary insurers as we can about where we are so that we're not in any way creating confusion in the marketplace.

So why don't we say this, maybe the way to do this would be -- I didn't hear, CFO, from you, I heard a balanced view that if we stay put where we are, you're fine, but you could respect an alternative approach.

So let us do some work on this. We'll stay in touch with you and go from there, if we can, but I appreciate your time this morning.

GOVERNOR SCOTT: I think -- I mean the way I think about it, Ash, first off, I think you've done a great job with this. So thank God we're in the position we're in, especially from where we started when we all got elected in 2010, and we've been blessed, you know, we haven't had landfall in

I guess ten years.

So if it's cheap, I'd like to buy more insurance, and I assume there's a dollar number that it doesn't get cheap. And so, you know, I'd -- you know, you'll have -- I guess you'll have -- over time you'll have a better idea. I mean because if we do nothing, like the CFO said, we're not in a bad position.

EXECUTIVE DIRECTOR WILLIAMS: Right. That's right.

GOVERNOR SCOTT: But if it's really cheap to get some insurance because we have next year, and if something happens this year, if it uses a part of the Cat Fund, then we'll have a bigger -- then we'll have a bigger problem than we have today next year to fund, so --

EXECUTIVE DIRECTOR WILLIAMS: Well, let me just put a finer point -- and this literally is a fine point given the size of this print. This is not by design, this is not an IRS document.

But at any rate, you can see, the yellow box is the area when we looked across the different areas where we would consider attaching, which is the point at which risk transfer takes place and it's contractually agreed.

We looked at a range of different points, and we concluded because of our good fortune of having our highest historical assets on hand that what would make sense would be to drop down a little bit in the capital stack from where we attached last year, which increases the probability of a payout, with a marginal change in the premium cost for the risk transfer.

But if you go to the net cost line there, you'll see $37.7 million in premium. So that's what we're talking about in terms of the cost for a single year of risk transfer, and that would be -- that would change the decline in the Cat Fund premium but it would still be a decline, so you'd end up with a net decline in Cat Fund premium of 6.2%, including the cost of risk transfer if we ended up going forward.

And these are preliminary estimates based on some early work that Aon Benfield has done in the market for us. Bryon Ehrhart from Aon Benfield is with us today if you have any questions for him. But last year we were able to beat our projected numbers by a bit. One never knows if we can get there, but that's certainly our aspiration.

I think the other thing that would be a

consideration we would look at would be in the current environment to see whether it would be possible to get any kind of a free option on subsequent years' coverage. We tried that last year, it proved not practical. Always ask; you don't ask, you don't get.

GOVERNOR SCOTT: That would be nice.

EXECUTIVE DIRECTOR WILLIAMS: It's worth a peek.

But at any rate, we'll take a look, keep you informed. And as we said at the beginning, we're not in anything but a good position. We're not compelled to do anything, CFO, to your point. So that's where we are, and we'll work on it and keep you informed.

ATTORNEY GENERAL BONDI: And you'll give us all copies of those options?

EXECUTIVE DIRECTOR WILLIAMS: Excuse me?

ATTORNEY GENERAL BONDI: You'll give us all copies of those options, Ash?

EXECUTIVE DIRECTOR WILLIAMS: Yes.

ATTORNEY GENERAL BONDI: Thank you.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

All right. That brings us to quarterly reports pursuant to Chapter 215, which is the quarterly reports for the State Board and particularly the investment portfolio.

I guess at a high level I would say we have in the document pack reports from our advisory body, the Investment Advisory Council, and the Participant Local Government Advisory Council, which by the way, met yesterday. We also have a report from our audit committee, our internal audit department; and our risk and compliance officer; and our inspector general.

I'm happy to say that at the highest level, we have no compliance issues anywhere on any level throughout the Board, which is nice. I would also say that our investment performance for all of the major mandates is ahead of all of the long-term benchmarks.

Kristen Doyle is here from Aon Hewitt to give you an independent quick take on major mandate performance if you'd like to go ahead with that.

GOVERNOR SCOTT: Sure. Do you still live in a high tax state?

MS. DOYLE: I do. You haven't asked me about that in a while.

ATTORNEY GENERAL BONDI: Don't you have an answer for him one day?

MS. DOYLE: You'd think I would. I got a little lazy on that. I had some good answers back a couple of years ago, but you haven't asked me in a while.

GOVERNOR SCOTT: I know. Did you see Connecticut is going to taxing their universities on their endowment?

MS. DOYLE: I did see that.

GOVERNOR SCOTT: Isn't that great?

MS. DOYLE: Yep. I did move out of Chicago, so I'm in a little bit better shape than I was previously.

GOVERNOR SCOTT: Yeah, Chicago, you guys -- Illinois doesn't have a budget yet, right?

MS. DOYLE: We don't have a budget. That's for another day.

GOVERNOR SCOTT: They're great to compete against.

MS. DOYLE: So good morning and thanks for having me here today again.

I'm going to just provide a brief overview of the investment performance for the major mandates managed by the State Board through the end of the calendar year 2015.

And I'll echo what Ash just mentioned, that overall performance continues to remain strong on both an absolute and a relative basis, and over the longer periods, that you'll see all of the major mandates have outperformed their major benchmarks.

So we'll start first with the pension fund. So here you can see that performance, which is sort of that gray -- brown-gray bar has outperformed its performance benchmark which is the blue bar, over all trailing periods shown here, with the exception of the quarter, which was under by about point four percentage points.

We also compare performance relative to the absolute nominal target rate of return, and you'll see that performance relative to this benchmark has been mixed over the time periods that you see here. But this benchmark, as we've mentioned in the past, becomes more meaningful over longer periods of time.

And so here over the 20, 25, and 30-year period, the FRS has significantly outperformed the absolutely nominal target rate of return, which I'll remind you is the inflation plus 5%.

We also compare performance of the FRS to the ten largest pension funds in the United States. Here we look at asset allocation relative to the asset allocation of the pension, and the most significant difference is about a 10% overweight to public equities relative to the other ten large public pension funds in the U.S.

So as global equity markets fluctuate, it's going to have some influence over the way that the pension looks relative to its peers in terms of performance.

We've been in a strong period of performance, not necessarily recently but over the last three to seven years, and so you can see here that performance of the FRS relative to the universe that we're using here has been strong outperforming, the median fund over all trailing periods, with the exception of the five-year period where it was right at the median.

Any questions on the FRS?

(NO RESPONSE).

MS. DOYLE: Okay. Moving on to the Defined Contribution Plan, performance here is also strong, negative performance unfortunately over the one-year period mainly driven by the public equity options that are in the DC plan, but strong absolute performance over the other trailing periods, and strong relative performance as well indicating that collectively the fund options are outperforming their respective benchmarks.

And then moving on to the Cat Fund, so the Cat Fund is invested very conservatively; and so, of course, being on the shorter end of the yield curve over the last couple of years in this low interest rate environment that we've been in has not produced strong absolute returns for the Fund. But the Fund is outperforming its respective benchmark over all trailing periods.

And then similarly for the Lawton Chiles Endowment Fund, which is about 70% invested in public equities, had a negative return for the one-year period, again mainly driven by that global equity position, but outperforming performance benchmark over all trailing periods, and producing a strong absolute return as well.

And then last but not least, the Florida Prime Fund, again, is also invested very conservatively on the shorter end of the yield curve. So low absolute returns over the trailing periods but strong out-performance over all periods relative to its benchmark which is made up of other local government investment programs.

Any questions?

(NO RESPONSE).

MS. DOYLE: Okay. Thank you.

GOVERNOR SCOTT: Any questions anybody have?

(NO RESPONSE).

GOVERNOR SCOTT: Thank you.

MS. DOYLE: Thank you.

GOVERNOR SCOTT: You'll get down here. Thank you, Ash.

* * * *

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 10, 2016

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

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

GOVERNOR SCOTT: Good morning. Welcome to the May 10th Cabinet meeting.

To begin our meeting, I would like to welcome Davey McGregor to lead this morning's invocation. Please remain standing after the invocation for the Pledge of Allegiance led by Jordyn Wysocki, followed by the singing of the National Anthem by Kate Corkrell (phonetics).

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

* * * *

STATE BOARD OF ADMINISTRATION

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

EXECUTIVE DIRECTOR WILLIAMS: Governor and Cabinet members.

GOVERNOR SCOTT: On the minutes -- I'll go ahead and do the first part. The minutes of January 21 and March 2nd, 2016, is there a motion?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 2 is a fiscal sufficiency not exceeding a billion dollars, State of Florida full faith and credit Department of Transportation right-of-way acquisition and bridge construction bonds.

Request approval, please.

GOVERNOR SCOTT: Is there a motion?

ATTORNEY GENERAL BONDI: So moved.

GOVERNOR SCOTT: Is there a second?
CFO ATWATER: Second.
GOVERNOR SCOTT: Any comments or objections?
(NO RESPONSE).
GOVERNOR SCOTT: Hearing none, the motion carries.
EXECUTIVE DIRECTOR WILLIAMS: Thank you.
Item 3 is the fiscal sufficiency in an amount not exceeding $540 million, State of Florida full faith and credit Board of Education public education capital outlay refunding bonds.
GOVERNOR SCOTT: Is there a motion on the item?
ATTORNEY GENERAL BONDI: So move.
GOVERNOR SCOTT: Is there a second?
CFO ATWATER: Second.
GOVERNOR SCOTT: Comments or objections?
(NO RESPONSE).
GOVERNOR SCOTT: Hearing none, the motion carries.
EXECUTIVE DIRECTOR WILLIAMS: Thank you.
Item 4 is approval of a fiscal sufficiency in an amount not exceeding $210 million, Florida Department of Environmental Protection Florida Forever Revenue Refunding Bonds.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 5 is approval of a fiscal sufficiency of an amount not exceeding $175 million, Florida Department of Transportation Turnpike Revenue Refunding Bonds.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

GOVERNOR SCOTT: Let's go ahead -- we know it's -- we're going to do 6, 7, 8, 9 -- is there a motion on those three (sic)?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

COMMISSIONER PUTNAM: Second.

GOVERNOR SCOTT: Any comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries. We did 6, 7, 8, and 9. We're on Item 10.

EXECUTIVE DIRECTOR WILLIAMS: Actually Item 10 is the corporate governance guidelines.

GOVERNOR SCOTT: Right.

EXECUTIVE DIRECTOR WILLIAMS: So Item 10, request approval of the State Board of Administration's corporate governance principles and voting guidelines.

These have been reviewed and approved unanimously by the Investment Advisory Council in public meetings. There are no substantive changes from our guidelines from the prior year.

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

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 11, 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 other summary reports and actions taken, if any, to address material impacts. There were no material impacts.

GOVERNOR SCOTT: Is there a motion on the item?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: Comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

The budget.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 12 is the SBA's budget, which has embedded in it also budgets for the Florida Hurricane Catastrophe Fund; the Florida Retirement

System Investment Plan; Division of Bond Finance, which I believe Ben already covered; and the Florida Prepaid College Board. All of these entities are operating within their existing finances and show either slight decreases or flat or have modest increases.

I'd be happy to answer any questions you may have.

GOVERNOR SCOTT: All right. Any questions or comments on it?

(NO RESPONSE).

GOVERNOR SCOTT: Is there a motion?

ATTORNEY GENERAL BONDI: So move.

GOVERNOR SCOTT: Is there a second?

CFO ATWATER: Second.

GOVERNOR SCOTT: No comments or objections?

(NO RESPONSE).

GOVERNOR SCOTT: Hearing none, the motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you very much.

GOVERNOR SCOTT: Thank you, Ash.

This adjourns our meeting.

Our next meeting is August 2 in the great city of Tallahassee.

(WHEREUPON, THE MEETING WAS ADJOURNED).

*   *   *   *

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: July 20, 2016

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $52,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, 2016 SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $52,000,000 Public Education Capital Outlay Bonds, 2016 Series (to be determined) (the "Bonds") for the purpose of financing capital outlay projects for the State System of Public Education in Florida authorized by the 2016 Legislature, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-second Supplemental Authorizing Resolution and a sale resolution anticipated to be adopted by the State Board of Education on July 21, 2016.

The State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2016 Series C and 2016 series D, which are expected to be issued on August 4, 2016 (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $540,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "2016 Series Refunding Bonds") at its May 10, 2016, meeting. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds, and when and if issued, the 2016 Series Refunding Bonds.

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

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

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $52,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BONDS, 2016 SERIES (TO BE DETERMINED)

WHEREAS, the State Board of Education of Florida proposes to issue an amount not exceeding $52,000,000 Public Education Capital Outlay Bonds, 2016 Series (to be determined) (the "Bonds") for the purpose of financing capital outlay projects for the State System of Public Education in Florida authorized by the 2016 Legislature, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; and,

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

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

WHEREAS, the State Board of Education has heretofore issued Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2016 Series C and 2016 Series D, which are expected to be issued on August 4, 2016, (the "Outstanding Bonds"); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $540,000,000 Public Education Capital Outlay Refunding Bonds, 2016 Series (to be determined) (the "2016 Series Refunding Bonds") at its May 10, 2016, meeting; and,

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, that the proposal of the State Board of Education of Florida to issue an amount not exceeding $52,000,000 Public Education Capital Outlay Bonds, 2016 Series (to be determined), is hereby approved as to fiscal sufficiency.

ADOPTED August 2, 2016

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

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GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

July 18, 2016

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

RE: Not Exceeding $52,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2016 Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting of August 2, 2016.

The proposed bonds will be issued to finance capital outlay projects for the State System of Public Education in Florida authorized by the 2016 Legislature and to pay certain costs of issuance.

The bonds will be payable from gross receipts taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be on a parity with the previously issued 1999 Series D through 2016 Series C and 2016 Series D, which are expected to be issued on August 4, 2016, and the $540,000,000 2016 Series Refunding Bonds approved for fiscal sufficiency on May 10, 2016, when and if issued.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-second Supplemental Authorizing Resolution and a sale resolution anticipated to be adopted by the State Board of Education on July 21, 2016.

Enclosed for your review are the following:

Enclosure 1: An estimated coverage table based upon the projected gross receipts tax revenues from the December 22, 2015 Revenue Estimating Conference; without consideration of the potential savings from the $540,000,000 previously authorized 2016 Series Refunding Bonds;

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

Enclosure 3: The gross receipts tax estimates from the December 22, 2015 Revenue Estimating Conference;

Enclosure 4: A draft copy of the Sixty-second Supplemental Authorizing Resolution which is anticipated to be adopted by the State Board of Education on July 21, 2016, authorizing the issuance of $285,000,000 2016 Series (to be determined) Bonds; and

Enclosure 5: A draft copy of the sale resolution which is anticipated to be adopted by the State Board of Education on July 21, 2016.

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

Very truly yours,

J. Ben Watkins III
Director

JBW:kjn

Enclosures

cc: Anthony Doheny
Robert Copeland

State of Florida, Full Faith and Credit
State Board of Education Public Education Capital Outlay Bonds

Estimated Coverage Table

Fiscal Year	Gross Receipts Taxes[1]	Debt Service on Outstanding PECO Bonds[2]	Estimated 2016 Series (to be determined)			Total Debt Service	Subsidy[3]	Net Debt Service	Debt Service Coverage[4]
			Principal	Interest	Total				
Historical									
2012	$1,035,289,306	$962,289,681					($12,676,457)	$949,613,224	1.09x
2013	1,003,047,943	946,509,164					(12,125,031)	934,384,133	1.07x
2014	1,005,357,521	909,342,254					(11,763,752)	897,578,502	1.12x
2015	1,152,382,082	886,094,034					(11,751,076)	874,342,958	1.32x
2016	1,157,914,145	865,245,988					(11,770,715)	853,475,273	1.36x
Projected									
2017	$1,166,790,000	$863,701,964	$535,000	$1,733,333	$2,268,333	$865,970,298	($11,721,559)	$854,248,739	1.37x
2018	1,181,310,000	843,125,784	825,000	2,573,250	3,398,250	846,524,034	(11,665,439)	834,858,594	1.41x
2019	1,204,360,000	855,949,536	870,000	2,532,000	3,402,000	859,351,536	(11,531,364)	847,820,172	1.42x
2020	1,226,590,000	851,520,868	910,000	2,488,500	3,398,500	854,919,368	(11,285,280)	843,634,087	1.45x
2021	1,248,100,000	871,879,174	955,000	2,443,000	3,398,000	875,277,174	(10,952,974)	864,324,199	1.44x
2022	1,270,170,000	879,399,943	1,005,000	2,395,250	3,400,250	882,800,193	(10,601,720)	872,198,472	1.46x
2023	1,292,440,000	846,210,028	1,055,000	2,345,000	3,400,000	849,610,028	(10,229,350)	839,380,678	1.54x
2024	1,315,800,000	761,413,278	1,105,000	2,292,250	3,397,250	764,810,528	(9,833,486)	754,977,042	1.74x
2025	1,340,000,000	700,995,918	1,160,000	2,237,000	3,397,000	704,392,918	(10,103,673)	694,289,244	1.93x
2026	1,340,000,000	554,970,788	1,220,000	2,179,000	3,399,000	558,369,788	(9,623,568)	548,746,220	2.44x
2027	1,340,000,000	526,950,771	1,280,000	2,118,000	3,398,000	530,348,771	(9,120,732)	521,228,039	2.57x
2028	1,340,000,000	501,391,694	1,345,000	2,054,000	3,399,000	504,790,694	(8,586,631)	496,204,063	2.70x
2029	1,340,000,000	474,795,681	1,415,000	1,986,750	3,401,750	478,197,431	(8,027,736)	470,169,696	2.85x
2030	1,340,000,000	454,030,409	1,485,000	1,916,000	3,401,000	457,431,409	(7,441,255)	449,990,154	2.98x
2031	1,340,000,000	432,368,461	1,555,000	1,841,750	3,396,750	435,765,211	(6,825,999)	428,939,212	3.12x
2032	1,340,000,000	411,591,509	1,635,000	1,764,000	3,399,000	414,990,509	(6,179,159)	408,811,350	3.28x
2033	1,340,000,000	368,010,774	1,715,000	1,682,250	3,397,250	371,408,024	(5,507,864)	365,900,159	3.66x
2034	1,340,000,000	327,924,925	1,805,000	1,596,500	3,401,500	331,326,425	(4,811,301)	326,515,124	4.10x
2035	1,340,000,000	304,578,258	1,895,000	1,506,250	3,401,250	307,979,508	(4,088,353)	303,891,155	4.41x
2036	1,340,000,000	269,622,880	1,990,000	1,411,500	3,401,500	273,024,380	(3,338,210)	269,686,170	4.97x
2037	1,340,000,000	227,597,485	2,085,000	1,312,000	3,397,000	230,994,485	(2,550,034)	228,444,452	5.87x
2038	1,340,000,000	147,027,781	2,190,000	1,207,750	3,397,750	150,425,531	(1,731,643)	148,693,889	9.01x
2039	1,340,000,000	84,008,124	2,300,000	1,098,250	3,398,250	87,406,374	(882,111)	86,524,263	15.49x
2040	1,340,000,000	38,563,450	2,415,000	983,250	3,398,250	41,961,700	-	41,961,700	31.93x
2041	1,340,000,000	4,641,000	2,535,000	862,500	3,397,500	8,038,500	-	8,038,500	166.70x
2042	1,340,000,000	-	2,665,000	735,750	3,400,750	3,400,750	-	3,400,750	394.03x
2043	1,340,000,000	-	2,795,000	602,500	3,397,500	3,397,500	-	3,397,500	394.41x
2044	1,340,000,000	-	2,935,000	462,750	3,397,750	3,397,750	-	3,397,750	394.38x
2045	1,340,000,000	-	3,085,000	316,000	3,401,000	3,401,000	-	3,401,000	394.00x
2046	1,340,000,000	-	3,235,000	161,750	3,396,750	3,396,750	-	3,396,750	394.49x
			$52,000,000	$48,838,083	$100,838,083				

[1] Estimates of gross receipts tax collections for Fiscal Years 2017 through 2025 as adopted by the Florida Revenue Estimating Conference held in December 2015. The projections for Fiscal Year 2025 have been held constant for future years; however, no representation is made that the amounts shown will be collected.

[2] Includes debt service through 2016 Series D Refunding Bonds. Excludes bonds previously refunded by the 2016 Series B, 2016 Series C and 2016 Series D Bonds, which were economic refundings with escrows invested in the State Treasury. Those bonds previously refunded are not legally defeased and will be called for redemption on June 1, 2017.

[3] Expected federal subsidy payments for Build America Bonds 2006 Series G, 2007 Series G, 2008 Series D and 2009 Series F. The expected subsidy payments through fiscal year 2024 have been reduced by 6.8% from the originally expected amounts to account for the currently expected reductions resulting from sequestration. The actual reductions to future subsidy payments as a result of sequestration are still to be determined.

[4] Coverage based on Net Debt Service.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: July 20, 2016

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $25,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF SOUTH FLORIDA PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $25,000,000 State of Florida, Board of Governors, University of South Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2002, 2004A and 2006A Bonds (the "Bonds") and to pay costs associated with the issuance and sale of the Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 26, 1994, and as amended and supplemented as by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on August 2, 2016, (collectively, the "Resolution"). The Division has heretofore issued University of South Florida Parking Facility Revenue Bonds, Series 2002 through Series 2006A (the "Parity Bonds"). The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Parity Bonds.

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

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

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $25,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF SOUTH FLORIDA PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding $25,000,000 State of Florida, Board of Governors, University of South Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2002, 2004A and 2006A Bonds (the "Bonds") and to pay costs associated with the issuance and sale of the Bonds; and,

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

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 26, 1994, and as amended and supplemented as by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on August 2, 2016, (collectively, the "Resolution); and,

WHEREAS, the Division has heretofore issued University of South Florida Parking Facility Revenue Bonds, Series 2002 through Series 2006A (the "Parity Bonds"); and,

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

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

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

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

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

WHEREAS, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds and all other issues secured by the same pledged revenues exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding $25,000,000 State of Florida, Board of Governors, University of South Florida Parking Facility Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED August 2, 2016

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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J. BEN WATKINS III
DIRECTOR

RICK SCOTT
GOVERNOR
AS CHAIRMAN

PAM BONDI
ATTORNEY GENERAL

JEFF ATWATER
CHIEF FINANCIAL OFFICER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

July 15, 2016

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

RE: Not Exceeding $25,000,000 State of Florida, Board of Governors, University of South Florida Parking Facility Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of August 2, 2016.

The proposed bonds will be issued to refund all or a portion of the outstanding Series 2002, 2004A and 2006A Bonds and to pay costs associated with the issuance and sale of the bonds and will only be issued if there is a debt service savings derived from the transaction.

The bonds will be secured by the revenues of the parking system after deducting operating expenses. Parking system revenues are derived primarily from decal sales and transportation access fees income. The bonds will be payable on a parity with the outstanding University of South Florida Parking Facility Revenue Bonds, Series 2002 through 2006A.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 26, 1994, as amended and supplemented by various resolutions previously adopted and as further supplemented by a resolution anticipated to be adopted on August 2, 2016 (the "Fifth Supplemental Resolution"). The Original Resolution and the amending resolutions have been previously provided with prior fiscal sufficiency requests.

Enclosed for your review are the following:

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

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

Enclosure 3: a draft copy of the Fifth Supplemental Resolution, which is anticipated to be adopted by the Governor and Cabinet on August 2, 2016.

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

Sincerely,

J. Ben Watkins III
Director

JBW:wtr

Enclosures

cc: Anthoney Doheny
Robert Copeland

STATE OF FLORIDA, BOARD OF GOVERNORS
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS

ESTIMATED DEBT SERVICE COVERAGE

Year Ending June 30	Gross Revenues	Current Expenses	Pledged Revenue	Outstanding Debt Service[1]	Debt Service Coverage
Historical[2]					
2011	$13,028,528	$7,387,137	$5,641,391	$3,566,165	1.58x
2012	13,549,577	7,943,789	5,605,788	3,559,335	1.57x
2013	13,187,495	7,799,318	5,388,177	3,558,735	1.51x
2014	13,782,585	7,627,751	6,154,834	3,557,285	1.73x
2015	13,905,255	7,941,563	5,963,692	3,559,379	1.68x
Projected[3]					
2016	$13,721,510	$8,420,188	$5,301,322	$3,559,829	1.49x
2017	13,880,122	8,630,693	5,249,429	3,179,766	1.65x
2018	14,247,948	8,846,460	5,401,488	3,178,924	1.70x
2019	14,626,080	9,067,622	5,558,458	3,183,299	1.75x
2020	15,014,818	9,294,312	5,720,506	3,182,211	1.80x
2021	15,014,818	9,294,312	5,720,506	3,178,199	1.80x
2022	15,014,818	9,294,312	5,720,506	3,174,624	1.80x
2023	15,014,818	9,294,312	5,720,506	3,173,930	1.80x
2024	15,014,818	9,294,312	5,720,506	2,217,290	2.58x
2025	15,014,818	9,294,312	5,720,506	1,299,575	4.40x
2026	15,014,818	9,294,312	5,720,506	1,301,025	4.40x

[1] Does not include the effects of the proposed refunding. It is anticipated the refunded bonds will be called for redemption immediately following delivery of the proposed refunding bonds.

[2] Revenues and expenses for Fiscal Years 2011 through 2015 have been provided by the University.

[3] Projected revenues and expenses for Fiscal Years 2016 through 2020 have been provided by the University. Projections provided by the University for Fiscal Year 2020 have been held constant thereafter. No representation is made that the amounts shown will be collected.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO:	Ash Williams
FROM:	Robert Copeland
SUBJECT:	Fiscal Sufficiency
DATE:	July 20, 2016

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $23,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2005A Bonds and to pay costs associated with the issuance and sale of the Bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on January 10, 1989, as amended and restated in its entirety on June 13, 2000, and as further amended on September 20, 2011, and March 20, 2012, and as supplemented by the authorizing resolution which is anticipated to be adopted on August 2, 2016.

The Division has heretofore issued University of Florida Dormitory Revenue and Revenue Refunding Bonds, Series 2005A through Series 2013A (the "Parity Bonds"). The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Parity Bonds.

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

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

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $23,000,000 STATE OF FLORIDA, BOARD OF GOVERNORS, UNIVERSITY OF FLORIDA DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding $23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2005A Bonds and to pay costs associated with the issuance and sale of the Bonds; and,

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

WHEREAS, The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on January 10, 1989, as amended and restated in its entirety on June 13, 2000, and as further amended on September 20, 2011 and March 20, 2012, and as supplemented by the authorizing resolution which is anticipated to be adopted on August 2, 2016 (collectively referred to herein as the "Resolution"); and,

WHEREAS, the Division has heretofore issued University of Florida Dormitory Revenue and Revenue Refunding Bonds, Series 2005A through Series 2013A (the "Parity Bonds"); and,

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

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

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

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

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

WHEREAS, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds and all other issues secured by the same pledged revenues exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding $23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED August 2, 2016

STATE OF FLORIDA

DIVISION OF BOND FINANCE
OF THE STATE BOARD OF ADMINISTRATION

HERMITAGE CENTRE, SUITE 200
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

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ATTORNEY GENERAL
AS SECRETARY

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CHIEF FINANCIAL OFFICER
AS TREASURER

ADAM H. PUTNAM
COMMISSIONER OF AGRICULTURE

July 15, 2016

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

RE: Not Exceeding $23,000,000 State of Florida, Board of Governors, University of Florida Dormitory Revenue Refunding Bonds, Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of August 2, 2016.

The proposed bonds will be issued to refund all or a portion of the outstanding Series 2005A Bonds and to pay costs associated with the issuance and sale of the bonds and will only be issued if there is a debt service savings derived from the transaction.

The bonds will be secured by the revenues of the housing system after deducting operating expenses. Housing system revenues are derived primarily from rental income. The bonds will be payable on a parity with the outstanding University of Florida Housing Revenue Bonds, Series 2005A, 2011A and 2012A and the Dormitory Revenue Refunding Bonds Series 2013A.

The bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on January 10, 1989, as amended and restated in its entirety on June 13, 2000, and as further amended on September 20, 2011 and March 20, 2012, and as supplemented by the authorizing resolution which is anticipated to be adopted on August 2, 2016. The Original Resolution and the amending resolutions have been previously provided with prior fiscal sufficiency requests.

Enclosed for your review are the following:

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

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

Enclosure 3: a draft copy of supplemental authorizing resolution which is anticipated to be adopted by the Governor and Cabinet on August 2, 2016.

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

Sincerely,

J. Timothy Wright for

J. Ben Watkins III
Director

JBW:kjn

Enclosures

cc: Anthony Doheny
Robert Copeland

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

ESTIMATED DEBT SERVICE COVERAGE

Year Ending June 30	Gross Revenues	Current Expenses	Net Revenue	Prior Lien Requirement Series 1984[1]	Pledged Revenue	Outstanding Debt Service[2]	Debt Service Coverage
Historical[3]							
2011	$44,674,109	$28,962,074	$15,712,035	185,700	$15,526,335	$4,856,640	3.20x
2012	45,673,023	32,222,659	13,450,364	185,750	13,264,614	4,709,474	2.82x
2013	48,964,172	32,584,731	16,379,441	185,650	16,193,791	6,619,547	2.45x
2014	52,396,062	35,005,090	17,390,972	185,400	17,205,572	7,578,075	2.27x
2015	54,587,903	35,076,164	19,511,739	-	19,511,739	8,089,006	2.41x
Projected[3]							
2016	$56,361,231	$37,074,974	$19,286,257	-	$19,286,257	$8,051,306	2.40x
2017	56,361,231	39,305,350	17,055,881	-	17,055,881	8,038,106	2.12x
2018	58,052,068	40,091,457	17,960,611	-	17,960,611	8,061,956	2.23x
2019	59,793,630	40,893,286	18,900,344	-	18,900,344	8,042,506	2.35x
2020	61,587,439	41,711,152	19,876,287	-	19,876,287	7,128,306	2.79x
2021	63,435,062	42,545,375	20,889,687	-	20,889,687	7,131,406	2.93x
2022	63,435,062	42,545,375	20,889,687	-	20,889,687	7,133,269	2.93x
2023	63,435,062	42,545,375	20,889,687	-	20,889,687	7,139,213	2.93x
2024	63,435,062	42,545,375	20,889,687	-	20,889,687	6,242,988	3.35x
2025	63,435,062	42,545,375	20,889,687	-	20,889,687	6,251,013	3.34x
2026	63,435,062	42,545,375	20,889,687	-	20,889,687	6,248,700	3.34x
2027	63,435,062	42,545,375	20,889,687	-	20,889,687	6,250,669	3.34x
2028	63,435,062	42,545,375	20,889,687	-	20,889,687	6,249,906	3.34x
2029	63,435,062	42,545,375	20,889,687	-	20,889,687	5,450,613	3.83x
2030	63,435,062	42,545,375	20,889,687	-	20,889,687	5,441,469	3.84x
2031	63,435,062	42,545,375	20,889,687	-	20,889,687	3,393,813	6.16x
2032	63,435,062	42,545,375	20,889,687	-	20,889,687	1,501,738	13.91x
2033	63,435,062	42,545,375	20,889,687	-	20,889,687	1,504,606	13.88x

[1] The prior lien oblications matured in 2014.

[2] Does not include the effects of the proposed refunding.

[3] The University of Florida provided actual revenues and expenses for Fiscal Years 2011 through 2015 and preliminary amounts for Fiscal Year 2016. Projections have been provided by the University of Florida for Fiscal Years 2017 through 2021. Projections for Fiscal Years 2018 through 2021 assume 3% annual revenue growth and 2% annual increase in expenses. Projections for Fiscal Year 2021 have been held constant thereafter; however, no representation is made that the amounts shown will be collected.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: July 20, 2016

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$10,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (TRINITY TOWERS EAST)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$10,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2016 (one or more series to be designated) (the "Notes") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Brevard County, Florida (Trinity Towers East). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

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

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $10,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (TRINITY TOWERS EAST)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $10,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2016 (one or more series to be designated) (the "Notes") for the purpose of financing the acquisition and rehabilitation of a multifamily rental development located in Brevard County, Florida (Trinity Towers East); and,

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

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

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

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

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

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

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

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2016 (one or more series to be designated) (Trinity Towers East), in an amount not exceeding $10,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

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

ADOPTED August 2, 2016

we make housing affordable™
Florida Housing
Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

July 14, 2016

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 Note
Not to Exceed $10,500,000 Tax-Exempt Note
Trinity Towers East

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 note issue prepared by the Note Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This note issue will be a private placement. We request that this item be placed on the agenda for approval at the State Board of Administration's August 2, 2016 Cabinet meeting, due to financing and closing schedules.

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

Sincerely,

Brantley Henderson
Assistant Director of Multifamily Programs

BH/rg

Enclosures

$4,920,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Notes
Trinity Towers East

Key Terms:	
Permanent Interest Only	None
Permanent Notes Term	15 years
Amortization Period	35 years

Projected Operations

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Income	% of EGI	Per Unit / Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Gross Potential Rental Revenue	104.2%	$ 8,913	$ 1,390,392	$ 1,418,200	$ 1,446,564	$ 1,475,495	$ 1,505,005	$ 1,535,105	$ 1,565,807
Other Income									
Ancillary Income	2.2%	187	$ 29,241	$ 29,826	$ 30,422	$ 31,031	$ 31,651	$ 32,284	$ 32,930
Gross Potential Income (GPI)	106.4%	$ 9,100	$ 1,419,633	$ 1,448,026	$ 1,476,986	$ 1,506,526	$ 1,536,656	$ 1,567,390	$ 1,598,737
Less:									
Vacancy Loss 6% of GPI 6.0%	-6.4%	(546.01)	$ (85,178)	$ (86,882)	$ (88,619)	$ (90,392)	$ (92,199)	$ (94,043)	$ (95,924)
Total Effective Gross Income (EGI)	100.0%	$ 8,554	$ 1,334,455	$ 1,361,144	$ 1,388,367	$ 1,416,134	$ 1,444,457	$ 1,473,346	$ 1,502,813
Expenses									
Fixed:									
Taxes	0.4%	31	$ 4,859	$ 5,005	$ 5,155	$ 5,310	$ 5,469	$ 5,633	$ 5,802
Insurance	8.0%	682	$ 106,364	$ 109,555	$ 112,842	$ 116,227	$ 119,714	$ 123,305	$ 127,004
Variable:									
Management Fees 6.6%	6.60%	565	$ 88,074	$ 89,836	$ 91,632	$ 93,465	$ 95,334	$ 97,241	$ 99,186
General and Administrative	8.2%	700	$ 109,200	$ 112,476	$ 115,850	$ 119,326	$ 122,906	$ 126,593	$ 130,391
Payroll Expenses	9.0%	768	$ 119,766	$ 123,359	$ 127,060	$ 130,872	$ 134,798	$ 138,842	$ 143,007
Utilities	23.0%	1,964	$ 306,405	$ 315,597	$ 325,065	$ 334,817	$ 344,862	$ 355,207	$ 365,864
Marketing and Advertising	0.4%	30	$ 4,680	$ 4,820	$ 4,965	$ 5,114	$ 5,267	$ 5,425	$ 5,588
Maintenance and Repairs	4.7%	400	$ 62,400	$ 64,272	$ 66,200	$ 68,186	$ 70,232	$ 72,339	$ 74,509
Grounds Maintenance and Landscaping	0.8%	70	$ 10,920	$ 11,248	$ 11,585	$ 11,933	$ 12,291	$ 12,659	$ 13,039
Contract Services	0.2%	15	$ 2,340	$ 2,410	$ 2,483	$ 2,557	$ 2,634	$ 2,713	$ 2,794
Security	2.7%	232	$ 36,158	$ 37,243	$ 38,360	$ 39,511	$ 40,696	$ 41,917	$ 43,175
Replacement Reserves	2.8%	238	$ 37,050	$ 37,050	$ 74,100	$ 74,100	$ 76,323	$ 76,323	$ 76,323
Total Expenses	66.6%	$ 5,694	$ 888,216	$ 912,870	$ 975,297	$ 1,001,416	$ 1,030,524	$ 1,058,197	$ 1,086,680
Net Operating Income			$ 446,239	$ 448,274	$ 413,070	$ 414,718	$ 413,933	$ 415,150	$ 416,133
Proceeds from Notes Refinancing, Sale, or Mortgage Assignment									
Debt Service Payments:									
First Mortgage Notes Debt Service (1)(2)			$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610
Second Mortgage - SAIL (4)	$ 4,018,404		$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184
Third Mortgage - ELI Fees (5)	$ 889,600					$ -	$ -	$ -	$ -
Fourth Mortgage - EHCL (6)	$ 750,000			$ -	$ -	$ -	$ -	$ -	$ -
Fifth Mortgage- POAH (7)	$ 2,020,060		$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249
Other Fees-MMRN/SAIL/ELI/EHCL PLS/Trustee Fee (8)			$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372
MMRN/SAIL/ELI CM (9)			$ 5,035	$ 5,186	$ 5,342	$ 5,502	$ 5,667	$ 5,837	$ 6,012
Total Debt Service Payments			$ 369,451	$ 369,602	$ 369,757	$ 369,918	$ 370,083	$ 370,253	$ 370,428
Operating Income After Debt Service - Before Tax Cash Flow			$ 76,788	$ 78,672	$ 43,313	$ 44,801	$ 43,850	$ 44,897	$ 45,705
Debt Service Coverage Ratios									
DSC - First Only (2)			1.82	1.83	1.68	1.69	1.69	1.69	1.69
DSC - First and Second Mortgage Loans (3)			1.56	1.57	1.45	1.45	1.45	1.45	1.46
DSC - All Mortgages			1.56	1.57	1.45	1.45	1.45	1.45	1.46
DSC - All Mortgages & Fees			1.21	1.21	1.12	1.12	1.12	1.12	1.12
Financial Ratios									
Operating Expense Ratio			67%	67%	70%	71%	71%	72%	72%
Break-even Ratio			89%	89%	91%	91%	91%	91%	91%

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Assumed Note Rate (2)
All - in (Tax-exempt)
4.140%

Note Size	
$	4,920,000

Units
156

(1) The Notes have a 17.5 year potential term, with a Noteholder's Mandatory Redemption at maturity. The term includes up to 30 months interest only during the construction phase followed by 15 years of amortizing debt service based on a 35 year schedule. When the Mandatory Redemption occurs in year 15 of the Permanent Phase, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Noteholder will present the Notes to the fiscal agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In year 15, the Net Operating Income includes an amount equal to fully redeem the Notes.

(2) The permanent Notes will be bifurcated into Note A- $3,476,000 (4.14%) and Note B- $1,444,000 (2.00%). Both notes have 15 year terms with 35 year amortizations

(3) Payment of debt service on the Subordinate Mortgages is contingent upon available cash flow after all other debt service, fees and expenses associated with the senior mortgage are paid. All Subordinated loans are non-amortizing.

(4) Total term of 17.5 years, non-amortizing with 1% annual interest. All principal and unpaid interest is due at maturity.

(5) Forgivable loan with 17.5 year total term, non-amortizing with 0% annual interest

(6) Total term of 17.5 years non-amortizing with 1% annual interest. All principal and accrued interest due at maturity.

(7) Borrower will assume existing Seller Loan of $1,691,116 plus a mortgage loan from POAH-Inc. of $328,944. This loan will be non-amortizing with a 35 year term and 2.24% interets rate. All principal and unpaid but accrued interest is due at maturity.

(8) The MMRN/SAIL/ELI/EHCL Permanent Loan Servicing/Trustee Fee ($33,372 annually) breaks down as follows: MMRN-$11,808 Issuer Fee (24bp of MMRN), $4,500 Trustee Fee,$2,448 Servicing Fee. SAIL- $9,720 Servicing Fee. ELI- $2,448 Servicing Fee. EHCL-$2,448 Servicing Fee

(9) The MMRN/SAIL/ELI Compliance Monitoring Fee is estimated to be $5,035; MMRN-$3,265, SAIL-$885, ELI-$885. The Compliance Monitoring Fees are subject to an annual adjustment, not to exceed 3% of the prior year's fee

Break-even Ratio

C:\Users\Doheny_Anthony\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\ZG7JGT5W\[Fin2-Section 58_Trinity Towers East Fisc Suffc Proforma_7.13.xlsx]Projected Op Rev (tab 5)
7/20/2016 12:15

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
$ 1,597,123	$ 1,629,066	$ 1,661,647	$ 1,694,880	$ 1,728,778	$ 1,763,353	$ 1,798,620	$ 1,834,593
$ 33,589	$ 34,260	$ 34,946	$ 35,645	$ 36,358	$ 37,085	$ 37,826	$ 38,583
$ 1,630,712	$ 1,663,326	$ 1,696,593	$ 1,730,525	$ 1,765,135	$ 1,800,438	$ 1,836,447	$ 1,873,176
$ (97,843)	$ (99,800)	$ (101,796)	$ (103,831)	$ (105,908)	$ (108,026)	$ (110,187)	$ (112,391)
$ 1,532,869	$ 1,563,527	$ 1,594,797	$ 1,626,693	$ 1,659,227	$ 1,692,412	$ 1,726,260	$ 1,760,785
$ 5,976	$ 6,155	$ 6,340	$ 6,530	$ 6,726	$ 6,928	$ 7,136	$ 7,350
$ 130,814	$ 134,739	$ 138,781	$ 142,944	$ 147,233	$ 151,650	$ 156,199	$ 160,885
$ 101,169	$ 103,193	$ 105,257	$ 107,362	$ 109,509	$ 111,699	$ 113,933	$ 116,212
$ 134,302	$ 138,331	$ 142,481	$ 146,756	$ 151,158	$ 155,693	$ 160,364	$ 165,175
$ 147,297	$ 151,716	$ 156,267	$ 160,955	$ 165,784	$ 170,758	$ 175,880	$ 181,157
$ 376,840	$ 388,145	$ 399,789	$ 411,783	$ 424,136	$ 436,860	$ 449,966	$ 463,465
$ 5,756	$ 5,928	$ 6,106	$ 6,290	$ 6,478	$ 6,673	$ 6,873	$ 7,079
$ 76,744	$ 79,046	$ 81,418	$ 83,860	$ 86,376	$ 88,967	$ 91,637	$ 94,386
$ 13,430	$ 13,833	$ 14,248	$ 14,676	$ 15,116	$ 15,569	$ 16,036	$ 16,517
$ 2,878	$ 2,964	$ 3,053	$ 3,145	$ 3,239	$ 3,336	$ 3,436	$ 3,539
$ 44,470	$ 45,804	$ 47,178	$ 48,593	$ 50,051	$ 51,553	$ 53,099	$ 54,692
$ 76,323	$ 76,323	$ 78,613	$ 78,613	$ 78,613	$ 78,613	$ 78,613	$ 80,971
$ 1,115,999	$ 1,146,178	$ 1,179,532	$ 1,211,507	$ 1,244,420	$ 1,278,299	$ 1,313,172	$ 1,351,428
$ 416,870	$ 417,349	$ 415,266	$ 415,187	$ 414,807	$ 414,113	$ 413,087	$ 409,357
							$ 4,126,569
$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610	$ 245,610
$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184	$ 40,184
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249	$ 45,249
$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372	$ 33,372
$ 6,192	$ 6,378	$ 6,570	$ 6,767	$ 6,970	$ 7,179	$ 7,394	$ 7,616
$ 370,608	$ 370,794	$ 370,985	$ 371,182	$ 371,385	$ 371,595	$ 371,810	$ 372,032
$ 46,262	$ 46,555	$ 44,280	$ 44,004	$ 43,422	$ 42,518	$ 41,278	$ 4,163,894
1.70	1.70	1.69	1.69	1.69	1.69	1.68	18.47
1.46	1.46	1.45	1.45	1.45	1.45	1.45	15.87
1.46	1.46	1.45	1.45	1.45	1.45	1.45	15.87
1.12	1.13	1.12	1.12	1.12	1.11	1.11	12.19
73%	73%	74%	74%	75%	76%	76%	77%
91%	91%	91%	91%	92%	92%	92%	29%

$4,920,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Notes

Trinity Towers East

Combined Debt Coverage Table

	Revenue	Note Payments		Fees (3) (4)	Note Debt Service				Debt Service Coverage		
	Net Operating Income (1)	Principal Notes (2)	Note Interest	MMRN/SAIL/ ELI/EHCL Fees	Note Debt Service (incl fees)	SAIL Debt Service (5)	POAH Debt Service (6)	Total Note & Subord DS	Note Debt Service DCR	Total Note & Subord DCR	Note Balance
											$ 4,920,000
YR 1	$ 446,239	$ 42,727	$ 202,883	$ 38,407	$ 284,017	$ 40,184	$ 45,249	$ 369,451	1.82	1.21	$ 4,877,273
YR 2	448,274	$ 44,530	$ 201,080	$ 38,558	$ 284,168	$ 40,184	$ 45,249	$ 369,602	1.83	1.21	$ 4,832,743
YR 3	413,070	$ 46,409	$ 199,202	$ 38,714	$ 284,324	$ 40,184	$ 45,249	$ 369,757	1.68	1.12	$ 4,786,334
YR 4	414,718	$ 48,367	$ 197,243	$ 38,874	$ 284,484	$ 40,184	$ 45,249	$ 369,918	1.69	1.12	$ 4,737,967
YR 5	413,933	$ 50,408	$ 195,202	$ 39,039	$ 284,649	$ 40,184	$ 45,249	$ 370,083	1.69	1.12	$ 4,687,559
YR 6	415,150	$ 52,535	$ 193,076	$ 39,209	$ 284,819	$ 40,184	$ 45,249	$ 370,253	1.69	1.12	$ 4,635,024
YR 7	416,133	$ 54,752	$ 190,859	$ 39,384	$ 284,994	$ 40,184	$ 45,249	$ 370,428	1.69	1.12	$ 4,580,273
YR 8	416,870	$ 57,062	$ 188,549	$ 39,564	$ 285,175	$ 40,184	$ 45,249	$ 370,608	1.70	1.12	$ 4,523,211
YR 9	417,349	$ 59,470	$ 186,141	$ 39,750	$ 285,361	$ 40,184	$ 45,249	$ 370,794	1.70	1.13	$ 4,463,741
YR 10	415,266	$ 61,979	$ 183,632	$ 39,942	$ 285,552	$ 40,184	$ 45,249	$ 370,985	1.69	1.12	$ 4,401,762
YR 11	415,187	$ 64,594	$ 181,016	$ 40,139	$ 285,749	$ 40,184	$ 45,249	$ 371,182	1.69	1.12	$ 4,337,168
YR 12	414,807	$ 67,319	$ 178,291	$ 40,342	$ 285,952	$ 40,184	$ 45,249	$ 371,385	1.69	1.12	$ 4,269,849
YR 13	414,113	$ 70,160	$ 175,450	$ 40,551	$ 286,161	$ 40,184	$ 45,249	$ 371,595	1.69	1.11	$ 4,199,689
YR 14	413,087	$ 73,120	$ 172,490	$ 40,766	$ 286,376	$ 40,184	$ 45,249	$ 371,810	1.68	1.11	$ 4,126,569
(7) ***YR 15***	4,535,925	$ 4,126,569	$ 169,405	$ 40,988	$ 4,336,961	$ 40,184	$ 45,249	$ 4,422,395	1.05	1.03	$ -
	-	$ 4,920,000	2,814,519	594,226	8,328,745			$ 9,610,245			

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

(2) Based on estimated note amortization over 35 years with remaining balance paid in year 15.

(3) The MMRN/SAIL/ELI/EHCL Permanent Loan Servicing/Trustee Fee ($33,372 annually) breaks down as follows: MMRN-$11,808 Issuer Fee (24bp of MMRN), $4,500 Trustee Fee,$2,448 Servicing Fee. SAIL- $9,720 Servicing Fee. ELI- $2,448 Servicing Fee. EHCL-$2,448 Servicing Fee

(4) The MMRN/SAIL/ELI Compliance Monitoring Fee is estimated to be $5,035; MMRN-$3,265, SAIL-$885, ELI-$885. The Compliance Monitoring Fees are subject to an annual adjustment, not to exceed 3% of the prior year's fee

(5) Non-amortizing SAIL $4,018,000 second mortgage with 1% annual interest. Total potential term of 17.5 years (inclusive of 30 month construction term). All principal and unpaid interest is due at maturity.

(6) Borrower will assume existing Seller Loan of $1,691,116 plus a mortgage loan from POAH-Inc. of $328,944. This loan will be non-amortizing with a 35 year term and 2.24% interets rate. All principal and unpaid but accrued interest is due at maturity.

(7) The Note maturity date will occur 15 years following conversion of the loan to permanent financing. The Permanent Note term includes 15 years of amortizing debt service based on a 35 year schedule. Upon the maturity date 15 years from the date of conversion to the permanent period, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the noteholder will present the Notes to the Trustee for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In the final year, the Net Operating Income includes an amount to fully repay the Notes.

(1) The Notes have a 17.5 year potential term, with a Noteholder's Mandatory Redemption at maturity. The term includes up to 30 months interest only during the construction phase followed by 15 years of amortizing debt service based on a 35 year schedule. When the Mandatory Redemption occurs in year 15 of the Permanent Phase, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Noteholder will present the Notes to the fiscal agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In year 15, the Net Operating Income includes an amount equal to fully redeem the Notes.

(2) The permanent Notes will be bifurcated into Note A- $3,476,000 (4.14%) and Note B- $1,444,000 (2.00%). Both notes have 15 year terms with 35 year amortizations

(3) Payment of debt service on the Subordinate Mortgages is contingent upon available cash flow after all other debt service, fees and expenses associated with the senior mortgage are paid. All Subordinated loans are non-amortizing.

(4) Total term of 17.5 years, non-amortizing with 1% annual interest. All principal and unpaid interest is due at maturity.

(5) Forgivable loan with 17.5 year total term, non-amortizing with 0% annual interest

(6) Total term of 17.5 years non-amortizing with 1% annual interest. All principal and accrued interest due at maturity.

(7) Borrower will assume existing Seller Loan of $1,691,116 plus a mortgage loan from POAH-Inc. of $328,944. This loan will be non-amortizing with a 35 year term and 2.24% interets rate. All principal and unpaid but accrued interest is due at maturity.

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(9) The MMRN/SAIL/ELI Compliance Monitoring Fee is estimated to be $5,035, MMRN-$3,265, SAIL-$885, ELI-$885. The Compliance Monitoring Fees are subject to an annual adjustment, not to exceed 3% of the prior year's fee

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: July 20, 2016

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $6,400,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (MARY EAVES)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $6,400,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2016 (one or more series to be designated) (the "Bonds") for the purpose of financing land acquisition and construction of a multifamily rental development located in Duval County, Florida (Mary Eaves). 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 $6,400,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2016 (ONE OR MORE SERIES TO BE DESIGNATED) (MARY EAVES)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $6,400,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2016 (one or more series to be designated) (the "Bonds") for the purpose of financing land acquisition and construction of a multifamily rental development located in Duval County, Florida (Mary Eaves); 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, 2016 (one or more series to be designated) (Mary Eaves), in an amount not exceeding $6,400,000, 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 August 2, 2016

we make housing affordable™
Florida Housing
Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

July 14, 2016

VIA HAND DELIVERY

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

RE: FHFC Multifamily Mortgage Revenue Bond
Not to Exceed $6,400,000 Tax-Exempt Bond
Mary Eaves

Dear Mr. Williams:

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

This bond issue will be a private placement. We request that this item be placed on the agenda for approval at the State Board of Administration's August 2, 2016 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

Brantley Henderson
Assistant Director of Multifamily Programs

BH/rg

Enclosures

$2,500,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds
Mary Eaves

Key Terms:	
Permanent Interest Only	None
Permanent Bonds Term	15 years
Amortization Period	30 years

Projected Operations

80

Income	% of EGI	Per Unit / Stabilized	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Gross Potential Rental Revenue	105.3%	$ 8,331	$ 666,480	$ 679,810	$ 693,406	$ 707,274	$ 721,419	$ 735,848	$ 750,565
Other Income									
Ancillary Income	2.3%	180	$ 14,400	$ 14,688	$ 14,982	$ 15,281	$ 15,587	$ 15,899	$ 16,217
Gross Potential Income (GPI)	107.5%	$ 8,511	**$ 680,880**	**$ 694,498**	**$ 708,388**	**$ 722,555**	**$ 737,006**	**$ 751,747**	**$ 766,781**
Less:									
Vacancy Loss 7% of GPI 7.0%	-7.5%	(595.77)	$ (47,662)	$ (48,615)	$ (49,587)	$ (50,579)	$ (51,590)	$ (52,622)	$ (53,675)
Total Effective Gross Income (EGI)	100.0%	$ 7,915	**$ 633,218**	**$ 645,883**	**$ 658,800**	**$ 671,976**	**$ 685,416**	**$ 699,124**	**$ 713,107**
Expenses									
Fixed:									
Taxes	8.7%	685	$ 54,817	$ 56,462	$ 58,155	$ 59,900	$ 61,697	$ 63,548	$ 65,454
Insurance	4.1%	325	$ 26,000	$ 26,780	$ 27,583	$ 28,411	$ 29,263	$ 30,141	$ 31,045
Variable:									
Management Fees 5%	5.00%	396	$ 31,661	$ 32,294	$ 32,940	$ 33,599	$ 34,271	$ 34,956	$ 35,655
General and Administrative	4.1%	325	$ 26,000	$ 26,780	$ 27,583	$ 28,411	$ 29,263	$ 30,141	$ 31,045
Payroll Expenses	19.0%	1,500	$ 120,000	$ 123,600	$ 127,308	$ 131,127	$ 135,061	$ 139,113	$ 143,286
Utilities	12.3%	975	$ 78,000	$ 80,340	$ 82,750	$ 85,233	$ 87,790	$ 90,423	$ 93,136
Marketing and Advertising	1.6%	125	$ 10,000	$ 10,300	$ 10,609	$ 10,927	$ 11,255	$ 11,593	$ 11,941
Maintenance and Repairs	6.3%	500	$ 40,000	$ 41,200	$ 42,436	$ 43,709	$ 45,020	$ 46,371	$ 47,762
Grounds Maintenance and Landscaping	1.9%	150	$ 12,000	$ 12,360	$ 12,731	$ 13,113	$ 13,506	$ 13,911	$ 14,329
Contract Services	0.3%	25	$ 2,000	$ 2,060	$ 2,122	$ 2,185	$ 2,251	$ 2,319	$ 2,388
Replacement Reserves	3.8%	300	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000	$ 24,000
Total Expenses	67.0%	$ 5,306	**$ 424,478**	**$ 436,176**	**$ 448,218**	**$ 460,615**	**$ 473,378**	**$ 486,516**	**$ 500,042**
Net Operating Income			**$ 208,740**	**$ 209,707**	**$ 210,582**	**$ 211,361**	**$ 212,038**	**$ 212,608**	**$ 213,065**
Proceeds from Bonds Refinancing, Sale, or Mortgage Assignment									
Debt Service Payments:									
First Mortgage Bonds Debt Service (1)(2)	$ 2,500,000		**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**
Second Mortgage - HOME loan	$ 5,300,000								
Third Mortgage - JHFA HOME loan match	$ 300,000								
Other Fees MMRB/HOME PLS Fee/Trustee Fee (3)			**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**
HC/HOME CM Fee (4)			**$ 3,861**	**$ 3,977**	**$ 4,096**	**$ 4,219**	**$ 4,346**	**$ 4,476**	**$ 4,610**
Total Debt Service Payments			**$ 174,861**	**$ 174,976**	**$ 175,096**	**$ 175,219**	**$ 175,345**	**$ 175,476**	**$ 175,610**
Operating Income After Debt Service - Before Tax Cash Flow			**$ 33,880**	**$ 34,731**	**$ 35,487**	**$ 36,143**	**$ 36,693**	**$ 37,132**	**$ 37,455**
Debt Service Coverage Ratios									
DSC - First Only (2)			**1.35**	**1.36**	**1.36**	**1.37**	**1.37**	**1.38**	**1.38**
DSC - First and Second Mortgage Loans (3)			**1.35**	**1.36**	**1.36**	**1.37**	**1.37**	**1.38**	**1.38**
DSC - All Mortgages			**1.35**	**1.36**	**1.36**	**1.37**	**1.37**	**1.38**	**1.38**
DSC - All Mortgages & Fees			**1.19**	**1.20**	**1.20**	**1.21**	**1.21**	**1.21**	**1.21**
Financial Ratios									
Operating Expense Ratio			**67%**	**68%**	**68%**	**69%**	**69%**	**70%**	**70%**
Break-even Ratio			**88%**	**88%**	**88%**	**88%**	**88%**	**88%**	**88%**

Growth Rates	
Rents	2.0%
Other Income	2.0%
Expenses	3.0%

Assumed Bond Rate (2)
All - In (Tax-exempt)
4.630%

Note Size
$ 2,500,000

Units
80

(1) The Bonds have a 15 year potential term beginning after conversion to the permanent phase, with a Bondholder's Mandatory Redemption at maturity. Conversion from the Construction Phase to the Permanent Phase shall occur no later than 24 months from closing. The total term includes up to 2 years interest only period during the construction phase followed by 15 years of amortizing debt service based on a 30 year schedule. When the Mandatory Redemption occurs in year 17, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Bondholder will present the Bonds to the fiscal agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In year 15, the Net Operating Income includes an amount equal to fully redeem the Bonds.

(2) The assumed Bond rate is the base Bond Interest Rate of 4.63%. The Issuer Annual Administrative Fee of 0.24% and underwriting cushion of 0.25% are included in this rate.

(3) The MMRB/HOME Permanent Loan Servicing/Trustee ($16,668 annually) breaks down as follows: 0.023% of the MMRB issuance, subject to a minimum monthly fee of $204 ($2,448), 25 basis points of the HOME loan amount, subject to a minimum monthly fee of $204 and a monthly maximum of $810 ($9,720), and a Trustee Fee of $4,500.

(4) The HC/HOME Compliance Monitoring Fee is estimated to be $3,861; a minimum monthly fee of $248 for HC ($2,976) and the multiple program fee of $885 for the HOME loan. The FHFC Compliance Monitoring Fees are subject to an annual adjustment, not to exceed 3% of the prior year's fee.

Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
$ 765,576	$ 780,888	$ 796,505	$ 812,435	$ 828,684	$ 845,258	$ 862,163	$ 879,406
$ 16,541	$ 16,872	$ 17,209	$ 17,554	$ 17,905	$ 18,263	$ 18,628	$ 19,000
$ 782,117	**$ 797,759**	**$ 813,715**	**$ 829,989**	**$ 846,589**	**$ 863,520**	**$ 880,791**	**$ 898,407**
$ (54,748)	$ (55,843)	$ (56,960)	$ (58,099)	$ (59,261)	$ (60,446)	$ (61,655)	$ (62,888)
$ 727,369	**$ 741,916**	**$ 756,755**	**$ 771,890**	**$ 787,327**	**$ 803,074**	**$ 819,136**	**$ 835,518**
$ 67,418	$ 69,441	$ 71,524	$ 73,669	$ 75,880	$ 78,156	$ 80,501	$ 82,916
$ 31,977	$ 32,936	$ 33,924	$ 34,942	$ 35,990	$ 37,070	$ 38,182	$ 39,327
$ 36,368	$ 37,096	$ 37,838	$ 38,594	$ 39,366	$ 40,154	$ 40,957	$ 41,776
$ 31,977	$ 32,936	$ 33,924	$ 34,942	$ 35,990	$ 37,070	$ 38,182	$ 39,327
$ 147,585	$ 152,012	$ 156,573	$ 161,270	$ 166,108	$ 171,091	$ 176,224	$ 181,511
$ 95,930	$ 98,808	$ 101,772	$ 104,825	$ 107,970	$ 111,209	$ 114,546	$ 117,982
$ 12,299	$ 12,668	$ 13,048	$ 13,439	$ 13,842	$ 14,258	$ 14,685	$ 15,126
$ 49,195	$ 50,671	$ 52,191	$ 53,757	$ 55,369	$ 57,030	$ 58,741	$ 60,504
$ 14,758	$ 15,201	$ 15,657	$ 16,127	$ 16,611	$ 17,109	$ 17,622	$ 18,151
$ 2,460	$ 2,534	$ 2,610	$ 2,688	$ 2,768	$ 2,852	$ 2,937	$ 3,025
$ 24,000	$ 24,000	$ 24,000	$ 24,720	$ 25,462	$ 26,225	$ 27,012	$ 27,823
$ 513,967	**$ 528,302**	**$ 543,060**	**$ 558,974**	**$ 575,357**	**$ 592,224**	**$ 609,589**	**$ 627,467**
$ 213,402	**$ 213,614**	**$ 213,694**	**$ 212,916**	**$ 211,971**	**$ 210,850**	**$ 209,546**	**$ 208,051**
							$ 1,741,939
$ 154,332	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 154,332**	**$ 1,821,007**
$ 16,668	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**	**$ 16,668**
$ 4,749	**$ 4,891**	**$ 5,038**	**$ 5,189**	**$ 5,345**	**$ 5,505**	**$ 5,670**	**$ 5,840**
$ 175,748	**$ 175,891**	**$ 176,037**	**$ 176,189**	**$ 176,344**	**$ 176,505**	**$ 176,670**	**$ 1,843,516**
$ 37,654	**$ 37,723**	**$ 37,657**	**$ 36,728**	**$ 35,626**	**$ 34,346**	**$ 32,877**	**$ 106,475**
1.38	**1.38**	**1.38**	**1.38**	**1.37**	**1.37**	**1.36**	**1.07**
1.38	**1.38**	**1.38**	**1.38**	**1.37**	**1.37**	**1.36**	**1.07**
1.38	**1.38**	**1.38**	**1.38**	**1.37**	**1.37**	**1.36**	**1.07**
1.21	**1.21**	**1.21**	**1.21**	**1.20**	**1.19**	**1.19**	**1.06**
71%	**71%**	**72%**	**72%**	**73%**	**74%**	**74%**	**75%**
88%	**88%**	**88%**	**89%**	**89%**	**89%**	**89%**	**94%**

$2,500,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds

Mary Eaves

Combined Debt Coverage Table

	Revenue	Note/Bond Payments (3)		Sub Loans	Note/Bond Debt Service		Debt Service Coverage		
	Net Operating Income (1)	Bond Principal	Bond Interest & Fees 4.63%	MMRB/HOME PLS/Trustee and HC/HOME CM Fees (4)	MMRB Debt Service	Total DS with MMRB/HOME fees	Bond Debt Service DCR	Total Bond & Fee Payment DCR	**Note/Bond Balance**
									$ 2,500,000
YR 1	$ 208,740	$ 39,411	$ 114,921	$ 20,529	$ 154,332	$ 174,861	1.35	1.19	$ 2,460,589
YR 2	209,707	$ 41,275	$ 113,057	$ 20,645	$ 154,332	$ 174,976	1.36	1.20	$ 2,419,314
YR 3	210,582	$ 43,227	$ 111,105	$ 20,764	$ 154,332	$ 175,096	1.36	1.20	$ 2,376,087
YR 4	211,361	$ 45,271	$ 109,060	$ 20,887	$ 154,332	$ 175,219	1.37	1.21	$ 2,330,815
YR 5	212,038	$ 47,413	$ 106,919	$ 21,014	$ 154,332	$ 175,345	1.37	1.21	$ 2,283,403
YR 6	212,608	$ 49,655	$ 104,677	$ 21,144	$ 154,332	$ 175,476	1.38	1.21	$ 2,233,748
YR 7	213,065	$ 52,003	$ 102,328	$ 21,278	$ 154,332	$ 175,610	1.38	1.21	$ 2,181,744
YR 8	213,402	$ 54,463	$ 99,869	$ 21,417	$ 154,332	$ 175,748	1.38	1.21	$ 2,127,281
YR 9	213,614	$ 57,039	$ 97,293	$ 21,559	$ 154,332	$ 175,891	1.38	1.21	$ 2,070,243
YR 10	213,694	$ 59,736	$ 94,595	$ 21,706	$ 154,332	$ 176,037	1.38	1.21	$ 2,010,506
YR 11	212,916	$ 62,562	$ 91,770	$ 21,857	$ 154,332	$ 176,189	1.38	1.21	$ 1,947,944
YR 12	211,971	$ 65,521	$ 88,811	$ 22,013	$ 154,332	$ 176,344	1.37	1.20	$ 1,882,424
YR 13	210,850	$ 68,619	$ 85,712	$ 22,173	$ 154,332	$ 176,505	1.37	1.19	$ 1,813,804
YR 14	209,546	$ 71,865	$ 82,467	$ 22,338	$ 154,332	$ 176,670	1.36	1.19	$ 1,741,939
(5) ***YR 15***	1,949,990	$ 1,741,939	$ 79,068	$ 22,508	$ 1,821,007	$ 1,843,516	1.07	1.06	$ -
	-	$ 2,500,000	1,481,650	321,830	3,981,650	$ 4,303,481			

(1) NOI based on 'Projected Operating Revenue' Schedule
(2) Based on estimated note amortization over 30 years with remaining balance paid in year 15
(3) The Bond Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 4.63%. The Note fees include 0.24% Issuer Fee and a 0.25% underwriting cushion.
(4) MMRB/HOME Permanent Loan Servicing/Trustee Fee ($16,668) breaks down as follows: 0.023% of the MMRB issuance, subject to a minimum monthly fee of $204 ($2,448). 25 bp of HOME loan amount, subject to a minimum monthly fee of $204 and monthly maximum of $810 ($9,720), and a Trustee Fee of $4,500. The HC/HOME Compliance Monitoring Fee is estimated to be $3,861; a minimum monthly fee of $248 for HC ($2,976) and the multiple program fee of $885 for the HOME loan. The FHFC Compliance Monitoring Fees are subject to an annual adjustment, not to exceed 3% of the prior year's fee.

(5) The Bond maturity date will occur 15 years following conversion of the loan to permanent financing. The Permanent Bond term includes 15 years of amortizing debt service based on a 30 year schedule. Upon the maturity date 15 years from the date of conversion to the permanent period, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the property. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the bondholder will present the Bonds to the Trustee for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In the final year, the Net Operating Income includes an amount to fully repay the Bonds.
(6) The Subordinate Mortgages ($5,300,000 HOME loan and $300,000 JHFA HOME match loan) are both non-amortizing with 0% interest rates. All principal will be due at the 30 year and 40 year maturities, respectively.

Global Governance Mandates

2nd Quarter 2016 – August 2, 2016

Florida Statutes

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

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

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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 June 30, 2016, the net asset value of total funds under SBA management was approximately $177.7 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.

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

Summary

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

Primary Requirements of the PFIA

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

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.

2. Quarterly presentation to the Trustees of a Scrutinized Companies list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA's website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.

3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients' assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.

4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.

5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.

6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company's initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.

7. Reporting to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.

8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to

Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.

a. A summary of correspondence with engaged companies;
b. A listing of all investments sold, redeemed, divested, or withdrawn;
c. A listing of all prohibited investments;
d. A description of any progress related to external managers offering PFIA compliant funds; and
e. A list of all publicly traded securities held directly by the State.

9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.

10. Relevant Sudan portions of the PFIA are discontinued if the United States revokes all sanctions imposed against the government of Sudan, or if the Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that:
    a. The Darfur genocide has been halted for at least 12 months; or
    b. that the government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; or
    c. that mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.

11. Relevant Iran portions of the PFIA are discontinued <u>if either</u> of the following occurs:
    a. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism; <u>or</u>
    b. The United States revokes all sanctions imposed against the government of Iran.

12. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.

13. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in F.S. 215.473.

14. As of July 1, 2014, Florida Statute 624.449 requires that a domestic insurer shall provide to the Office of Insurance Regulation on an annual basis a list of investments that the insurer has in companies included on the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List." Additionally, F.S. 215.473(3)(e)(2) now exempts Exchange Traded Funds from the provisions of the PFIA.

15. As of July 1, 2014, Florida Statutes clarify that the recently created "Government of South Sudan" means the Republic of South Sudan, which has its capital in Juba, South Sudan. Scrutinized activity refers to the "Government of Sudan," which means the Republic of the Sudan that has its capital in Khartoum, Sudan. Within this report, "Sudan" refers to the latter.

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

Definition of a Scrutinized Company

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

Sudan:

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

Iran:

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

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

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

SBA Scrutinized Companies Identification Methodology

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

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

2. **MSCI ESG Research (MSCI).** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.

3. **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:

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

<u>Investment/Finance Organizations:</u>
- Other Institutional Investors/Private Investors

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

<u>Non-Governmental Organizations (NGOs):</u>
- American Enterprise Institute (AEI)
- Yale University (Allard K. Lowenstein International Human Rights Project)

<u>Other Sources:</u>
- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror

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

1. **"Scrutinized"** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473 (4)(t)1, Florida Statutes [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.

2. **"Continued Examination"** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473, (4)(t)1, Florida Statute [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

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

Sudan

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

- **China Natural Gas Corp Ltd** (added as subsidiary of scrutinized company, CNPC)
- **KT Kira Sert Varlik** (subsidiary of scrutinized company, Kuwait Finance House—bonds issued)
- **KT Sukuk Co. Ltd.** (subsidiary of scrutinized company, Kuwait Finance House—bonds issued)
- **KT Sukuk Varlik Kiralma AS** (subsidiary of scrutinized company, Kuwait Finance House—bonds issued)
- **Petronas Global Sukuk** (publicly traded once again, subsidiary of Petronas—bonds issued)
- **Sinopec Group Overseas Development 2016 Ltd** (added as subsidiary of scrutinized company, CPCC Sinopec)

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

- **Jinan Diesel Engine Co. Ltd** (no longer publicly traded bonds or equity)

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

- **ENGIE SA**

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

- **Scomi Engineering BHD**
- **Scomi Group BHD**
- **Statesman Resources Ltd**

Recent Sudan Developments:
On April 9, 2016, the U.S. State Department announced that a referendum to decide the administrative status of Somalia's Darfur region was not credible. The referendum determined whether to create a single, contiguous Darfur state or to retain the current five states. The Darfur Referendum Commission (DRC) said that 97 percent of the eligible voters in the referendum chose to retain the status quo states system. The Department of State indicated that the announced Darfur Referendum will contradict the broader goal of peace and stability in Darfur. The statement signals that sanction relief might not take place in 2016.

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

Iran

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

- **China Natural Gas Corp Ltd** (added as subsidiary of scrutinized company, CNPC)
- **Petronas Global Sukuk** (publicly traded once again, subsidiary of Petronas—bonds issued)
- **Sinopec Group Overseas Development 2016 Ltd** (added as subsidiary of scrutinized company, CPCC Sinopec)

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

- **None**

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

- **None**

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

- **None**

Quarterly Status Update Regarding Potential IRAN Expiration

Florida Statutes, 215.473 (5) EXPIRATION (b) subparagraphs 1. and 2.

Florida Statutes require a quarterly update on events relating to the status of expiration clauses 1 and 2, which are copied below in their entirety:

(b) If either of the following occurs, the board may no longer scrutinize companies according to subparagraph (1)(v)4., may no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and shall cease engagement, investment prohibitions, and divestment:

1. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism; or

No updates of note regarding subparagraph 1.

2. The United States revokes all sanctions imposed against the government of Iran.

On May 19, 2016, the United States, the European Union and its Member States issued a joint statement seeking to clarify requirements to do business with Iran and to encourage trade and investment with Iran.

The statement notes that "The interest of European and other global firms in Iran is high, and it is in our interest and the interest of the international community to ensure that the Joint Comprehensive Plan of Action ("JCPOA") works for all participants" and that firms are encouraged "to approach our governments to address remaining questions, rather than forgo opportunities due to misperceptions or lack of information." Please note that not all sanctions have been removed, and some lifted sanctions could be reinstituted in the future.

For the full statement, see: http://eeas.europa.eu/statements-eeas/2016/160519_05_en.htm.

On June 8, 2016, the United States (U.S.) Treasury Department's Office of Foreign Assets Control ("OFAC") updated its guidance and added frequently asked questions regarding the scope of U.S. sanctions on Iran after the implementation of the JCPOA.

The document explains that U.S. parent companies and U.S.-owned or -controlled foreign entities may alter the operating policies and procedures to allow their foreign entity to establish a physical presence inside Iran and to engage in transactions authorized under licenses.

Table 1: Scrutinized Companies with Activities in Sudan

New companies on the list are shaded and in bold.

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Chennai Petroleum Corp Ltd	India	September 19, 2007
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Natural Gas Corp Ltd	**China**	**August 2, 2016**
China Petroleum & Chemical Corp (CPCC) 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
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
KT Kira Sert Varlik	**Turkey**	**August 2, 2016**
KT Sukuk Co Ltd	**Cayman Islands**	**August 2, 2016**
KT Sukuk Varlik Kiralma AS	**Turkey**	**August 2, 2016**
Kunlun Energy Company Ltd (fka: CNPC Hong Kong Limited)	Hong Kong	September 19, 2007
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	**Malaysia**	**August 2, 2016**
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Engineering Group Co Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	**China**	**August 2, 2016**
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	China	April 14, 2009
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	**46**	

The following company was **removed** from the Sudan Scrutinized List during the quarter.

Removed Company	*Country of Incorporation*
Jinan Diesel Engine Co. Ltd	***China***

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
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
ENGIE SA	**France**
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
JX Holdings Inc.	Japan
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
PT Pertamina Persero	Indonesia
Regency Mines PLC	United Kingdom
Shanghai Electric Group Co.	China
Statesman Resources Ltd	Canada
Wartsila Oyj	Finland
# of Sudan Continued Examination Companies	**23**

The following companies were **removed** from the Sudan Continued Examination List during the quarter.

Removed Company	*Country of Incorporation*
Scomi Engineering Bhd	***Malaysia***
Scomi Group Bhd	***Malaysia***
Statesman Resources Ltd	***Canada***

Table 3: Scrutinized Companies with Activities in the Iran Petroleum Energy Sector

New companies on the list are shaded and in bold.

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Natural Gas Corp Ltd	**China**	**August 2, 2016**
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
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	**Malaysia**	**August 2, 2016**
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2016 Ltd	**China**	**August 2, 2016**
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	China	September 29, 2015
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
# of Iran Scrutinized Companies	**39**	

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 were 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
Petroliam Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized 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 Construccion y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Iran CE Classification Continues
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bollore Group	No	Sudan CE Classification Continues
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd	No	Moved to Iran Scrutinized List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafte DD Zagreb	Yes; April 15, 2014	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNGL	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 direct State of Florida governmental entities.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Florida Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

January 25, 2008 — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA's prior request for the necessary information.

July 1, 2008 — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

September 18, 2008 — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

March 1, 2010 — Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

Quarterly Reporting — SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010
July 29, 2010
November 9, 2010
February 22, 2011
June 16, 2011
September 20, 2011
December 6, 2011
March 20, 2012
June 26, 2012
September 18, 2012
December 11, 2012
March 19, 2013
June 25, 2013
September 24, 2013
December 10, 2013
March 18, 2014
June 17, 2014
September 23, 2014
December 9, 2014
March 24, 2015
June 23, 2015
September 29, 2015
December 8, 2015
March 29, 2016
August 2, 2016

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.

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 Natural Gas Corp Ltd	**Sudan & Iran**	**China**	**August 2, 2016**	**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
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
KT Kira Sert Varlik	**Sudan**	**Turkey**	**August 2, 2016**	**Yes**

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
KT Sukuk Co Ltd	**Sudan**	**Cayman Islands**	**August 2, 2016**	**Yes**
KT Sukuk Varlik Kiralma AS	**Sudan**	**Turkey**	**August 2, 2016**	**Yes**
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong)	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
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
Petroliam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	**Sudan & Iran**	**Malaysia**	**August 2, 2016**	**Yes**
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2016 Ltd	**Sudan & Iran**	**China**	**August 2, 2016**	**Yes**
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation (fka: Kingdream PLC)	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp (fka: Sinopec Yizheng Chemical Fibre)	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
# of Prohibited Investments	**55**	-	-	**Yes**

The following company was **removed** from the Prohibited Investments List this quarter.

Removed Company	*Country of Incorporation*
Jinan Diesel Engine Co. Ltd	***China***

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

As of June 30, 2016, 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 external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found within the PFIA information section of the SBA's website. Please observe the electronic report's notes page for important clarifying explanations of included data.

Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel
Section 215.4725 F.S.

Summary

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below.

Primary Requirements of the law

1. **Identification of companies**

   By August 1, 2016, SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future.

   As required by statute, SBA will review publicly-available information, including from NGOs, non-profits, government entities and research firms, and/or contact asset managers or other institutional investors. SBA staff will contract with external research providers to obtain preliminary lists of potential scrutinized companies and evaluate the evidence to make a final determination of scrutinized status. Currently SBA has retained one data provider, IW Financial. Another provider is expected to offer an Israel-boycott data service, though they do not expect to furnish a potential list until the 4th quarter of 2016.

   Using various information sources, the SBA has developed two separate categorizations of a company's status for consideration under this law.

   "Scrutinized" — Information provided by an external research provider, publicly-available information or information from the company or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by the law.

   "Continued Examination" — Information suggests but does not clearly demonstrate that a company's activities are a boycott of Israel. The SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

   The following definitions are provided by the law to assist in company identification:

   "Scrutinized companies" means companies that boycott Israel or engage in a boycott of Israel.

   "Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

   "Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

2. Publish and reporting

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, as well as the Speaker of the House of Representatives and the President of the Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly-available report to these persons. The quarterly reports will include:

a. A summary of correspondence with companies engaged by the SBA as required above.
b. All prohibited investments (Scrutinized Companies list).
c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
d. A list of all publicly-held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

3. Engagement

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

4. Prohibition

The SBA may not acquire directly-held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request.

Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management.

A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become equal or less than 99.50% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in "reporting" below and updated semiannually for the cessation to be authorized.

Table 9: Scrutinized Companies that Boycott Israel

New companies on the list are shaded and in bold.

Scrutinized Company that Boycotts Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Cactus SA	Luxembourg	August 2, 2016
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
FreedomCall Ltd	United Kingdom	August 2, 2016
Cooperative Group Gomersall	United Kingdom	August 2, 2016
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
U2u Consult NV	Belgium	August 2, 2016
# of Companies that Boycott Israel	7	

Table 10: Continued Examination Companies that Boycott Israel

New companies on the list are shaded and in bold.

Continued Examination Company: Israel	Country of Incorporation
Danske Bank	Denmark
Dexia	Belgium
Aldi	Germany
ASN Bank NV	Netherlands
HEMA BV	Netherlands
Karsten Farms	South Africa
# of Continued Examination Companies	6

Section 3: Investments in Publicly Traded Companies Operating in Northern Ireland (Section 215.4702 F.S.)

Summary

The SBA is subject to s. 215.4702, Florida Statutes (F.S.) ("MacBride Principles"), which directs the SBA to notify publicly traded companies of support for the MacBride Principles, inquire regarding the actions a company has taken in support of or furtherance of the MacBride Principles, and encourage publicly traded companies with certain business operations in Northern Ireland to adopt the MacBride Principles. In addition, the SBA will also demonstrate support for the MacBride Principles through its proxy voting authority.

Requirements of the Law

As defined by the Northern Ireland statute, "publicly traded company" is defined as any business organization having equity securities listed on a national or an international exchange that is regulated by a national or an international regulatory authority. In addition, "operating" is defined as actively engaging in commerce geographically in Northern Ireland through the acquisition, development, maintenance, ownership, sale, possession, lease, or operation of equipment, facilities, personnel, products, services, or personal property.

Publishing and Reporting

In making the determination specified in subsection (2) of 215.4702, F.S., the State Board may, to the extent it deems appropriate, rely on available public information, including information provided by nonprofit organizations, research firms, international organizations, and government entities.

The SBA is encouraged to determine which publicly traded companies in which the Florida Retirement System Trust Fund is invested operate in Northern Ireland. If the State Board determines that a publicly traded company meets such criteria, it is encouraged to engage with the company and determine its support for the MacBride Principles. SBA staff annually reviews the list of companies that meet the definition of publicly traded companies operating in Northern Ireland, and periodically engages those firms.

Section 4: Companies Operating in Cuba or Syria
(Section 215.471 F.S.)

Summary

The Free Cuba Act of 1993 was passed by the Florida Legislature in accordance with federal law. Chapter 215.471 of the Florida Statutes prohibits the SBA from investing in: (1)(a) any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with Cuba, or with agencies or instrumentalities thereof in violation of federal law; and (1)(b) any institution or company domiciled outside of the United States if the President of the United States has applied sanctions against the foreign country in which the institution or company is domiciled. Section (2)(a) states the SBA may not be a fiduciary with respect to voting on, and may not have the right to vote in favor of, any proxy resolution advocating expanded U.S. trade with Cuba or Syria.

Requirements of the Law

In order to comply with this law, the U.S. State Department and/or the Treasury Department's Office of Foreign Assets Control (OFAC) are contacted periodically to confirm that no sanctions have been implemented. Since the Act's inception, sanctions have never been issued against any country. During the fiscal year ending June 30, 2016, there were no shareowner proposals related to expanding trade with Cuba or Syria.

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:
governance@sbafla.com

STATE BOARD OF ADMINISTRATION OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

August 2, 2016

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

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

Dear Representative Raulerson and Senator Abruzzo:

Pursuant to section 218.409(6)(a)1, Florida Statutes, the trustees of the State Board of Administration shall "provide quarterly a report to the Joint Legislative Auditing Committee that the trustees have reviewed and approved the monthly reports [Florida PRIME Management Summary] and actions taken, if any, to address any impacts."

Please be advised that the Trustees have reviewed the attached reports and authorized me to convey their action to you. During the period April 30, 2016 through June 30, 2016, there were no material impacts on the trust fund in question and, therefore, no associated actions or escalations.

Please contact me if you have any questions.

Sincerely,

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

FLORIDA PRIME™

AN INVESTMENT SERVICE FOR PUBLIC FUNDS

MONTHLY SUMMARY REPORT

April 2016

State Board of Administration of Florida

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

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Past performance is no guarantee of future results.

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

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

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

Introduction

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from April 1, 2016, through April 30, 2016, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment advisor for Florida PRIME in a format intended to comply with the statute.

Disclosure of material impacts

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of April 30, 2016)

Total Participants

771

Florida PRIME™ Assets

$8,443,347,491

Total Number of Accounts

1,461

FACTS-AT-A-GLANCE

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

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

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

The latest Federal Open Market Committee (FOMC) decision on April 27 not to raise the federal funds rate is best summarized as an "OK" statement. It was not overly negative or positive, which means it was impossible to read with any certainty. Chair Janet Yellen and company downplayed global volatility but showed more concern about domestic activity. With her members starting to take sides on rates, she seemed to tiptoe between them in order to get to the summer for a better view of the economy. It makes sense, as the first quarter of the last couple of years has been out of step with the remainder. The FOMC statement emphasized the improvement of the labor market but reinforced that inflation still refuses to follow suit. Our in-house view still calls for two hikes in 2016—the first in June or July—but the market is already kicking the June meeting to the side.

In the weeks before the vague Fed statement came out, we were immersed in the implementation of some of the SEC's money fund rule changes from 2014. On April 14, it began to require money market funds to disclose more information, such as the amount of liquid assets in their portfolios. Believe it or not, we are happy the SEC did this. It specifically designed these disclosure rules to come out six months ahead of requirements that institutional prime and municipal money funds float their net asset values (NAV) and create fees and gates procedures.

The disclosures will be crucial in getting clients comfortable with the reforms. We feel that the more they understand the changes, the less concerned they will be about them. We want investors to see that the floating NAVs—now reported out to the hundredth of a penny—are essentially steady and that our portfolios have well above 30% in weekly liquid assets. And we want them to realize that they have the ability to track all of this daily by themselves.

There is additional disclosure with regard to month-end portfolios. It used to be that certain portfolio characteristics provided to the SEC were not made public for 60 days. That has now been shortened to a 5-day lag. For clients who want to look at potential volatility in products, this will be very helpful.

Cash managers welcome all of this openness because we hope it will convince institutional clients to stay in prime and municipal funds. Certainly, clients are happy about the additional yield they have been getting lately. The yield of prime over government portfolios was about 20-22 basis points in April, well above the historic average of around 12. That should offer plenty of incentive for clients to take a close look at how they operate, especially as some may need to amend their own investment policies to invest in a floating NAV. In the 3- to 12-month space, the London interbank offered rate (LIBOR) bumped up slightly over the month.

INVESTMENT STRATEGY

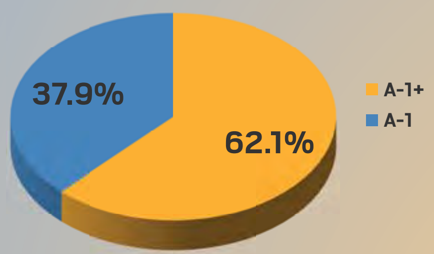
With the lion's share of the tax collection season behind us, cash flows were at a minimum, so the Pool's assets under management did not change materially from March, remaining at $8.44 billion. From a purchasing perspective, we employed two strategies. One was to focus on the very short end of the curve, 30-60 days across commercial paper and CDs, which brought our weighted average maturity (WAM) in 6 days to 29 and our weighted average life (WAL) in 9 days to 51.

Second, we were able to take advantage of the early effects of the full money market reforms to which local government investment pools (LGIPs) such as Florida Prime are not subject. Even though the new regulations will not be implemented until Oct. 14, the uncertainty of how investors are going to respond in terms of flows are keeping many 2a7 money fund portfolio managers from buying longer-term securities. A pool that has a steady asset base can grab those securities for higher-than-usual yields. We did just that, picking up asset-based commercial paper and CDs with maturity dates beyond October.

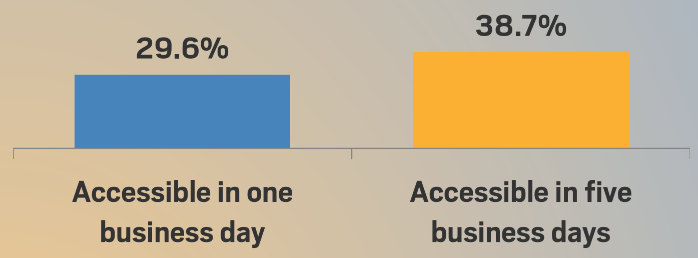
The percentage of our holdings of various investment instruments in April took this two-pronged strategy into action: commercial paper (fixed) remained the highest portion of the portfolio, increasing 7% to 41%; variable-rate paper (floating) decreased 1% to 23% of the total portfolio; money market funds fell 2% to 20%; fixed-rate bank paper dropped 1% to 11% and repo decreased 3% to 5%.

PORTFOLIO COMPOSITION FOR APRIL 2016

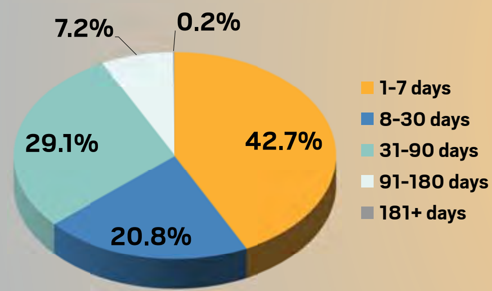
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



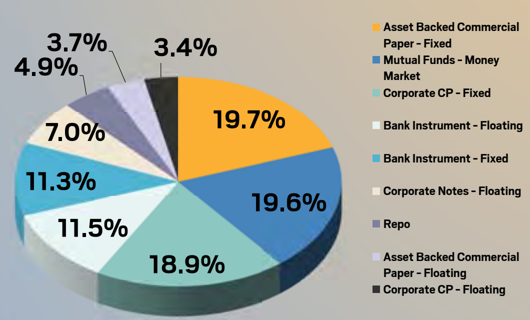
TOP HOLDINGS & AVG. MATURITY

1.	Federated Prime Cash Obligations Fund	9.9%
2.	Federated Institutional Prime Obligations Fund	9.7%
3.	Royal Bank of Canada	5.2%
4.	Wells Fargo & Co.	5.0%
5.	Bank of Montreal	5.0%
6.	JPMorgan Chase & Co.	4.8%
7.	Sumitomo Mitsui Financial Group, Inc.	4.8%
8.	Toronto Dominion Bank	4.4%
9.	Mitsubishi UFJ Financial Group, Inc.	4.3%
10.	BNP Paribas SA	4.1%

Average Effective Maturity (WAM)
29.1 Days
Weighted Average Life (Spread WAM)
51.3 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



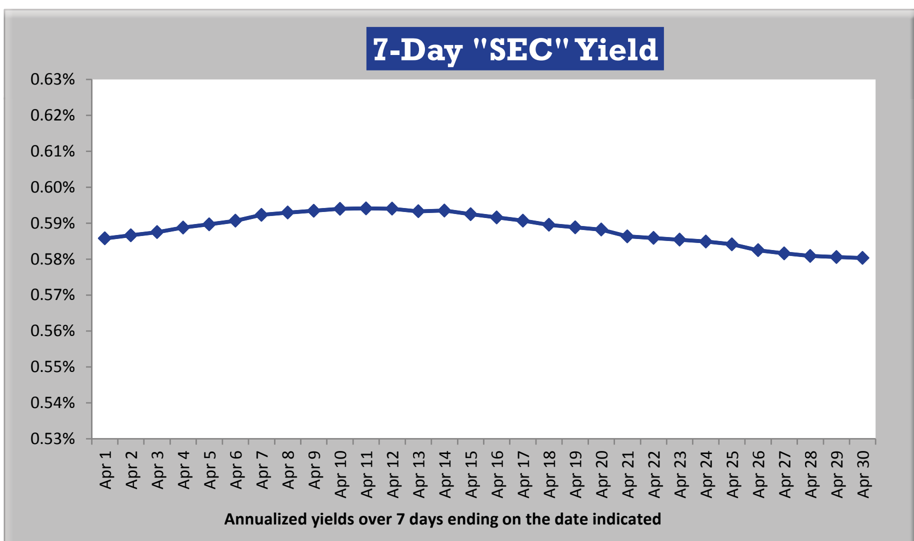
FUND PERFORMANCE THROUGH APRIL 30, 2016

	Florida PRIME Performance Data		
	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
One Month	0.59%	0.36%	0.23%
Three Months	0.56%	0.33%	0.23%
One Year	0.35%	0.16%	0.19%
Three Years	0.23%	0.09%	0.14%
Five Years	0.25%	0.09%	0.16%
Ten Years	1.33%	1.20%	0.13%
Since 1/96	2.73%	2.52%	0.21%

Note: Net asset value at month end: $8,444.2 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.
[1] Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.
[2] The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

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

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



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

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

PRIME ACCOUNT SUMMARY FOR APRIL 2016

Summary of Cash Flows		
Opening Balance (04/01/16)	$	8,482,609,066
Participant Deposits		1,026,638,068
Gross Earnings		4,151,540
Participant Withdrawals		(1,070,051,183)
Fees		(111,084)
Fee Holiday*		111,084
Closing Balance (04/30/16)	$	8,443,347,491
Net Change over Month	**$**	**(39,261,575)**

*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset since January 2016 is $494,980. The redemption reserve account balance at month end is $1,762,262. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***

April 2016		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	$	69,747.29	0.99
Federated Investment Management Fee		16,907.54	0.24
BNY Mellon Custodial Fee**		10,323.06	0.15
Bank of America Transfer Agent Fee		5,290.33	0.08
S&P Rating Maintenance Fee		3,688.52	0.05
Audit/External Review Fees		5,127.13	0.07
Total Fees	**$**	**111,083.87**	**1.58**

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was $8,462,978,279.

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

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

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
American Honda Finance Corp. CP	COMMERCIAL PAPER		5/5/2016		15,000,000	0.45	$14,998,900	$14,999,088	$188
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/11/2016		30,000,000	0.52	$29,994,900	$29,996,500	$1,600
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/18/2016		125,000,000	0.52	$124,966,354	$124,973,809	$7,455
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		100,000,000	0.64	$99,916,000	$99,934,133	$18,133
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/3/2016		104,310,000	0.41	$104,305,364	$104,305,340	-$24
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2016		70,000,000	0.46	$69,993,875	$69,994,420	$545
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2016		50,000,000	0.46	$49,995,625	$49,996,014	$389
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/11/2016		30,000,000	0.48	$29,995,300	$29,995,770	$470
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		10,000,000	0.44	$9,996,058	$9,995,728	-$330
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/22/2016		25,750,000	0.69	$25,723,735	$25,732,928	$9,193
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.75	7/6/2016	7/6/2016	51,000,000	0.76	$51,000,000	$50,973,786	-$26,214
BNP Paribas SA CP	COMMERCIAL PAPER		5/2/2016		225,000,000	0.31	$224,994,375	$224,992,951	-$1,424
BNP Paribas SA CP	COMMERCIAL PAPER		5/3/2016		100,000,000	0.38	$99,995,889	$99,995,800	-$89
Bank of America N.A.Triparty Repo Overnight Fixed	REPO TRIPARTY OVER-NIGHT FIXED	0.30	5/2/2016		395,000,000	0.30	$395,000,000	$395,000,000	$0
Bank of Montreal CDYAN	CERTIFICATE OF DE-POSIT - YANKEE	0.76	6/6/2016		50,000,000	0.77	$50,000,000	$50,017,181	$17,181
Bank of Montreal CP	COMMERCIAL PAPER		9/19/2016		150,000,000	0.87	$149,493,542	$149,608,538	$114,996
Bank of Montreal, Jun 01, 2016	VARIABLE RATE CERTIFI-CATE OF DEPOSIT	0.79	6/1/2016	6/1/2016	25,000,000	0.80	$25,000,000	$25,007,925	$7,925
Bank of Montreal, Mar 27, 2017	VARIABLE RATE CERTIFI-CATE OF DEPOSIT	0.97	3/27/2017	5/27/2016	50,000,000	0.98	$50,000,000	$49,988,000	-$12,000
Bank of Montreal, May 23, 2016	VARIABLE RATE CERTIFI-CATE OF DEPOSIT	0.60	5/23/2016	5/23/2016	50,000,000	0.61	$50,000,000	$50,006,150	$6,150
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	$14,444,783	$14,448,615	$3,832
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	15,000,000	0.75	$15,013,277	$15,014,880	$1,603
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	10,000,000	0.79	$10,007,968	$10,009,920	$1,952
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	54,250,000	0.83	$54,289,101	$54,303,816	$14,715
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DE-POSIT - YANKEE	0.87	7/8/2016		25,000,000	0.88	$25,000,000	$25,016,927	$16,927
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DE-POSIT - YANKEE	0.87	9/21/2016		100,000,000	0.88	$100,000,000	$100,042,691	$42,691

See notes at end of table.

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Nova Scotia, Toronto, Aug 05, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	8/5/2016	5/5/2016	105,000,000	0.80	$105,000,000	$105,055,440	$55,440
Bank of Nova Scotia, Toronto, May 09, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.72	5/9/2016	5/9/2016	50,000,000	0.73	$50,000,000	$50,004,750	$4,750
Bank of Nova Scotia, Toronto, Nov 07, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.84	11/7/2016	5/9/2016	50,000,000	0.85	$50,000,000	$50,003,650	$3,650
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.77	$49,956,722	$49,974,261	$17,539
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/13/2016		30,000,000	0.81	$29,970,000	$29,982,750	$12,750
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/14/2016		20,000,000	0.83	$19,979,044	$19,988,219	$9,174
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		20,000,000	0.83	$19,978,133	$19,987,627	$9,493
Bedford Row Funding Corp., Jun 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.66	6/7/2016	5/9/2016	25,000,000	0.67	$25,000,000	$25,005,525	$5,525
Bedford Row Funding Corp., May 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.59	5/10/2016	5/10/2016	50,000,000	0.59	$50,000,000	$50,003,150	$3,150
Bedford Row Funding Corp., Sep 01, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.77	9/1/2016	5/2/2016	25,000,000	0.78	$24,999,137	$24,987,500	-$11,637
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/21/2016		25,000,000	0.81	$25,000,000	$25,011,865	$11,865
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	$50,000,000	$50,030,502	$30,502
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.85	8/24/2016		15,000,000	0.86	$15,000,000	$15,008,219	$8,219
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	9/20/2016		150,000,000	0.91	$150,000,000	$150,082,047	$82,047
Canadian Imperial Bank of Commerce, Jun 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.74	6/13/2016	5/11/2016	25,000,000	0.75	$25,000,000	$25,008,350	$8,350
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.65	6/8/2016		50,000,000	0.66	$50,000,000	$50,019,731	$19,731
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		6/23/2016		50,000,000	0.86	$49,935,833	$49,972,500	$36,667
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.63	5/3/2016		98,000,000	0.64	$98,000,000	$98,003,403	$3,403
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	6/3/2016		25,000,000	0.66	$25,000,000	$25,004,798	$4,798
Credit Suisse, Zurich CP	COMMERCIAL PAPER		5/5/2016		100,000,000	0.64	$99,989,500	$99,994,567	$5,067
Credit Suisse, Zurich CP	COMMERCIAL PAPER		6/14/2016		100,000,000	0.66	$99,916,944	$99,936,239	$19,295
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.19	5/2/2016		4,186,567	0.19	$4,186,567	$4,186,567	$0
Fairway Finance Co. LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		30,000,000	0.71	$29,991,833	$29,995,007	$3,173
Fairway Finance Co. LLC, Jun 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	6/10/2016	5/10/2016	15,000,000	0.75	$15,000,000	$15,004,815	$4,815

See notes at end of table.

FLORIDA PRIME™

AN INVESTMENT SERVICE FOR PUBLIC FUNDS

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Fairway Finance Co. LLC, Nov 03, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.79	11/3/2016	6/3/2016	50,000,000	0.80	$50,000,000	$50,000,000	$0
Federated Institutional Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.51	5/2/2016	5/2/2016	823,016,811	0.50	$823,016,811	$823,016,811	$0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.48	5/2/2016	5/2/2016	838,104,827	0.47	$838,104,827	$838,104,827	$0
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.43	8/1/2045	5/5/2016	37,980,000	0.43	$37,980,000	$37,980,000	$0
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,510,000	0.54	$6,514,272	$6,512,246	-$2,026
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		7,500,000	0.54	$7,504,922	$7,502,588	-$2,334
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		10,000,000	0.54	$10,006,563	$10,003,450	-$3,113
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		6,100,000	0.54	$6,104,003	$6,102,105	-$1,898
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		11,911,000	0.60	$11,918,662	$11,915,109	-$3,553
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	$1,000,623	$1,000,345	-$278
General Electric Capital Corp., Sr. Unsecd. Note, 2.950%, 05/09/2016	CORPORATE BOND	2.95	5/9/2016		1,000,000	0.66	$1,000,623	$1,000,345	-$278
General Electric Capital Corp., Sr. Unsecured, Jun 20, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.82	6/20/2016	6/20/2016	85,000,000	0.68	$85,019,082	$85,013,005	-$6,077
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	$4,632,886	$4,635,109	$2,222
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/13/2016		190,000,000	0.53	$189,961,578	$189,968,376	$6,799
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/20/2016		50,000,000	0.46	$49,986,875	$49,987,167	$292
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/26/2016		30,000,000	0.46	$29,989,875	$29,989,808	-$68
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/27/2016		47,000,000	0.51	$46,981,722	$46,983,331	$1,608
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/6/2016		20,614,000	0.53	$20,602,685	$20,603,643	$957
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/21/2016		25,000,000	0.52	$24,981,045	$24,981,561	$515
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/2/2016		50,000,000	0.65	49,969,778	49,978,750	$8,972
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/23/2016		50,000,000	0.61	$49,954,167	$49,960,660	$6,493
J.P. Morgan Securities LLC, Aug 09, 2016	VARIABLE RATE COMMERCIAL PAPER	0.80	8/9/2016	5/9/2016	150,000,000	0.81	$150,000,000	$150,081,900	$81,900
J.P. Morgan Securities LLC, Dec 02, 2016	VARIABLE RATE COMMERCIAL PAPER	0.90	12/2/2016	5/2/2016	75,000,000	0.91	$75,000,000	$75,019,275	$19,275
J.P. Morgan Securities LLC, May 25, 2016	VARIABLE RATE COMMERCIAL PAPER	0.77	5/25/2016	5/25/2016	40,000,000	0.78	$40,000,000	$40,010,080	$10,080
J.P. Morgan Securities LLC, May 31, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.75	5/31/2016	5/2/2016	25,000,000	0.76	$25,000,000	$25,006,950	$6,950

See notes at end of table.

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.78	11/4/2016	5/9/2016	15,000,000	0.75	$15,000,000	$14,995,545	-$4,455
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		8/11/2016		30,000,000	0.77	$29,935,000	$29,931,793	-$3,207
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/4/2016		59,000,000	0.46	$58,996,313	$58,996,681	$369
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		31,900,000	0.53	$31,884,794	$31,886,373	$1,579
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/3/2016		129,000,000	0.54	$128,933,529	$128,941,055	$7,526
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/24/2016		16,200,000	0.53	$16,186,896	$16,187,274	$378
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		6/1/2016		1,465,000	0.71	$1,464,060	$1,464,414	$355
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/2/2016		50,000,000	0.53	$49,997,833	$49,998,334	$500
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/6/2016		49,000,000	0.51	$48,995,236	$48,996,094	$858
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		5/23/2016		38,800,000	0.51	$38,787,067	$38,788,438	$1,371
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		83,000,000	0.46	82,965,763	82,964,545	-$1,218
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2016		40,000,000	0.53	39,980,356	39,982,320	$1,964
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/7/2016		59,000,000	0.53	58,966,763	58,969,448	$2,685
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/17/2016		49,000,000	0.53	$48,965,319	$48,966,986	$1,667
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/24/2016		37,030,000	0.53	$37,000,047	$37,000,911	$864
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVER-NIGHT FIXED	0.30	5/2/2016		15,000,000	0.30	$15,000,000	$15,000,000	$0
NRW.Bank CP4-2	COMMERCIAL PAPER - 4-2		5/13/2016		300,000,000	0.44	$299,949,250	$299,956,599	$7,349
National Australia Bank Ltd., Melbourne, Jul 25, 2016	VARIABLE MEDIUM TERM NOTE	1.19	7/25/2016	7/25/2016	3,000,000	0.73	$3,003,734	$3,003,198	-$536
New York State Local Government Assistance Corp., (Subordinate Series 2008B-3V), 04/01/2024	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.40	4/1/2024	5/4/2016	24,120,000	0.40	$24,120,000	$24,120,000	$0
Oglethorpe Power Corp. Scherer Project, (Oglethorpe Power Corp.), (Series 2009B), 01/01/2036	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.40	1/1/2036	5/4/2016	26,600,000	0.40	$26,600,000	$26,600,000	$0
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	0.45	3/1/2039	5/5/2016	9,920,000	0.45	$9,920,000	$9,920,000	$0
Royal Bank of Canada, Montreal, Feb 02, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.99	2/2/2017	5/2/2016	45,000,000	0.98	$45,000,000	$45,019,530	$19,530
Royal Bank of Canada, Montreal, May 12, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.57	5/12/2016	5/12/2016	50,000,000	0.58	$50,000,000	$50,003,400	$3,400

See notes at end of table.

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	10/3/2016	7/4/2016	125,000,000	0.80	$125,000,000	$125,028,375	$28,375
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.64	5/4/2016		23,000,000	0.66	$22,999,984	$23,000,934	$950
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.52	5/31/2016		150,000,000	0.53	$150,000,000	$150,011,039	$11,039
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		6/1/2016		100,000,000	0.64	$99,942,250	$99,959,667	$17,417
Starbird Funding Corp., Sep 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/7/2016	5/9/2016	100,000,000	0.75	$100,000,000	$100,018,400	$18,400
Starbird Funding Corp., Sep 08, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/8/2016	5/9/2016	45,000,000	0.75	$45,000,000	$45,000,000	$0
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		9/14/2016		50,000,000	0.88	$49,835,167	$49,858,167	$23,000
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	$10,000,000	$10,007,735	$7,735
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	$15,000,000	$15,012,700	$12,700
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	6/3/2016		65,000,000	0.76	$65,000,000	$65,019,496	$19,496
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	$10,000,000	$10,003,629	$3,629
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/14/2016		25,000,000	0.81	$25,000,000	$25,010,746	$10,746
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.83	6/22/2016		25,000,000	0.84	$25,000,000	$25,013,136	$13,136
Toronto Dominion Bank, Apr 19, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.95	4/19/2017	5/19/2016	25,000,000	0.96	$25,000,000	$24,982,750	-$17,250
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.60	7/1/2016	5/2/2016	75,000,000	0.60	$75,000,000	$75,010,350	$10,350
Toronto Dominion Bank, Mar 14, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.98	3/14/2017	6/14/2016	50,000,000	1.00	$50,000,000	$50,003,900	$3,900
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	11/4/2016	5/4/2016	10,000,000	0.80	$10,000,000	$9,998,310	-$1,690
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.88	10/17/2016	7/18/2016	30,000,000	0.90	$30,000,000	$30,014,490	$14,490
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	1.10	9/9/2016	6/9/2016	24,000,000	0.80	$24,027,380	$24,035,688	$8,308
Toronto Dominion Holdings (USA), Inc. CP4-2	COMMERCIAL PAPER - 4-2		5/13/2016		10,000,000	0.58	$9,997,783	$9,998,452	$669
Total Capital S.A. CP4-2	COMMERCIAL PAPER - 4-2		5/2/2016		150,000,000	0.34	$149,995,875	$149,995,812	-$63
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.83	10/7/2016	7/7/2016	50,000,000	0.84	$50,000,000	$49,987,200	-$12,800
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		15,000,000	0.59	$15,059,441	$15,052,695	-$6,746
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,045,000	0.72	$10,082,949	$10,080,288	-$2,661

See notes at end of table.

INVENTORY OF HOLDINGS FOR APRIL 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		20,000,000	0.74	$20,074,998	$20,070,260	-$4,738
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		33,480,000	0.76	$33,605,432	$33,597,615	-$7,817
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,000,000	0.99	$10,034,372	$10,035,130	$758
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	$50,000,000	$50,018,249	$18,249
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.79	11/18/2016	6/20/2016	100,000,000	0.80	$100,000,000	$99,957,800	-$42,200
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.80	11/21/2016	6/22/2016	50,000,000	0.82	$50,000,000	$50,005,200	$5,200
Wells Fargo Bank, N.A., Sep 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.78	9/15/2016	5/16/2016	100,000,000	0.79	$100,000,000	$100,033,200	$33,200
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		9/16/2016		100,000,000	0.89	$99,659,722	$99,711,056	$51,334
Total Investment Value					*8,489,849,205*		*$8,488,227,073*	*$8,489,185,230*	*$958,157*

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.

2016 PARTICIPANT SATISFACTION SURVEY

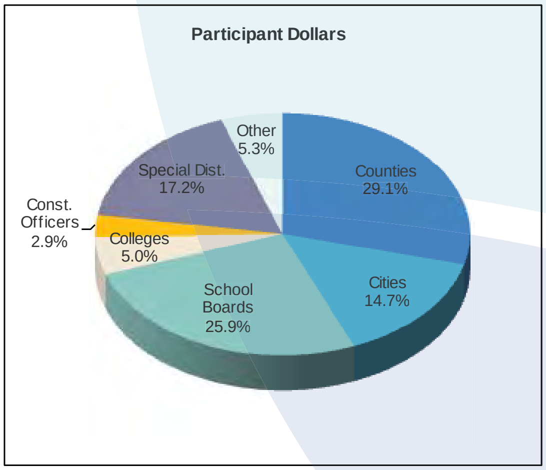
The SBA needs your views on how Florida PRIME is managed. This year's Participant Satisfaction Survey has been posted to the Florida PRIME website. As in prior years, the SBA seeks feedback and commentary from pool investors. Participant feedback is highly valued and we ask that each investor attempt to complete the brief on-line satisfaction survey, which shouldn't take more than 10 minutes to complete.

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

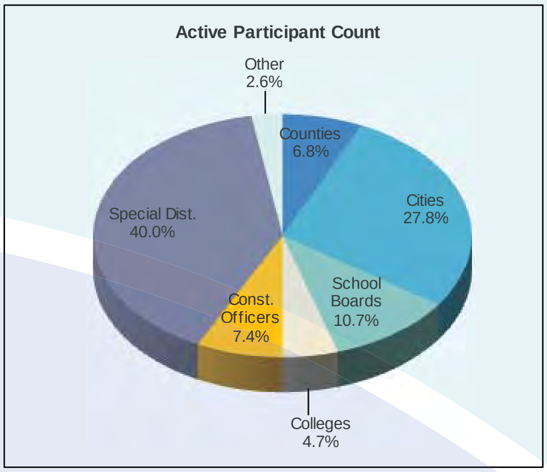
Learn more about Florida PRIME at: https://www.sbafla.com/PRIME

PARTICIPANT CONCENTRATION DATA - AS OF APRIL 2016

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**	**5.0%**	**4.7%**
Top 10	37.7%	1.3%	Top 10	4.6%	1.3%
$100 million or more	48.9%	2.2%	$100 million or more	2.6%	0.1%
$10 million up to $100 million	43.9%	14.6%	$10 million up to $100 million	1.8%	0.8%
$1 million up to $10 million	6.5%	19.2%	$1 million up to $10 million	0.6%	1.6%
Under $1 million	0.8%	63.9%	Under $1 million	0.03%	2.2%
Counties	**29.1%**	**6.8%**	**Constitutional Officers**	**2.9%**	**7.4%**
Top 10	24.1%	1.3%	Top 10	1.0%	1.3%
$100 million or more	22.0%	1.1%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	6.4%	1.6%	$10 million up to $100 million	2.2%	0.8%
$1 million up to $10 million	0.6%	1.1%	$1 million up to $10 million	0.7%	2.1%
Under $1 million	0.1%	3.2%	Under $1 million	0.0%	4.5%
Municipalities	**14.7%**	**27.8%**	**Special Districts**	**17.2%**	**40.0%**
Top 10	8.3%	1.3%	Top 10	11.5%	1.3%
$100 million or more	1.7%	0.1%	$100 million or more	5.8%	0.3%
$10 million up to $100 million	10.5%	3.8%	$10 million up to $100 million	9.8%	3.4%
$1 million up to $10 million	2.2%	6.7%	$1 million up to $10 million	1.2%	4.9%
Under $1 million	0.3%	17.1%	Under $1 million	0.3%	31.4%
School Boards	**25.9%**	**10.7%**	**Other**	**5.3%**	**2.6%**
Top 10	20.0%	1.3%	Top 10	4.7%	1.3%
$100 million or more	15.4%	0.5%	$100 million or more	1.4%	0.1%
$10 million up to $100 million	9.6%	3.3%	$10 million up to $100 million	3.5%	0.9%
$1 million up to $10 million	0.9%	2.0%	$1 million up to $10 million	0.4%	0.9%
Under $1 million	0.1%	4.9%	Under $1 million	0.0%	0.7%



Total Fund Value: $8,443,347,491



Total Active Participant Count: 760

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

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

COMPLIANCE WITH INVESTMENT POLICY FOR APRIL 2016

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

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

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days [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 Florida PRIME investment portfolio 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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. [3]	Pass
S&P Requirements	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

[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 account movements.

[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 APRIL 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
AMERICAN HONDA FINANCE CORP	05/05/16	04/01/16	04/01/16	15,000,000	14,993,767	0	14,993,767	0
ANTALIS S,A, CPABS4CPABS4	04/08/16	04/01/16	04/01/16	35,740,000	35,737,220	0	35,737,220	0
ANTALIS S,A, CPABS4CPABS4	04/08/16	04/01/16	04/01/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	04/08/16	04/01/16	04/01/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	04/12/16	04/05/16	04/05/16	45,000,000	44,996,500	0	44,996,500	0
ANTALIS S,A, CPABS4CPABS4	04/15/16	04/08/16	04/08/16	40,000,000	39,996,889	0	39,996,889	0
ANTALIS S,A, CPABS4CPABS4	04/15/16	04/08/16	04/08/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	04/15/16	04/08/16	04/08/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	04/18/16	04/12/16	04/12/16	39,000,000	38,997,400	0	38,997,400	0
ANTALIS S,A, CPABS4CPABS4	04/25/16	04/19/16	04/19/16	50,000,000	49,996,667	0	49,996,667	0
ANTALIS S,A, CPABS4CPABS4	04/25/16	04/19/16	04/19/16	50,000,000	49,996,667	0	49,996,667	0
ANTALIS S,A, CPABS4CPABS4	04/25/16	04/19/16	04/19/16	19,010,000	19,008,733	0	19,008,733	0
ANTALIS S,A, CPABS4CPABS4	05/03/16	04/26/16	04/26/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	05/03/16	04/26/16	04/26/16	4,310,000	4,309,665	0	4,309,665	0
ANTALIS S,A, CPABS4CPABS4	05/03/16	04/26/16	04/26/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	05/06/16	04/06/16	04/06/16	50,000,000	49,981,250	0	49,981,250	0
ANTALIS S,A, CPABS4CPABS4	05/06/16	04/06/16	04/06/16	20,000,000	19,992,500	0	19,992,500	0
ATLANTIC ASSET SECUCPABS4	06/01/16	04/27/16	04/27/16	10,000,000	9,995,819	0	9,995,819	0
BANK OF NOVA SCOTIA/HOUSTON	11/07/16	04/07/16	04/07/16	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLCCPABS4-	04/21/16	04/07/16	04/07/16	25,000,000	24,996,306	0	24,996,306	0
BNP PARIBAS SACP4-2	04/11/16	04/04/16	04/04/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	04/11/16	04/04/16	04/04/16	25,000,000	24,998,153	0	24,998,153	0
BNP PARIBAS SACP4-2	04/11/16	04/04/16	04/04/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	04/18/16	04/11/16	04/11/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	04/18/16	04/11/16	04/11/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	04/18/16	04/11/16	04/11/16	25,000,000	24,998,153	0	24,998,153	0
BNP PARIBAS SA/NEW YORK NY	04/27/16	04/26/16	04/26/16	5,000,000	4,999,949	0	4,999,949	0
BNP PARIBAS SA/NEW YORK NY	04/27/16	04/26/16	04/26/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SA/NEW YORK NY	04/27/16	04/26/16	04/26/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/02/16	04/29/16	04/29/16	50,000,000	49,998,750	0	49,998,750	0
BNP PARIBAS SACP	05/02/16	04/29/16	04/29/16	25,000,000	24,999,375	0	24,999,375	0
BNP PARIBAS SACP	05/02/16	04/29/16	04/29/16	50,000,000	49,998,750	0	49,998,750	0
BNP PARIBAS SACP	05/02/16	04/29/16	04/29/16	50,000,000	49,998,750	0	49,998,750	0
BNP PARIBAS SACP	05/02/16	04/29/16	04/29/16	50,000,000	49,998,750	0	49,998,750	0
BNP PARIBAS SA/NEW YORK NY	05/03/16	04/26/16	04/26/16	50,000,000	49,996,403	0	49,996,403	0
BNP PARIBAS SA/NEW YORK NY	05/03/16	04/26/16	04/26/16	50,000,000	49,996,403	0	49,996,403	0
COOPERATIEVE RABOBANK UA/NY	04/04/16	04/01/16	04/01/16	25,000,000	24,999,250	0	24,999,250	0
COOPERATIEVE RABOBANK UA/NY	04/04/16	04/01/16	04/01/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	04/04/16	04/01/16	04/01/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	04/04/16	04/01/16	04/01/16	44,182,000	44,180,675	0	44,180,675	0
COOPERATIEVE RABOBANK UA/NY	04/06/16	04/05/16	04/05/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	04/06/16	04/05/16	04/05/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	04/06/16	04/05/16	04/05/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	04/06/16	04/05/16	04/05/16	50,000,000	49,999,486	0	49,999,486	0

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Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	48,000,000	47,999,520	0	47,999,520	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/06/16	04/06/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/08/16	04/07/16	04/07/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/08/16	04/07/16	04/07/16	26,900,000	26,899,731	0	26,899,731	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	7,500,000	7,499,925	0	7,499,925	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/12/16	04/11/16	04/11/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	04/18/16	04/15/16	04/15/16	50,000,000	49,998,500	0	49,998,500	0
COOPERATIEVE RABOBANK UA/NY	04/27/16	04/26/16	04/26/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/27/16	04/26/16	04/26/16	25,000,000	24,999,750	0	24,999,750	0
COOPERATIEVE RABOBANK UA/NY	04/28/16	04/27/16	04/27/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/28/16	04/27/16	04/27/16	20,000,000	19,999,800	0	19,999,800	0
COOPERATIEVE RABOBANK UA/NY	04/28/16	04/27/16	04/27/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	04/28/16	04/27/16	04/27/16	23,500,000	23,499,765	0	23,499,765	0
COOPERATIEVE RABOBANK UA/NY	04/29/16	04/28/16	04/28/16	50,000,000	49,999,500	0	49,999,500	0
CREDIT INDUSTRIEL ECDYAN	04/27/16	04/20/16	04/20/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/27/16	04/20/16	04/20/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/27/16	04/20/16	04/20/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/27/16	04/20/16	04/20/16	50,000,000	50,000,000	0	50,000,000	0
FAIRWAY FINANCE CO LLC	11/03/16	04/28/16	05/03/16	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCPABS4	05/20/16	04/27/16	04/27/16	50,000,000	49,985,625	0	49,985,625	0
GOTHAM FUNDING CORPCPABS4	05/26/16	04/28/16	04/28/16	30,000,000	29,989,500	0	29,989,500	0
GOTHAM FUNDING CORPCPABS4	06/06/16	04/07/16	04/07/16	20,614,000	20,596,135	0	20,596,135	0
GOTHAM FUNDING CORPCPABS4	06/21/16	04/22/16	04/22/16	25,000,000	24,978,542	0	24,978,542	0
LMA-AMERICAS LLCCPABS4-2	05/04/16	04/01/16	04/01/16	50,000,000	49,979,375	0	49,979,375	0
LMA-AMERICAS LLCCPABS4-2	05/04/16	04/01/16	04/01/16	9,000,000	8,996,288	0	8,996,288	0
LMA-AMERICAS LLCCPABS4-2	06/01/16	04/08/16	04/08/16	31,900,000	31,875,118	0	31,875,118	0
LMA-AMERICAS LLCCPABS4-2	06/03/16	04/05/16	04/05/16	50,000,000	49,956,569	0	49,956,569	0
LMA-AMERICAS LLCCPABS4-2	06/03/16	04/05/16	04/05/16	29,000,000	28,974,810	0	28,974,810	0
LMA-AMERICAS LLCCPABS4-2	06/03/16	04/05/16	04/05/16	50,000,000	49,956,569	0	49,956,569	0
LMA-AMERICAS LLCCPABS4-2	06/24/16	04/26/16	04/26/16	16,200,000	16,186,194	0	16,186,194	0
MANHATTAN ASSET FUNCPABS4	06/01/16	04/27/16	04/27/16	50,000,000	49,978,125	0	49,978,125	0
MANHATTAN ASSET FUNCPABS4	06/01/16	04/27/16	04/27/16	33,000,000	32,985,563	0	32,985,563	0
MANHATTAN ASSET FUNCPABS4	06/02/16	04/07/16	04/07/16	40,000,000	39,967,644	0	39,967,644	0
MANHATTAN ASSET FUNCPABS4	06/07/16	04/08/16	04/08/16	50,000,000	49,956,667	0	49,956,667	0

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MANHATTAN ASSET FUNCPABS4	06/07/16	04/08/16	04/08/16	9,000,000	8,992,200	0	8,992,200	0
MANHATTAN ASSET FUNCPABS4	06/17/16	04/21/16	04/21/16	49,000,000	48,959,657	0	48,959,657	0
MANHATTAN ASSET FUNCPABS4	06/24/16	04/27/16	04/27/16	37,030,000	36,998,977	0	36,998,977	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
NRW,BANKCP	05/13/16	04/12/16	04/12/16	50,000,000	49,981,271	0	49,981,271	0
STANDARD CHARTERED CDYAN	05/31/16	04/01/16	04/01/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	05/31/16	04/01/16	04/01/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	05/31/16	04/01/16	04/01/16	50,000,000	50,000,000	0	50,000,000	0
TORONTO-DOMINION BANK/NY	04/19/17	04/15/16	04/19/16	25,000,000	25,000,000	0	25,000,000	0
TOTAL CAPITAL S,A,CP4-2	05/02/16	04/29/16	04/29/16	50,000,000	49,998,625	0	49,998,625	0
TOTAL CAPITAL S,A,CP4-2	05/02/16	04/29/16	04/29/16	50,000,000	49,998,625	0	49,998,625	0
TOTAL CAPITAL S,A,CP4-2	05/02/16	04/29/16	04/29/16	50,000,000	49,998,625	0	49,998,625	0
UBS FINANCE (DELAWACP	04/13/16	04/06/16	04/06/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWACP	04/13/16	04/06/16	04/06/16	50,000,000	49,996,306	0	49,996,306	0
UBS FINANCE (DELAWACP	04/13/16	04/06/16	04/06/16	50,000,000	49,996,306	0	49,996,306	0
UBS AGCDYAN	04/20/16	04/13/16	04/13/16	50,000,000	50,000,000	0	50,000,000	0
UBS AGCDYAN	04/20/16	04/13/16	04/13/16	50,000,000	50,000,000	0	50,000,000	0
UBS AGCDYAN	04/20/16	04/13/16	04/13/16	50,000,000	50,000,000	0	50,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/04/16	04/04/16	2,890,773	2,890,773	0	2,890,773	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/06/16	04/06/16	1,980,761	1,980,761	0	1,980,761	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/11/16	04/11/16	2,321,938	2,321,938	0	2,321,938	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/13/16	04/13/16	2,576,714	2,576,714	0	2,576,714	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/15/16	04/15/16	2,368,381	2,368,381	0	2,368,381	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/18/16	04/18/16	513,819	513,819	0	513,819	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/21/16	04/21/16	729,338	729,338	0	729,338	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/22/16	04/22/16	296,042	296,042	0	296,042	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/25/16	04/25/16	1,381,152	1,381,152	0	1,381,152	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/28/16	04/28/16	2,685,786	2,685,786	0	2,685,786	0
MIZUHO TRIPARTY	04/04/16	04/01/16	04/01/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/04/16	04/01/16	04/01/16	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	04/05/16	04/04/16	04/04/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/05/16	04/04/16	04/04/16	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	04/06/16	04/05/16	04/05/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/06/16	04/05/16	04/05/16	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/07/16	04/06/16	04/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/07/16	04/06/16	04/06/16	175,000,000	175,000,000	0	175,000,000	0
MIZUHO TRIPARTY	04/08/16	04/07/16	04/07/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/08/16	04/07/16	04/07/16	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	04/11/16	04/08/16	04/08/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/11/16	04/08/16	04/08/16	430,000,000	430,000,000	0	430,000,000	0
MIZUHO TRIPARTY	04/12/16	04/11/16	04/11/16	15,000,000	15,000,000	0	15,000,000	0

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BANK OF AMERICA TRIPARTY	04/12/16	04/11/16	04/11/16	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/13/16	04/12/16	04/12/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/13/16	04/12/16	04/12/16	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	04/14/16	04/13/16	04/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/14/16	04/13/16	04/13/16	305,000,000	305,000,000	0	305,000,000	0
MIZUHO TRIPARTY	04/15/16	04/14/16	04/14/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/15/16	04/14/16	04/14/16	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/18/16	04/15/16	04/15/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/18/16	04/15/16	04/15/16	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	04/19/16	04/18/16	04/18/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/19/16	04/18/16	04/18/16	575,000,000	575,000,000	0	575,000,000	0
BANK OF AMERICA TRIPARTY	04/20/16	04/19/16	04/19/16	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	04/20/16	04/19/16	04/19/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	04/21/16	04/20/16	04/20/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/21/16	04/20/16	04/20/16	680,000,000	680,000,000	0	680,000,000	0
MIZUHO TRIPARTY	04/22/16	04/21/16	04/21/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/22/16	04/21/16	04/21/16	635,000,000	635,000,000	0	635,000,000	0
MIZUHO TRIPARTY	04/25/16	04/22/16	04/22/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/25/16	04/22/16	04/22/16	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	04/26/16	04/25/16	04/25/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/26/16	04/25/16	04/25/16	775,000,000	775,000,000	0	775,000,000	0
MIZUHO TRIPARTY	04/27/16	04/26/16	04/26/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/27/16	04/26/16	04/26/16	590,000,000	590,000,000	0	590,000,000	0
MIZUHO TRIPARTY	04/28/16	04/27/16	04/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/28/16	04/27/16	04/27/16	520,000,000	520,000,000	0	520,000,000	0
MIZUHO TRIPARTY	04/29/16	04/28/16	04/28/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/29/16	04/28/16	04/28/16	575,000,000	575,000,000	0	575,000,000	0
MIZUHO TRIPARTY	05/02/16	04/29/16	04/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/02/16	04/29/16	04/29/16	395,000,000	395,000,000	0	395,000,000	0
Total Buys				***14,400,630,704***	***14,399,937,216***	***0***	***14,399,937,216***	***0***
Deposits								
SVENSKA HANDELSBANKTDCAY 0.36 20160404	04/04/16	04/01/16	04/01/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160405	04/05/16	04/04/16	04/04/16	250,000,000	250,000,000	0	250,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160406	04/06/16	04/05/16	04/05/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160419	04/19/16	04/18/16	04/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160420	04/20/16	04/19/16	04/19/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160426	04/26/16	04/25/16	04/25/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160427	04/27/16	04/26/16	04/26/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160428	04/28/16	04/27/16	04/27/16	300,000,000	300,000,000	0	300,000,000	0

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SVENSKA HANDELSBANKTDCAY 0.36 20160429	04/29/16	04/28/16	04/28/16	200,000,000	200,000,000	0	200,000,000	0
Total Deposits				***1,850,000,000***	***1,850,000,000***	***0***	***1,850,000,000***	***0***
Maturities								
ANGLESEA FUNDING LLCPABS4	04/26/16	04/26/16	04/26/16	65,000,000	65,000,000	0	65,000,000	0
ANTALIS S,A, CPABS4CPABS4	04/01/16	04/01/16	04/01/16	31,200,000	31,200,000	0	31,200,000	0
ANTALIS S,A, CPABS4CPABS4	04/05/16	04/05/16	04/05/16	29,750,000	29,750,000	0	29,750,000	0
ANTALIS S,A, CPABS4CPABS4	04/08/16	04/08/16	04/08/16	135,740,000	135,740,000	0	135,740,000	0
ANTALIS S,A, CPABS4CPABS4	04/12/16	04/12/16	04/12/16	45,000,000	45,000,000	0	45,000,000	0
ANTALIS S,A, CPABS4CPABS4	04/15/16	04/15/16	04/15/16	140,000,000	140,000,000	0	140,000,000	0
ANTALIS S,A, CPABS4CPABS4	04/18/16	04/18/16	04/18/16	39,000,000	39,000,000	0	39,000,000	0
ANTALIS S,A, CPABS4CPABS4	04/25/16	04/25/16	04/25/16	119,010,000	119,010,000	0	119,010,000	0
ATLANTIC ASSET SECUCPABS4	04/20/16	04/20/16	04/20/16	60,000,000	60,000,000	0	60,000,000	0
AUSTRALIA NEW ZEACP4-2	04/04/16	04/04/16	04/04/16	80,000,000	80,000,000	0	80,000,000	0
BMW US CAPITAL LLC	04/07/16	04/07/16	04/07/16	10,000,000	10,000,000	0	10,000,000	0
BANK OF TOKYO-MITSUCDYAN	04/06/16	04/06/16	04/06/16	80,000,000	80,000,000	0	80,000,000	0
BARTON CAPITAL LLCCPABS4-	04/15/16	04/15/16	04/15/16	72,532,000	72,532,000	0	72,532,000	0
BARTON CAPITAL LLCCPABS4-	04/21/16	04/21/16	04/21/16	25,000,000	25,000,000	0	25,000,000	0
BNP PARIBAS SACP4-2	04/11/16	04/11/16	04/11/16	125,000,000	125,000,000	0	125,000,000	0
BNP PARIBAS SACP4-2	04/18/16	04/18/16	04/18/16	125,000,000	125,000,000	0	125,000,000	0
BNP PARIBAS SA/NEW YORK NY	04/27/16	04/27/16	04/27/16	105,000,000	105,000,000	0	105,000,000	0
COMMONWEALTH BANK OF AUSTRALIA	04/04/16	04/04/16	04/04/16	50,000,000	50,000,000	0	50,000,000	0
COOPERATIEVE RABOBANK UA/NY	04/04/16	04/04/16	04/04/16	169,182,000	169,182,000	0	169,182,000	0
COOPERATIEVE RABOBANK UA/NY	04/06/16	04/06/16	04/06/16	200,000,000	200,000,000	0	200,000,000	0
COOPERATIEVE RABOBANK UA/NY	04/07/16	04/07/16	04/07/16	398,000,000	398,000,000	0	398,000,000	0
RABOBANK NEDERLAND CP	04/08/16	04/08/16	04/08/16	76,900,000	76,900,000	0	76,900,000	0
RABOBANK NEDERLAND CP	04/12/16	04/12/16	04/12/16	307,500,000	307,500,000	0	307,500,000	0
RABOBANK NEDERLAND CP	04/18/16	04/18/16	04/18/16	50,000,000	50,000,000	0	50,000,000	0
COOPERATIEVE RABOBANK UA/NY	04/27/16	04/27/16	04/27/16	75,000,000	75,000,000	0	75,000,000	0
COOPERATIEVE RABOBANK UA/NY	04/28/16	04/28/16	04/28/16	143,500,000	143,500,000	0	143,500,000	0
COOPERATIEVE RABOBANK UA/NY	04/29/16	04/29/16	04/29/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	04/27/16	04/27/16	04/27/16	200,000,000	200,000,000	0	200,000,000	0
GOTHAM FUNDING CORPCPABS4	04/13/16	04/13/16	04/13/16	50,825,000	50,825,000	0	50,825,000	0
GOTHAM FUNDING CORPCPABS4	04/25/16	04/25/16	04/25/16	61,600,000	61,600,000	0	61,600,000	0
ING (U,S,) FUNDING CP	04/11/16	04/11/16	04/11/16	54,000,000	54,000,000	0	54,000,000	0
ING (U,S,) FUNDING CP	04/12/16	04/12/16	04/12/16	100,000,000	100,000,000	0	100,000,000	0
JP MORGAN SECURITIES LLC	04/22/16	04/22/16	04/22/16	10,000,000	10,000,000	0	10,000,000	0
LMA-AMERICAS LLCCPABS4-2	04/05/16	04/05/16	04/05/16	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCCPABS4-2	04/06/16	04/06/16	04/06/16	14,000,000	14,000,000	0	14,000,000	0
LMA-AMERICAS LLCCPABS4-2	04/26/16	04/26/16	04/26/16	25,000,000	25,000,000	0	25,000,000	0
MANHATTAN ASSET FUNCPABS4	04/04/16	04/04/16	04/04/16	16,000,000	16,000,000	0	16,000,000	0
MANHATTAN ASSET FUNCPABS4	04/22/16	04/22/16	04/22/16	39,602,000	39,602,000	0	39,602,000	0
MANHATTAN ASSET FUNCPABS4	04/26/16	04/26/16	04/26/16	100,000,000	100,000,000	0	100,000,000	0
NRW,BANKCP	04/26/16	04/26/16	04/26/16	25,000,000	25,000,000	0	25,000,000	0
NATIONWIDE BUILDINGCP4-2	04/01/16	04/01/16	04/01/16	25,000,000	25,000,000	0	25,000,000	0
STANDARD CHARTERED CDYAN	04/01/16	04/01/16	04/01/16	45,000,000	45,000,000	0	45,000,000	0

TRADING ACTIVITY FOR APRIL 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SUMITOMO MITSUI BANCDYAN	04/04/16	04/04/16	04/04/16	125,000,000	125,000,000	0	125,000,000	0
TORONTO-DOMINION BANK/NY	04/15/16	04/15/16	04/15/16	40,000,000	40,000,000	0	40,000,000	0
TOYOTA MOTOR CREDIT CORP	04/15/16	04/15/16	04/15/16	100,000,000	100,000,000	0	100,000,000	0
UBS FINANCE (DELAWACP	04/13/16	04/13/16	04/13/16	150,000,000	150,000,000	0	150,000,000	0
UBS AGCDYAN	04/20/16	04/20/16	04/20/16	150,000,000	150,000,000	0	150,000,000	0
WESTPAC BANKING CORP/NY	04/15/16	04/15/16	04/15/16	25,000,000	25,000,000	0	25,000,000	0
MIZUHO TRIPARTY	04/01/16	04/01/16	04/01/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/01/16	04/01/16	04/01/16	650,000,000	650,000,000	0	650,000,000	0
MIZUHO TRIPARTY	04/04/16	04/04/16	04/04/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/04/16	04/04/16	04/04/16	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	04/05/16	04/05/16	04/05/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/05/16	04/05/16	04/05/16	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	04/06/16	04/06/16	04/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/06/16	04/06/16	04/06/16	290,000,000	290,000,000	0	290,000,000	0
MIZUHO TRIPARTY	04/07/16	04/07/16	04/07/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/07/16	04/07/16	04/07/16	175,000,000	175,000,000	0	175,000,000	0
MIZUHO TRIPARTY	04/08/16	04/08/16	04/08/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/08/16	04/08/16	04/08/16	380,000,000	380,000,000	0	380,000,000	0
MIZUHO TRIPARTY	04/11/16	04/11/16	04/11/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/11/16	04/11/16	04/11/16	430,000,000	430,000,000	0	430,000,000	0
MIZUHO TRIPARTY	04/12/16	04/12/16	04/12/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/12/16	04/12/16	04/12/16	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/13/16	04/13/16	04/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/13/16	04/13/16	04/13/16	300,000,000	300,000,000	0	300,000,000	0
MIZUHO TRIPARTY	04/14/16	04/14/16	04/14/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/14/16	04/14/16	04/14/16	305,000,000	305,000,000	0	305,000,000	0
MIZUHO TRIPARTY	04/15/16	04/15/16	04/15/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/15/16	04/15/16	04/15/16	170,000,000	170,000,000	0	170,000,000	0
MIZUHO TRIPARTY	04/18/16	04/18/16	04/18/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/18/16	04/18/16	04/18/16	500,000,000	500,000,000	0	500,000,000	0
MIZUHO TRIPARTY	04/19/16	04/19/16	04/19/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/19/16	04/19/16	04/19/16	575,000,000	575,000,000	0	575,000,000	0
BANK OF AMERICA TRIPARTY	04/20/16	04/20/16	04/20/16	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	04/20/16	04/20/16	04/20/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	04/21/16	04/21/16	04/21/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/21/16	04/21/16	04/21/16	680,000,000	680,000,000	0	680,000,000	0
MIZUHO TRIPARTY	04/22/16	04/22/16	04/22/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/22/16	04/22/16	04/22/16	635,000,000	635,000,000	0	635,000,000	0
MIZUHO TRIPARTY	04/25/16	04/25/16	04/25/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/25/16	04/25/16	04/25/16	700,000,000	700,000,000	0	700,000,000	0
MIZUHO TRIPARTY	04/26/16	04/26/16	04/26/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/26/16	04/26/16	04/26/16	775,000,000	775,000,000	0	775,000,000	0
MIZUHO TRIPARTY	04/27/16	04/27/16	04/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/27/16	04/27/16	04/27/16	590,000,000	590,000,000	0	590,000,000	0
MIZUHO TRIPARTY	04/28/16	04/28/16	04/28/16	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR APRIL 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	04/28/16	04/28/16	04/28/16	520,000,000	520,000,000	0	520,000,000	0
MIZUHO TRIPARTY	04/29/16	04/29/16	04/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	04/29/16	04/29/16	04/29/16	575,000,000	575,000,000	0	575,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160404	04/04/16	04/04/16	04/04/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160405	04/05/16	04/05/16	04/05/16	250,000,000	250,000,000	0	250,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160406	04/06/16	04/06/16	04/06/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160419	04/19/16	04/19/16	04/19/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160420	04/20/16	04/20/16	04/20/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160426	04/26/16	04/26/16	04/26/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160427	04/27/16	04/27/16	04/27/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160428	04/28/16	04/28/16	04/28/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160429	04/29/16	04/29/16	04/29/16	200,000,000	200,000,000	0	200,000,000	0
Total Maturities				***15,993,341,000***	***15,993,341,000***	***0***	***15,993,341,000***	***0***
Sells								
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/01/16	04/01/16	238,731,800	238,731,800	0	238,731,800	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/16	04/05/16	366,606	366,606	0	366,606	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/16	04/05/16	330,326	330,326	0	330,326	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/16	04/05/16	835,992	835,992	0	835,992	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/16	04/05/16	2,368,639	2,368,639	0	2,368,639	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/05/16	04/05/16	2,796,053	2,796,053	0	2,796,053	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/07/16	04/07/16	1,657,619	1,657,619	0	1,657,619	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/08/16	04/08/16	224,173	224,173	0	224,173	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/08/16	04/08/16	1,285,714	1,285,714	0	1,285,714	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/08/16	04/08/16	131,225	131,225	0	131,225	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/12/16	04/12/16	1,344,322	1,344,322	0	1,344,322	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/14/16	04/14/16	3,374,627	3,374,627	0	3,374,627	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/19/16	04/19/16	667	667	0	667	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/19/16	04/19/16	94,720	94,720	0	94,720	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/19/16	04/19/16	323,142	323,142	0	323,142	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/19/16	04/19/16	466,630	466,630	0	466,630	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/20/16	04/20/16	1,631,874	1,631,874	0	1,631,874	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/26/16	04/26/16	148,986	148,986	0	148,986	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/27/16	04/27/16	74,449	74,449	0	74,449	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/27/16	04/27/16	2,072,441	2,072,441	0	2,072,441	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/29/16	04/29/16	2,368,381	2,368,381	0	2,368,381	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	04/29/16	04/29/16	1,923,842	1,923,842	0	1,923,842	0
Total Sells				262,552,227	262,552,227	0	262,552,227	0

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

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Our Mission

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

Federated

FLORIDA PRIME™

AN INVESTMENT SERVICE FOR PUBLIC FUNDS

MONTHLY SUMMARY REPORT

May 2016

State Board of Administration of Florida

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Past performance is no guarantee of future results.

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

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

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

Introduction

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from May 1, 2016, through May 31, 2016, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment advisor for Florida PRIME in a format intended to comply with the statute.

Disclosure of material impacts

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of May 31, 2016)

Total Participants
771

Florida PRIME™ Assets
$8,056,392,075

Total Number of Accounts
1,461

FACTS-AT-A-GLANCE

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

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

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

Mind the Federal Reserve. The market is finally doing so with Brexit, remembering that it is the D.C. Metro that leads to what is important, not the London tube. Those obsessed with the possibility Britain will leave the European Union are realizing the Fed may not be. It has led to a remarkable swing in sentiment, with the market moving from as low as a 5% probability that the Fed will raise rates in June to now around about five times that, and more than 50% probability for a move in July. The shift started midmonth with the release of the April 27 Federal Open Market Committee (FOMC) minutes. These revealed more discussion about a hike than did the original, vague statement. A parade of Fed officials followed, seeming to prepare the market for action, even though the next meeting brushes up against the Brexit vote.

A hike in summer is a position we have taken for some time, primarily because we take the Fed at its word that it looks at the long development of data and not daily or weekly volatility. Domestic economic statistics have been good: not anything wonderful, but not anything terrible. The Fed likes steady, if slight, improvement. Although inflation at the producer level is still low, core Consumer Price Index came in around 2%, personal consumption expenditures and retail sales are robust, the labor and housing markets remain strong and even manufacturing has been healing. We do not think Brexit matters to policymakers as much as the improving statistics, and a "leave" vote would not be that big of an influence anyway because it will take years to implement all the changes that would entail.

As for the volatility in early 2016 that many (far fewer now) saw as spawned by the Fed's lifting rates off zero, it was not the end of the world. The market lived through it. I think policymakers have good cover at this point for a hike. The data released in the next few weeks ahead of the June 15 FOMC meeting would have to be bad to push it later.

In the meantime, we continue to see good returns for prime funds. The spread between prime and government funds is about 22 basis points across the industry versus a historic average of about 12-13 basis points. This performance has caused some cash managers to hold off moving investments from prime products to govies, and it might keep them from ever transferring a substantial portion of their cash. Investors in prime funds are enjoying the yield spread for now. As to their feelings nearer to the October 14 implementation of the new SEC 2a7 money fund rules, to which local government investment pools (LGIPs) such as Florida Prime are not subject, no one knows for sure. But even as the industry endures many operational changes, much money spent and general stress, it might just be that cash managers keep calm and carry on.

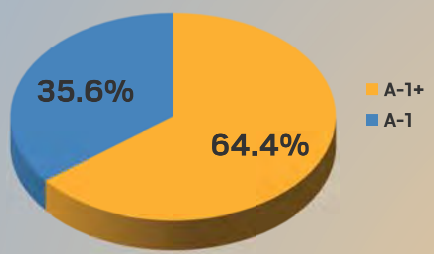
INVESTMENT STRATEGY

The Pool's yield continued to rise in May. That is a reflection of the increase in the London interbank offered rate (LIBOR) curve: 1-month Libor rose 3 basis points, 3-month increased 6 basis points and 12-month moved up 12 basis points. The Pool's total assets under management decreased by $387 million to end the month at $8.06 billion, due to the typical summertime outflow season. The Weighted Average Maturity (WAM) of the portfolio and its Weighted Average Life (WAL) did not change from April, at 29 and 51 days, respectively. Similarly, the portion of the Pool's holdings of investment instruments in May did not change much from April. A drop in the percentage of holdings in commercial paper, from 41% to 36%, and a tick down of repo instruments from 5% to 4% of total was balanced by an addition of fixed-rate bank paper/instruments from 11% to 17%. All other holdings were unchanged from the month prior.

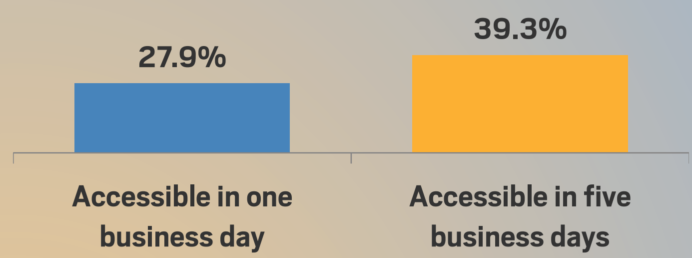
In May we made purchases all along the curve, from short-dated paper (30-90 days) to longer-term commercial paper and CD-type investments. The yield curve has picked up for instruments that mature further out past the October 14 date for money market reforms. An investment pool such as Florida PRIME that has a steady asset base and isn't at risk of losing participants because of money market reform can take advantage of the longer end of the yield curve and these attractive yield spreads.

PORTFOLIO COMPOSITION FOR MAY 2016

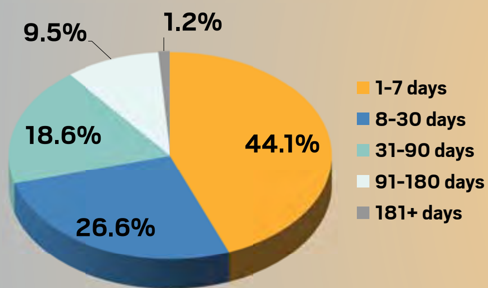
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



TOP HOLDINGS & AVG. MATURITY

1.	Federated Institutional Prime Obligations Fund	10.1%
2.	Federated Prime Cash Obligations Fund	10.1%
3.	Wells Fargo & Co.	5.3%
4.	Royal Bank of Canada	4.8%
5.	Toronto Dominion Bank	4.8%
6.	JPMorgan Chase & Co.	4.7%
7.	Bank of Montreal	4.7%
8.	Sumitomo Mitsui Financial Group, Inc.	4.3%
9.	Canadian Imperial Bank of Commerce	4.2%
10.	ING Groep N.V.	3.7%

Average Effective Maturity (WAM)

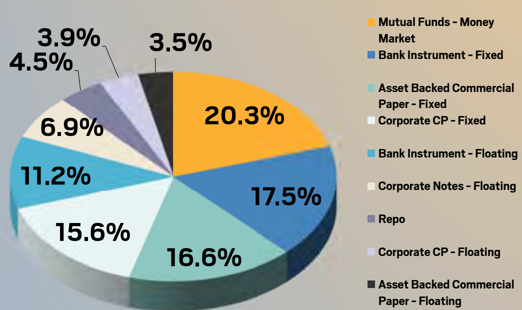
29.4 Days

Weighted Average Life (Spread WAM)

51.4 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



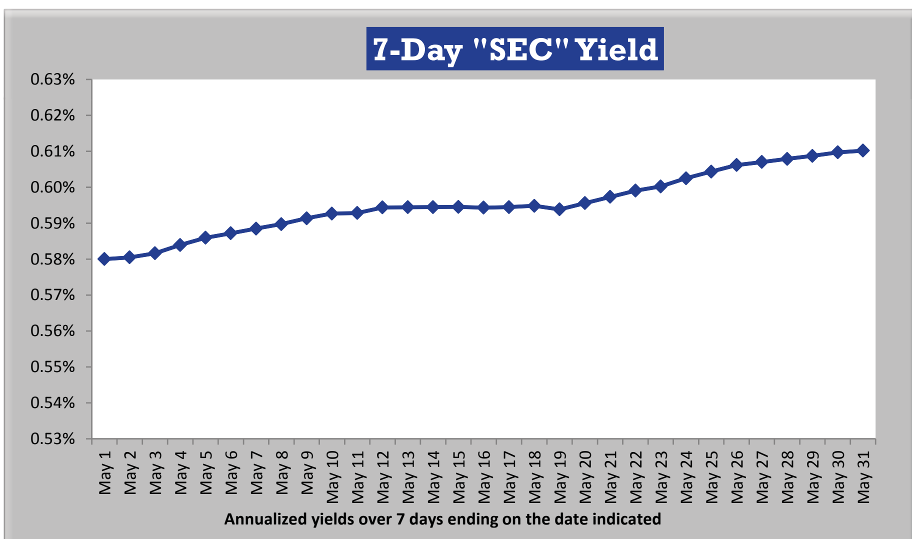
FUND PERFORMANCE THROUGH MAY 31, 2016

Florida PRIME Performance Data			
	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
One Month	0.60%	0.37%	0.23%
Three Months	0.58%	0.36%	0.23%
One Year	0.38%	0.19%	0.20%
Three Years	0.24%	0.10%	0.14%
Five Years	0.25%	0.09%	0.16%
Ten Years	1.29%	1.17%	0.13%
Since 1/96	2.72%	2.52%	0.21%

Note: Net asset value at month end: $8,057.5 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.
[1]Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.
[2]The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

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

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



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

FLORIDA PRIME
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

PRIME ACCOUNT SUMMARY FOR MAY 2016

	Summary of Cash Flows	
Opening Balance (05/01/16)	$	8,443,347,491
Participant Deposits		654,049,798
Gross Earnings		4,203,027
Participant Withdrawals		(1,045,208,241)
Fees		(108,402)
Fee Holiday*		108,402
Closing Balance (05/31/16)	$	8,056,392,075
Net Change over Month	**$**	**(386,955,416)**

*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset since January 2016 is $603,382. The redemption reserve account balance at month end is $1,653,860. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***

May 2016		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	$	69,937.42	1.02
Federated Investment Management Fee		14,431.88	0.21
BNY Mellon Custodial Fee**		10,302.75	0.15
Bank of America Transfer Agent Fee		4,620.39	0.07
S&P Rating Maintenance Fee		3,811.48	0.06
Audit/External Review Fees		5,298.03	0.08
Total Fees	**$**	**108,401.95**	**1.58**

*The basis point equivalent is an annualized rate based on the dollar amount of fees charged for the month times 12, divided by an average of the fund's beginning and ending total value (amortized cost) for the month which was $8,249,869,783.

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

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

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

INVENTORY OF HOLDINGS FOR MAY 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain//Loss
ASB Finance Ltd. CP4-2	COMMERCIAL PAPER - 4-2		11/9/2016		95,000,000	0.88	$94,632,350	$94,716,140	$83,790
ASB Finance Ltd., Nov 30, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.81	11/30/2016	6/30/2016	50,000,000	0.83	$50,000,000	$49,998,350	-$1,650
American Honda Finance Corp. CP	COMMERCIAL PAPER		6/14/2016		68,450,000	0.40	$68,439,485	$68,439,219	-$266
American Honda Finance Corp. CP	COMMERCIAL PAPER		7/25/2016		25,000,000	0.55	$24,979,375	$24,978,879	-$497
American Honda Finance Corp. CP	COMMERCIAL PAPER		7/26/2016		25,000,000	0.55	$24,979,000	$24,978,339	-$661
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		100,000,000	0.64	$99,972,000	$99,983,244	$11,244
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/3/2016		65,490,000	0.41	$65,487,817	$65,487,735	-$82
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/6/2016		33,640,000	0.46	$33,637,477	$33,637,651	$174
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/7/2016		50,000,000	0.41	$49,996,111	$49,995,917	-$195
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/27/2016		70,000,000	0.46	$69,976,375	$69,976,218	-$158
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		10,000,000	0.44	$9,999,881	$9,999,885	$5
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.41	$49,995,000	$49,994,713	-$288
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/10/2016		75,000,000	0.44	$74,991,042	$74,991,167	$125
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/21/2016		25,570,000	0.41	$25,564,034	$25,564,034	$0
BASF SE CP4-2	COMMERCIAL PAPER - 4-2		6/22/2016		25,750,000	0.69	$25,739,299	$25,743,690	$4,390
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.75	7/6/2016	7/6/2016	51,000,000	0.76	$51,000,000	$50,993,778	-$6,222
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.30	6/1/2016		345,000,000	0.30	$345,000,000	$345,000,000	$0
Bank of Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.76	6/6/2016		50,000,000	0.77	$50,000,000	$50,002,720	$2,720
Bank of Montreal CP	COMMERCIAL PAPER		9/19/2016		150,000,000	0.87	$149,606,875	$149,731,751	$124,876
Bank of Montreal, Jun 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	6/1/2016	6/1/2016	25,000,000	0.80	$25,000,000	$25,000,300	$300
Bank of Montreal, Mar 27, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.98	3/27/2017	6/27/2016	50,000,000	0.99	$50,000,000	$50,011,600	$11,600
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	$14,438,639	$14,438,975	$336
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	15,000,000	0.75	$15,007,759	$15,011,625	$3,866
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	10,000,000	0.79	$10,004,657	$10,007,750	$3,093
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	54,250,000	0.83	$54,272,851	$54,292,044	$19,193
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	7/8/2016		25,000,000	0.88	$25,000,000	$25,011,063	$11,063
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	9/21/2016		100,000,000	0.88	$100,000,000	$100,061,040	$61,040

See notes at end of table.

INVENTORY OF HOLDINGS FOR MAY 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain//Loss
Bank of Nova Scotia, Toronto, Aug 05, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	8/5/2016	8/5/2016	105,000,000	0.81	$105,000,000	$105,054,180	$54,180
Bank of Nova Scotia, Toronto, Nov 07, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.84	11/7/2016	6/7/2016	50,000,000	0.85	$50,000,000	$50,026,350	$26,350
Bank of Tokyo-Mitsubishi Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.37	6/3/2016		150,000,000	0.38	$150,000,000	$150,000,150	$150
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/15/2016		25,000,000	0.44	$24,995,521	$24,995,729	$208
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/9/2016		50,000,000	0.77	$49,990,500	$49,995,100	$4,600
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/13/2016		30,000,000	0.81	$29,991,333	$29,995,699	$4,366
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/14/2016		20,000,000	0.83	$19,993,622	$19,996,897	$3,274
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		20,000,000	0.83	$19,992,711	$19,996,427	$3,715
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/13/2017		25,000,000	1.05	$24,815,458	$24,788,942	-$26,517
Bedford Row Funding Corp., Jun 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.66	6/7/2016	6/7/2016	25,000,000	0.67	$25,000,000	$25,001,400	$1,400
Bedford Row Funding Corp., Sep 01, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.77	9/1/2016	6/1/2016	25,000,000	0.78	$24,999,358	$24,998,750	-$608
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/21/2016		25,000,000	0.81	$25,000,000	$25,005,679	$5,679
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	$50,000,000	$50,020,159	$20,159
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.85	8/24/2016		15,000,000	0.86	$15,000,000	$15,008,793	$8,793
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	9/20/2016		150,000,000	0.91	$150,000,000	$150,106,050	$106,050
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	11/18/2016		25,000,000	0.88	$25,000,000	$24,996,183	-$3,817
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.94	11/28/2016		24,000,000	0.96	$24,000,000	$23,998,538	-$1,462
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.95	11/28/2016		25,000,000	0.97	$25,000,000	$24,999,731	-$269
Canadian Imperial Bank of Commerce, Jun 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.74	6/13/2016	6/13/2016	25,000,000	0.75	$25,000,000	$25,003,175	$3,175
Chase Bank USA, N.A. CD	CERTIFICATE OF DEPOSIT	0.65	6/8/2016		50,000,000	0.66	$50,000,000	$50,003,644	$3,644
Commonwealth Bank of Australia CP4-2	COMMERCIAL PAPER - 4-2		6/23/2016		50,000,000	0.86	$49,973,167	$49,992,589	$19,422
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.65	6/3/2016		25,000,000	0.66	$25,000,000	$25,000,699	$699
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.77	7/1/2016		40,000,000	0.57	$40,007,200	$40,011,161	$3,961
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.62	8/3/2016		50,000,000	0.63	$50,000,000	$50,002,373	$2,373
Credit Suisse, Zurich CP	COMMERCIAL PAPER		6/14/2016		100,000,000	0.66	$99,974,722	$99,985,806	$11,084

See notes at end of table.

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

INVENTORY OF HOLDINGS FOR MAY 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain//Loss
DZ Bank AG Deutsche Zentral-Genossenschaftbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	10/3/2016		60,000,000	0.76	$60,000,000	$60,010,931	$10,931
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.19	6/1/2016		9,422,712	0.19	$9,422,712	$9,422,712	$0
Fairway Finance Co. LLC, Jun 10, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	6/10/2016	6/10/2016	15,000,000	0.75	$15,000,000	$15,001,500	$1,500
Fairway Finance Co. LLC, Nov 03, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.79	11/3/2016	6/3/2016	50,000,000	0.80	$50,000,000	$50,000,000	$0
Fairway Finance Co. LLC, Nov 14, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.79	11/14/2016	6/13/2016	25,000,000	0.80	$25,000,000	$25,000,000	$0
Federated Institutional Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.49	6/1/2016	6/1/2016	813,716,811	0.49	$813,716,811	$813,716,811	$0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.51	6/1/2016	6/1/2016	813,604,827	0.51	$813,604,827	$813,604,827	$0
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.43	8/1/2045	6/2/2016	37,980,000	0.43	$37,980,000	$37,980,000	$0
General Electric Capital Corp., Sr. Unsecured, Jun 20, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.82	6/20/2016	6/20/2016	85,000,000	0.68	$85,007,339	$85,007,650	$311
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	$4,629,908	$4,630,358	$449
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/6/2016		20,614,000	0.53	$20,612,213	$20,612,561	$347
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/16/2016		25,000,000	0.47	$24,994,889	$24,995,200	$311
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/20/2016		2,000,000	0.46	$1,999,500	$1,999,513	$13
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/21/2016		25,000,000	0.52	$24,992,490	$24,993,583	$1,094
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/23/2016		11,500,000	0.47	$11,496,620	$11,496,738	$118
IBM Corp. CP4-2	COMMERCIAL PAPER - 4-2		6/28/2016		50,000,000	0.45	$49,982,889	$49,984,406	$1,517
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/2/2016		50,000,000	0.65	$49,998,222	$49,998,547	$325
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/13/2016		200,000,000	0.41	$199,971,111	$199,961,000	-$10,111
ING (U.S.) Funding LLC CP	COMMERCIAL PAPER		6/23/2016		50,000,000	0.61	$49,980,833	$49,982,271	$1,438
J.P. Morgan Securities LLC, Aug 09, 2016	VARIABLE RATE COMMERCIAL PAPER	0.81	8/9/2016	8/9/2016	150,000,000	0.82	$150,000,000	$150,081,450	$81,450
J.P. Morgan Securities LLC, Dec 02, 2016	VARIABLE RATE COMMERCIAL PAPER	0.90	12/2/2016	6/2/2016	75,000,000	0.91	$75,000,000	$75,031,200	$31,200
J.P. Morgan Securities LLC, Feb 24, 2017	VARIABLE RATE COMMERCIAL PAPER	0.99	2/24/2017	8/24/2016	40,000,000	1.01	$40,000,000	$40,000,000	$0
JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.83	11/4/2016	8/8/2016	15,000,000	0.80	$15,000,000	$14,996,265	-$3,735
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		7/12/2016		4,161,000	0.53	$4,158,476	$4,157,718	-$757
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		8/11/2016		30,000,000	0.77	$29,955,000	$29,956,800	$1,800
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		31,900,000	0.53	$31,899,539	$31,899,634	$95
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/3/2016		129,000,000	0.54	$128,994,303	$128,995,539	$1,237

See notes at end of table.

INVENTORY OF HOLDINGS FOR MAY 2016

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)		6/6/2016		55,000,000	0.46	$54,995,875	$54,996,159	$284
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/24/2016		16,200,000	0.53	$16,194,384	$16,195,172	$788
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2016		17,000,000	0.53	$16,991,406	$16,992,116	$711
Malayan Banking Berhad, New York CPLOC	COMMERCIAL PAPER - LOC		6/1/2016		1,465,000	0.71	$1,464,972	$1,464,984	$13
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/1/2016		83,000,000	0.46	$82,998,963	$82,999,048	$85
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/2/2016		40,000,000	0.53	$39,998,844	$39,999,080	$236
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/7/2016		59,000,000	0.53	$58,994,034	$58,995,181	$1,147
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/15/2016		11,000,000	0.46	$10,997,938	$10,998,029	$92
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/17/2016		49,000,000	0.53	$48,987,968	$48,989,981	$2,013
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/22/2016		35,000,000	0.46	$34,990,375	$34,990,546	$171
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/24/2016		37,030,000	0.53	$37,017,163	$37,018,965	$1,802
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2016		35,000,000	0.52	$34,982,646	$34,983,769	$1,123
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	7/15/2016		200,000,000	0.60	$199,852,635	$199,850,800	-$1,835
Mizuho Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		7/26/2016		25,000,000	0.53	$24,979,583	$24,980,867	$1,283
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVER-NIGHT FIXED	0.31	6/1/2016		15,000,000	0.31	$15,000,000	$15,000,000	$0
National Australia Bank Ltd., Melbourne, Jul 25, 2016	VARIABLE MEDIUM TERM NOTE	1.19	7/25/2016	7/25/2016	3,000,000	0.73	$3,002,361	$3,002,967	$606
New York State Local Government Assistance Corp., (Subordinate Series 2008B-3V), 04/01/2024	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.43	4/1/2024	6/1/2016	24,120,000	0.43	$24,120,000	$24,120,000	$0
Nordea Bank Finland PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	7/29/2016		42,000,000	0.51	$42,004,793	$42,007,608	$2,816
Novartis Securities Investment Ltd. CP4-2	COMMERCIAL PAPER - 4-2		6/16/2016		10,000,000	0.41	$9,998,222	$9,998,280	$58
Oglethorpe Power Corp. Scherer Project, (Oglethorpe Power Corp.), (Series 2009B), 01/01/2036	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.40	1/1/2036	6/1/2016	26,600,000	0.40	$26,600,000	$26,600,000	$0
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	0.45	3/1/2039	6/2/2016	9,920,000	0.45	$9,920,000	$9,920,000	$0
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.88	12/8/2016		25,000,000	0.89	$25,000,000	$24,994,928	-$5,072
Royal Bank of Canada, Montreal, Feb 02, 2017	VARIABLE RATE CERTIFI-CATE OF DEPOSIT	0.99	2/2/2017	8/2/2016	45,000,000	1.00	$45,000,000	$45,035,865	$35,865
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFI-CATE OF DEPOSIT	0.79	10/3/2016	7/4/2016	125,000,000	0.80	$125,000,000	$125,067,500	$67,500

See notes at end of table.

INVENTORY OF HOLDINGS FOR MAY 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain//Loss
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.62	7/5/2016		20,000,000	0.54	$20,001,740	$20,003,237	$1,497
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	7/22/2016		55,000,000	0.56	$55,000,000	$55,004,044	$4,044
Standard Chartered Bank plc CP4-2	COMMERCIAL PAPER - 4-2		6/1/2016		100,000,000	0.64	$99,998,250	$99,998,992	$742
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/10/2016		30,000,000	0.65	$29,962,133	$29,964,263	$2,130
Starbird Funding Corp., Sep 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/7/2016	6/7/2016	100,000,000	0.75	$100,000,000	$100,041,000	$41,000
Starbird Funding Corp., Sep 08, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.74	9/8/2016	6/8/2016	45,000,000	0.75	$45,000,000	$45,000,000	$0
State Street Bank and Trust Co., Nov 10, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	11/10/2016	6/10/2016	50,000,000	0.80	$50,000,000	$50,012,300	$12,300
Svenska Handelsbanken, S, Sr. Unsecd. Note, 3.125%, 7/12/2016	CORPORATE NOTE	3.13	7/12/2016		5,000,000	0.66	$5,013,640	$5,013,135	-$505
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		9/14/2016		50,000,000	0.88	$49,873,389	$49,909,753	$36,364
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		11/18/2016		25,000,000	0.87	$24,899,063	$24,901,794	$2,731
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	$10,000,000	$10,007,574	$7,574
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	$15,000,000	$15,013,025	$13,025
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	6/3/2016		65,000,000	0.76	$65,000,000	$65,001,866	$1,866
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	$10,000,000	$10,004,477	$4,477
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.80	6/14/2016		25,000,000	0.81	$25,000,000	$25,003,688	$3,688
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.83	6/22/2016		25,000,000	0.84	$25,000,000	$25,006,100	$6,100
Toronto Dominion Bank, Apr 19, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.95	4/19/2017	6/20/2016	25,000,000	0.96	$25,000,000	$24,995,225	-$4,775
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.60	7/1/2016	6/1/2016	75,000,000	0.61	$75,000,000	$75,011,175	$11,175
Toronto Dominion Bank, Mar 14, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.98	3/14/2017	6/14/2016	50,000,000	1.00	$50,000,000	$50,031,350	$31,350
Toronto Dominion Bank, May 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.64	5/4/2017	8/4/2016	25,000,000	0.65	$25,000,000	$24,971,323	-$28,677
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	11/4/2016	6/6/2016	10,000,000	0.80	$10,000,000	$10,003,620	$3,620
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.88	10/17/2016	7/18/2016	30,000,000	0.90	$30,000,000	$30,026,550	$26,550
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	1.10	9/9/2016	6/9/2016	24,000,000	0.80	$24,020,792	$24,026,832	$6,040
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.83	10/7/2016	7/7/2016	50,000,000	0.84	$50,000,000	$49,989,700	-$10,300
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		15,000,000	0.59	$15,018,970	$15,015,765	-$3,205

See notes at end of table.

FLORIDA PRIME™
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INVENTORY OF HOLDINGS FOR MAY 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain//Loss
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,045,000	0.72	$10,057,112	$10,055,557	-$1,554
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		20,000,000	0.74	$20,023,935	$20,021,020	-$2,915
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		33,480,000	0.76	$33,520,032	$33,515,187	-$4,844
Wells Fargo & Co., Sr. Unsecd. Note, 3.676%, 06/15/2016	CORPORATE BOND	3.68	6/15/2016		10,000,000	0.99	$10,010,970	$10,010,510	-$460
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	$50,000,000	$50,014,910	$14,910
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.79	11/18/2016	6/20/2016	100,000,000	0.80	$100,000,000	$100,008,200	$8,200
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.80	11/21/2016	6/22/2016	50,000,000	0.82	$50,000,000	$50,004,750	$4,750
Wells Fargo Bank, N.A., Sep 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.78	9/15/2016	6/15/2016	100,000,000	0.80	$100,000,000	$100,052,400	$52,400
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		9/16/2016		100,000,000	0.89	$99,737,500	$99,811,000	$73,500
Total Value of Assets					*8,057,965,350*		*$8,056,080,988*	*$8,057,201,409*	*$1,120,421*

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.

The 2016 Annual Investment Best Practices Review, the 2016 Annual Statutory Compliance Review, and the Results of the 2016 Annual Participant Satisfactions Survey have been released.

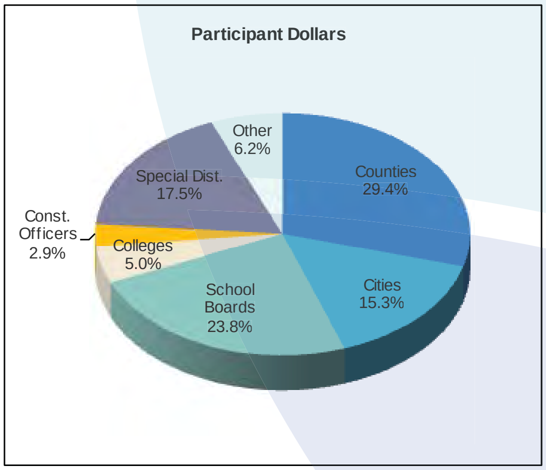
See the Latest News on the Florida PRIME website for more information.

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

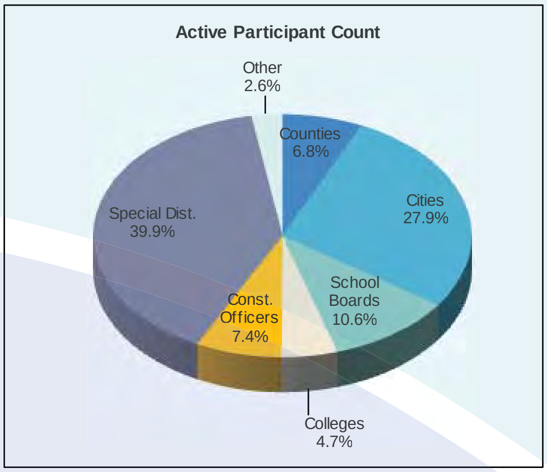
Learn more about Florida PRIME at: https://www.sbafla.com/PRIME

PARTICIPANT CONCENTRATION DATA - AS OF MAY 2016

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**	**5.0%**	**4.7%**
Top 10	37.9%	1.3%	Top 10	4.5%	1.3%
$100 million or more	49.7%	2.2%	$100 million or more	2.4%	0.1%
$10 million up to $100 million	42.3%	13.8%	$10 million up to $100 million	1.9%	0.8%
$1 million up to $10 million	7.2%	19.6%	$1 million up to $10 million	0.6%	1.6%
Under $1 million	0.8%	64.4%	Under $1 million	0.03%	2.2%
Counties	**29.4%**	**6.8%**	**Constitutional Officers**	**2.9%**	**7.4%**
Top 10	24.4%	1.3%	Top 10	1.1%	1.3%
$100 million or more	22.4%	1.1%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	6.4%	1.6%	$10 million up to $100 million	2.1%	0.8%
$1 million up to $10 million	0.6%	1.1%	$1 million up to $10 million	0.7%	2.1%
Under $1 million	0.1%	3.2%	Under $1 million	0.0%	4.5%
Municipalities	**15.3%**	**27.9%**	**Special Districts**	**17.5%**	**39.9%**
Top 10	8.5%	1.3%	Top 10	12.0%	1.3%
$100 million or more	1.7%	0.1%	$100 million or more	6.2%	0.3%
$10 million up to $100 million	10.9%	3.8%	$10 million up to $100 million	9.4%	3.0%
$1 million up to $10 million	2.4%	6.8%	$1 million up to $10 million	1.5%	5.1%
Under $1 million	0.3%	17.1%	Under $1 million	0.4%	31.5%
School Boards	**23.8%**	**10.6%**	**Other**	**6.2%**	**2.6%**
Top 10	18.9%	1.3%	Top 10	5.6%	1.3%
$100 million or more	14.4%	0.5%	$100 million or more	2.6%	0.1%
$10 million up to $100 million	8.4%	2.9%	$10 million up to $100 million	3.3%	0.9%
$1 million up to $10 million	1.0%	2.0%	$1 million up to $10 million	0.4%	0.9%
Under $1 million	0.1%	5.3%	Under $1 million	0.0%	0.7%



Total Fund Value: $8,056,392,075



Total Active Participant Count: 761

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

COMPLIANCE WITH INVESTMENT POLICY FOR MAY 2016

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

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

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days [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 Florida PRIME investment portfolio 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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. [3]	Pass
S&P Requirements	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

[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 account movements.

[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.

FLORIDA PRIME™
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TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ASB FINANCE LTD,CP4-2	11/09/16	05/05/16	05/09/16	50,000,000	49,780,222	0	49,780,222	0
ASB FINANCE LTD,CP4-2	11/09/16	05/05/16	05/09/16	45,000,000	44,802,200	0	44,802,200	0
ASB FINANCE LTD/LONDON	11/30/16	05/26/16	05/31/16	50,000,000	50,000,000	0	50,000,000	0
AMERICAN HONDA FINACP	06/14/16	05/16/16	05/16/16	50,000,000	49,984,090	0	49,984,090	0
AMERICAN HONDA FINACP	06/14/16	05/16/16	05/16/16	18,450,000	18,444,129	0	18,444,129	0
AMERICAN HONDA FINACP	07/25/16	05/24/16	05/24/16	25,000,000	24,976,750	0	24,976,750	0
AMERICAN HONDA FINACP	07/26/16	05/24/16	05/24/16	25,000,000	24,976,375	0	24,976,375	0
ANTALIS S,A, CPABS4CPABS4	05/10/16	05/03/16	05/03/16	40,000,000	39,996,889	0	39,996,889	0
ANTALIS S,A, CPABS4CPABS4	05/13/16	05/06/16	05/06/16	30,000,000	29,997,667	0	29,997,667	0
ANTALIS S,A, CPABS4CPABS4	05/13/16	05/11/16	05/11/16	20,500,000	20,499,590	0	20,499,590	0
ANTALIS S,A, CPABS4CPABS4	05/19/16	05/12/16	05/12/16	25,000,000	24,998,056	0	24,998,056	0
ANTALIS S,A, CPABS4CPABS4	05/19/16	05/12/16	05/12/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	05/24/16	05/17/16	05/17/16	30,000,000	29,997,667	0	29,997,667	0
ANTALIS S,A, CPABS4CPABS4	05/26/16	05/19/16	05/19/16	15,000,000	14,998,833	0	14,998,833	0
ANTALIS S,A, CPABS4CPABS4	05/26/16	05/19/16	05/19/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	05/27/16	05/20/16	05/20/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	05/27/16	05/20/16	05/20/16	15,000,000	14,998,833	0	14,998,833	0
ANTALIS S,A, CPABS4CPABS4	05/31/16	05/24/16	05/24/16	4,950,000	4,949,615	0	4,949,615	0
ANTALIS S,A, CPABS4CPABS4	05/31/16	05/24/16	05/24/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	06/03/16	05/27/16	05/27/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	06/03/16	05/27/16	05/27/16	15,490,000	15,488,795	0	15,488,795	0
ANTALIS S,A, CPABS4CPABS4	06/06/16	05/09/16	05/09/16	33,640,000	33,628,226	0	33,628,226	0
ANTALIS S,A, CPABS4CPABS4	06/07/16	05/31/16	05/31/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	06/27/16	05/26/16	05/26/16	50,000,000	49,980,000	0	49,980,000	0
ANTALIS S,A, CPABS4CPABS4	06/27/16	05/26/16	05/26/16	20,000,000	19,992,000	0	19,992,000	0
ATLANTIC ASSET SECUCPABS4	06/09/16	05/05/16	05/05/16	50,000,000	49,980,556	0	49,980,556	0
ATLANTIC ASSET SECUCPABS4	06/10/16	05/11/16	05/11/16	50,000,000	49,982,083	0	49,982,083	0
ATLANTIC ASSET SECUCPABS4	06/10/16	05/11/16	05/11/16	25,000,000	24,991,042	0	24,991,042	0
BASF SECP4-2	06/21/16	05/31/16	05/31/16	25,570,000	25,564,034	0	25,564,034	0
BANK OF TOKYO-MITSUCDYAN	05/20/16	05/13/16	05/13/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/20/16	05/13/16	05/13/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/20/16	05/13/16	05/13/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/20/16	05/13/16	05/13/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/27/16	05/20/16	05/20/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/27/16	05/20/16	05/20/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/27/16	05/20/16	05/20/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/03/16	05/27/16	05/27/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/03/16	05/27/16	05/27/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/03/16	05/27/16	05/27/16	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLCCPABS4-	06/15/16	05/16/16	05/16/16	25,000,000	24,991,042	0	24,991,042	0
BEDFORD ROW FUNDINGCPABS4	02/13/17	05/18/16	05/20/16	25,000,000	24,807,590	0	24,807,590	0
BNP PARIBAS SACP4-2	05/12/16	05/05/16	05/05/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	05/12/16	05/05/16	05/05/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP4-2	05/19/16	05/12/16	05/12/16	50,000,000	49,996,306	0	49,996,306	0

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP4-2	05/19/16	05/12/16	05/12/16	50,000,000	49,996,306	0	49,996,306	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	50,000,000	49,999,486	0	49,999,486	0
BNP PARIBAS SACP	05/05/16	05/04/16	05/04/16	45,000,000	44,999,538	0	44,999,538	0
CANADIAN IMPERIAL BCDYAN	11/18/16	05/18/16	05/18/16	25,000,000	25,000,000	0	25,000,000	0
CANADIAN IMPERIAL BCDYAN	11/28/16	05/24/16	05/24/16	24,000,000	24,000,000	0	24,000,000	0
CANADIAN IMPERIAL BCDYAN	11/28/16	05/25/16	05/25/16	25,000,000	25,000,000	0	25,000,000	0
RABOBANK NEDERLAND CP	05/16/16	05/13/16	05/13/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	05/16/16	05/13/16	05/13/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	05/16/16	05/13/16	05/13/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	18,762,000	18,761,812	0	18,761,812	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	4,585,000	4,584,954	0	4,584,954	0
RABOBANK NEDERLAND CP	05/17/16	05/16/16	05/16/16	50,000,000	49,999,500	0	49,999,500	0
COOPERATIEVE RABOBANK UA/NY	05/19/16	05/18/16	05/18/16	5,000,000	4,999,950	0	4,999,950	0
CREDIT INDUSTRIEL ECDYAN	05/09/16	05/02/16	05/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	05/09/16	05/02/16	05/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	05/09/16	05/02/16	05/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	05/09/16	05/02/16	05/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICDYAN	07/01/16	05/09/16	05/09/16	40,000,000	40,012,310	56,467	40,068,777	0
CREDIT SUISSE, ZURICDYAN	08/03/16	05/04/16	05/04/16	50,000,000	50,000,000	0	50,000,000	0
DZ BANK AG DEUTSCHECDYAN	10/03/16	05/02/16	05/03/16	10,000,000	10,000,000	0	10,000,000	0
DZ BANK AG DEUTSCHECDYAN	10/03/16	05/02/16	05/03/16	50,000,000	50,000,000	0	50,000,000	0
FAIRWAY FINANCE CO LLC	11/14/16	05/09/16	05/12/16	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	06/16/16	05/16/16	05/16/16	25,000,000	24,990,097	0	24,990,097	0
GOTHAM FUNDING CORPCPABS4	06/20/16	05/19/16	05/19/16	2,000,000	1,999,200	0	1,999,200	0
GOTHAM FUNDING CORPCPABS4	06/23/16	05/11/16	05/11/16	11,500,000	11,493,681	0	11,493,681	0
ING (U,S,) FUNDING CP	06/13/16	05/10/16	05/11/16	50,000,000	49,981,667	0	49,981,667	0
ING (U,S,) FUNDING CP	06/13/16	05/10/16	05/11/16	50,000,000	49,981,667	0	49,981,667	0
ING (U,S,) FUNDING CP	06/13/16	05/10/16	05/11/16	50,000,000	49,981,667	0	49,981,667	0
ING (U,S,) FUNDING CP	06/13/16	05/10/16	05/11/16	50,000,000	49,981,667	0	49,981,667	0
IBM CORP,CP4-2	06/28/16	05/25/16	05/25/16	50,000,000	49,979,222	0	49,979,222	0
JP MORGAN SECURITIES LLC	02/24/17	05/31/16	05/31/16	40,000,000	40,000,000	0	40,000,000	0
KAISER FOUNDATION HCP	07/12/16	05/06/16	05/06/16	4,161,000	4,156,973	0	4,156,973	0
LMA-AMERICAS LLCCPABS4-2	06/06/16	05/04/16	05/04/16	50,000,000	49,979,375	0	49,979,375	0
LMA-AMERICAS LLCCPABS4-2	06/06/16	05/04/16	05/04/16	5,000,000	4,997,938	0	4,997,938	0
LMA-AMERICAS LLCCPABS4-2	07/05/16	05/06/16	05/06/16	17,000,000	16,985,267	0	16,985,267	0
MANHATTAN ASSET FUNCPABS4	06/15/16	05/10/16	05/10/16	11,000,000	10,995,050	0	10,995,050	0

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
MANHATTAN ASSET FUNCPABS4	06/22/16	05/23/16	05/23/16	35,000,000	34,986,875	0	34,986,875	0
MANHATTAN ASSET FUNCPABS4	07/05/16	05/09/16	05/09/16	35,000,000	34,971,738	0	34,971,738	0
MIZUHO BANK LTD,CP	07/26/16	05/27/16	05/27/16	25,000,000	24,978,125	0	24,978,125	0
NORDEA BANK FINLANDCDYAN	07/29/16	05/16/16	05/16/16	42,000,000	42,006,011	25,270	42,031,281	0
NOVARTIS SECURITIESCP4-2	06/16/16	05/12/16	05/12/16	10,000,000	9,996,111	0	9,996,111	0
ROYAL BANK OF CANADCDYAN	12/08/16	05/12/16	05/12/16	25,000,000	25,000,000	0	25,000,000	0
SOCIETE GENERALE, PCP4-2	05/19/16	05/05/16	05/05/16	50,000,000	49,992,611	0	49,992,611	0
SOCIETE GENERALE, PCP4-2	05/19/16	05/18/16	05/18/16	20,917,000	20,916,791	0	20,916,791	0
STANDARD CHARTERED CDYAN	07/05/16	05/25/16	05/25/16	20,000,000	20,002,038	17,567	20,019,605	0
STANDARD CHARTERED CDYAN	07/22/16	05/23/16	05/23/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	07/22/16	05/23/16	05/23/16	5,000,000	5,000,000	0	5,000,000	0
STARBIRD FUNDING COCPABS4	05/25/16	05/24/16	05/24/16	3,014,000	3,013,970	0	3,013,970	0
STARBIRD FUNDING COCPABS4	08/10/16	05/02/16	05/02/16	30,000,000	29,946,667	0	29,946,667	0
STATE STREET BANK & TRUST CO	11/10/16	05/10/16	05/10/16	50,000,000	50,000,000	0	50,000,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	05/27/16	05/04/16	05/04/16	50,000,000	50,007,885	6,776	50,014,660	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	05/27/16	05/04/16	05/04/16	10,000,000	10,001,577	1,355	10,002,932	0
SVENSKA HANDELSBANKEN AB	07/12/16	05/27/16	06/02/16	5,000,000	5,013,640	60,764	5,074,404	0
SVENSKA HANDELSBANKCP4-2	11/18/16	05/18/16	05/18/16	25,000,000	24,891,389	0	24,891,389	0
TORONTO-DOMINION BANK/NY	05/04/17	05/04/16	05/04/16	25,000,000	25,000,000	0	25,000,000	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/02/16	05/02/16	3,219,102	3,219,102	0	3,219,102	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/03/16	05/03/16	473,263	473,263	0	473,263	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/05/16	05/05/16	45,919,210	45,919,210	0	45,919,210	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/10/16	05/10/16	3,303,440	3,303,440	0	3,303,440	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/13/16	05/13/16	1,262,060	1,262,060	0	1,262,060	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/16/16	05/16/16	1,795,550	1,795,550	0	1,795,550	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/18/16	05/18/16	1,609,662	1,609,662	0	1,609,662	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/19/16	05/19/16	668,347	668,347	0	668,347	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/23/16	05/23/16	1,389,119	1,389,119	0	1,389,119	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/26/16	05/26/16	3,865,576	3,865,576	0	3,865,576	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/27/16	05/27/16	1,006,486	1,006,486	0	1,006,486	0
MIZUHO TRIPARTY	05/03/16	05/02/16	05/02/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/03/16	05/02/16	05/02/16	365,000,000	365,000,000	0	365,000,000	0
MIZUHO TRIPARTY	05/04/16	05/03/16	05/03/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/04/16	05/03/16	05/03/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/05/16	05/04/16	05/04/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/05/16	05/04/16	05/04/16	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	05/06/16	05/05/16	05/05/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/06/16	05/05/16	05/05/16	275,000,000	275,000,000	0	275,000,000	0
MIZUHO TRIPARTY	05/09/16	05/06/16	05/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/09/16	05/06/16	05/06/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/10/16	05/09/16	05/09/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/10/16	05/09/16	05/09/16	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	05/11/16	05/10/16	05/10/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/11/16	05/10/16	05/10/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/12/16	05/11/16	05/11/16	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	05/12/16	05/11/16	05/11/16	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	05/13/16	05/12/16	05/12/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/13/16	05/12/16	05/12/16	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	05/16/16	05/13/16	05/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/16/16	05/13/16	05/13/16	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	05/17/16	05/16/16	05/16/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/17/16	05/16/16	05/16/16	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	05/18/16	05/17/16	05/17/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/18/16	05/17/16	05/17/16	245,000,000	245,000,000	0	245,000,000	0
MIZUHO TRIPARTY	05/19/16	05/18/16	05/18/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/19/16	05/18/16	05/18/16	485,000,000	485,000,000	0	485,000,000	0
MIZUHO TRIPARTY	05/20/16	05/19/16	05/19/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/20/16	05/19/16	05/19/16	495,000,000	495,000,000	0	495,000,000	0
MIZUHO TRIPARTY	05/23/16	05/20/16	05/20/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/23/16	05/20/16	05/20/16	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	05/24/16	05/23/16	05/23/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/24/16	05/23/16	05/23/16	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	05/25/16	05/24/16	05/24/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/25/16	05/24/16	05/24/16	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	05/26/16	05/25/16	05/25/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/26/16	05/25/16	05/25/16	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	05/27/16	05/26/16	05/26/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/27/16	05/26/16	05/26/16	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	05/31/16	05/27/16	05/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/31/16	05/27/16	05/27/16	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	06/01/16	05/31/16	05/31/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/01/16	05/31/16	05/31/16	345,000,000	345,000,000	0	345,000,000	0
MIZUHO BANK LTD,CDEUR	07/15/16	05/18/16	05/20/16	200,000,000	199,816,613	0	199,816,613	0
Total Buys				***11,067,050,815***	***11,065,673,963***	***168,198***	***11,065,842,161***	***0***
Deposits								
SVENSKA HANDELSBANKTDCAY 0.36 20160503	05/03/16	05/02/16	05/02/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160504	05/04/16	05/03/16	05/03/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160506	05/06/16	05/05/16	05/05/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160510	05/10/16	05/09/16	05/09/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160511	05/11/16	05/10/16	05/10/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160512	05/12/16	05/11/16	05/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160513	05/13/16	05/12/16	05/12/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160516	05/16/16	05/13/16	05/13/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160518	05/18/16	05/17/16	05/17/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160520	05/20/16	05/19/16	05/19/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160523	05/23/16	05/20/16	05/20/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160524	05/24/16	05/23/16	05/23/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160525	05/25/16	05/24/16	05/24/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160526	05/26/16	05/25/16	05/25/16	100,000,000	100,000,000	0	100,000,000	0

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.36 20160531	05/31/16	05/27/16	05/27/16	200,000,000	200,000,000	0	200,000,000	0
Total Deposits				***2,800,000,000***	***2,800,000,000***	***0***	***2,800,000,000***	***0***
Maturities								
AMERICAN HONDA FINANCE CORP	05/05/16	05/05/16	05/05/16	15,000,000	15,000,000	0	15,000,000	0
ANGLESEA FUNDING LLCPABS4	05/11/16	05/11/16	05/11/16	30,000,000	30,000,000	0	30,000,000	0
ANGLESEA FUNDING LLCPABS4	05/18/16	05/18/16	05/18/16	125,000,000	125,000,000	0	125,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/03/16	05/03/16	05/03/16	104,310,000	104,310,000	0	104,310,000	0
ANTALIS S,A, CPABS4CPABS4	05/06/16	05/06/16	05/06/16	70,000,000	70,000,000	0	70,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/10/16	05/10/16	05/10/16	40,000,000	40,000,000	0	40,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/13/16	05/13/16	05/13/16	50,500,000	50,500,000	0	50,500,000	0
ANTALIS S,A, CPABS4CPABS4	05/19/16	05/19/16	05/19/16	75,000,000	75,000,000	0	75,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/24/16	05/24/16	05/24/16	30,000,000	30,000,000	0	30,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/26/16	05/26/16	05/26/16	65,000,000	65,000,000	0	65,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/27/16	05/27/16	05/27/16	65,000,000	65,000,000	0	65,000,000	0
ANTALIS S,A, CPABS4CPABS4	05/31/16	05/31/16	05/31/16	54,950,000	54,950,000	0	54,950,000	0
ATLANTIC ASSET SECUCPABS4	05/06/16	05/06/16	05/06/16	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	05/11/16	05/11/16	05/11/16	30,000,000	30,000,000	0	30,000,000	0
BANK OF MONTREAL/CHICAGO IL	05/23/16	05/23/16	05/23/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF NOVA SCOTIA/HOUSTON	05/09/16	05/09/16	05/09/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/20/16	05/20/16	05/20/16	200,000,000	200,000,000	0	200,000,000	0
BANK OF TOKYO-MITSUCDYAN	05/27/16	05/27/16	05/27/16	150,000,000	150,000,000	0	150,000,000	0
BEDFORD ROW FUNDING CORP	05/10/16	05/10/16	05/10/16	50,000,000	50,000,000	0	50,000,000	0
BNP PARIBAS SACP4-2	05/12/16	05/12/16	05/12/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP4-2	05/19/16	05/19/16	05/19/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP	05/02/16	05/02/16	05/02/16	225,000,000	225,000,000	0	225,000,000	0
BNP PARIBAS SA/NEW YORK NY	05/03/16	05/03/16	05/03/16	100,000,000	100,000,000	0	100,000,000	0
BNP PARIBAS SACP	05/05/16	05/05/16	05/05/16	395,000,000	395,000,000	0	395,000,000	0
RABOBANK NEDERLAND CP	05/16/16	05/16/16	05/16/16	150,000,000	150,000,000	0	150,000,000	0
RABOBANK NEDERLAND CP	05/17/16	05/17/16	05/17/16	223,347,000	223,347,000	0	223,347,000	0
COOPERATIEVE RABOBANK UA/NY	05/19/16	05/19/16	05/19/16	5,000,000	5,000,000	0	5,000,000	0
CREDIT INDUSTRIEL ECDYAN	05/09/16	05/09/16	05/09/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT SUISSE, ZURICDYAN	05/03/16	05/03/16	05/03/16	98,000,000	98,000,000	0	98,000,000	0
CREDIT SUISSE, ZURICP	05/05/16	05/05/16	05/05/16	100,000,000	100,000,000	0	100,000,000	0
FAIRWAY FINANCE CO,CPABS4	05/13/16	05/13/16	05/13/16	30,000,000	30,000,000	0	30,000,000	0
GENERAL ELECTRIC CAPITAL CORP	05/09/16	05/09/16	05/09/16	44,021,000	44,021,000	0	44,021,000	0
GOTHAM FUNDING CORPCPABS4	05/13/16	05/13/16	05/13/16	190,000,000	190,000,000	0	190,000,000	0
GOTHAM FUNDING CORPCPABS4	05/20/16	05/20/16	05/20/16	50,000,000	50,000,000	0	50,000,000	0
GOTHAM FUNDING CORPCPABS4	05/26/16	05/26/16	05/26/16	30,000,000	30,000,000	0	30,000,000	0
GOTHAM FUNDING CORPCPABS4	05/27/16	05/27/16	05/27/16	47,000,000	47,000,000	0	47,000,000	0
JP MORGAN SECURITIES LLC	05/31/16	05/31/16	05/31/16	25,000,000	25,000,000	0	25,000,000	0
JP MORGAN SECURITIES LLC	05/25/16	05/25/16	05/25/16	40,000,000	40,000,000	0	40,000,000	0
LMA-AMERICAS LLCCPABS4-2	05/04/16	05/04/16	05/04/16	59,000,000	59,000,000	0	59,000,000	0
MANHATTAN ASSET FUNCPABS4	05/02/16	05/02/16	05/02/16	50,000,000	50,000,000	0	50,000,000	0
MANHATTAN ASSET FUNCPABS4	05/06/16	05/06/16	05/06/16	49,000,000	49,000,000	0	49,000,000	0
MANHATTAN ASSET FUNCPABS4	05/23/16	05/23/16	05/23/16	38,800,000	38,800,000	0	38,800,000	0

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
NRW,BANKCP	05/13/16	05/13/16	05/13/16	300,000,000	300,000,000	0	300,000,000	0
ROYAL BANK OF CANADA/NEW YORK NY	05/12/16	05/12/16	05/12/16	50,000,000	50,000,000	0	50,000,000	0
SOCIETE GENERALE, PCP4-2	05/19/16	05/19/16	05/19/16	70,917,000	70,917,000	0	70,917,000	0
STANDARD CHARTERED CDYAN	05/04/16	05/04/16	05/04/16	23,000,000	23,000,000	0	23,000,000	0
STANDARD CHARTERED CDYAN	05/31/16	05/31/16	05/31/16	150,000,000	150,000,000	0	150,000,000	0
STARBIRD FUNDING COCPABS4	05/25/16	05/25/16	05/25/16	3,014,000	3,014,000	0	3,014,000	0
SUMITOMO MITSUI BANKING CORP/NEW YORK	05/27/16	05/27/16	05/27/16	60,000,000	60,000,000	0	60,000,000	0
TORONTO DOMINION HOCP4-2	05/13/16	05/13/16	05/13/16	10,000,000	10,000,000	0	10,000,000	0
TOTAL CAPITAL S,A,CP4-2	05/02/16	05/02/16	05/02/16	150,000,000	150,000,000	0	150,000,000	0
MIZUHO TRIPARTY	05/02/16	05/02/16	05/02/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/02/16	05/02/16	05/02/16	395,000,000	395,000,000	0	395,000,000	0
MIZUHO TRIPARTY	05/03/16	05/03/16	05/03/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/03/16	05/03/16	05/03/16	365,000,000	365,000,000	0	365,000,000	0
MIZUHO TRIPARTY	05/04/16	05/04/16	05/04/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/04/16	05/04/16	05/04/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/05/16	05/05/16	05/05/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/05/16	05/05/16	05/05/16	195,000,000	195,000,000	0	195,000,000	0
MIZUHO TRIPARTY	05/06/16	05/06/16	05/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/06/16	05/06/16	05/06/16	275,000,000	275,000,000	0	275,000,000	0
MIZUHO TRIPARTY	05/09/16	05/09/16	05/09/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/09/16	05/09/16	05/09/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/10/16	05/10/16	05/10/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/10/16	05/10/16	05/10/16	400,000,000	400,000,000	0	400,000,000	0
MIZUHO TRIPARTY	05/11/16	05/11/16	05/11/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/11/16	05/11/16	05/11/16	505,000,000	505,000,000	0	505,000,000	0
MIZUHO TRIPARTY	05/12/16	05/12/16	05/12/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/12/16	05/12/16	05/12/16	255,000,000	255,000,000	0	255,000,000	0
MIZUHO TRIPARTY	05/13/16	05/13/16	05/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/13/16	05/13/16	05/13/16	80,000,000	80,000,000	0	80,000,000	0
MIZUHO TRIPARTY	05/16/16	05/16/16	05/16/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/16/16	05/16/16	05/16/16	315,000,000	315,000,000	0	315,000,000	0
MIZUHO TRIPARTY	05/17/16	05/17/16	05/17/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/17/16	05/17/16	05/17/16	285,000,000	285,000,000	0	285,000,000	0
MIZUHO TRIPARTY	05/18/16	05/18/16	05/18/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/18/16	05/18/16	05/18/16	245,000,000	245,000,000	0	245,000,000	0
MIZUHO TRIPARTY	05/19/16	05/19/16	05/19/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/19/16	05/19/16	05/19/16	485,000,000	485,000,000	0	485,000,000	0
MIZUHO TRIPARTY	05/20/16	05/20/16	05/20/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/20/16	05/20/16	05/20/16	495,000,000	495,000,000	0	495,000,000	0
MIZUHO TRIPARTY	05/23/16	05/23/16	05/23/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/23/16	05/23/16	05/23/16	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	05/24/16	05/24/16	05/24/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/24/16	05/24/16	05/24/16	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	05/25/16	05/25/16	05/25/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/25/16	05/25/16	05/25/16	190,000,000	190,000,000	0	190,000,000	0
MIZUHO TRIPARTY	05/26/16	05/26/16	05/26/16	15,000,000	15,000,000	0	15,000,000	0

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

TRADING ACTIVITY FOR MAY 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	05/26/16	05/26/16	05/26/16	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	05/27/16	05/27/16	05/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/27/16	05/27/16	05/27/16	295,000,000	295,000,000	0	295,000,000	0
MIZUHO TRIPARTY	05/31/16	05/31/16	05/31/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	05/31/16	05/31/16	05/31/16	160,000,000	160,000,000	0	160,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160503	05/03/16	05/03/16	05/03/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160504	05/04/16	05/04/16	05/04/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160506	05/06/16	05/06/16	05/06/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160510	05/10/16	05/10/16	05/10/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160511	05/11/16	05/11/16	05/11/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160512	05/12/16	05/12/16	05/12/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160513	05/13/16	05/13/16	05/13/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160516	05/16/16	05/16/16	05/16/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160518	05/18/16	05/18/16	05/18/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160520	05/20/16	05/20/16	05/20/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160523	05/23/16	05/23/16	05/23/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160524	05/24/16	05/24/16	05/24/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160525	05/25/16	05/25/16	05/25/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160526	05/26/16	05/26/16	05/26/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160531	05/31/16	05/31/16	05/31/16	200,000,000	200,000,000	0	200,000,000	0
Total Maturities				***14,205,859,000***	***14,205,859,000***	***0***	***14,205,859,000***	***0***
Sells								
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/04/16	05/04/16	2,665,022	2,665,022	0	2,665,022	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/06/16	05/06/16	504,272	504,272	0	504,272	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/06/16	05/06/16	513,819	513,819	0	513,819	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/06/16	05/06/16	41,925,077	41,925,077	0	41,925,077	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/09/16	05/09/16	2,639,776	2,639,776	0	2,639,776	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/11/16	05/11/16	729,338	729,338	0	729,338	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/11/16	05/11/16	296,042	296,042	0	296,042	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/11/16	05/11/16	1,381,152	1,381,152	0	1,381,152	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/11/16	05/11/16	178,850	178,850	0	178,850	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/12/16	05/12/16	1,584,392	1,584,392	0	1,584,392	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/17/16	05/17/16	583,095	583,095	0	583,095	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/17/16	05/17/16	554,080	554,080	0	554,080	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/17/16	05/17/16	338,046	338,046	0	338,046	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/20/16	05/20/16	779,113	779,113	0	779,113	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/24/16	05/24/16	135,217	135,217	0	135,217	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/24/16	05/24/16	386,089	386,089	0	386,089	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/25/16	05/25/16	189,155	189,155	0	189,155	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/25/16	05/25/16	1,719,048	1,719,048	0	1,719,048	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/25/16	05/25/16	873,641	873,641	0	873,641	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	05/31/16	05/31/16	1,300,446	1,300,446	0	1,300,446	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	05/25/16	05/25/16	24,500,000	24,500,000	0	24,500,000	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	05/25/16	05/25/16	9,300,000	9,300,000	0	9,300,000	0
Total Sells				***93,075,670***	***93,075,670***	***0***	***93,075,670***	***0***

STATE BOARD OF ADMINISTRATION

1801 Hermitage Boulevard, Suite 100
Tallahassee, Florida 32308
(850) 488-4406

www.sbafla.com/prime

Our Mission

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

Federated

FLORIDA PRIME™

AN INVESTMENT SERVICE FOR PUBLIC FUNDS

MONTHLY SUMMARY REPORT

June 2016

State Board of Administration of Florida

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

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Past performance is no guarantee of future results.

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

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

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

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

Introduction

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

(1) Reporting of any material impacts on the funds and any actions or escalations taken by staff to address such impacts;

(2) Presentation of a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last month; and

(3) Preparation of the management summary "in a manner that will allow anyone to ascertain whether the investment activities during the reporting period have conformed to investment policies."

This report, which covers the period from June 1, 2016, through June 30, 2016, has been prepared by the SBA with input from Federated Investment Counseling ("Federated"), investment advisor for Florida PRIME in a format intended to comply with the statute.

Disclosure of material impacts

During the reporting period, Florida PRIME was in material compliance with investment policy. There were no developments that had a material impact on the liquidity or operation of Florida PRIME. Details are available in the PRIME policy compliance table. This report also includes details on market conditions; fees; fund holdings, transactions and performance; and client composition.

PRIME™ STATISTICS

(As of June 30, 2016)

Total Participants
775

Florida PRIME™ Assets
$7,789,430,977

Total Number of Accounts
1,466

FACTS-AT-A-GLANCE

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

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

PORTFOLIO MANAGER COMMENTARY

MARKET CONDITIONS

Of all the nautical slang that has stuck around from the days when Britain ruled the high seas, "Keeping an even keel" most describes how money markets reacted to the shock of Brexit. The Leave vote caused tremendous volatility in the equity markets—plenty of investors abandoning ship—but did not produce unusual flows or activity for cash managers. Our dollar and sterling products have behaved normally. It is, of course, often the case that volatility drives investors and brokers to take money out of equities and into money funds, but that did not happen in any meaningful way after the unexpected outcome of the referendum. In fact, one way of judging the severity of a financial upheaval is the volume of flows into money funds. The greater the amount, the more serious the panic. So it was no surprise to us that equities rallied only a few days after they plunged in the immediate aftermath of the announcement that the U.K will leave the European Union.

Actually, much of the activity since that announcement can be attributed to the run-up to quarter-end, with its typical reduced supply and higher rates. To be sure, overnight rates were elevated on Friday in part because banks were willing to make repo transactions early in the process due to Brexit. Everyone wanted to make sure they were funded rather than shopping around for a few more basis points. For banks, the winning path for liquidity has traditionally been not to hesitate in obtaining repo capital when there is turmoil and uncertainty, and that was the track most banks took.

But liquidity was never an issue—even participation in the reverse repo facility was not out of the norm. After the shock of the referendum began to dissipate, typical quarter-end pressures clearly became the dominating factor for rates. The Independence Day holiday weekend is a complication, but operations will likely return to business-as-usual July 5. Also, it is important to keep in mind that the U.K.'s extrication from the EU will be a drawn-out process, probably over two years. Nothing is going to happen quickly.

There are several long-term implications of Brexit. Money market funds registered in the U.K. will have to review the situation, but the vast majority are not domiciled there. As is the case with most firms, we will closely monitor and frequently assess the credit of U.K. banks, which we use and will continue to use. If it looks like the world is renegotiating in a way that's problematic for them, we will take that into account as we update our credit views.

Then there is the Federal Reserve. Cash managers would love this to be a medium-term and not a long-term issue. The outlook before the referendum outcome was for a September move, and the London interbank offered rate (LIBOR) reflected that. But the shock of the Leave vote sunk that chance and pushed Libor down immediately. We still think a rate hike is not off the table in 2016, it is just that the bar has been raised considerably. If the U.S. labor market returns to its recent strength and other economic data impresses, the Fed could well navigate through the headwinds.

INVESTMENT STRATEGY

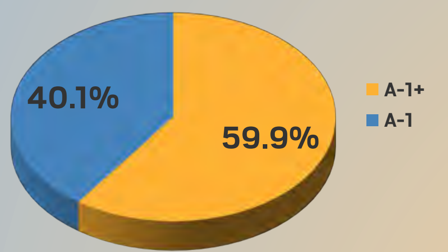
Despite the sharp decline in LIBOR following the Brexit referendum result, the yield of the Pool actually increased over the month, up 3 basis points. Total assets followed the contours typical of the summer months for participant flows, dipping $266.9 million to $7.8 billion assets under management. The Pool's weighted average maturity (WAM) was 39 days and weighted average life (WAL) 59 days. However, following the Brexit vote and because of our belief a Fed move could come later in 2016, we lengthened the average maturity target to 40-50 days.

As has been the case, we continue to use the upcoming money market reform to our advantage. An investment pool such as Florida Prime that has a steady asset base and is not at risk of losing participants because of money reform is able to pick up additional yield by purchasing bank and commercial paper out beyond the Oct. 14 reform implementation date. We did so with instruments from 180 days to one-year out. The Pool's June composition did not change substantially from that of May. A 4% increase of fixed-rate bank paper/ instruments, taking it to 21% of the percentage of total holdings, was the largest shift.

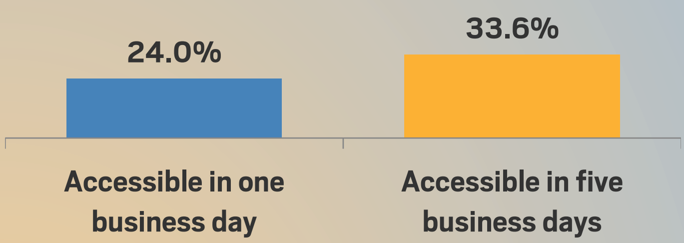
FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

PORTFOLIO COMPOSITION FOR JUNE 2016

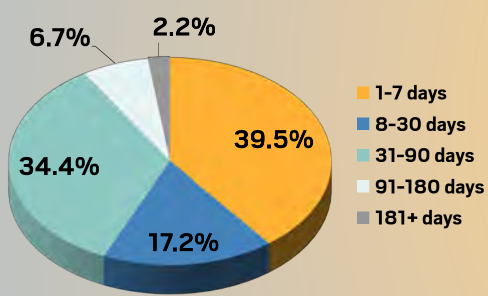
CREDIT QUALITY COMPOSITION



HIGHLY LIQUID HOLDINGS



EFFECTIVE MATURITY SCHEDULE



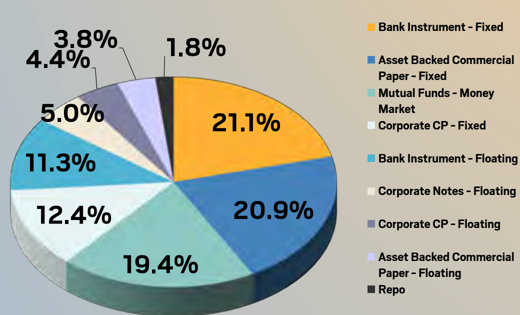
TOP HOLDINGS & AVG. MATURITY

1.	Federated Institutional Prime Obligations Fund	9.7%
2.	Federated Prime Cash Obligations Fund	9.6%
3.	Royal Bank of Canada	5.1%
4.	Mitsubishi UFJ Financial Group, Inc.	4.9%
5.	Standard Chartered PLC	4.8%
6.	Bank of Montreal	4.5%
7.	Wells Fargo & Co.	4.3%
8.	JPMorgan Chase & Co.	4.3%
9.	Mizuho Financial Group, Inc.	4.2%
10.	BNP Paribas SA	4.1%

Average Effective Maturity (WAM)
38.8 Days
Weighted Average Life (Spread WAM)
58.7 Days

Percentages based on total value of investments

PORTFOLIO COMPOSITION



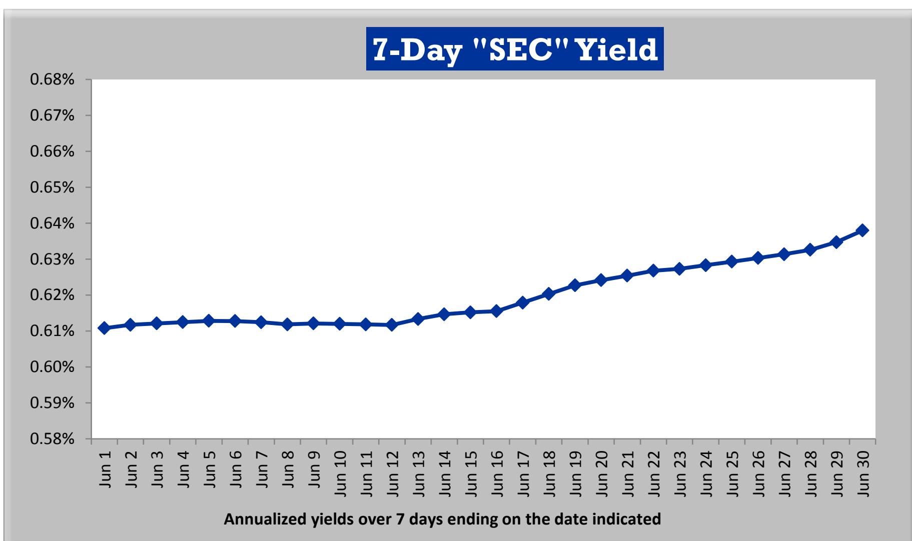
FUND PERFORMANCE THROUGH JUNE 30, 2016

	Florida PRIME Performance Data		
	Net Participant Yield[1]	Net-of-Fee Benchmark[2]	Above (Below) Benchmark
One Month	0.67%	0.38%	0.29%
Three Months	0.62%	0.37%	0.25%
One Year	0.42%	0.21%	0.21%
Three Years	0.25%	0.11%	0.15%
Five Years	0.26%	0.10%	0.16%
Ten Years	1.26%	1.13%	0.13%
Since 1/96	2.71%	2.51%	0.21%

Note: Net asset value at month end: $7,792 million, which includes investments at market value, plus all cash, accrued interest receivable and payables.
[1]Net of fees. Participant yield is calculated on a 365-day basis and includes adjustments for expenses and other accounting items to reflect realized earnings by participants.
[2]The net-of-fee benchmark is the S&P AAA/AA Rated GIP All 30-Day Net Index for all time periods.

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

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



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

PRIME ACCOUNT SUMMARY FOR JUNE 2016

		Summary of Cash Flows
Opening Balance (06/01/16)	$	8,056,392,075
Participant Deposits		1,091,817,841
Gross Earnings		4,372,792
Participant Withdrawals		(1,363,151,732)
Fees		(125,530)
Fee Holiday*		125,530
Closing Balance (06/31/16)	$	7,789,430,976
Net Change over Month	**$**	**(266,961,099)**

*Beginning January 1, 2016, all monthly pool expenses incurred are offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset since January 2016 is $728,912. The redemption reserve account balance at month end is $1,528,330. Once the redemption fee reserve account is exhausted, pool charges will be reinstituted.

Detailed Fee Disclosure***

June 2016		Amount	Basis Point Equivalent*
SBA Client Service, Account Mgt. & Fiduciary Oversight Fee	$	65,114.47	0.99
Federated Investment Management Fee		37,247.47	0.56
BNY Mellon Custodial Fee**		10,107.29	0.15
Bank of America Transfer Agent Fee		4,245.43	0.06
S&P Rating Maintenance Fee		3,688.52	0.06
Audit/External Review Fees		5,127.13	0.08
Total Fees	**$**	**125,530.31**	**1.90**

*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 w hich w as $7,922,911,526.

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

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

FLORIDA PRIME™
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INVENTORY OF HOLDINGS FOR JUNE 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
ASB Finance Ltd. CP4-2	COMMERCIAL PAPER - 4-2		11/9/2016		95,000,000	0.88	$94,700,433	$94,781,246	$80,813
ASB Finance Ltd., Nov 30, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.82	11/30/2016	8/2/2016	50,000,000	0.83	$50,000,000	$50,001,700	$1,700
American Honda Finance Corp. CP	COMMERCIAL PAPER		7/25/2016		25,000,000	0.55	$24,990,625	$24,991,962	$1,337
American Honda Finance Corp. CP	COMMERCIAL PAPER		7/26/2016		25,000,000	0.55	$24,990,250	$24,991,568	$1,318
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/23/2016		42,000,000	0.58	$41,964,090	$41,963,334	-$756
Anglesea Funding LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/6/2016		50,000,000	0.92	$49,801,250	$49,814,500	$13,250
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2016		115,650,000	0.46	$115,642,772	$115,643,126	$354
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/6/2016		38,000,000	0.48	$37,997,023	$37,997,283	$260
Antalis S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/18/2016		1,000,000	0.47	$999,770	$999,778	$8
Atlantic Asset Securitization LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/22/2016		100,000,000	0.61	$99,911,667	$99,923,297	$11,630
Australia & New Zealand Banking Group, Melbourne CP4-2	COMMERCIAL PAPER - 4-2		12/22/2016		50,000,000	0.89	$49,788,542	$49,798,264	$9,722
Australia & New Zealand Banking Group, Melbourne, Dec 20, 2016	VARIABLE RATE COMMERCIAL PAPER - 4-2	0.81	12/20/2016	7/20/2016	25,000,000	0.82	$25,000,000	$24,996,050	-$3,950
BMW US Capital LLC, Jul 06, 2016	VARIABLE EURO MEDIUM TERM NOTE	0.75	7/6/2016	7/6/2016	51,000,000	0.76	$51,000,000	$50,999,949	-$51
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/5/2016		100,000,000	0.43	$99,994,167	$99,995,083	$916
BNP Paribas SA Dublin CP4-2	COMMERCIAL PAPER - 4-2		7/6/2016		200,000,000	0.43	$199,986,000	$199,988,134	$2,134
Bank of America N.A. Triparty Repo Overnight Fixed	REPO TRIPARTY OVERNIGHT FIXED	0.44	7/1/2016		125,000,000	0.45	$125,000,000	$125,000,000	$0
Bank of Montreal CP	COMMERCIAL PAPER		9/19/2016		150,000,000	0.87	$149,713,125	$149,794,800	$81,675
Bank of Montreal, Mar 27, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.98	3/27/2017	7/27/2016	50,000,000	1.00	$50,000,000	$50,008,900	$8,900
Bank of Montreal, Series MTN, 1.300%, 07/15/2016	CORPORATE BOND	1.30	7/15/2016		14,430,000	0.81	$14,432,880	$14,432,771	-$109
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	15,000,000	0.75	$15,002,586	$15,002,880	$294
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	10,000,000	0.79	$10,001,552	$10,001,920	$368
Bank of Montreal, Sr. Unsecd. Note, Series MTN, 7/15/2016	CORPORATE BOND	1.15	7/15/2016	7/15/2016	54,250,000	0.83	$54,257,617	$54,260,416	$2,799
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	7/8/2016		25,000,000	0.88	$25,000,000	$25,002,875	$2,875
Bank of Nova Scotia, Toronto CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	9/21/2016		100,000,000	0.88	$100,000,000	$100,062,526	$62,526

See notes at end of table.

FLORIDA PRIME
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

INVENTORY OF HOLDINGS FOR JUNE 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Bank of Nova Scotia, Toronto, Aug 05, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	8/5/2016	8/5/2016	105,000,000	0.81	$105,000,000	$105,033,285	$33,285
Bank of Nova Scotia, Toronto, Nov 07, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.86	11/7/2016	7/7/2016	50,000,000	0.88	$50,000,000	$50,023,100	$23,100
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/29/2016		125,000,000	0.56	$124,944,618	$124,951,969	$7,351
Barton Capital S.A. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/8/2016		50,000,000	0.54	$49,971,292	$49,972,700	$1,408
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		9/23/2016		25,000,000	0.65	$24,962,222	$24,964,997	$2,774
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		2/13/2017		25,000,000	1.05	$24,836,917	$24,837,867	$950
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/7/2017		30,000,000	1.13	$29,770,833	$29,772,917	$2,083
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/10/2017		50,000,000	1.07	$49,631,042	$49,613,824	-$17,218
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/13/2017		21,000,000	1.07	$20,843,200	$20,834,539	-$8,661
Bedford Row Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		3/15/2017		25,000,000	1.07	$24,811,875	$24,800,408	-$11,467
Bedford Row Funding Corp., Sep 01, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.80	9/1/2016	7/1/2016	25,000,000	0.81	$24,999,565	$24,998,750	-$815
CAFCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/1/2016		15,000,000	0.91	$14,942,892	$14,947,833	$4,941
CHARTA, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/27/2016		40,000,000	0.94	$39,816,000	$39,820,000	$4,000
CIESCO, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/13/2016		47,000,000	0.90	$46,809,284	$46,815,136	$5,851
CRC Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		12/19/2016		25,000,000	0.92	$24,892,500	$24,895,725	$3,225
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.84	7/7/2016		50,000,000	0.85	$50,000,000	$50,005,111	$5,111
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.85	8/24/2016		15,000,000	0.86	$15,000,000	$15,008,601	$8,601
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	9/20/2016		150,000,000	0.91	$150,000,000	$150,109,350	$109,350
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.87	11/18/2016		25,000,000	0.88	$25,000,000	$25,016,334	$16,334
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.94	11/28/2016		24,000,000	0.96	$24,000,000	$24,021,708	$21,708
Canadian Imperial Bank of Commerce CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.95	11/28/2016		25,000,000	0.97	$25,000,000	$25,023,660	$23,660
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.68	9/6/2016		25,000,000	0.69	$25,000,000	$25,007,300	$7,300
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.77	7/1/2016		40,000,000	0.57	$40,000,232	$40,000,507	$275

See notes at end of table.

INVENTORY OF HOLDINGS FOR JUNE 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Credit Suisse, Zurich CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.62	8/3/2016		50,000,000	0.63	$50,000,000	$50,009,800	$9,800
Credit Suisse, Zurich CP	COMMERCIAL PAPER		9/23/2016		85,000,000	0.66	$84,870,552	$84,879,985	$9,433
DZ Bank AG Deutsche Zentral-Genossenschaftbank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	10/3/2016		60,000,000	0.76	$60,000,000	$60,018,056	$18,056
Dreyfus Government Cash Management Fund OVNMF	OVERNIGHT MUTUAL FUND	0.23	7/1/2016		8,290,126	0.23	$8,290,126	$8,290,126	$0
Fairway Finance Co. LLC, Dec 09, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.80	12/9/2016	7/11/2016	50,000,000	0.81	$50,000,000	$50,000,000	$0
Fairway Finance Co. LLC, Nov 03, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.82	11/3/2016	7/5/2016	50,000,000	0.83	$50,000,000	$50,000,000	$0
Fairway Finance Co. LLC, Nov 14, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.80	11/14/2016	7/12/2016	25,000,000	0.81	$25,000,000	$25,000,000	$0
Federated Institutional Prime Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.49	7/1/2016	7/1/2016	758,716,811	0.49	$758,716,811	$758,716,811	$0
Federated Prime Cash Obligations Fund, Class IS	MUTUAL FUND MONEY MARKET	0.48	7/1/2016	7/1/2016	745,104,827	0.48	$745,104,827	$745,104,827	$0
Fiore Capital LLC, Series 2005-A, Aug 01, 2045	VARIABLE RATE DEMAND NOTE	0.43	8/1/2045	7/7/2016	37,980,000	0.43	$37,980,000	$37,980,000	$0
General Electric Capital, Series GMTN, 1.5%, 7/12/2016	CORPORATE BOND	1.50	7/12/2016		4,626,000	0.76	$4,627,117	$4,626,726	-$390
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/1/2016		100,000,000	0.46	$99,998,750	$99,998,825	$75
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/13/2016		50,000,000	0.48	$49,991,514	$49,992,110	$596
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/15/2016		44,000,000	0.49	$43,991,200	$43,991,933	$733
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/20/2016		19,000,000	0.46	$18,995,250	$18,995,271	$21
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/21/2016		35,000,000	0.46	$34,990,813	$34,990,813	$0
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/9/2016		50,000,000	0.54	$49,970,556	$49,972,945	$2,389
Gotham Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/23/2016		85,000,000	0.61	$84,923,500	$84,933,190	$9,690
J.P. Morgan Securities LLC, Aug 09, 2016	VARIABLE RATE COMMERCIAL PAPER	0.81	8/9/2016	8/9/2016	150,000,000	0.82	$150,000,000	$150,052,650	$52,650
J.P. Morgan Securities LLC, Dec 02, 2016	VARIABLE RATE COMMERCIAL PAPER	0.93	12/2/2016	7/5/2016	75,000,000	0.94	$75,000,000	$75,033,825	$33,825
J.P. Morgan Securities LLC, Feb 24, 2017	VARIABLE RATE COMMERCIAL PAPER	0.99	2/24/2017	8/24/2016	40,000,000	1.01	$40,000,000	$40,000,000	$0
JPMorgan Chase Bank, N.A., Nov 04, 2016	VARIABLE RATE BANK NOTE	0.83	11/4/2016	8/8/2016	15,000,000	0.80	$15,000,000	$14,997,015	-$2,985
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		7/12/2016		4,161,000	0.53	$4,160,279	$4,159,638	-$641
Kaiser Foundation Hospital CP	COMMERCIAL PAPER		8/11/2016		30,000,000	0.77	$29,973,750	$29,964,090	-$9,660
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2016		17,000,000	0.53	$16,998,772	$16,998,990	$217

See notes at end of table.

INVENTORY OF HOLDINGS FOR JUNE 2016

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)		7/12/2016		55,000,000	0.46	$54,991,750	$54,992,007	$257
LMA-Americas LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/1/2016		130,000,000	0.58	$129,934,133	$129,946,267	$12,134
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		7/5/2016		35,000,000	0.52	$34,997,521	$34,997,920	$399
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/10/2016		70,000,000	0.56	$69,956,153	$69,961,016	$4,863
Manhattan Asset Funding CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/25/2016		60,000,000	0.62	$59,943,067	$59,950,627	$7,560
Mizuho Bank Ltd. CDEUR (London)	CERTIFICATE OF DEPOSIT - EURO	0.00	7/15/2016		200,000,000	0.60	$199,950,878	$199,969,400	$18,522
Mizuho Bank Ltd. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.53	8/12/2016		100,000,000	0.54	$100,000,000	$100,007,030	$7,030
Mizuho Bank Ltd. CP4-2	COMMERCIAL PAPER - 4-2		7/26/2016		25,000,000	0.53	$24,990,521	$24,992,940	$2,419
Mizuho Securities USA, Inc. - REPO TRIPARTY OVERNIGHT FIXED	REPO TRIPARTY OVERNIGHT FIXED	0.48	7/1/2016		15,000,000	0.49	$15,000,000	$15,000,000	$0
National Australia Bank Ltd., Melbourne, Jul 25, 2016	VARIABLE MEDIUM TERM NOTE	1.19	7/25/2016	7/25/2016	3,000,000	0.73	$3,001,073	$3,001,494	$421
New York State Local Government Assistance Corp., (Subordinate Series 2008B-3V), 04/01/2024	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.45	4/1/2024	7/6/2016	24,120,000	0.45	$24,120,000	$24,120,000	$0
Nordea Bank Finland PLC CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	7/29/2016		42,000,000	0.51	$42,002,356	$42,005,495	$3,139
Oglethorpe Power Corp. Scherer Project, (Oglethorpe Power Corp.), (Series 2009B), 01/01/2036	MUNICIPAL VARIABLE RATE DEMAND NOTE	0.40	1/1/2036	7/6/2016	26,600,000	0.40	$26,600,000	$26,600,000	$0
Old Line Funding, LLC CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		6/23/2017		25,000,000	1.23	$24,701,667	$24,700,175	-$1,492
Orthopaedic Hospital of Wisconsin LLC, Series 09-A, Mar 01, 2039	VARIABLE RATE DEMAND NOTE	0.45	3/1/2039	7/7/2016	9,920,000	0.45	$9,920,000	$9,920,000	$0
Royal Bank of Canada, Montreal CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.88	12/8/2016		25,000,000	0.89	$25,000,000	$25,005,571	$5,571
Royal Bank of Canada, Montreal, Feb 02, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.99	2/2/2017	8/2/2016	45,000,000	1.00	$45,000,000	$45,024,390	$24,390
Royal Bank of Canada, Montreal, Oct 03, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	10/3/2016	7/4/2016	125,000,000	0.80	$125,000,000	$125,058,250	$58,250
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.62	7/5/2016		20,000,000	0.54	$20,000,249	$20,000,646	$397
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.55	7/22/2016		55,000,000	0.56	$55,000,000	$55,003,587	$3,587
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	8/12/2016		149,000,000	0.58	$149,000,000	$149,010,114	$10,114

See notes at end of table.

INVENTORY OF HOLDINGS FOR JUNE 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	8/19/2016		100,000,000	0.58	$100,000,000	$100,004,568	$4,568
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	8/19/2016		25,000,000	0.58	$25,000,000	$25,001,142	$1,142
Standard Chartered Bank plc CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.57	8/19/2016		25,000,000	0.58	$25,000,000	$25,001,143	$1,143
Starbird Funding Corp. CPABS4-2	COMMERCIAL PAPER - ABS- 4(2)		8/10/2016		30,000,000	0.65	$29,978,133	$29,983,292	$5,159
Starbird Funding Corp., Sep 07, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.76	9/7/2016	7/7/2016	100,000,000	0.78	$100,000,000	$100,037,500	$37,500
Starbird Funding Corp., Sep 08, 2016	VARIABLE RATE COMMERCIAL PAPER-ABS-4(2)	0.75	9/8/2016	7/8/2016	45,000,000	0.76	$45,000,000	$45,000,000	$0
State Street Bank and Trust Co., Dec 13, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	12/13/2016	7/13/2016	25,000,000	0.81	$25,000,000	$24,996,725	-$3,275
State Street Bank and Trust Co., Nov 10, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.80	11/10/2016	7/11/2016	50,000,000	0.81	$50,000,000	$50,012,100	$12,100
Sumitomo Mitsui Banking Corp. CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.60	7/12/2016		25,000,000	0.46	$25,001,246	$25,002,079	$833
Svenska Handelsbanken, S, Sr. Unsecd. Note, 3.125%, 7/12/2016	CORPORATE NOTE	3.13	7/12/2016		5,000,000	0.66	$5,004,092	$5,002,325	-$1,767
Svenska Handelsbanken, Stockholm CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.43	8/1/2016		200,000,000	0.44	$200,000,000	$200,000,000	$0
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		9/14/2016		50,000,000	0.88	$49,909,222	$49,942,578	$33,356
Svenska Handelsbanken, Stockholm CP4-2	COMMERCIAL PAPER - 4-2		11/18/2016		25,000,000	0.87	$24,916,771	$24,923,331	$6,560
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.90	8/15/2016		10,000,000	0.91	$10,000,000	$10,005,684	$5,684
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	1.00	11/10/2016		15,000,000	1.01	$15,000,000	$15,013,047	$13,047
Toronto Dominion Bank CDYAN	CERTIFICATE OF DEPOSIT - YANKEE	0.75	8/8/2016		10,000,000	0.76	$10,000,000	$10,003,390	$3,390
Toronto Dominion Bank, Apr 19, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.96	4/19/2017	7/19/2016	25,000,000	0.97	$25,000,000	$24,995,725	-$4,275
Toronto Dominion Bank, Jul 01, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.62	7/1/2016	7/1/2016	75,000,000	0.63	$75,000,000	$75,000,450	$450
Toronto Dominion Bank, Mar 14, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	1.01	3/14/2017	9/14/2016	50,000,000	1.02	$50,000,000	$50,017,600	$17,600
Toronto Dominion Bank, May 04, 2017	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.64	5/4/2017	8/4/2016	25,000,000	0.65	$25,000,000	$24,994,925	-$5,075
Toronto Dominion Bank, Nov 04, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.81	11/4/2016	7/4/2016	10,000,000	0.82	$10,000,000	$10,003,130	$3,130
Toronto Dominion Bank, Oct 17, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.88	10/17/2016	7/18/2016	30,000,000	0.90	$30,000,000	$30,020,700	$20,700
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	1.12	9/9/2016	9/9/2016	10,000,000	0.67	$10,009,186	$10,007,900	-$1,286

See notes at end of table.

INVENTORY OF HOLDINGS FOR JUNE 2016

Security Name	Security Classification	Cpn/ Dis	Maturity	Rate Reset	Par	Current Yield	Amort Cost (2)	Mkt Value (1)	Unrealized Gain/Loss
Toronto Dominion Bank, Sr. Unsecured, Sep 09, 2016	VARIABLE MEDIUM TERM NOTE	1.12	9/9/2016	9/9/2016	24,000,000	0.82	$24,014,616	$24,018,960	$4,344
Toyota Motor Credit Corp., Oct 07, 2016	VARIABLE MEDIUM TERM NOTE	0.83	10/7/2016	7/7/2016	50,000,000	0.84	$50,000,000	$49,992,450	-$7,550
Wells Fargo Bank, N.A. CD	CERTIFICATE OF DEPOSIT	0.85	7/11/2016		50,000,000	0.86	$50,000,000	$50,004,978	$4,978
Wells Fargo Bank, N.A., Nov 18, 2016	VARIABLE RATE BANK NOTE	0.82	11/18/2016	9/20/2016	100,000,000	0.83	$100,000,000	$100,007,200	$7,200
Wells Fargo Bank, N.A., Nov 21, 2016	VARIABLE MEDIUM TERM NOTE	0.83	11/21/2016	9/22/2016	50,000,000	0.84	$50,000,000	$50,004,100	$4,100
Wells Fargo Bank, N.A., Sep 15, 2016	VARIABLE RATE CERTIFICATE OF DEPOSIT	0.79	9/15/2016	7/15/2016	100,000,000	0.80	$100,000,000	$100,047,100	$47,100
Westpac Banking Corp. Ltd., Sydney CP4-2	COMMERCIAL PAPER - 4-2		9/16/2016		100,000,000	0.89	$99,810,417	$99,876,933	$66,516
Total Value of Investments					*7,790,848,764*		*$7,786,743,687*	*$7,787,823,584*	*$1,079,897*

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.

The 2016 Annual Investment Best Practices Review, the 2016 Annual Statutory Compliance Review, and the Results of the 2016 Annual Participant Satisfactions Survey have been released.

See the Latest News on the Florida PRIME website for more information.

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

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

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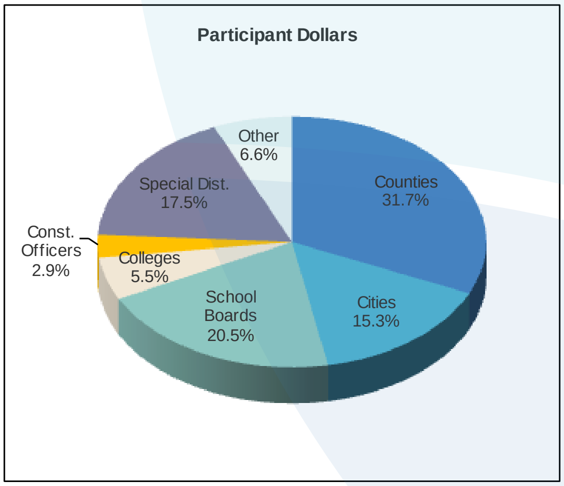
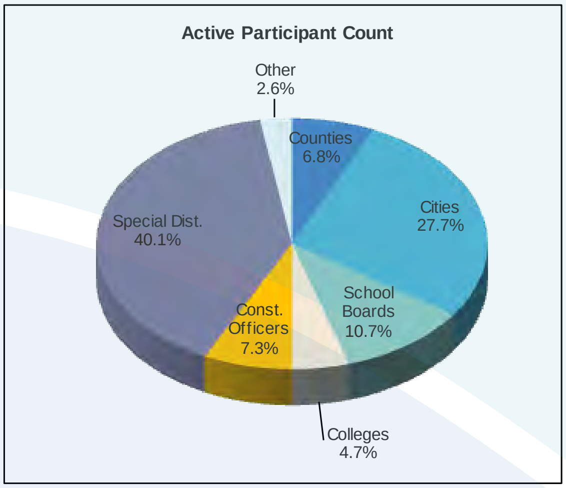
PARTICIPANT CONCENTRATION DATA - AS OF JUNE 2016

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**	**5.5%**	**4.7%**
Top 10	39.2%	1.3%	Top 10	5.1%	1.3%
$100 million or more	49.5%	2.1%	$100 million or more	2.9%	0.1%
$10 million up to $100 million	42.2%	13.6%	$10 million up to $100 million	1.9%	0.8%
$1 million up to $10 million	7.4%	19.4%	$1 million up to $10 million	0.6%	1.4%
Under $1 million	0.9%	64.9%	Under $1 million	0.04%	2.4%
Counties	**31.7%**	**6.8%**	**Constitutional Officers**	**2.9%**	**7.3%**
Top 10	26.7%	1.3%	Top 10	1.1%	1.3%
$100 million or more	24.8%	1.0%	$100 million or more	0.0%	0.0%
$10 million up to $100 million	6.3%	1.6%	$10 million up to $100 million	2.1%	0.7%
$1 million up to $10 million	0.6%	1.0%	$1 million up to $10 million	0.8%	2.2%
Under $1 million	0.1%	3.1%	Under $1 million	0.0%	4.5%
Municipalities	**15.3%**	**27.7%**	**Special Districts**	**17.5%**	**40.1%**
Top 10	8.0%	1.3%	Top 10	12.2%	1.3%
$100 million or more	1.7%	0.1%	$100 million or more	6.2%	0.3%
$10 million up to $100 million	10.9%	3.9%	$10 million up to $100 million	9.4%	2.9%
$1 million up to $10 million	2.5%	6.7%	$1 million up to $10 million	1.5%	4.8%
Under $1 million	0.3%	17.0%	Under $1 million	0.4%	32.1%
School Boards	**20.5%**	**10.7%**	**Other**	**6.6%**	**2.6%**
Top 10	15.9%	1.3%	Top 10	5.9%	1.3%
$100 million or more	11.3%	0.4%	$100 million or more	2.6%	0.1%
$10 million up to $100 million	8.0%	2.9%	$10 million up to $100 million	3.5%	0.9%
$1 million up to $10 million	1.0%	2.2%	$1 million up to $10 million	0.4%	0.9%
Under $1 million	0.1%	5.2%	Under $1 million	0.0%	0.7%



Total Fund Value: $7,789,430,977



Total Active Participant Count: 764

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

COMPLIANCE WITH INVESTMENT POLICY FOR JUNE 2016

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

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

Test by Source	Pass/Fail
Florida PRIME's Investment Policy	
Securities must be USD denominated.	Pass
Ratings requirements	
The Florida PRIME investment portfolio must purchase exclusively first-tier securities. Securities purchased with short-term ratings by an NRSRO, or comparable in quality and security to other obligations of the issuer that have received short-term ratings from an NRSRO, are eligible if they are in one of the two highest rating categories.	Pass
Securities purchased that do not have short-term ratings must have a long-term rating in one of the three highest long-term rating categories.	Pass
Commercial Paper must be rated by at least one short-term NRSRO.	Pass
Repurchase Agreement Counterparties must be rated by S&P	Pass
S&P Weighted Average Life - maximum 90 days [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 Florida PRIME investment portfolio 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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
First-tier securities issued by or subject to demand features and guarantees of a control person, at time of purchase, are limited to 10% with respect to the Florida PRIME investment portfolio's total assets.	Pass
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 Florida PRIME investment portfolio'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 Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to any single Government Agency in excess of 33.33% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will not have exposure to illiquid securities in excess of 5% of the Florida PRIME investment portfolio's total assets.	Pass
The account, at time of purchase, will invest at least 10% of the Florida PRIME investment portfolio's total assets in securities accessible within one business day.	Pass
The account, at time of purchase, will invest at least 30% of the Florida PRIME investment portfolio's total assets in securities accessible within five business days. [3]	Pass
S&P Requirements	
The Florida PRIME investment portfolio must maintain a Dollar Weighted Average Maturity of 60 days or less.	Pass
The account, at time of purchase, will invest at least 50% of the Florida PRIME investment portfolio's total assets in Securities in Highest Rating Category (A-1+ or equivalent) .	Pass

[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 account movements.

[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.

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TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Buys								
ANGLESEA FUNDING LLCPABS4	08/23/16	06/16/16	06/16/16	42,000,000	41,954,780	0	41,954,780	0
ANGLESEA FUNDING LLCPABS4	12/06/16	06/07/16	06/07/16	50,000,000	49,772,500	0	49,772,500	0
ANTALIS S,A, CPABS4CPABS4	06/10/16	06/03/16	06/03/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	06/10/16	06/03/16	06/03/16	15,000,000	14,998,833	0	14,998,833	0
ANTALIS S,A, CPABS4CPABS4	06/16/16	06/09/16	06/09/16	50,000,000	49,996,111	0	49,996,111	0
ANTALIS S,A, CPABS4CPABS4	06/17/16	06/10/16	06/10/16	49,150,000	49,146,177	0	49,146,177	0
ANTALIS S,A, CPABS4CPABS4	06/24/16	06/17/16	06/17/16	25,000,000	24,998,056	0	24,998,056	0
ANTALIS S,A, CPABS4CPABS4	06/24/16	06/17/16	06/17/16	36,000,000	35,997,200	0	35,997,200	0
ANTALIS S,A, CPABS4CPABS4	06/27/16	06/24/16	06/24/16	50,000,000	49,998,250	0	49,998,250	0
ANTALIS S,A, CPABS4CPABS4	06/27/16	06/24/16	06/24/16	25,000,000	24,999,125	0	24,999,125	0
ANTALIS S,A, CPABS4CPABS4	07/05/16	06/27/16	06/27/16	50,000,000	49,995,000	0	49,995,000	0
ANTALIS S,A, CPABS4CPABS4	07/05/16	06/27/16	06/27/16	15,650,000	15,648,435	0	15,648,435	0
ANTALIS S,A, CPABS4CPABS4	07/05/16	06/27/16	06/27/16	50,000,000	49,995,000	0	49,995,000	0
ANTALIS S,A, CPABS4CPABS4	07/06/16	06/06/16	06/06/16	38,000,000	37,985,117	0	37,985,117	0
ANTALIS S,A, CPABS4CPABS4	07/18/16	06/17/16	06/17/16	1,000,000	999,604	0	999,604	0
ATLANTIC ASSET SECUCPABS4	08/22/16	06/28/16	06/28/16	50,000,000	49,954,167	0	49,954,167	0
ATLANTIC ASSET SECUCPABS4	08/22/16	06/28/16	06/28/16	50,000,000	49,954,167	0	49,954,167	0
AUSTRALIA NEW ZEACP4-2	12/22/16	06/16/16	06/17/16	50,000,000	49,772,833	0	49,772,833	0
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD	12/20/16	06/17/16	06/20/16	25,000,000	25,000,000	0	25,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/09/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/09/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/09/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/16/16	06/09/16	06/09/16	35,000,000	35,000,000	0	35,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
BARTON CAPITAL LLCCPABS4-	06/28/16	06/27/16	06/27/16	50,000,000	49,999,444	0	49,999,444	0
BARTON CAPITAL LLCCPABS4-	06/28/16	06/27/16	06/27/16	10,000,000	9,999,889	0	9,999,889	0
BARTON CAPITAL LLCCPABS4-	07/29/16	06/01/16	06/01/16	50,000,000	49,955,694	0	49,955,694	0
BARTON CAPITAL LLCCPABS4-	07/29/16	06/01/16	06/01/16	25,000,000	24,977,847	0	24,977,847	0
BARTON CAPITAL LLCCPABS4-	07/29/16	06/01/16	06/01/16	50,000,000	49,955,694	0	49,955,694	0
BARTON CAPITAL LLCCPABS4-	08/08/16	06/09/16	06/09/16	50,000,000	49,955,833	0	49,955,833	0
BEDFORD ROW FUNDINGCPABS4	09/23/16	06/09/16	06/09/16	25,000,000	24,952,889	0	24,952,889	0
BEDFORD ROW FUNDINGCPABS4	03/07/17	06/07/16	06/08/16	30,000,000	29,750,667	0	29,750,667	0
BEDFORD ROW FUNDINGCPABS4	03/10/17	06/13/16	06/13/16	50,000,000	49,606,250	0	49,606,250	0
BEDFORD ROW FUNDINGCPABS4	03/13/17	06/14/16	06/14/16	21,000,000	20,833,400	0	20,833,400	0
BEDFORD ROW FUNDINGCPABS4	03/15/17	06/16/16	06/16/16	25,000,000	24,801,667	0	24,801,667	0
BNP PARIBAS SACP4-2	07/05/16	06/28/16	06/28/16	50,000,000	49,995,917	0	49,995,917	0
BNP PARIBAS SACP4-2	07/05/16	06/28/16	06/28/16	50,000,000	49,995,917	0	49,995,917	0
BNP PARIBAS SACP4-2	07/06/16	06/29/16	06/29/16	50,000,000	49,995,917	0	49,995,917	0
BNP PARIBAS SACP4-2	07/06/16	06/29/16	06/29/16	50,000,000	49,995,917	0	49,995,917	0
BNP PARIBAS SACP4-2	07/06/16	06/29/16	06/29/16	50,000,000	49,995,917	0	49,995,917	0
BNP PARIBAS SACP4-2	07/06/16	06/29/16	06/29/16	50,000,000	49,995,917	0	49,995,917	0

TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BNP PARIBAS SACP	06/03/16	06/02/16	06/02/16	35,000,000	34,999,640	0	34,999,640	0
CAFCO, LLCCPABS4-2	12/01/16	06/06/16	06/06/16	15,000,000	14,933,992	0	14,933,992	0
CRC FUNDING LLCCPABS4-2	12/19/16	06/20/16	06/20/16	25,000,000	24,886,250	0	24,886,250	0
CHARTA, LLC CPABS4-CPABS4	12/27/16	06/27/16	06/27/16	40,000,000	39,812,933	0	39,812,933	0
CIESCO, LLCCPABS4-2	12/13/16	06/16/16	06/16/16	47,000,000	46,793,200	0	46,793,200	0
RABOBANK NEDERLAND,CDYAN	06/16/16	06/09/16	06/09/16	45,000,000	45,000,000	0	45,000,000	0
RABOBANK NEDERLAND,CDYAN	06/23/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/30/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/30/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/30/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/30/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND CP	06/06/16	06/03/16	06/03/16	50,000,000	49,998,500	0	49,998,500	0
RABOBANK NEDERLAND CP	06/08/16	06/07/16	06/07/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/08/16	06/07/16	06/07/16	39,200,000	39,199,608	0	39,199,608	0
RABOBANK NEDERLAND CP	06/09/16	06/08/16	06/08/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/09/16	06/08/16	06/08/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/09/16	06/08/16	06/08/16	35,725,000	35,724,643	0	35,724,643	0
RABOBANK NEDERLAND CP	06/14/16	06/13/16	06/13/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/14/16	06/13/16	06/13/16	17,195,000	17,194,828	0	17,194,828	0
RABOBANK NEDERLAND CP	06/14/16	06/13/16	06/13/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/15/16	06/14/16	06/14/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/15/16	06/14/16	06/14/16	26,580,000	26,579,734	0	26,579,734	0
RABOBANK NEDERLAND CP	06/17/16	06/16/16	06/16/16	50,000,000	49,999,500	0	49,999,500	0
RABOBANK NEDERLAND CP	06/17/16	06/16/16	06/16/16	13,500,000	13,499,865	0	13,499,865	0
RABOBANK NEDERLAND CP	06/20/16	06/17/16	06/17/16	50,000,000	49,998,458	0	49,998,458	0
RABOBANK NEDERLAND CP	06/20/16	06/17/16	06/17/16	50,000,000	49,998,458	0	49,998,458	0
RABOBANK NEDERLAND CP	06/20/16	06/17/16	06/17/16	50,000,000	49,998,458	0	49,998,458	0
RABOBANK NEDERLAND CP	06/20/16	06/17/16	06/17/16	27,150,000	27,149,163	0	27,149,163	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/20/16	06/20/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/20/16	06/20/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/20/16	06/20/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/20/16	06/20/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/20/16	06/20/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/22/16	06/21/16	06/21/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/22/16	06/21/16	06/21/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/22/16	06/21/16	06/21/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/22/16	06/21/16	06/21/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/23/16	06/22/16	06/22/16	50,000,000	49,999,486	0	49,999,486	0
COOPERATIEVE RABOBANK UA/NY	06/23/16	06/22/16	06/22/16	31,475,000	31,474,677	0	31,474,677	0
COOPERATIEVE RABOBANK UA/NY	06/23/16	06/22/16	06/22/16	50,000,000	49,999,486	0	49,999,486	0
RABOBANK NEDERLAND CP	06/28/16	06/27/16	06/27/16	50,000,000	49,999,444	0	49,999,444	0
RABOBANK NEDERLAND CP	06/28/16	06/27/16	06/27/16	50,000,000	49,999,444	0	49,999,444	0
RABOBANK NEDERLAND CP	06/28/16	06/27/16	06/27/16	50,000,000	49,999,444	0	49,999,444	0
RABOBANK NEDERLAND CP	06/28/16	06/27/16	06/27/16	7,000,000	6,999,922	0	6,999,922	0

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RABOBANK NEDERLAND CP	06/29/16	06/28/16	06/28/16	50,000,000	49,999,444	0	49,999,444	0
RABOBANK NEDERLAND CP	06/29/16	06/28/16	06/28/16	50,000,000	49,999,444	0	49,999,444	0
CREDIT AGRICOLE CORCDYAN	06/28/16	06/21/16	06/21/16	18,900,000	18,900,000	0	18,900,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/16/16	06/16/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/16	06/02/16	06/02/16	45,000,000	45,000,000	0	45,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
CREDIT SUISSE, ZURICDYAN	09/06/16	06/03/16	06/03/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT SUISSE, ZURICP	09/23/16	06/17/16	06/17/16	50,000,000	49,912,208	0	49,912,208	0
CREDIT SUISSE, ZURICP	09/23/16	06/17/16	06/17/16	35,000,000	34,938,546	0	34,938,546	0
FAIRWAY FINANCE CO LLC	12/09/16	06/09/16	06/09/16	25,000,000	25,000,000	0	25,000,000	0
FAIRWAY FINANCE CO LLC	12/09/16	06/09/16	06/09/16	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	07/01/16	06/24/16	06/24/16	50,000,000	49,995,625	0	49,995,625	0
GOTHAM FUNDING CORPCPABS4	07/01/16	06/24/16	06/24/16	50,000,000	49,995,625	0	49,995,625	0
GOTHAM FUNDING CORPCPABS4	07/13/16	06/06/16	06/06/16	50,000,000	49,975,847	0	49,975,847	0
GOTHAM FUNDING CORPCPABS4	07/15/16	06/14/16	06/14/16	44,000,000	43,981,813	0	43,981,813	0
GOTHAM FUNDING CORPCPABS4	07/20/16	06/20/16	06/20/16	19,000,000	18,992,875	0	18,992,875	0
GOTHAM FUNDING CORPCPABS4	07/21/16	06/20/16	06/20/16	35,000,000	34,986,438	0	34,986,438	0
GOTHAM FUNDING CORPCPABS4	08/09/16	06/10/16	06/10/16	50,000,000	49,955,833	0	49,955,833	0
GOTHAM FUNDING CORPCPABS4	08/23/16	06/24/16	06/24/16	35,000,000	34,965,000	0	34,965,000	0
GOTHAM FUNDING CORPCPABS4	08/23/16	06/24/16	06/24/16	50,000,000	49,950,000	0	49,950,000	0
LMA-AMERICAS LLCCPABS4-2	07/12/16	06/06/16	06/06/16	50,000,000	49,977,500	0	49,977,500	0
LMA-AMERICAS LLCCPABS4-2	07/12/16	06/06/16	06/06/16	5,000,000	4,997,750	0	4,997,750	0
LMA-AMERICAS LLCCPABS4-2	08/01/16	06/03/16	06/03/16	50,000,000	49,953,292	0	49,953,292	0
LMA-AMERICAS LLCCPABS4-2	08/01/16	06/03/16	06/03/16	50,000,000	49,953,292	0	49,953,292	0
LMA-AMERICAS LLCCPABS4-2	08/01/16	06/03/16	06/03/16	30,000,000	29,971,975	0	29,971,975	0
MANHATTAN ASSET FUNCPABS4	06/28/16	06/24/16	06/24/16	50,000,000	49,997,278	0	49,997,278	0
MANHATTAN ASSET FUNCPABS4	06/28/16	06/24/16	06/24/16	1,453,000	1,452,921	0	1,452,921	0
MANHATTAN ASSET FUNCPABS4	06/28/16	06/24/16	06/24/16	50,000,000	49,997,278	0	49,997,278	0
MANHATTAN ASSET FUNCPABS4	08/10/16	06/17/16	06/17/16	50,000,000	49,958,750	0	49,958,750	0
MANHATTAN ASSET FUNCPABS4	08/10/16	06/17/16	06/17/16	20,000,000	19,983,500	0	19,983,500	0
MANHATTAN ASSET FUNCPABS4	08/25/16	06/29/16	06/29/16	50,000,000	49,951,708	0	49,951,708	0
MANHATTAN ASSET FUNCPABS4	08/25/16	06/29/16	06/29/16	10,000,000	9,990,342	0	9,990,342	0
MIZUHO BANK LTD,CDYAN	06/14/16	06/07/16	06/07/16	33,000,000	33,001,600	50,646	33,052,246	0
MIZUHO BANK LTD,CDYAN	08/12/16	06/14/16	06/14/16	50,000,000	50,000,000	0	50,000,000	0
MIZUHO BANK LTD,CDYAN	08/12/16	06/14/16	06/14/16	50,000,000	50,000,000	0	50,000,000	0
OLD LINE FUNDING, LCPABS4	06/23/17	06/29/16	06/30/16	25,000,000	24,701,667	0	24,701,667	0
SOCIETE GENERALE, PCP4-2	06/17/16	06/16/16	06/16/16	50,000,000	49,999,486	0	49,999,486	0

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SOCIETE GENERALE, PCP4-2	06/17/16	06/16/16	06/16/16	16,000,000	15,999,836	0	15,999,836	0
SOCIETE GENERALE, PCP4-2	06/20/16	06/17/16	06/17/16	50,000,000	49,998,417	0	49,998,417	0
SOCIETE GENERALE, PCP4-2	06/20/16	06/17/16	06/17/16	1,000,000	999,968	0	999,968	0
STANDARD CHARTERED CDYAN	08/12/16	06/13/16	06/13/16	49,000,000	49,000,000	0	49,000,000	0
STANDARD CHARTERED CDYAN	08/12/16	06/13/16	06/13/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	08/12/16	06/13/16	06/13/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	08/19/16	06/20/16	06/20/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	08/19/16	06/20/16	06/20/16	50,000,000	50,000,000	0	50,000,000	0
STANDARD CHARTERED CDYAN	08/19/16	06/21/16	06/21/16	25,000,000	25,000,000	0	25,000,000	0
STANDARD CHARTERED CDYAN	08/19/16	06/22/16	06/22/16	25,000,000	25,000,000	0	25,000,000	0
STATE STREET BANK & TRUST CO	12/13/16	06/14/16	06/14/16	25,000,000	25,000,000	0	25,000,000	0
SUMITOMO MITSUI BANCP4-2	06/22/16	06/01/16	06/01/16	50,000,000	49,986,875	0	49,986,875	0
SUMITOMO MITSUI BANCP4-2	06/22/16	06/01/16	06/01/16	27,600,000	27,592,755	0	27,592,755	0
SUMITOMO MITSUI BANCP4-2	06/22/16	06/01/16	06/01/16	50,000,000	49,986,875	0	49,986,875	0
SUMITOMO MITSUI BANCDYAN	07/12/16	06/09/16	06/09/16	25,000,000	25,003,426	24,167	25,027,593	0
SUMITOMO MITSUI BANCDYAN	06/10/16	06/03/16	06/03/16	48,000,000	48,000,000	0	48,000,000	0
SVENSKA HANDELSBANKCDYAN	08/01/16	06/30/16	06/30/16	50,000,000	50,000,000	0	50,000,000	0
SVENSKA HANDELSBANKCDYAN	08/01/16	06/30/16	06/30/16	50,000,000	50,000,000	0	50,000,000	0
SVENSKA HANDELSBANKCDYAN	08/01/16	06/30/16	06/30/16	50,000,000	50,000,000	0	50,000,000	0
SVENSKA HANDELSBANKCDYAN	08/01/16	06/30/16	06/30/16	50,000,000	50,000,000	0	50,000,000	0
TORONTO-DOMINION BANK/THE	09/09/16	06/08/16	06/13/16	10,000,000	10,011,386	1,241	10,012,626	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/02/16	06/02/16	1,773,086	1,773,086	0	1,773,086	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/03/16	06/03/16	587,058	587,058	0	587,058	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/06/16	06/06/16	1,468,492	1,468,492	0	1,468,492	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/09/16	06/09/16	5,832,988	5,832,988	0	5,832,988	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/13/16	06/13/16	1,181,885	1,181,885	0	1,181,885	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/17/16	06/17/16	2,066,933	2,066,933	0	2,066,933	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/20/16	06/20/16	1,477,608	1,477,608	0	1,477,608	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/22/16	06/22/16	1,798,039	1,798,039	0	1,798,039	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/24/16	06/24/16	2,164,312	2,164,312	0	2,164,312	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/27/16	06/27/16	1,807,694	1,807,694	0	1,807,694	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/30/16	06/30/16	1,905,665	1,905,665	0	1,905,665	0
MIZUHO TRIPARTY	06/02/16	06/01/16	06/01/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/02/16	06/01/16	06/01/16	305,000,000	305,000,000	0	305,000,000	0
MIZUHO TRIPARTY	06/03/16	06/02/16	06/02/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/03/16	06/02/16	06/02/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	06/06/16	06/03/16	06/03/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/06/16	06/03/16	06/03/16	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	06/07/16	06/06/16	06/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/07/16	06/06/16	06/06/16	335,000,000	335,000,000	0	335,000,000	0
MIZUHO TRIPARTY	06/08/16	06/07/16	06/07/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/08/16	06/07/16	06/07/16	105,000,000	105,000,000	0	105,000,000	0
MIZUHO TRIPARTY	06/09/16	06/08/16	06/08/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/09/16	06/08/16	06/08/16	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	06/10/16	06/09/16	06/09/16	15,000,000	15,000,000	0	15,000,000	0

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BANK OF AMERICA TRIPARTY	06/10/16	06/09/16	06/09/16	40,000,000	40,000,000	0	40,000,000	0
MIZUHO TRIPARTY	06/13/16	06/10/16	06/10/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/13/16	06/10/16	06/10/16	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	06/14/16	06/13/16	06/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/14/16	06/13/16	06/13/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	06/15/16	06/14/16	06/14/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/15/16	06/14/16	06/14/16	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	06/16/16	06/15/16	06/15/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/16/16	06/15/16	06/15/16	330,000,000	330,000,000	0	330,000,000	0
MIZUHO TRIPARTY	06/17/16	06/16/16	06/16/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/17/16	06/16/16	06/16/16	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	06/20/16	06/17/16	06/17/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/20/16	06/17/16	06/17/16	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	06/21/16	06/20/16	06/20/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/21/16	06/20/16	06/20/16	155,000,000	155,000,000	0	155,000,000	0
BANK OF AMERICA TRIPARTY	06/22/16	06/21/16	06/21/16	220,000,000	220,000,000	0	220,000,000	0
MIZUHO TRIPARTY	06/22/16	06/21/16	06/21/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	06/23/16	06/22/16	06/22/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/23/16	06/22/16	06/22/16	455,000,000	455,000,000	0	455,000,000	0
MIZUHO TRIPARTY	06/24/16	06/23/16	06/23/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/24/16	06/23/16	06/23/16	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	06/27/16	06/24/16	06/24/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/27/16	06/24/16	06/24/16	560,000,000	560,000,000	0	560,000,000	0
MIZUHO TRIPARTY	06/28/16	06/27/16	06/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/28/16	06/27/16	06/27/16	325,000,000	325,000,000	0	325,000,000	0
MIZUHO TRIPARTY	06/29/16	06/28/16	06/28/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/29/16	06/28/16	06/28/16	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	06/30/16	06/29/16	06/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/30/16	06/29/16	06/29/16	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	07/01/16	06/30/16	06/30/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	07/01/16	06/30/16	06/30/16	125,000,000	125,000,000	0	125,000,000	0
Total Buys				***12,322,641,759***	***12,319,238,085***	***76,053***	***12,319,314,138***	***0***
Deposits								
SVENSKA HANDELSBANKTDCAY 0.36 20160608	06/08/16	06/07/16	06/07/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160609	06/09/16	06/08/16	06/08/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160610	06/10/16	06/09/16	06/09/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160613	06/13/16	06/10/16	06/10/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160614	06/14/16	06/13/16	06/13/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160616	06/16/16	06/15/16	06/15/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.37 20160617	06/17/16	06/16/16	06/16/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.38 20160624	06/24/16	06/23/16	06/23/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.4 20160629	06/29/16	06/28/16	06/28/16	200,000,000	200,000,000	0	200,000,000	0
Total Deposits				***1,400,000,000***	***1,400,000,000***	***0***	***1,400,000,000***	***0***

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
Maturities								
AMERICAN HONDA FINACP	06/14/16	06/14/16	06/14/16	68,450,000	68,450,000	0	68,450,000	0
ANGLESEA FUNDING LLCPABS4	06/16/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4CPABS4	06/03/16	06/03/16	06/03/16	65,490,000	65,490,000	0	65,490,000	0
ANTALIS S,A, CPABS4CPABS4	06/06/16	06/06/16	06/06/16	33,640,000	33,640,000	0	33,640,000	0
ANTALIS S,A, CPABS4CPABS4	06/07/16	06/07/16	06/07/16	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4CPABS4	06/10/16	06/10/16	06/10/16	65,000,000	65,000,000	0	65,000,000	0
ANTALIS S,A, CPABS4CPABS4	06/16/16	06/16/16	06/16/16	50,000,000	50,000,000	0	50,000,000	0
ANTALIS S,A, CPABS4CPABS4	06/17/16	06/17/16	06/17/16	49,150,000	49,150,000	0	49,150,000	0
ANTALIS S,A, CPABS4CPABS4	06/24/16	06/24/16	06/24/16	61,000,000	61,000,000	0	61,000,000	0
ANTALIS S,A, CPABS4CPABS4	06/27/16	06/27/16	06/27/16	145,000,000	145,000,000	0	145,000,000	0
ATLANTIC ASSET SECUCPABS4	06/01/16	06/01/16	06/01/16	10,000,000	10,000,000	0	10,000,000	0
ATLANTIC ASSET SECUCPABS4	06/09/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
ATLANTIC ASSET SECUCPABS4	06/10/16	06/10/16	06/10/16	75,000,000	75,000,000	0	75,000,000	0
BASF SECP4-2	06/21/16	06/21/16	06/21/16	25,570,000	25,570,000	0	25,570,000	0
BASF SECP4-2	06/22/16	06/22/16	06/22/16	25,750,000	25,750,000	0	25,750,000	0
BANK OF MONTREAL/CHICAGO IL	06/01/16	06/01/16	06/01/16	25,000,000	25,000,000	0	25,000,000	0
BANK OF MONTREAL (CCDYAN	06/06/16	06/06/16	06/06/16	50,000,000	50,000,000	0	50,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/03/16	06/03/16	06/03/16	150,000,000	150,000,000	0	150,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/09/16	06/09/16	06/09/16	150,000,000	150,000,000	0	150,000,000	0
BANK OF TOKYO-MITSUCDYAN	06/16/16	06/16/16	06/16/16	185,000,000	185,000,000	0	185,000,000	0
BARTON CAPITAL LLCCPABS4-	06/15/16	06/15/16	06/15/16	25,000,000	25,000,000	0	25,000,000	0
BARTON CAPITAL LLCCPABS4-	06/28/16	06/28/16	06/28/16	60,000,000	60,000,000	0	60,000,000	0
BEDFORD ROW FUNDINGCPABS4	06/09/16	06/09/16	06/09/16	50,000,000	50,000,000	0	50,000,000	0
BEDFORD ROW FUNDINGCPABS4	06/13/16	06/13/16	06/13/16	30,000,000	30,000,000	0	30,000,000	0
BEDFORD ROW FUNDINGCPABS4	06/14/16	06/14/16	06/14/16	20,000,000	20,000,000	0	20,000,000	0
BEDFORD ROW FUNDINGCPABS4	06/16/16	06/16/16	06/16/16	20,000,000	20,000,000	0	20,000,000	0
BEDFORD ROW FUNDING CORP	06/07/16	06/07/16	06/07/16	25,000,000	25,000,000	0	25,000,000	0
BNP PARIBAS SACP	06/03/16	06/03/16	06/03/16	35,000,000	35,000,000	0	35,000,000	0
CANADIAN IMPERIAL BANK OF COMMERCE/NEW YORK NY	06/13/16	06/13/16	06/13/16	25,000,000	25,000,000	0	25,000,000	0
CANADIAN IMPERIAL BCDYAN	06/21/16	06/21/16	06/21/16	25,000,000	25,000,000	0	25,000,000	0
CHASE BANK USA, N,ACD	06/08/16	06/08/16	06/08/16	50,000,000	50,000,000	0	50,000,000	0
COMMONWEALTH BANK OCP4-2	06/23/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/16/16	06/16/16	06/16/16	45,000,000	45,000,000	0	45,000,000	0
RABOBANK NEDERLAND,CDYAN	06/23/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND,CDYAN	06/30/16	06/30/16	06/30/16	200,000,000	200,000,000	0	200,000,000	0
RABOBANK NEDERLAND CP	06/06/16	06/06/16	06/06/16	50,000,000	50,000,000	0	50,000,000	0
RABOBANK NEDERLAND CP	06/08/16	06/08/16	06/08/16	89,200,000	89,200,000	0	89,200,000	0
RABOBANK NEDERLAND CP	06/09/16	06/09/16	06/09/16	135,725,000	135,725,000	0	135,725,000	0
RABOBANK NEDERLAND CP	06/14/16	06/14/16	06/14/16	117,195,000	117,195,000	0	117,195,000	0
RABOBANK NEDERLAND CP	06/15/16	06/15/16	06/15/16	76,580,000	76,580,000	0	76,580,000	0
RABOBANK NEDERLAND CP	06/17/16	06/17/16	06/17/16	63,500,000	63,500,000	0	63,500,000	0
RABOBANK NEDERLAND CP	06/20/16	06/20/16	06/20/16	177,150,000	177,150,000	0	177,150,000	0
COOPERATIEVE RABOBANK UA/NY	06/21/16	06/21/16	06/21/16	250,000,000	250,000,000	0	250,000,000	0

FLORIDA PRIME™
AN INVESTMENT SERVICE FOR PUBLIC FUNDS

TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
COOPERATIEVE RABOBANK UA/NY	06/22/16	06/22/16	06/22/16	200,000,000	200,000,000	0	200,000,000	0
COOPERATIEVE RABOBANK UA/NY	06/23/16	06/23/16	06/23/16	131,475,000	131,475,000	0	131,475,000	0
RABOBANK NEDERLAND CP	06/28/16	06/28/16	06/28/16	157,000,000	157,000,000	0	157,000,000	0
RABOBANK NEDERLAND CP	06/29/16	06/29/16	06/29/16	100,000,000	100,000,000	0	100,000,000	0
CREDIT AGRICOLE CORCDYAN	06/28/16	06/28/16	06/28/16	18,900,000	18,900,000	0	18,900,000	0
CREDIT INDUSTRIEL ECDYAN	06/23/16	06/23/16	06/23/16	225,000,000	225,000,000	0	225,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/09/16	06/09/16	06/09/16	145,000,000	145,000,000	0	145,000,000	0
CREDIT INDUSTRIEL ECDYAN	06/16/16	06/16/16	06/16/16	200,000,000	200,000,000	0	200,000,000	0
CREDIT SUISSE, ZURICDYAN	06/03/16	06/03/16	06/03/16	25,000,000	25,000,000	0	25,000,000	0
CREDIT SUISSE, ZURICP	06/14/16	06/14/16	06/14/16	100,000,000	100,000,000	0	100,000,000	0
FAIRWAY FINANCE LLC	06/10/16	06/10/16	06/10/16	15,000,000	15,000,000	0	15,000,000	0
GOTHAM FUNDING CORPCPABS4	06/06/16	06/06/16	06/06/16	20,614,000	20,614,000	0	20,614,000	0
GOTHAM FUNDING CORPCPABS4	06/16/16	06/16/16	06/16/16	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	06/20/16	06/20/16	06/20/16	2,000,000	2,000,000	0	2,000,000	0
GOTHAM FUNDING CORPCPABS4	06/21/16	06/21/16	06/21/16	25,000,000	25,000,000	0	25,000,000	0
GOTHAM FUNDING CORPCPABS4	06/23/16	06/23/16	06/23/16	11,500,000	11,500,000	0	11,500,000	0
ING (U,S,) FUNDING CP	06/02/16	06/02/16	06/02/16	50,000,000	50,000,000	0	50,000,000	0
ING (U,S,) FUNDING CP	06/13/16	06/13/16	06/13/16	200,000,000	200,000,000	0	200,000,000	0
ING (U,S,) FUNDING CP	06/23/16	06/23/16	06/23/16	50,000,000	50,000,000	0	50,000,000	0
IBM CORP,CP4-2	06/28/16	06/28/16	06/28/16	50,000,000	50,000,000	0	50,000,000	0
LMA-AMERICAS LLCCPABS4-2	06/01/16	06/01/16	06/01/16	31,900,000	31,900,000	0	31,900,000	0
LMA-AMERICAS LLCCPABS4-2	06/03/16	06/03/16	06/03/16	129,000,000	129,000,000	0	129,000,000	0
LMA-AMERICAS LLCCPABS4-2	06/06/16	06/06/16	06/06/16	55,000,000	55,000,000	0	55,000,000	0
LMA-AMERICAS LLCCPABS4-2	06/24/16	06/24/16	06/24/16	16,200,000	16,200,000	0	16,200,000	0
MALAYAN BANKING BERCPLOC	06/01/16	06/01/16	06/01/16	1,465,000	1,465,000	0	1,465,000	0
MANHATTAN ASSET FUNCPABS4	06/01/16	06/01/16	06/01/16	83,000,000	83,000,000	0	83,000,000	0
MANHATTAN ASSET FUNCPABS4	06/02/16	06/02/16	06/02/16	40,000,000	40,000,000	0	40,000,000	0
MANHATTAN ASSET FUNCPABS4	06/07/16	06/07/16	06/07/16	59,000,000	59,000,000	0	59,000,000	0
MANHATTAN ASSET FUNCPABS4	06/15/16	06/15/16	06/15/16	11,000,000	11,000,000	0	11,000,000	0
MANHATTAN ASSET FUNCPABS4	06/17/16	06/17/16	06/17/16	49,000,000	49,000,000	0	49,000,000	0
MANHATTAN ASSET FUNCPABS4	06/22/16	06/22/16	06/22/16	35,000,000	35,000,000	0	35,000,000	0
MANHATTAN ASSET FUNCPABS4	06/24/16	06/24/16	06/24/16	37,030,000	37,030,000	0	37,030,000	0
MANHATTAN ASSET FUNCPABS4	06/28/16	06/28/16	06/28/16	101,453,000	101,453,000	0	101,453,000	0
MIZUHO BANK LTD,CDYAN	06/14/16	06/14/16	06/14/16	33,000,000	33,000,000	0	33,000,000	0
NOVARTIS SECURITIESCP4-2	06/16/16	06/16/16	06/16/16	10,000,000	10,000,000	0	10,000,000	0
SOCIETE GENERALE, PCP4-2	06/17/16	06/17/16	06/17/16	66,000,000	66,000,000	0	66,000,000	0
SOCIETE GENERALE, PCP4-2	06/20/16	06/20/16	06/20/16	51,000,000	51,000,000	0	51,000,000	0
STANDARD CHARTERED CP4-2	06/01/16	06/01/16	06/01/16	100,000,000	100,000,000	0	100,000,000	0
SUMITOMO MITSUI BANCP4-2	06/22/16	06/22/16	06/22/16	127,600,000	127,600,000	0	127,600,000	0
SUMITOMO MITSUI BANCDYAN	06/10/16	06/10/16	06/10/16	48,000,000	48,000,000	0	48,000,000	0
TORONTO DOMINION BACDYAN	06/03/16	06/03/16	06/03/16	65,000,000	65,000,000	0	65,000,000	0
TORONTO DOMINION BACDYAN	06/14/16	06/14/16	06/14/16	25,000,000	25,000,000	0	25,000,000	0
TORONTO DOMINION BACDYAN	06/22/16	06/22/16	06/22/16	25,000,000	25,000,000	0	25,000,000	0
WELLS FARGO & CO	06/15/16	06/15/16	06/15/16	88,525,000	88,525,000	0	88,525,000	0
GENERAL ELECTRIC CAPITAL CORP	06/20/16	06/20/16	06/20/16	85,000,000	85,000,000	0	85,000,000	0
MIZUHO TRIPARTY	06/01/16	06/01/16	06/01/16	15,000,000	15,000,000	0	15,000,000	0

TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
BANK OF AMERICA TRIPARTY	06/01/16	06/01/16	06/01/16	345,000,000	345,000,000	0	345,000,000	0
MIZUHO TRIPARTY	06/02/16	06/02/16	06/02/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/02/16	06/02/16	06/02/16	305,000,000	305,000,000	0	305,000,000	0
MIZUHO TRIPARTY	06/03/16	06/03/16	06/03/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/03/16	06/03/16	06/03/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	06/06/16	06/06/16	06/06/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/06/16	06/06/16	06/06/16	270,000,000	270,000,000	0	270,000,000	0
MIZUHO TRIPARTY	06/07/16	06/07/16	06/07/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/07/16	06/07/16	06/07/16	335,000,000	335,000,000	0	335,000,000	0
MIZUHO TRIPARTY	06/08/16	06/08/16	06/08/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/08/16	06/08/16	06/08/16	105,000,000	105,000,000	0	105,000,000	0
MIZUHO TRIPARTY	06/09/16	06/09/16	06/09/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/09/16	06/09/16	06/09/16	210,000,000	210,000,000	0	210,000,000	0
MIZUHO TRIPARTY	06/10/16	06/10/16	06/10/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/10/16	06/10/16	06/10/16	40,000,000	40,000,000	0	40,000,000	0
MIZUHO TRIPARTY	06/13/16	06/13/16	06/13/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/13/16	06/13/16	06/13/16	250,000,000	250,000,000	0	250,000,000	0
MIZUHO TRIPARTY	06/14/16	06/14/16	06/14/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/14/16	06/14/16	06/14/16	110,000,000	110,000,000	0	110,000,000	0
MIZUHO TRIPARTY	06/15/16	06/15/16	06/15/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/15/16	06/15/16	06/15/16	215,000,000	215,000,000	0	215,000,000	0
MIZUHO TRIPARTY	06/16/16	06/16/16	06/16/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/16/16	06/16/16	06/16/16	330,000,000	330,000,000	0	330,000,000	0
MIZUHO TRIPARTY	06/17/16	06/17/16	06/17/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/17/16	06/17/16	06/17/16	440,000,000	440,000,000	0	440,000,000	0
MIZUHO TRIPARTY	06/20/16	06/20/16	06/20/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/20/16	06/20/16	06/20/16	260,000,000	260,000,000	0	260,000,000	0
MIZUHO TRIPARTY	06/21/16	06/21/16	06/21/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/21/16	06/21/16	06/21/16	155,000,000	155,000,000	0	155,000,000	0
BANK OF AMERICA TRIPARTY	06/22/16	06/22/16	06/22/16	220,000,000	220,000,000	0	220,000,000	0
MIZUHO TRIPARTY	06/22/16	06/22/16	06/22/16	15,000,000	15,000,000	0	15,000,000	0
MIZUHO TRIPARTY	06/23/16	06/23/16	06/23/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/23/16	06/23/16	06/23/16	455,000,000	455,000,000	0	455,000,000	0
MIZUHO TRIPARTY	06/24/16	06/24/16	06/24/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/24/16	06/24/16	06/24/16	475,000,000	475,000,000	0	475,000,000	0
MIZUHO TRIPARTY	06/27/16	06/27/16	06/27/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/27/16	06/27/16	06/27/16	560,000,000	560,000,000	0	560,000,000	0
MIZUHO TRIPARTY	06/28/16	06/28/16	06/28/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/28/16	06/28/16	06/28/16	325,000,000	325,000,000	0	325,000,000	0
MIZUHO TRIPARTY	06/29/16	06/29/16	06/29/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/29/16	06/29/16	06/29/16	160,000,000	160,000,000	0	160,000,000	0
MIZUHO TRIPARTY	06/30/16	06/30/16	06/30/16	15,000,000	15,000,000	0	15,000,000	0
BANK OF AMERICA TRIPARTY	06/30/16	06/30/16	06/30/16	210,000,000	210,000,000	0	210,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160608	06/08/16	06/08/16	06/08/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160609	06/09/16	06/09/16	06/09/16	100,000,000	100,000,000	0	100,000,000	0

TRADING ACTIVITY FOR JUNE 2016

Security Description	Maturity Date	Trade Date	Settle Date	Par or Shares	Principal	Traded Interest	Settlement Amount	Realized Gain(Loss)
SVENSKA HANDELSBANKTDCAY 0.36 20160610	06/10/16	06/10/16	06/10/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160613	06/13/16	06/13/16	06/13/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160614	06/14/16	06/14/16	06/14/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.36 20160616	06/16/16	06/16/16	06/16/16	200,000,000	200,000,000	0	200,000,000	0
SVENSKA HANDELSBANKTDCAY 0.37 20160617	06/17/16	06/17/16	06/17/16	100,000,000	100,000,000	0	100,000,000	0
SVENSKA HANDELSBANKTDCAY 0.38 20160624	06/24/16	06/24/16	06/24/16	300,000,000	300,000,000	0	300,000,000	0
SVENSKA HANDELSBANKTDCAY 0.4 20160629	06/29/16	06/29/16	06/29/16	200,000,000	200,000,000	0	200,000,000	0
Total Maturities				***13,793,062,000***	***13,793,062,000***	***0***	***13,793,062,000***	***0***
Sells								
ANGLESEA FUNDING LLCPABS4	06/16/16	06/07/16	06/07/16	50,000,000	49,995,000	0	49,995,000	2,875
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/01/16	06/01/16	181,084	181,084	0	181,084	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/01/16	06/01/16	3,865,576	3,865,576	0	3,865,576	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/07/16	06/07/16	207,334	207,334	0	207,334	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/07/16	06/07/16	405,957	405,957	0	405,957	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/08/16	06/08/16	1,305,919	1,305,919	0	1,305,919	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/10/16	06/10/16	4,377,542	4,377,542	0	4,377,542	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/14/16	06/14/16	89,147	89,147	0	89,147	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/14/16	06/14/16	303,743	303,743	0	303,743	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/14/16	06/14/16	668,347	668,347	0	668,347	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/14/16	06/14/16	738,386	738,386	0	738,386	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/15/16	06/15/16	650,733	650,733	0	650,733	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/15/16	06/15/16	1,006,486	1,006,486	0	1,006,486	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/15/16	06/15/16	169,474	169,474	0	169,474	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/16/16	06/16/16	137,866	137,866	0	137,866	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/16	06/21/16	1,465,746	1,465,746	0	1,465,746	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/16	06/21/16	587,058	587,058	0	587,058	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/16	06/21/16	1,468,492	1,468,492	0	1,468,492	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/16	06/21/16	1,455,445	1,455,445	0	1,455,445	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/21/16	06/21/16	241,554	241,554	0	241,554	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/23/16	06/23/16	940,330	940,330	0	940,330	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/23/16	06/23/16	564,127	564,127	0	564,127	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/28/16	06/28/16	1,307,440	1,307,440	0	1,307,440	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/29/16	06/29/16	195,366	195,366	0	195,366	0
DREYFUS GOVT CASH MGMT FUND	06/01/18	06/29/16	06/29/16	863,190	863,190	0	863,190	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	06/03/16	06/03/16	10,500,000	10,500,000	0	10,500,000	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	06/09/16	06/09/16	8,000,000	8,000,000	0	8,000,000	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	06/15/16	06/15/16	28,350,000	28,350,000	0	28,350,000	0
FEDERATED PRIME CASH OBLIGATIONS FUND	10/01/40	06/15/16	06/15/16	21,650,000	21,650,000	0	21,650,000	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	06/02/16	06/02/16	15,000,000	15,000,000	0	15,000,000	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	06/02/16	06/02/16	15,000,000	15,000,000	0	15,000,000	0
FEDERATED PRIME OBLIGATIONS FUND	10/01/40	06/15/16	06/15/16	25,000,000	25,000,000	0	25,000,000	0
Total Sells				***196,696,345***	***196,691,345***	***0***	***196,691,345***	***2,875***

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

1801 Hermitage Boulevard, Suite 100
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(850) 488-4406

www.sbafla.com/prime

Our Mission

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

Federated

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

August 2, 2016

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

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

Dear Representative Raulerson and Senator Abruzzo:

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,

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

May 15, 2016

SUMMARY OF STATUTORY COMPLIANCE REVIEW, 2016

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, 2015 through May 15, 2016.

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 93 percent of the dollar value of the Fund is in accounts of participants that have Disclosure Statements on file.

Disclosure: I currently serve as the Chair of the Leon County Research and Development Authority (Authority) Board of Governors, which has some of its funds in a PRIME™ account. This is an unpaid position, and the Authority's participation in PRIME™ predates my service on its board or as chair. My analysis, in which the SBA General Counsel concurs, indicates that this relationship does not pose a conflict or compromise the impartiality of this review.

Anne Longman

Reply to: Tallahassee

May 15, 2016

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 eighth 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.

The scope of this review is sections 218.40 – 218.415, Florida Statutes for the time period May 30, 2015 through May 15, 2016. 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 [sic] 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 Investment Counseling, 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. Revised Rule 19-7.002 was amended to adopt the current Investment Policy Statement for the Fund as approved by the Trustees on June 23, 2015 and made effective July 1, 2015. 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 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 15, 2016 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 more fully previously (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. All participants who have enrolled since the law change in 2008 have Disclosure Statements on file. Since last year's report, staff reports the following:

- As of May 15, 2016, there were 170 participants that had not submitted a signed disclosure statement, out of 770 participants. This is 86 fewer than in last year's report.
- 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 93.50%.
- Of the 170 participants with no Disclosure Statement on file, 12 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

> 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, 2015. 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 2015 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 required every other year; in 2016, these two courses are required. While some employees have not yet completed these courses, they are not required to do so until June 30, 2016 and the Inspector General states that he insures that all courses are completed timely. 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. Federated's Chief Investment Officer and its Chief Compliance Officer have executed a Compliance Certification for 2015.

> (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.

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, and has been staffed.

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.

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, 2015.

> (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 2.7 basis points (or 0.027%), 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 $7.3 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. Additionally, since January 1, 2016, participants have received the added benefit of having all pool expenses offset. During their December 4, 2015 meeting, the Participant Local Government Advisory Council (PLGAC), with support from the SBA's Trustees, provided direction to the SBA to use the remaining proceeds from liquidity redemption fees charged to pool participants in 2008 to pay for all monthly pool expenses. As a result, all pool fees will be covered by this account. Based on the current redemption fee reserve account balance, pool expenses are expected to be offset through early 2017, depending upon the actual level of future pool expenses. All pool charges have continued to be reported within the Monthly Summary Report, including the actual monthly line-item fees, with the offset shown as a "Fee Holiday". Once the redemption fee reserve account has been exhausted, pool charges will be reinstituted and notice will be provided to all Florida PRIME participants.

> (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 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. 2016-034, for the fiscal years ended June 30, 2015 and 2014, was completed in November, 2015, 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 January 21, 2016 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.—

> 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

State Board Administration of Florida

June 2016

Aon Hewitt
Retirement and Investment

Executive Summary

- The purpose of Florida PRIME™ is safety, liquidity, and competitive returns with minimal risk for participants

- Under Florida state law, an annual review of Florida PRIME™ is required to determine whether the management of the Fund is in keeping with best practices

- Aon Hewitt Investment Consulting (AHIC), in conjunction with SBA staff (and input from investment manager Federated), compiles an annual best practices report that includes participant survey results, a full review of the Investment Policy Statement (with an eye to newly issued GASB 79 guidance), and peer comparison statistics
  - This document serves as a summary to AHIC's Florida PRIME™ Best Practices Review report

- **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**
  - 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 cash flow obligations
  - In addition, Florida PRIME™ is in compliance with most of the newly issued GASB 79 guidance and with some small changes to the investment policy statement can continue to utilize amortized cost

GASB 79 Guidelines

- Recently issued GASB 79 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 new guidelines set forth by GASB 79
- GASB 79 guidelines are similar to Rule 2a-7 with some modifications
- Because Florida PRIME™ has operated in a manner consistent with 2a-7, it is in compliance with most of the GASB 79 guidelines

Guidance	Florida PRIME™ Compliance
Maximum maturity of a portfolio asset is 397 days	Yes
Maximum Weighted Average Life is 120 days and Maximum Weighted Average Maturity is 60 days	Yes
Daily liquid assets of at least 10% (plus foreseeable cash flows) and Weekly liquid assets of at least 30% (plus foreseeable cash flows)	Yes – but add language regarding foreseeable cash flows to IPS
Maximum illiquid assets is 5%	Yes – but change definition of illiquid from 7 to 5 business days to be sold
Diversification – 5% max per issuer and 10% max per guarantor	Yes
Credit Quality – must be highest credit rating at purchase	Yes
Repurchase agreements – counterpart and collateral must meet credit quality tests	Yes
100% dollar denominated assets	No – add language to IPS
Bank deposits – credit evaluation or rating required	No – IPS has some language but add more specifics
Monthly shadow pricing required	Yes

Recommended IPS Language Changes

- Below we summarize major recommended IPS changes:
  - Added language regarding the issuance of GASB 79 and Florida PRIME™'s commitment to operate in a manner consistent with the criteria and requirements as stated in GASB 79
  - Specifically state that 100% of Florida PRIME™ assets will be U.S. dollar denominated
  - Clarifying language regarding Nationally Recognized Statistical Ratings Organizations (NRSRO) criteria
  - New language regarding the need to hold liquid assets sufficient to meet reasonably foreseeable redemptions
  - Soften the current strict nine month maturity limit on commercial paper
  - Clarifying language regarding bank instruments such that it better conforms to GASB 79
  - Change definition of illiquid asset to reflect five business days instead of seven days (until such security can be sold)
  - Clarifying language on repurchase agreements such that it better conforms to GASB 79
- A red-line version of the IPS, with all changes, can be found under separate cover

Participant Survey Results

- Survey results are consistent with prior years; a summary of these results is shown below:
  - The 2016 survey attracted 73 respondents (although not all respondents answers all questions), which is a slightly lower turnout than what was experienced last year
  - A diversified group of governmental units responded to the survey, with approximately 64% indicating that they employ less than 1,000 employees and 51% indicating a level of cash assets available for short-term investment being greater than $10 million
  - Respondents continue to provide strong feedback related to the Florida PRIME™ website; respondents indicated that they utilize the website fairly frequently and find it easy to use
  - Customer service continues to receive strong feedback with over 90% of respondents rating them very courteous, knowledgeable and responsive
  - Overall, survey results continue to be favorable regarding the operational and service related questions
  - Further respondents indicated the communications issued by the SBA are mostly useful as well

Peer Review

- In the table below, we show the top 10 largest local government investment pools in the country by assets
- Florida PRIME™ continues to maintain a low fee (currently 0.0 bps given the fee holiday that is currently in place) and a reasonable investment return for participants given the risk level and conservative positioning of the pool

Rank	Name of Pool	State	Assets ($ mm)	12 Mo. TR (%)	Total Fee (bps)	Max WAM (days)	Pool Category
1	Local Agency Investment Fund	CA	19,493	0.25	--	120-540	Ultrashort
2	TexPool	TX	13,847	0.03	4.2	60	MMF
3	State of New Jersey Cash Management Fund	NJ	11,362	0.06	--	365	MMF Plus
4	Utah Public Treasurers Investment Fund	UT	11,324	0.49	--	90	MMF Plus
5	Georgia Fund 1	GA	10,733	0.17	3.3	60	MMF
6	(Washington State) Local Government Investment Pool	WA	8,956	0.10	3.5	60	MMF
7	San Diego County Treasurer's Pooled Money Fund	CA	7,922	0.45	13.0	1.5 Years	Ultrashort
8	**Florida PRIME™**	**FL**	**7,881**	**0.16**	**3.0**	60	MMF
9	(Tenn.) Local Government Investment Pool	TN	7,611	0.08	5.0	120	MMF Plus
10	LGIP/Oregon Short-Term Fund	OR	7,326	0.50	0.3	--	Ultrashort

Legal Disclosures and Disclaimers

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Aon Hewitt

Florida PRIME™ Best Practices Review

Florida State Board of Administration (SBA)

June 2016

Risk. Reinsurance. Human Resources.

Empower Results®

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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, provide information on finalized Governmental Accounting Standards Board (GASB) Statement 79, review the Florida PRIME™ Investment Policy Statement (with particular consideration paid to the impact stemming from GASB 79), and provide a peer comparison analysis.

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.

2016 Recommendations

- SBA can continue to manage Florida PRIME™ in a similar capacity (i.e., "2a-7 like" status) given its compliance with the finalized GASB 79. However, we do suggest modest investment policy changes in light of recent GASB guidance (as outlined below and further detailed later in this report) which we believe will further ensure SBA's continued "2a-7 like" status. In the spirit of keeping participant needs and best interests secure, a finalized GASB Statement 79 puts forth rules on how external investment pools shall interpret and apply the SEC's 2a-7 money market reforms. More specifically, AHIC recommends SBA maintain current amortized cost practices as well as the fixed ($1.00) net asset value (participant survey data shows strong support for this approach).

- AHIC reviewed the Investment Policy Statement (IPS) with an eye to GASB 79. In doing so, AHIC worked with Staff and investment manager, Federated, to identify changes to the IPS. Below we summarize major recommended changes:

  - Added language regarding the issuance of GASB 79 and Florida PRIME™'s commitment to operate in a manner consistent with the criteria and requirements as stated in GASB 79
  - Specifically state that 100% of Florida PRIME™ assets will be U.S. dollar denominated
  - Clarifying language regarding Nationally Recognized Statistical Ratings Organizations (NRSRO) criteria
  - New language regarding the need to hold liquid assets sufficient to meet reasonably foreseeable redemptions
  - Soften the current strict nine month maturity limit on commercial paper
  - Clarifying language regarding bank instruments such that it better conforms to GASB 79
  - Change definition of illiquid asset to reflect five business days instead of seven days (until such security can be sold)
  - Clarifying language on repurchase agreements such that it better conforms to GASB 79

2016 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 2016 survey attracted 73 respondents (although not all respondents answers all questions), which is a slightly lower turnout than what was experienced last year.

A diversified group of governmental units responded to the survey, with approximately 64% indicating that they employ less than 1,000 employees and 51% indicating a level of cash assets available for short-term investment being greater than $10 million. Of the 73 respondents, 42% indicated having a balance with Florida PRIME™ of over $10 million. 32% of respondents indicated they have maintained less than 25% of their surplus in Florida PRIME™ and 32% indicated they have maintained between 25% and 50% with Florida PRIME™.

Respondents continue to provide strong feedback related to the Florida PRIME™ website, with 76% indicating that they visit the website at least once a month, and 67% responding that they find its functionality very easy to use and 32% of 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, 88% of respondents noted that they find the monthly account statements very useful and 83% 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, as only 3 of 71 responders indicating that they routinely access this service.

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 33% indicating their use over the past 12 months, and consistent with previous surveys, roughly 35% 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, 39% indicated that the yield level added value and 27% indicated value was added through offering other complimentary investment vehicles to choose from. When asked what is preventing an organization from using Florida PRIME™ as the primary source of cash management, 44% responded that a major or moderate reason was an unattractive yield level; however, 41% responded that the yield was not a reason at all. Approximately 44% 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

42% also responded this was not a reason at all. Further, approximately 84%, 88% 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.

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.

SEC Rule 2a-7 / GASB 79 Reform Update

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 2a-7 of the Investment Company Act of 1940 without actually being registered with the SEC.

Recently issued GASB 79 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 new guidelines set forth by GASB 79. These guidelines are very similar to Rule 2a-7 with a few differences, which are highlighted throughout this and the following section of the report. Federated and SBA Staff have managed Florida PRIME™ in a manner consistent with SEC Rule 2a-7 as is laid out in Florida PRIME™’s Investment Policy Statement, and therefore, there are only a few changes required in the way the pool is managed to ensure compliance with GASB 79. We note that Federated is meeting with all clients (including Florida SBA staff), to go over GASB 79 changes in more detail to ensure a full understanding.

In the following section we show pertinent criteria and guidance from GASB 79 compared to the current language in the investment policy statement. Florida PRIME™ is compliant with almost all of the GASB guidance; however, we have a few recommendations for changes that should be made to the investment policy statement.

GASB Guidance	**Relevant IPS Language**	**Compliant?**	**Commentary**
Maximum maturity of a portfolio asset is 397 days	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.	Yes	GASB treats government floating rate/variable notes as having a maturity of 1 day
Maximum Weighted Average Life is 120 days and Maximum Weighted Average Maturity is 60 days	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	Yes	None
Daily liquid assets of at least 10% (plus foreseeable cash flows) and Weekly liquid assets of at least 30% (plus foreseeable cash flows)	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.	Yes	Adding language regarding foreseeable cash flows to the IPS

Maximum illiquid assets is 5%	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.	Yes	GASB defines an illiquid investment as an investment that cannot be sold or disposed of in the ordinary course of operations at its amortized cost value within five business days. AHIC recommends changing the IPS to reflect five business days (as opposed to seven)
Diversification – 5% max per issuer and 10% max per guarantor	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.	Yes	None
Credit Quality – must be highest credit rating at purchase	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. 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 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	Yes	GASB relies on SEC 2a-7 regarding various procedures in the event of a downgrade or default. The focus of GASB in this regard is that a process is documented and followed in the event of a security downgrade. AHIC believes current IPS language satisfies this requirement.
Use of repurchase agreements – counterpart and collateral must	Florida PRIME will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the	Yes	None

meet credit quality tests	Investment Manager. Each repurchase agreement counterparty must have an explicit issuer or counterparty credit rating in the highest short-term rating category from Standard & Poor's.		
100% dollar denominated assets	The Investment Manager will invest Florida PRIME's assets in short-term, high-quality fixed income securities.	No	In multiple instances within the IPS, dollar denominated securities are mentioned as allowable assets. AHIC recommends adding specific language related to this criteria to the IPS.
Bank deposits – credit evaluation or rating required	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. 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.	No	While the current IPS does include language related to the evaluation of bank deposits, AHIC recommends adding specific language related to this criteria to the IPS.
Monthly shadow pricing required	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. 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	Yes	A primary concern stated with SEC Rule 2a-7 and GASB 79 is that a process is documented and followed in the event of deviation between market value and amortized cost. AHIC believes current IPS language satisfies this requirement.

	reasonably practicable such dilution or unfair results.		

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 2015. AHIC last reviewed the IPS then as well. At that time, AHIC believed it prudent to wait to make modifications to the IPS until GASB issued its final Statement (GASB 79). Our rationale was that by potentially enacting changes to Florida PRIME™’s IPS it could result in unnecessary disruptions to the management, reporting and overview of the portfolio (pending final opinion from GASB).

Here we summarize the recommended changes to the IPS resulting from AHIC’s annual review.

GASB Guidance	Relevant IPS Language	Commentary
Notice of the issuance of GASB 79	In December 2015, GASB issued Statement 79, which de-links the accounting treatment of external investment pools from Rule 2a-7, and establishes criteria for the use of amortized cost to value portfolio assets of an external pool. GASB 79 also made clear that rounding unit value up or down to the nearest penny to maintain a stable NAV of $1.00 per share for issuances and redemptions of units is an operational decision for an external investment pool, rather than accounting matter. GASB 79 also specifies, however, that seeking to maintain a stable price of $1.00 per share is one of the criteria that an external investment pool must meet as a condition to valuing all portfolio assets at amortized cost for financial reporting purposes.	There are multiple minor changes to the IPS as a result of the issuance of GASB 79; these instances typically note that Florida PRIME will operate in a manner consistent with GASB 79 instead of Rule 2a-7
100% U.S. dollar-denominated assets	. All Florida PRIME™ assets (100 percent) will be U.S. dollar-denominated.	A clarifying statement, not previously found in the IPS
Nationally Recognized Statistical Ratings Organizations (NRSRO) criteria	In order to meet the investment grade ratings criteria of Standard & Poor’s for a pool, the remaining maturity of securities purchased by the Investment Manager shall not exceed 762 days for government floating rate notes/variable rate notes and will not exceed 397 days for all other securities; provided, however, that if not required by the ratings criteria of the applicable NRSRO that is providing an investment grade rating to the pool and to the extent consistent with the portfolio criteria of GASB 79, longer term floating rate/variable rate notes that are U.S. government securities may be owned by Florida PRIME.	Clarifying statement

Retain liquidity to meet reasonably foreseeable redemptions	Florida PRIME™ shall seek to hold liquid assets sufficient to meet reasonably foreseeable redemptions, based upon knowledge of the expected cash needs of participants.	The key change is the addition of GASB 79 guidance pertaining to "meeting reasonably foreseeable redemptions"
Commercial paper maturity	Commercial paper is an issuer's obligation with a maturity of generally less than 270 days (and typically with a maturity of 30 days or less).	This revised statement softens the previous language regarding a strict nine month maturity limit
Bank instruments	Florida PRIME™ shall further limit its investments in bank instruments consistent with the requirements of GASB 79.	A new clarifying statement as a result of GASB 79
Definition of illiquid assets	The Investment Manager will exercise reasonable care to not acquire securities that cannot be sold or disposed of in the ordinary course of business within five business days at approximately the value ascribed to them by Florida PRIME if, immediately after the acquisition, Florida PRIME would have invested more than 5% of its total assets in such securities.	The pertinent change is that an illiquid asset is now defined as a security not able to be sold within five business days (previously it was seven days)
Repurchase agreements	The securities that are subject to the repurchase transactions are limited to securities in which Florida PRIME™ would be permitted to invest, except that such securities may have a maturity longer than would otherwise be permitted for Florida PRIME to own.	Clarifying statement

Under separate attachment is a red-line version of the IPS and all recommended language changes.

Peer Review

We compare the structure and practices of Florida PRIME™ to peer pools serving the short-term investment needs of state and local agencies and other public entities in the United States. We make the following broad observations about the characteristics of Florida PRIME™. In general, we find that Florida PRIME™ is comparable or compares favorably to peers in nearly all areas.

- *Participant Base:* Whereas peer pools may be tailored to a specific participant base, Florida PRIME™ partners with a diversified group of Florida public entities, including, but not limited to, colleges and universities, constitutional officers, counties, municipalities, school boards, and school districts.

- *Common Structure*: Florida PRIME™ is structured as a money market fund with a $NAV, among the most commonly offered structures offered by local government investment pools. Pools managing assets on a total return basis will inherently exhibit different profiles and attract investors with different risk and return objectives.

- *Risk-Controlled Investment Objective*: Florida PRIME™ operates as a "2a-7-like" fund, being managed in a manner consistent with the diversification, credit quality and maturity conditions of SEC Rule 2a-7. AHIC believes the inclusion of this language in the Florida PRIME™ Investment Policy Statement provides investors with added comfort that the pool will be managed at least in line with industry standards.

- *Use of a Common External Adviser*: The vast majority of pools surveyed utilize external advisers to handle investment decisions. Florida PRIME employs Federated Investment Management's services. Federated is experienced in the local government investment pool (LGIP) business and advises other similar large pools.

- *Highest Credit Rating:* Florida PRIME™ holds the highest money market fund rating from S&P, an AAAm principal stability fund rating, which is consistent with a large majority of peers. A very small minority of pools are rated by more than one agency.

- *Easily Accessible Information:* Florida PRIME™ has put a significant amount of effort into ensuring the Florida PRIME™ website is meeting and exceeding the needs of its participants. The large majority of respondents to the Florida PRIME™ Annual Participant surveys indicate that they access the website at least monthly and that they find it very easy to use.

- *Investment Return:* Florida PRIME™'s 12-month total return falls at the lower end of the range of returns when compared across a wide range of local government investment pools, which can be expected given the pool's conservative positioning illustrated by its extremely low weighted average maturity. However, when compared to those that have similar guidelines related to the weighted average maturity (60 days), Florida PRIME™'s 12-month total return is comparable or higher.

- *Reasonable Benchmark:* While there is no universally accepted practice for benchmarking, the S&P Rated GIP All/30-Day Net of Fees Index that Florida PRIME utilizes is a commonly used benchmark.

- *Commonly-Used Custodian:* BNY Mellon, a commonly used custodian among peer funds, acts as Florida PRIME's custodian.

- *Fees:* Over the last five years, the Florida PRIME™ fee has averaged less than 2.0 basis points. Since January 2016, participants have received the benefit of having all pool expenses offset (i.e., fee holiday) and this offset is expected to continue through early 2017. Monthly pool expenses are currently being paid with monies originally accumulated in 2008 stemming from liquidity fees paid by participants.

In the table below, we show the top 25 largest local government investment pools in the country by assets under management. As of December 2014, Florida PRIME™ was the 8th largest pool. The Fund's total effective fee of 3.0 basis points (bps) is among the lowest of the group, which ranges from 0.3–24.0 bps. Florida PRIME™'s 0.16% 12-month total return is below median among this group, and can be attributed to the pool's absolute and relatively low weighted average maturity.

Rank	Name of Pool[1]	State	Assets ($ mm)	12 Mo. TR (%)	Total Fee (bps)	Max WAM (days)	Pool Category[2]
1	Local Agency Investment Fund	CA	19,493	0.25	--	120-540	Ultrashort
2	TexPool	TX	13,847	0.03	4.2	60	MMF
3	State of New Jersey Cash Management Fund	NJ	11,362	0.06	--	365	MMF Plus
4	Utah Public Treasurers Investment Fund	UT	11,324	0.49	--	90	MMF Plus
5	Georgia Fund 1	GA	10,733	0.17	3.3	60	MMF
6	(Washington State) Local Government Investment Pool	WA	8,956	0.10	3.5	60	MMF
7	San Diego County Treasurer's Pooled Money Fund	CA	7,922	0.45	13.0	1.5 Years	Ultrashort
8	**Florida PRIME™**	**FL**	**7,881**	**0.16**	**3.0**	60	MMF

[1]Data provided by iMoneyNet Special Report: Government Investment Pools: Investment Strategies, Facts, Figures, and Trends; December 2015

[2] iMoney defines as follows: MMFs - stable $1 NAV with max WAM of 60 days; MMF Plus - stable $1 NAV with WAM of 61 days – 1 year; Ultrashort - variable NAV with investment horizon from 1-3 years; Enhanced Cash pool - variable NAV with duration of one year or shorter.

9	(Tenn.) Local Government Investment Pool	TN	7,611	0.08	5.0	120	MMF Plus
10	LGIP/Oregon Short-Term Fund	OR	7,326	0.50	0.3	--	Ultrashort
11	Mass Municipal Depository Trust-Cash Portfolio	MA	7,038	0.18	5.0	60	MMF
12	(Riverside) Treasurer's Pooled Investment Fund	CA	5,896	--	--	541	Ultrashort
13	The Illinois Funds – Money Market Fund	IL	5,371	0.01	--	60	MMF
14	King County Investment Pool	WA	5,241	0.69	--	541	Ultrashort
15	TexSTAR Cash Reserve Fund	TX	5,158	0.04	--	60	MMF
16	Orange County Extended Fund	CA	4,997	0.50	7.6	549	Ultrashort
17	San Bernardino Investment Pool	CA	4,907	--	5.0	541	Ultrashort
18	Maryland Local Government Investment Pool	MD	4,713	0.05	2.5	60	MMF
19	(Conn.) State Treasurer's Short-Term Investment Fund	CT	4,177	0.15	2.0-3.0	60	MMF
20	San Mateo County Investment Pool	CA	4,115	0.90	11.5	3 Years	Intermed. Bond
21	LOGIC I-Class A	TX	3.940	0.09	--	60	MMF
22	PFM Funds: Prime Series/SNAP Fund Class	VA	3,773	0.13	8.0	60	MMF
23	North Carolina Capital Management Trust: Cash Portfolio	NC	3,743	0.01	24.0	60	MMF
24	Sacramento County Pooled Investment Fund	CA	2,915	--	--	3 Years	Ultrashort
25	TEXAS CLASS (TEXAS COOPERATIVE LIQUID ASSETS SECURITIES SYSTEM)	TX	2,881	0.10	8.9	60	MMF

While it is important and informational to compare Florida PRIME™ to other local government investment pools nationwide, it is also prudent to review the short-term investment solutions that serve as direct alternatives for Florida PRIME™'s current and potential participants. These alternative options include other short-term funds within the state of Florida and registered institutional money market funds.

As shown in the table below, relative to the five alternative products offered in Florida, Florida PRIME™ is the largest fund according to assets and number of investors, and is offered at the lowest total fee. Similarly, Florida PRIME™ compares favorably to a universe of money market funds provided by Morningstar. The Morningstar universe is comprised of 140 money market funds with an average 12 month total return of 0.03% and a median annual fee of 33 basis points.

Florida Peer Funds (Data as of 12/31/2014)	**Assets ($ b)**	**# of Investors**	**Total Fee (bps)**	**Pool Category**	**Rated**	**12 Mo. TR (%)**	**Max WAM (days)**	**Investment Manager**	**Benchmark**
Florida PRIME™	**7.9**	**803**	**3.0**	**2a-7 Like**	**AAAm**	**0.16**	**60**	**Federated Investors**	**S&P Rated GIP All/30-Day Net of Fees Index**
Florida Trust (Day to Day Fund)	0.5	--	13.6	Non-2a-7	AAAm	0.08	60	Payden & Rygel	3-Month Treasury Bill
Florida Trust (Short Term Bond Fund)	1.0	--	25	Non-2a-7	AAAf/S 1	0.57	1-5 Years	Payden & Rygel	BofA ML 1-3Yr U.S. Treasury Index
Florida Education Investment Fund (FEITF)	0.3	--	14	2a-7 Like	AAAm	0.10	60	PFM Asset Management LLC	--
Florida Surplus Asset Fund Trust (FLSAFE)	0.1	--	--	Non-2a-7	AAAm	--	60	Prudent Man Advisors, Inc.	--
FL Municipal Investment Trust HQ Bond Fund	0.2	--	23	Non-2a-7	AAA/V1	0.12	6mo-1.25 Years	Eaton Vance	BofA ML 1-Year Treasury Note

It is also worth noting that Florida PRIME™ maintains a yield advantage (Federated estimates this to be 3-8 basis points) relative to registered money market funds, another source of comparison for the pool. The reasoning behind this is that registered prime institutional portfolios generally maintain shorter weighted average maturities (i.e., greater liquidity) relative to Florida PRIME™, in anticipation of SEC reforms coming in October 2016. These reforms, specifically the adoption of fluctuating net asset values for registered funds, and the corresponding apprehension within the investment management industry that investors will exit these funds is the primary reason for shorter weighted average maturities (relative to Florida PRIME™). The longer maturity profile of Florida PRIME™ (35-40 days versus 30-35 days on average for registered prime funds) allows for this estimated 3-8 basis point yield advantage.

STATE BOARD OF ADMINISTRATION OF FLORIDA

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(850) 488-4406

POST OFFICE BOX 13300
32317-3300

To: Ash Williams

From: Michael McCauley

CC: Senior Investment Group

Date: May 25, 2016

Subject: **Annual Review and Approval of Florida PRIME Investment Policy Statement (IPS)**

With respect to Florida PRIME, Section 218.409 Florida Statues 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]

To that end, the Florida PRIME Investment Policy Statement (IPS) has been updated (attached):

1. Adding clarifying language and references throughout the document to conform with the new GASB 79 guidelines covering 2a-7-like government investment pools;
2. Adding clarifying language in several locations to distinguish between Rule 2a-7 and GASB 79 requirements;
3. Strengthening the limitation on investments in illiquid securities (Page 3); and
4. Adding clarifying language that all portfolio assets are required to be U.S. dollar-denominated (Page 2)

A memo from Federated Investors is also attached, which provides more detail on the individual proposed changes to Florida PRIME's IPS in order to conform to GASB 79.

Let me know if you have any questions.

Attachments

Memo

Federated®

To:	Mike McCauley Florida State Board of Administration	**Date:**	May 17, 2016
From:	Amy Michaliszyn and Florida Prime Team	**RE:**	GASB 79

Suggested Revisions to Florida PRIME Investment Policy Statement to Address GASB 79

Attached are Federated's suggested revisions to the Florida PRIME IPS to address the changes made by GASB 79 for continued use of amortized cost in financial statements of the pool.

Each of the suggested edits is marked with a short explanation of the purpose of the change.

Most of the edits are simply to conform the IPS by removing some references to SEC Rule 2a-7 (which the prior GASB guidance used as a benchmark) and adding references to GASB 79. GASB 79 delinks pool use of amortized cost from explicit reference to SEC Rule 2a-7, while establishing a very similar set of portfolio criteria to those embodied in Rule 2a-7.

GASB 79 does make a few substantive changes and is slightly more conservative than Rule 2a-7, which may decrease yield somewhat. The changes on portfolio criteria that are addressed in the IPS include:

- Like SEC Rule 2a-7, GASB 79 requires a pool to hold portfolio liquidity of 10% daily liquid assets and 30% weekly liquid assets, plus sufficient liquidity to meet anticipated redemptions based on knowledge of investors. We have added this "Know Your Customer" based liquidity requirement to the IPS.
- Repo collateral must be assets that are eligible for ownership by the pool (other than maturity) and repo counterparties must meet credit criteria established in GASB 79.
- GASB 79 is more restrictive on credit quality of banks that hold deposits above the FDIC limit than is either SEC Rule 2a-7 or the Florida statute.

Federated Investors Tower ● 1001 Liberty Avenue ● Pittsburgh, PA 15222-3779
412-288-1900 ● **FederatedInvestors.com**

Memo

Section 215.44(3) of the Florida statute allows the trust instrument for the pool to define permissible investments in addition to those specifically listed in Section 215.47 of the statute. The existing IPS allows investment in MMFs, but caps the amount at 10% of pool assets. We have kept that preferential limit on MMFs, although not required by the Florida statute or GASB 79. Specific MMFs are approved by the SBA for inclusion as eligible investments of Florida PRIME.

To meet S&P rating requirements, Florida PRIME follows tighter maturity limits than are required by GASB 79 for floating and variable rate U.S. government securities. We have added a reference to the potential for this to change if a different rating approach is taken. GASB 79 defines the maturity for variable and floating rate U.S. government securities instruments in a manner very similar to Rule 2a-7, by basing the maturity upon an annual or more frequent rate reset. We add to the IPS a conforming reference to how maturity is measured in GASB 79 to allow for U.S. government securities that have floating or variable interest rates and no maximum limit on their contractual final maturity other than needed to meet WAL requirements on a pool basis.

cc: Debbie Cunningham
Paige Wilhelm
Carol Borrelli
David Freeman

Investment Policy Statement
Local Government Surplus Funds Trust Fund (Non-Qualified)
Effective August 2, 2016~~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.

In December 2015, GASB issued Statement 79, "Certain External Investment Pools and Pool Participants," which delinks the accounting treatment of external investment pools from Rule 2a-7, and establishes criteria for the use of amortized cost to value portfolio assets of an external pool. GASB 79 also made clear that rounding unit value up or down to the nearest penny to maintain a stable NAV of $1.00 per share for issuances and redemptions of units is an operational decision for an external investment pool, rather than an accounting matter. GASB 79 also specifies, however, that seeking to maintain a stable price of $1.00 per share is one of the criteria that an external investment pool must meet as a condition to valuing all portfolio assets at amortized cost for financial reporting purposes.

Florida PRIME will seek to operate in a manner consistent with the criteria and requirements in GASB 79, including diversification, credit quality and maturity conditions~~ of Rule 2a-7~~. Accordingly, it ~~qualifies for "2a-7 like" status under GASB 31, and~~ is thereby permitted to value portfolio assets at~~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. All Florida PRIME assets (100 percent) will be U.S. dollar-denominated. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more nationally recognized statistical rating organizations ("NRSROs"), or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes. The Investment Manager also may enter into special transactions for Florida PRIME, like repurchase agreements. Each repurchase agreement counterparty must have an explicit issuer or counterparty credit rating in the highest short-term rating category from Standard & Poor's. Certain of the fixed -income securities in which Florida PRIME invests pay interest at a rate that is periodically adjusted ("Adjustable Rate Securities").

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

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

provided, however, that if not required by the ratings criteria of the applicable NRSRO that is providing an investment grade rating to the pool and to the extent consistent with the portfolio criteria of GASB 79, longer term floating rate/variable rate notes that are U.S. government securities may be owned by Florida PRIME.

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

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

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

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

Florida PRIME shall seek to hold liquid assets sufficient to meet reasonably foreseeable redemptions, based upon knowledge of the expected cash needs of participants.

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

In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with (i) the diversification, maturity and credit quality ~~conditions imposed by Rule 2a-7 under the 1940 Act~~criteria in GASB 79, (ii) the requirements imposed by any NRSRO that rates Florida PRIME to ensure that it maintains a AAAm rating (or the equivalent) and (iii) the investment limitations imposed by Section 215.47, Florida Statutes except to the extent, as permitted by Section 215.44(3), the trust instrument of Florida PRIME and this investment policy statement specifically authorize investments in addition to those authorized by Section 215.47.

The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB 79~~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 (other than a money market mutual fund) will not exceed 5% and exposure to any single money market mutual fund will not exceed 10% of Florida PRIME assets.

VII. Portfolio Securities and Special Transactions

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

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

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

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

VIII. Risks Associated with Florida PRIME

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

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

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

Interest Rate Risks

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

Credit Risks

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

Liquidity Risks

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

Concentration Risks

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

Risks of Foreign Investing

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

Call Risks

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

Prepayment Risks

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

Risks Associated with Amortized Cost Method of Valuation

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

Changing Distribution Level Risk

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

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

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

IX. Controls and Escalation Procedures

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

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

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

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

The Executive Director will develop policies and procedures to:

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

- Approve risk allocations and limits, including total fund and asset class risk budgets.

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

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

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

1. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.25%, according to pricing information provided by the Custodian, the Investment Manager will establish a formal action plan. The Investment Oversight Group will review the formal action plan and prepare a recommendation for the Executive Director's consideration.

2. When the deviation between the market value and amortized cost of Florida PRIME exceeds 0.50%, according to pricing information provided by the Custodian, the Executive Director will promptly consider what action, if any, will be initiated. Where the Executive Director believes the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, he will cause Florida PRIME to take such action as he deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.

3. The Investment Manager will perform daily compliance monitoring to ensure that investment practices comply with the requirements of this Policy, according to documented compliance procedures. The Investment Manager will provide regular compliance reports and will communicate compliance exceptions within 24 hours of identification to the Investment Oversight Group. Additionally, the Investment Oversight Group will periodically conduct independent compliance reviews.

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

5. In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event ("Affected Security"), the Investment Manager must dispose of the security as

soon as practical, consistent with achieving an orderly disposition of the security, by sale, exercise of a demand feature or otherwise, and the requirements of GASB 79. An Affected Security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.

6. The Investment Manager will monthly stress test Florida PRIME and at least quarterly report the results of the stress tests to the Investment Oversight Group. Stress tests must be conducted for at least the following events, or combinations of events (i) a change in short-term interest rates; (ii) an increase in net shareholder redemptions; (iii) downgrades or defaults; and (iv) changes between a benchmark overnight interest rate and the interest rates on securities held by Florida PRIME.

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

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

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

X. Deposits and Withdrawals

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

XI. Management Reporting

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

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

Appendix A
Additional Information Regarding Florida PRIME's Principal Securities

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

FIXED INCOME SECURITIES

Corporate Debt Securities

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

COMMERCIAL PAPER

Commercial paper is an issuer's obligation with a maturity of generally less than ~~nine months~~ 270 days. Companies typically issue commercial paper to pay for current expenditures. Most issuers constantly reissue their commercial paper and use the proceeds (or bank loans) to repay maturing paper. If the issuer cannot continue to obtain liquidity in this fashion, its commercial paper may default.

DEMAND INSTRUMENTS

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

Bank Instruments

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

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

Florida PRIME shall further limit its investments in bank instruments consistent with the requirements of GASB 79.

Asset Backed Securities

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

Government Securities

Government security means any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.

U.S. Treasury Securities

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

Agency Securities

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

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

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

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

Insurance Contracts

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

Municipal Securities

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

Foreign Securities

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

- it is organized under the laws of, or has a principal office located in, another country;
- the principal trading market for its securities is in another country; or

- it (or its subsidiaries) derived in its most current fiscal year at least 50% of its total assets, capitalization, gross revenue or profit from goods produced, services performed or sales made in another country.

Mortgage Backed Securities

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

Zero Coupon Securities

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

Callable Securities

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

144A Securities

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

Money Market Mutual Funds

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

SPECIAL TRANSACTIONS

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

Repurchase Agreements

A repurchase agreement is a transaction in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. The repurchase price exceeds the sale price, reflecting Florida PRIME's return on the transaction. This return is unrelated to the interest rate on the underlying security. Florida PRIME will enter into repurchase agreements only with banks and other recognized financial institutions, such as securities dealers, deemed creditworthy by the Investment Manager. The securities that are subject to the repurchase transactions are limited to securities in which Florida PRIME would be permitted to invest, except that such securities may have a maturity longer than would otherwise be permitted for Florida PRIME to own.

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

Repurchase agreements are subject to credit risks.

Delayed Delivery Transactions

Delayed delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time. During the period between purchase and settlement, no payment is made by Florida PRIME to the issuer and no interest accrues to Florida PRIME. Florida PRIME records the transaction when it agrees to buy the securities and reflects their value in determining the price of its units. Settlement dates may not be more than seven business days after entering into these transactions; nonetheless, the market values of the securities bought may vary from the purchase prices. Therefore, delayed delivery transactions create interest rate risks for Florida PRIME. Delayed delivery transactions also involve credit risks in the event of a counterparty default.

Asset Coverage

In order to secure its obligations in connection with special transactions, Florida PRIME will either own the underlying assets, enter into an offsetting transaction or set aside readily marketable securities with a value that equals or exceeds Florida PRIME's obligations. Unless Florida PRIME has other readily marketable assets to set aside, it cannot trade assets used to secure such obligations without terminating a special transaction. This may cause Florida PRIME to miss favorable trading opportunities or to realize losses on special transactions.

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

(1)(a) An ~~FRS~~ Investment Plan member may designate a beneficiary to receive the benefits which may be payable in the event of the member's death. If the member does not designate a beneficiary(ies), or if no designated beneficiary survives the member, then the member's beneficiary(ies) will be those specified by Section 121.4501(20), F.S. which are: the deceased member's spouse; or if there is no surviving spouse, then the deceased member's children, or their legal guardian, on their behalf if under 18 years of age; or if no children survive, the deceased member's father or mother, if living; otherwise the deceased member's estate.

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

(c) Monthly survivor benefits provided by Section 121.591(4), F.S. shall supersede any other distribution or beneficiary that may have been provided by the member's designation of beneficiary.

(2) Any such beneficiary designation may be made on Form IPBEN-1, rev. 04-16 ~~01-15~~, http://www.flrules.org/Gateway/reference.asp?No=Ref-05797, which is hereby adopted and incorporated by reference. This form is available in paper form and may be obtained by calling the toll-free MyFRS Financial Guidance Line at 1(866) 446-9377, Option 4 (TRS 711), Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. or by accessing the MyFRS.com website and clicking on "Resources" and then "Forms." The beneficiary designation form must be completed and received by the ~~FRS~~ Investment Plan Administrator before it becomes effective. Alternatively, a beneficiary may be designated electronically by logging on to MyFRS.com, clicking on "manage investments," and then clicking on "personal info," or by calling the Investment Plan Administrator at 1(866)446-9377, Option 4 (TRS 711).

(3) A beneficiary designation shall only be effective once it is received by the ~~FRS~~ Investment Plan Administrator. The most recent beneficiary designation filed with the ~~FRS~~ Investment Plan Administrator shall replace any previous designation whether made before or after the member's termination of employment or retirement. After submitting the designation, the member is responsible for confirming whether the designation has been received by the ~~FRS~~ Investment Plan Administrator. The beneficiary designation is printed every quarter on the member's quarterly statement.

(4)(a) If the ~~FRS Investment Plan~~ member enrolls in the ~~FRS~~ Investment Plan using the EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1-EZ, rev. 06/14, the General Retirement Plan Enrollment Form for Regular Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1, rev. 04-16 ~~07/15~~, which are adopted and incorporated by reference in subsection 19-11.006(2), F.A.C., or the 2nd Election EZ Retirement Plan Enrollment Form, Form ELE-2-EZ, rev. 04-16 ~~07/15~~, or the 2nd Election Retirement Plan Enrollment Form, Form ELE-2, rev 04-16 ~~07/15~~, which are adopted and incorporated by reference in subsection 19-11.007(3), F.A.C., the member agrees to the beneficiary designation contained in Section 121.4501(20), F.S., unless the member submits a beneficiary designation as provided in subsection (2) herein.

~~(b) If the member dies prior to his or her effective date of retirement, the member's spouse at the time of death shall be the member's beneficiary unless the deceased member had designated a different beneficiary after his or her most recent marriage~~.

(b)~~(c)~~ If the member marries after designating a beneficiary, the member must file an updated beneficiary designation if the member wishes to name someone else other than the spouse as a beneficiary. If the member does not file an updated beneficiary designation, the member's spouse will be the beneficiary of the member's account. The spouse must provide a copy of he marriage certificate verifying that the marriage occurred after the most recent beneficiary designation. Example: John is married to Betty and has named her as his beneficiary. John divorces Betty and marries Carol. Carol will be John's beneficiary unless he files another beneficiary form and names, for example, his son, Bob.

(c)~~(d)~~ Once a member is enrolled in the ~~FRS~~ Investment Plan, the member may designate a beneficiary at any time, as follows:

1. A member may name a beneficiary or beneficiaries to receive the assets of the member's ~~FRS~~ Investment Plan account, either sequentially or jointly.

2. A member may name as beneficiary any person, organization, trust, or the member's estate.

(d)~~(c)~~ A primary beneficiary is someone who will receive the member's funds from the ~~FRS~~ Investment Plan account, if that person is living at the death of the member. If more than one primary beneficiary is designated with specified percentages of the funds, each will receive their member-specified percentages if they are still living at the death of the member. Example: if the member names his four sons, in equal shares (25% each), but two of the four sons die before their father, the other two living sons split the funds two ways, 50% each. ~~If joint primary beneficiaries are named but the member does not specify any percentages of the funds, the beneficiaries will receive equal portions of the remaining funds~~.

(e)~~(f)~~ A contingent beneficiary is one or more person(s) who are named, in case all primary beneficiaries die before the member. Contingent beneficiaries may receive benefits jointly or sequentially. Naming a contingent beneficiary is optional and cannot .be a named primary beneficiary. If a member submits a beneficiary designation listing the same person(s) or entity as primary and contingent beneficiaries, the person(s) or entity will only be accepted as a primary beneficiary designation. All other persons or entities will be accepted as contingent beneficiaries. .

(f)~~(g)~~ If a member inadvertently uses an incorrect beneficiary designation form, the ~~FRS~~ Investment Plan Administrator will notify the member and request that the member complete and submit the correct form, Beneficiary Designation Form IPBEN-1, rev. 04-16 ~~01/15~~. If the member should die prior to completing and submitting the IPBEN-1 form, the ~~FRS~~ Investment Plan Administrator will consider the beneficiary set forth on the incorrect form as being the member's intended beneficiary for the purpose of paying benefits.

(g) If the member submits a beneficiary form that is incomplete, it will not be processed. An incomplete form is a form which is missing the name of the member, last four numbers of the social security number, or signature, or the shares assigned to joint primary or contingent beneficiaries are greater or less than 100%.

(5)(a) If a member is married and the spouse is designated as a primary beneficiary, regardless of whether the percentage allocated to the spouse on the form is less than 100%, the member is not required to notify the spouse.

(b) If a member is married and names a primary beneficiary(ies) and the person(s) named is not the spouse of the member, then the member is required to notify the spouse that the spouse is not a primary beneficiary of the proceeds of the member's FRS Investment Plan account(s). The spouse must acknowledge that the spouse understands that the spouse is not a primary beneficiary of the member's ~~FRS~~ Investment Plan account(s) by signing the beneficiary designation form, Form IPBEN-1, rev. 04-16 ~~01/15~~, in the appropriate place.

(c) If a married member fails to obtain the spouse's acknowledgment on the beneficiary designation form, then the Investment Plan Administrator will send to the member an Acknowledgement of Beneficiary Designation, reminding the member of the necessity of obtaining spousal ackowledgement. The member can return this Acknowledgement of Beneficiary Designation with the spouse's signature which will provide acknowledgement that the spouse is not the primary beneficiary of the member's ~~FRS~~ Investment Plan account(s). Alternatively, the member may provide the ~~FRS~~ Investment Plan Administrator with a notarized statement reflecting the spouse's understanding that the spouse is not the beneficiary of the member's ~~FRS~~ Investment Plan account(s).

(d) If the member fails to obtain the spouse's acknowledgement that a beneficiary, other than the spouse, has been designated as the primary beneficiary of the member's Investment Plan benefit, the beneficiary designation on file with the ~~FRS~~ Investment Plan Administrator at the time of the member's death will be honored only if the spouse's rights as a beneficiary are not compromised under Florida law.

(6)(a) An Alternate Payee may name a beneficiary to receive the benefits which may be payable in the event of the Alternate Payee's death at any time, as outlined in subsection (2) and paragraphs (5)(a) through (f) above, once the Alternate Payee's account has been established by the ~~FRS~~ Investment Plan Administrator.

(b) If the Alternate Payee does not name a beneficiary(ies), then the Alternate Payee's beneficiary(ies) will be those as described in subsection (1).

(7) Per Florida Law Beneficiary Designation.

(a) If a member fails to designate a beneficiary as outlined in subsection (2) above, the member's designation of beneficiary will automatically be assigned a designation of "Per Florida Law" as outlined in Section 121.4501(20), F.S. To establish entitlement to the member's account, the benficary(ies) may be required to provide the following, as applicable: a copy of the marriage certificate, copy of the member's birth certificate, copy of the birth certificate(s) of the beneficiary(ies), legal guardianship documents issued by a court of competent jurisdiction, a notarized written statement confirming the identity of all surviving family members, tax identification number of the member's estate, or a notarized written document stating that the deceased is not survived by a spouse, child(ren) or parent(s).

(b) If, upon the death of a member, a beneficiary(ies) can be identified in accordance with Florida statute, but no social security number or address of the beneficiary or beneficiaries is available, the ~~FRS~~ Investment Plan Administrator will, with the assistance of the SBA, make a reasonable effort to obtain each beneficiary's Social Security Number or Taxpayer Identification Number, using available search tools, including the internet, LexisNexis Accurint, or another third party vendor providing such services. If a beneficiary can be identified and the social security number is provided, the transfer of benefits will be executed by the Investment Plan Administrator.

(c) If, upon the death of a member, a beneficiary cannot be identified, the provisions of paragraph (d) below will be followed.

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

(e) Should the beneficiary be located who then is willing to provide a social security number, a check will be issued to that beneficiary. The check will include actual earnings that have accrued on the funds from the date of transfer from the member's account to the Suspense Account and/or Forfeiture Account. Such payment will be subject to applicable income tax withholding, which shall be paid to the tax authorities at the time of the issuance of the check to the beneficiary.

(8) Distributions to beneficiaries on the death of a member.

(a) If a member dies before his or her effective date of retirement, the member's spouse at the time of his or her death shall be the member's beneficiary, unless the member has designated a different beneficiary after the member's most recent marriage. If the member did name another beneficiary after his or her most recent marriage, the named beneficiary will receive the member's account balance.

(b) Upon notification of the member's death, the ~~FRS~~ Investment Plan Administrator will contact the designated beneficiary or the family of the deceased member and provide instructions on how to claim any benefits.

(9) Distributions to designated or per Florida law spousal beneficiaries.

(a) The member's surviving spouse, must provide a certified copy of the member's death certificate and, if the spouse is not designated by the member, but is the beneficiary according to Florida law, the surviving spouse must provide a copy of the marriage certificate before benefits will be paid.

(b) Spousal beneficiaries may request the following distributions:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the spouse no longer will be a member of the ~~FRS~~ Investment Plan.

2. Partial Distribution, which provides for a partial lump sum payment of the account balance. The remainder may be paid out through regular periodic payments that the spouse selects, such as monthly, quarterly, semi-annually or annually. The spouse also may defer payment of the remainder of the account balance and take additional partial lump sum payments as needed.

3. Periodic Payments, which allows for the establishment of a regular payment schedule of benefits, such as monthly, quarterly, semi-annually or annually. The amount of each benefit payment will be calculated by dividing the account balance on the date of the benefit payment by the remaining number of payments. As such, the amount of the benefit payment may change with each payment. If the account has multiple funds and sources, the periodic withdrawal amount will be prorated among all funds and sources in the account. The number of years over which the payments are made cannot exceed the spouse's life expectancy, which is determined by an actuarial table prepared by the U.S. Department of the Treasury.

4. Deferrals until a certain age, which allows the spouse to defer the receipt of benefits until a later date. However, the spouse must begin receiving the benefit payout no later than April 1 in the calendar year after the member would have attained age 70 1/2. The spouse may elect a full distribution, partial distribution or periodic payment. However, the total annual benefit payment must equal or exceed the federal Required Minimum Distribution (RMD). An additional benefit payment will be sent to the spouse in December of any year in which the total periodic payments for that year do not equal or exceed the spouse's RMD.

5. Roll over the account assets to another 401(a), 401(k) or a 403(b) plan, or to an Individual Retirement Account or Roth IRA.

<u>6. Annuity, using entire or partial account balance</u>.

(10) Distributions to designated non-spousal individual beneficiaries and look-through trusts or beneficiaries determined by Florida law.

(a) In accordance with Internal Revenue Service (IRS) rules, non-spousal beneficiary accounts cannot be held indefinitely in the ~~FRS~~ Investment Plan. The "required minimum distribution" is required by the Internal Revenue Service and spelled out in IRS Code s. 401(a)(9), requiring that if the beneficiary is not a spouse, the Investment Plan can hold the distribution for no more than 5 years from the date of the member's death.

(b) For a non-spousal beneficiary or a look-through trust beneficiary, there are two possibilities, depending upon whether payments from the account had commenced before the member's death:

1. Where distributions have already begun to the member, but the member dies before the entire account has been distributed, the remaining portion of the account must be distributed at least as rapidly as under the method of distribution being used as of the date of the member's death.

2. If a member dies before the distribution of the member's account has begun, the entire account of the member must be distributed within 5 years after the death of the member, unless:

a. The member's account will be distributed over the life of the designated beneficiary or the beneficiary of the look-through trust (or over a period not extending beyond the life expectancy of such beneficiary), and

b. Such distributions begin no later than 1 year after the member's death.

(c) The non-spousal beneficiary must decide within 1 year of the date of death to take lifetime installment or annuity payouts.

(d) If the whole amount is not paid out during the required 5-year period, the remaining funds in the account will be paid in a lump sum to the non-spousal beneficiary.

(e) Non-spousal individual beneficiaries and look-through trusts may request the following distributions:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the beneficiary no longer will be a member of the ~~FRS~~ Investment Plan.

2. Partial Distribution, which provides for a partial lump sum payment of the account balance. The remainder may be paid out through regular periodic payments ~~that the spouse selects~~, such as monthly, quarterly, semi-annually or annually. The beneficiary also may defer payment of the remainder of the account balance and take additional partial lump sum payments as needed.

3. Periodic Payments, which allows for the establishment of a regular payment schedule of benefits, such as monthly, quarterly, semi-annually or annually. The amount of each benefit payment will be calculated by dividing the account balance on the date of the benefit payment by the remaining number of payments. As such, the amount of the benefit payment may change with each payment. If the account has multiple funds and sources, the periodic withdrawal amount will be prorated among all funds and sources in the account. The number of years over which the payments are made cannot exceed the life expectancy of the non-spousal beneficiary or of the beneficiary of the look-through trust, which is determined by an actuarial table prepared by the U.S. Department of the Treasury. If the beneficiary stops the payment for any reason, then the payout of the benefits will be governed by the time limitations set forth in paragraph (b).

4. Deferrals of up to 5 years, however the benefit must be distributed within 5 years after the death of the member, if the conditions in subparagraph (b)2. above have not been met.

<u>5. Annuity, using entire or partial account balance.</u>

(11) Distributions to the member's designated estate or to a designated non look-through trust.

(a) A beneficiary which is either the member's estate or a non look-through trust is considered as a non-person. Pursuant to Code s. 401(a)(9), the entire interest of the member must be distributed to such beneficiary within 5 years after the death of the member.

(b) The estate or non look-through trust beneficiary has two options for receiving the benefit payment:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the beneficiary no longer will be a member of ~~FRS~~ Investment Plan.

2. Deferrals of up to 5 years, however the benefit must be distributed within 5 years after the death of the member.

(12) Distributions to beneficiaries who are minors.

(a) A minor is a child under the age of 18.

(b) When a minor child or children are the designated beneficiaries of the member, whether the member is the minor's or minors' parent, grandparent, sibling, other relative or any other person, a copy of the birth certificate of each minor child and the social security number for each minor child must be provided to the FRS Investment Plan Administrator, and must be received prior to any payout, regardless of the amount. ~~The birth certificate provides proof as to identity of the natural guardian(s) of the children, so that appropriate payment arrangements may be made.~~

(c) Section 744.301, F.S., allows for the natural guardian (surviving parent(s)) to handle benefits to a minor child where that amount does not exceed $15,000, without court appointment, authority or bond. <u>The birth certificate provides proof as to identity of the natural guardian(s) of the children, so that appropriate payment arrangements may be made.</u>

(d) In all cases in which a minor is a beneficiary of an account balance which is greater than $15,000, the surviving parent(s), or other relative or other interested party, must apply for a formal guardianship. A court order or court appointment and Letters of Guardianship will be required prior to payout of any benefits to the minor. The ~~FRS~~ Investment Plan Administrator shall place a hold on any account where the minor beneficiary is to receive an amount in excess of $15,000 and advise the SBA.

(e) If the individual responding to the correspondence sent by the Administrator and providing instructions for payout is not the surviving parent(s), the Administrator shall request the individual to provide a Court Order wherein a guardian has been appointed for the minor, prior to payout of any benefit and the Administrator shall take directions only from the named guardian.

(f) If no instructions for payout are received, the Administrator shall notify the SBA and the SBA will contact the probate court with jurisdiction over the estate of the member to request direction on the disposition of the minor's interest in the account. Expenses shall be deducted from the member's account.

(13) A beneficiary, whether designated or pursuant to Florida law, of a deceased member who, by a verdict of a jury or by a court trying the case without a jury, is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of such member shall forfeit all rights to the deceased member's retirement benefits. Any benefits will be paid as if such beneficiary had predeceased the deceased member. No benefits will be paid until there is a final resolution of such charges against the beneficiary.

(14)(a) If the deceased member has designated a beneficiary but has not provided the designated beneficiary's social security number or address, or has provided an incorrect social security number, then, after at least three unsuccessful attempts by the SBA or the ~~FRS~~ Investment Plan Administrator to locate the beneficiary, the ~~FRS~~ Investment Plan Administrator will advise the SBA accordingly and the account will not be distributed.

(b) The ~~FRS~~ Investment Plan Administrator will, with the assistance of the SBA, at the time of notification of death, make a reasonable effort to obtain the beneficiary's Social Security Number or Taxpayer Identification Number, using available search tools, including the internet, LexisNexis Accurint, ~~the Social Security Administration,~~ or another third party vendor providing such services.

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

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

(15)(a) Pursuant to Federal guidelines, if the deceased member's account is to be paid to the member's estate but no Estate Identification Number is provided, the account will not be paid to the Estate until the Estate Identification Number is received. In the event that no Estate Identification Number is provided within one year from the date of notification to the ~~FRS~~ Investment Plan Administrator of the member's death, the ~~FRS~~ Investment Plan Administrator will transfer the deceased member's account to the Suspense Account indicating the name of the deceased member. If after 10 years after the date of death, the ~~FRS~~ Investment Plan Administrator has not received an Estate Identification Number, the deceased member's account will be transferred to the ~~FRS~~ Investment Plan Forfeiture Account <u>and the Administrator will maintain a record of</u> ~~where it will be held indicating~~ the name of the deceased member. The transferrred funds shall be invested in the <u>FIAM</u> ~~Pyramis~~ Intermediate Duration Pool Fund.

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

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

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

(16) If the social security number and date of birth of a beneficiary are known, an account will be established in the beneficiary's name and funds will be transferred thereto. If any other beneficiaries are named, accounts also will be established in their names, provided their social security numbers and dates of birth are made known to the Investment Plan Administrator. However, no distribution will be made to any beneficiary until a certified copy of the member's death certificate has been received. In the meantime, the beneficiary will have control over any investment elections/allocations for the account. The beneficiary will be notified of the establishment of the account and will receive a PIN to access information pertaining to the account.

(17)(a) A designated beneficiary may disclaim any monetary interest as provided in Chapter 739, F.S., and Internal Revenue Code s. 2518. A beneficiary can make a partial disclaimer or disclaim the entire interest. When a beneficiary makes a disclaimer, the beneficiary is considered to have predeceased the member, and the other beneficiaries designated by the member may then accept or disclaim any interest to which they are entitled.

(b) The general requirements for a valid disclaimer are that:

1. The beneficiary must provide an irrevocable and unqualified refusal to accept the assets.

2. The refusal must be in writing.

3. The written disclaimer must be submitted to the ~~FRS~~ Investment Plan Administrator at the later of the following times:

a. Nine months after the retirement account owner dies.

b. Nine months after the beneficiary attains age 21, or if the beneficiary is 21 when the retirement account owner dies.

c. The beneficiary must not have accepted any of the inherited assets prior to the disclaimer.

d. The assets must pass to the successor beneficiary without any direction on the part of the person making the disclaimer.

(c) There is no special form or document that an individual must complete to disclaim inherited assets. A letter, duly notarized, is sufficient as long as it meets the requirements set forth in paragraph (b).

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

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

(1)(a) An Investment Plan member may designate a beneficiary to receive the benefits which may be payable in the event of the member's death. If the member does not designate a beneficiary(ies), or if no designated beneficiary survives the member, then the member's beneficiary(ies) will be those specified by Section 121.4501(20), F.S. which are: the deceased member's spouse; or if there is no surviving spouse, then the deceased member's children, or their legal guardian, on their behalf if under 18 years of age; or if no children survive, the deceased member's father or mother, if living; otherwise the deceased member's estate.

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

(c) Monthly survivor benefits provided by Section 121.591(4), F.S. shall supersede any other distribution or beneficiary that may have been provided by the member's designation of beneficiary.

(2) Any such beneficiary designation may be made on Form IPBEN-1, rev. 04-16, http://www.flrules.org/Gateway/reference.asp?No=Ref-05797, which is hereby adopted and incorporated by reference. This form is available in paper form and may be obtained by calling the toll-free MyFRS Financial Guidance Line at 1(866) 446-9377, Option 4 (TRS 711), Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. or by accessing the MyFRS.com website and clicking on "Resources" and then "Forms." The beneficiary designation form must be completed and received by the Investment Plan Administrator before it becomes effective. Alternatively, a beneficiary may be designated electronically by logging on to MyFRS.com, clicking on "manage investments," and then clicking on "personal info," or by calling the Investment Plan Administrator at 1(866)446-9377, Option 4 (TRS 711).

(3) A beneficiary designation shall only be effective once it is received by the Investment Plan Administrator. The most recent beneficiary designation filed with the Investment Plan Administrator shall replace any previous designation whether made before or after the member's termination of employment or retirement. After submitting the designation, the member is responsible for confirming whether the designation has been received by the Investment Plan Administrator. The beneficiary designation is printed every quarter on the member's quarterly statement.

(4)(a) If the member enrolls in the Investment Plan using the EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1-EZ, rev. 06/14, the General Retirement Plan Enrollment Form for Regular Special Risk and Special Risk Administrative Support Class Employees, Form ELE-1, rev. 04-16, which are adopted and incorporated by reference in subsection 19-11.006(2), F.A.C., or the 2nd Election EZ Retirement Plan Enrollment Form, Form ELE-2-EZ, rev. 04-16, or the 2nd Election Retirement Plan Enrollment Form, Form ELE-2, rev 04-16, which are adopted and incorporated by reference in subsection 19-11.007(3), F.A.C., the member agrees to the beneficiary designation contained in Section 121.4501(20), F.S., unless the member submits a beneficiary designation as provided in subsection (2) herein.

(b) If the member marries after designating a beneficiary, the member must file an updated beneficiary designation if the member wishes to name someone else other than the spouse as a beneficiary. If the member does not file an updated beneficiary designation, the member's spouse will be the beneficiary of the member's account. The spouse must provide a copy of the marriage certificate verifying that the marriage occurred after the most recent beneficiary designation. Example: John is married to Betty and has named her as his beneficiary. John divorces Betty and marries Carol. Carol will be John's beneficiary unless he files another beneficiary form and names, for example, his son, Bob.

(c) Once a member is enrolled in the Investment Plan, the member may designate a beneficiary at any time, as follows:

1. A member may name a beneficiary or beneficiaries to receive the assets of the member's Investment Plan account, either sequentially or jointly.

2. A member may name as beneficiary any person, organization, trust, or the member's estate.

(d) A primary beneficiary is someone who will receive the member's funds from the Investment Plan account, if that person is living at the death of the member. If more than one primary beneficiary is designated with specified percentages of the funds, each will receive their member-specified percentages if they are still living at the death of the member. Example: if the member names his four sons, in equal shares (25% each), but two of the four sons die before their father, the other two living sons split the funds two ways, 50% each.

(e) A contingent beneficiary is one or more person(s) who are named, in case all primary beneficiaries die before the member. Contingent beneficiaries may receive benefits jointly or sequentially. Naming a contingent beneficiary is optional and cannot .be a named primary beneficiary. If a member submits a beneficiary designation listing the same person(s) or entity as primary and contingent beneficiaries, the person(s) or entity will only be accepted as a primary beneficiary designation. All other persons or entities will be accepted as contingent beneficiaries.

(f) If a member inadvertently uses an incorrect beneficiary designation form, the Investment Plan Administrator will notify the member and request that the member complete and submit the correct form, Beneficiary Designation Form IPBEN-1, rev. 04-16. If the member should die prior to completing and submitting the IPBEN-1 form, the Investment Plan Administrator will consider the beneficiary set forth on the incorrect form as being the member's intended beneficiary for the purpose of paying benefits.

(g) If the member submits a beneficiary form that is incomplete, it will not be processed. An incomplete form is a form which is missing the name of the member, last four numbers of the social security number, or signature, or the shares assigned to joint primary or contingent beneficiaries are greater or less than 100%.

(5)(a) If a member is married and the spouse is designated as a primary beneficiary, regardless of whether the percentage allocated to the spouse on the form is less than 100%, the member is not required to notify the spouse.

(b) If a member is married and names a primary beneficiary(ies) and the person(s) named is not the spouse of the member, then the member is required to notify the spouse that the spouse is not a primary beneficiary of the proceeds of the member's FRS Investment Plan account(s). The spouse must acknowledge that the spouse understands that the spouse is not a primary beneficiary of the member's Investment Plan account(s) by signing the beneficiary designation form, Form IPBEN-1, rev. 04-16, in the appropriate place.

(c) If a married member fails to obtain the spouse's acknowledgment on the beneficiary designation form, then the Investment Plan Administrator will send to the member an Acknowledgement of Beneficiary Designation, reminding the member of the necessity of obtaining spousal ackowledgement. The member can return this Acknowledgement of Beneficiary Designation with the spouse's signature which will provide acknowledgement that the spouse is not the primary beneficiary of the member's Investment Plan account(s). Alternatively, the member may provide the Investment Plan Administrator with a notarized statement reflecting the spouse's understanding that the spouse is not the beneficiary of the member's Investment Plan account(s).

(d) If the member fails to obtain the spouse's acknowledgement that a beneficiary, other than the spouse, has been designated as the primary beneficiary of the member's Investment Plan benefit, the beneficiary designation on file with the Investment Plan Administrator at the time of the member's death will be honored only if the spouse's rights as a beneficiary are not compromised under Florida law.

(6)(a) An Alternate Payee may name a beneficiary to receive the benefits which may be payable in the event of the Alternate Payee's death at any time, as outlined in subsection (2) and paragraphs (5)(a) through (f) above, once the Alternate Payee's account has been established by the Investment Plan Administrator.

(b) If the Alternate Payee does not name a beneficiary(ies), then the Alternate Payee's beneficiary(ies) will be those as described in subsection (1).

(7) Per Florida Law Beneficiary Designation.

(a) If a member fails to designate a beneficiary as outlined in subsection (2) above, the member's designation of beneficiary will automatically be assigned a designation of "Per Florida Law" as outlined in Section 121.4501(20), F.S. To establish entitlement to the member's account, the benficary(ies) may be required to provide the following, as applicable: a copy of the marriage certificate, copy of the member's birth certificate, copy of the birth certificate(s) of the beneficiary(ies), legal guardianship documents issued by a court of competent jurisdiction, a notarized written statement confirming the identity of all surviving family members, tax identification number of the member's estate, or a notarized written document stating that the deceased is not survived by a spouse, child(ren) or parent(s).

(b) If, upon the death of a member, a beneficiary(ies) can be identified in accordance with Florida statute, but no social security number or address of the beneficiary or beneficiaries is available, the Investment Plan Administrator will, with the assistance of the SBA, make a reasonable effort to obtain each beneficiary's Social Security Number or Taxpayer Identification Number, using available search tools, including the internet, LexisNexis Accurint, or another third party vendor providing such services. If a beneficiary can be identified and the social security number is provided, the transfer of benefits will be executed by the Investment Plan Administrator.

(c) If, upon the death of a member, a beneficiary cannot be identified, the provisions of paragraph (d) below will be followed.

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

(e) Should the beneficiary be located who then is willing to provide a social security number, a check will be issued to that beneficiary. The check will include actual earnings that have accrued on the funds from the date of transfer from the member's account to the Suspense Account and/or Forfeiture Account. Such payment will be subject to applicable income tax withholding, which shall be paid to the tax authorities at the time of the issuance of the check to the beneficiary.

(8) Distributions to beneficiaries on the death of a member.

(a) If a member dies before his or her effective date of retirement, the member's spouse at the time of his or her death shall be the member's beneficiary, unless the member has designated a different beneficiary after the member's most recent marriage. If the member did name another beneficiary after his or her most recent marriage, the named beneficiary will receive the member's account balance.

(b) Upon notification of the member's death, the Investment Plan Administrator will contact the designated beneficiary or the family of the deceased member and provide instructions on how to claim any benefits.

(9) Distributions to designated or per Florida law spousal beneficiaries.

(a) The member's surviving spouse, must provide a certified copy of the member's death certificate and, if the spouse is not designated by the member, but is the beneficiary according to Florida law, the surviving spouse must provide a copy of the marriage certificate before benefits will be paid.

(b) Spousal beneficiaries may request the following distributions:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the spouse no longer will be a member of the Investment Plan.

2. Partial Distribution, which provides for a partial lump sum payment of the account balance. The remainder may be paid out through regular periodic payments that the spouse selects, such as monthly, quarterly, semi-annually or annually. The spouse also may defer payment of the remainder of the account balance and take additional partial lump sum payments as needed.

3. Periodic Payments, which allows for the establishment of a regular payment schedule of benefits, such as monthly, quarterly, semi-annually or annually. The amount of each benefit payment will be calculated by dividing the account balance on the date of the benefit payment by the remaining number of payments. As such, the amount of the benefit payment may change with each payment. If the account has multiple funds and sources, the periodic withdrawal amount will be prorated among all funds and sources in the account. The number of years over which the payments are made cannot exceed the spouse's life expectancy, which is determined by an actuarial table prepared by the U.S. Department of the Treasury.

4. Deferrals until a certain age, which allows the spouse to defer the receipt of benefits until a later date. However, the spouse must begin receiving the benefit payout no later than April 1 in the calendar year after the member would have attained age 70 1/2. The spouse may elect a full distribution, partial distribution or periodic payment. However, the total annual benefit payment must equal or exceed the federal Required Minimum Distribution (RMD). An additional benefit payment will be sent to the spouse in December of any year in which the total periodic payments for that year do not equal or exceed the spouse's RMD.

5. Roll over the account assets to another 401(a), 401(k) or a 403(b) plan, or to an Individual Retirement Account or Roth IRA.

6. Annuity, using entire or partial account balance.

(10) Distributions to designated non-spousal individual beneficiaries and look-through trusts or beneficiaries determined by Florida law.

(a) In accordance with Internal Revenue Service (IRS) rules, non-spousal beneficiary accounts cannot be held indefinitely in the Investment Plan. The "required minimum distribution" is required by the Internal Revenue Service and spelled out in IRS Code s. 401(a)(9), requiring that if the beneficiary is not a spouse, the Investment Plan can hold the distribution for no more than 5 years from the date of the member's death.

(b) For a non-spousal beneficiary or a look-through trust beneficiary, there are two possibilities, depending upon whether payments from the account had commenced before the member's death:

1. Where distributions have already begun to the member, but the member dies before the entire account has been distributed, the remaining portion of the account must be distributed at least as rapidly as under the method of distribution being used as of the date of the member's death.

2. If a member dies before the distribution of the member's account has begun, the entire account of the member must be distributed within 5 years after the death of the member, unless:

a. The member's account will be distributed over the life of the designated beneficiary or the beneficiary of the look-through trust (or over a period not extending beyond the life expectancy of such beneficiary), and

b. Such distributions begin no later than 1 year after the member's death.

(c) The non-spousal beneficiary must decide within 1 year of the date of death to take lifetime installment or annuity payouts.

(d) If the whole amount is not paid out during the required 5-year period, the remaining funds in the account will be paid in a lump sum to the non-spousal beneficiary.

(e) Non-spousal individual beneficiaries and look-through trusts may request the following distributions:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the beneficiary no longer will be a member of the Investment Plan.

2. Partial Distribution, which provides for a partial lump sum payment of the account balance. The remainder may be paid out through regular periodic payments, such as monthly, quarterly, semi-annually or annually. The beneficiary also may defer payment of the remainder of the account balance and take additional partial lump sum payments as needed.

3. Periodic Payments, which allows for the establishment of a regular payment schedule of benefits, such as monthly, quarterly, semi-annually or annually. The amount of each benefit payment will be calculated by dividing the account balance on the date of the benefit payment by the remaining number of payments. As such, the amount of the benefit payment may change with each payment. If the account has multiple funds and sources, the periodic withdrawal amount will be prorated among all funds and sources in the account. The number of years over which the payments are made cannot exceed the life expectancy of the non-spousal beneficiary or of the beneficiary of the look-through trust, which is determined by an actuarial table prepared by the U.S. Department of the Treasury. If the beneficiary stops the payment for any reason, then the payout of the benefits will be governed by the time limitations set forth in paragraph (b).

4. Deferrals of up to 5 years, however the benefit must be distributed within 5 years after the death of the member, if the conditions in subparagraph (b)2. above have not been met.

5. Annuity, using entire or partial account balance.

(11) Distributions to the member’s designated estate or to a designated non look-through trust.

(a) A beneficiary which is either the member’s estate or a non look-through trust is considered as a non-person. Pursuant to Code s. 401(a)(9), the entire interest of the member must be distributed to such beneficiary within 5 years after the death of the member.

(b) The estate or non look-through trust beneficiary has two options for receiving the benefit payment:

1. Full distribution, in which the entire account balance is paid in one lump sum. If this option is selected, the beneficiary no longer will be a member of Investment Plan.

2. Deferrals of up to 5 years, however the benefit must be distributed within 5 years after the death of the member.

(12) Distributions to beneficiaries who are minors.

(a) A minor is a child under the age of 18.

(b) When a minor child or children are the designated beneficiaries of the member, whether the member is the minor’s or minors’ parent, grandparent, sibling, other relative or any other person, a copy of the birth certificate of each minor child and the social security number for each minor child must be provided to the FRS Investment Plan Administrator, and must be received prior to any payout, regardless of the amount.

(c) Section 744.301, F.S., allows for the natural guardian (surviving parent(s)) to handle benefits to a minor child where that amount does not exceed $15,000, without court appointment, authority or bond. The birth certificate provides proof as to identity of the natural guardian(s) of the children, so that appropriate payment arrangements may be made.

(d) In all cases in which a minor is a beneficiary of an account balance which is greater than $15,000, the surviving parent(s), or other relative or other interested party, must apply for a formal guardianship. A court order or court appointment and Letters of Guardianship will be required prior to payout of any benefits to the minor. The Investment Plan Administrator shall place a hold on any account where the minor beneficiary is to receive an amount in excess of $15,000 and advise the SBA.

(e) If the individual responding to the correspondence sent by the Administrator and providing instructions for payout is not the surviving parent(s), the Administrator shall request the individual to provide a Court Order wherein a guardian has been appointed for the minor, prior to payout of any benefit and the Administrator shall take directions only from the named guardian.

(f) If no instructions for payout are received, the Administrator shall notify the SBA and the SBA will contact the probate court with jurisdiction over the estate of the member to request direction on the disposition of the minor's interest in the account. Expenses shall be deducted from the member's account.

(13) A beneficiary, whether designated or pursuant to Florida law, of a deceased member who, by a verdict of a jury or by a court trying the case without a jury, is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of such member shall forfeit all rights to the deceased member's retirement benefits. Any benefits will be paid as if such beneficiary had predeceased the deceased member. No benefits will be paid until there is a final resolution of such charges against the beneficiary.

(14)(a) If the deceased member has designated a beneficiary but has not provided the designated beneficiary's social security number or address, or has provided an incorrect social security number, then, after at least three unsuccessful attempts by the SBA or the Investment Plan Administrator to locate the beneficiary, the Investment Plan Administrator will advise the SBA accordingly and the account will not be distributed.

(b) The Investment Plan Administrator will, with the assistance of the SBA, at the time of notification of death, make a reasonable effort to obtain the beneficiary's Social Security Number or Taxpayer Identification Number, using available search tools, including the internet, LexisNexis Accurint, or another third party vendor providing such services.

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

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

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

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

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

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

(16) If the social security number and date of birth of a beneficiary are known, an account will be established in the beneficiary's name and funds will be transferred thereto. If any other beneficiaries are named, accounts also will be established in their names, provided their social security numbers and dates of birth are made known to the Investment Plan Administrator. However, no distribution will be made to any beneficiary until a certified copy of the member's death certificate has been received. In the meantime, the beneficiary will have control over any investment elections/allocations for the account. The beneficiary will be notified of the establishment of the account and will receive a PIN to access information pertaining to the account.

(17)(a) A designated beneficiary may disclaim any monetary interest as provided in Chapter 739, F.S., and Internal Revenue Code s. 2518. A beneficiary can make a partial disclaimer or disclaim the entire interest. When a beneficiary makes a disclaimer, the beneficiary is considered to have predeceased the member, and the other beneficiaries designated by the member may then accept or disclaim any interest to which they are entitled.

(b) The general requirements for a valid disclaimer are that:

1. The beneficiary must provide an irrevocable and unqualified refusal to accept the assets.

2. The refusal must be in writing.

3. The written disclaimer must be submitted to the Investment Plan Administrator at the later of the following times:

a. Nine months after the retirement account owner dies.

b. Nine months after the beneficiary attains age 21, or if the beneficiary is 21 when the retirement account owner dies.

c. The beneficiary must not have accepted any of the inherited assets prior to the disclaimer.

d. The assets must pass to the successor beneficiary without any direction on the part of the person making the disclaimer.

(c) There is no special form or document that an individual must complete to disclaim inherited assets. A letter, duly notarized, is sufficient as long as it meets the requirements set forth in paragraph (b).

Rulemaking Authority 121.4501(8) FS. Law Implemented 121.091(5)(j), (8), 121.4501(20), 121.591(3),(4), 732.802 FS. History–New 10-21-04, Amended 3-9-06, 11-26-07, 12-8-08, 1-7-10, 8-7-11, 7-12-12, 12-16-12, 10-15-13, 1-28-14, 12-30-15,_________.

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

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

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

(b) Upon approval for Investment Plan disability retirement, the member's entire Investment Plan account balance, consisting of vested and nonvested monies, plus earnings, shall be transferred to the Division of Retirement (Division) for deposit in the disability account of the Florida Retirement System (FRS) Trust Fund.

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

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

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

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

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

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

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

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

2. Vested and nonvested amounts shall be accounted for separately as provided in Section 121.4501(6).

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

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

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

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

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

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

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

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

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

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

2. Monthly benefits will be paid to the surviving spouse for his or her lifetime or upon his or her death, to the surviving children who are under age 18 or age 25, if a full time student and unmarried.

Rulemaking Authority 121.4501(8), (5)(e) FS. Law Implemented 121.4501(8), (9), (10), (11), (12), (13), (14), (15), 121.591(4) FS. History–New ___________.

FRS INVESTMENT PLAN BENEFICIARY DESIGNATION

FRS Investment Plan

Please PRINT clearly, using blue or black ink.

Last 4 digits of SSN	Last Name		First Name	M I
Birth Date / /	**Daytime Telephone** ( )	**Mobile Telephone** ( )	**Personal E-Mail:**	

You may designate one or more individuals as your beneficiary to receive your assets, if any, in the FRS Investment Plan in the event of your death. You may designate any person, organization or trust, or your estate. **Contingent beneficiaries are optional and must be different than your primary beneficiaries — they will inherit your FRS Investment Plan Account if all primary beneficiaries are deceased**. Enter all required information for each beneficiary. If you need to add more than 3 primary or contingent beneficiaries, make a copy of this page and attach it to this form. You may change your beneficiary at any time by logging in MyFRS.com or by completing a new Beneficiary Designation form. NOTE: If you are participating in the FRS Hybrid Option, your beneficiary named below for the Investment Plan will not affect your selected beneficiary in the Pension Plan. Additionally, Section 112.363(3)(e)2., F.S., provides that only a spouse who is named as the primary designated beneficiary is eligible to receive the Health Insurance Subsidy (HIS) under the Investment Plan.

Marital Status: Check One Box

☐ **Single**

☐ **Married** **Spouse Name:** ________________________ **Last 4 digits of SSN:** __________

Address: ____

A. Primary Beneficiaries (NOTE: All primary beneficiary percentages must be in whole percents and must total 100%. The percentage payable to a beneficiary who dies before you will be paid equally among the surviving primary beneficiaries.)

Name of Primary Beneficiary	Date of Birth (MM/DD/YYYY)	Relationship	Gender (M/F)	Last 4 digits of SSN	Percent Payable
	/ /				%
	/ /				%
	/ /				%
					Total = 100 %

B. Contingent Beneficiaries (NOTE: All contingent beneficiary percentages must be in whole percents and must total 100%.)

Name of Contingent Beneficiary	Date of Birth (MM/DD/YYYY)	Relationship	Gender (M/F)	Last 4 digits of SSN	Percent Payable
	/ /				%
	/ /				%
	/ /				%
					Total = 100 %

I understand that the execution of this form and receipt thereof by the Investment Plan Administrator will revoke all prior designations I may have made. I understand I have the right to change this designation at any time and it will be effective only upon receipt by the Investment Plan Administrator.

I understand that if I am married and have named someone other than my spouse as my primary beneficiary, my spouse needs to sign this designation in the box below.

____ ______________________

Signature of Member Date

Employing Agency Name: ______________________________

IF YOU HAVE NAMED SOMEONE OTHER THAN YOUR SPOUSE AS YOUR PRIMARY BENEFICIARY, YOUR SPOUSE IS REQUIRED TO SIGN BELOW:

____ ______________________

Signature of Spouse Date

Mail your completed form to: FRS Investment Plan Administrator, PO Box 785027, Orlando, FL 32878-5027
OR Fax your completed form to: 1-888-310-5559 Attention FRS Investment Plan Administrator.
DO NOT MAIL HARD COPY OF THE FORM IF FAXING.

MINUTES
INVESTMENT ADVISORY COUNCIL
March 30, 2016

A meeting of the Investment Advisory Council (IAC) was held on Wednesday, March 30, 2016, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the March 30, 2016 meeting is hereby incorporated into these minutes by this reference.

Members Present:	**Chuck Cobb** **Peter Collins** **Les Daniels** **Bobby Jones** **Michael Price** **Vinny Olmstead** **Gary Wendt**
SBA Employees:	**Ash Williams** **Lamar Taylor** **John Benton** **Alison Romano** **Tim Taylor** **Brian Geller** **Steve Spook** **Lynne Gray** **Michael Fogliano** **John Bradley** **Trent Webster** **Joan Haseman** **Michael McCauley**
Consultants:	**Kristen Doyle, Aon Hewitt** **Phil Kivarkis, Aon Hewitt** **Richard Brown, The Townsend Group** **Seth Marcus, The Townsend Group**

WELCOME/CALL TO ORDER/ELECTION OF OFFICERS/APPROVAL OF MINUTES

Mr. Chuck Cobb, Chair, called the meeting to order at 1:00 P.M. He asked for a motion to approve the minutes from the December 7, 2015 IAC meeting. Mr. Michael Price made a motion to approve the minutes. The motion was seconded by Mr. Gary Wendt and passed unanimously.

Mr. Cobb asked if there was a nomination in the election of the IAC chair. Mr. Les Daniels nominated Mr. Price as chairman. Mr. Bobby Jones seconded the nomination. There were no other nominations. Mr. Price was elected chairman without objection.

Mr. Cobb stated that there was also to be an election for vice-chairman. Mr. Jones nominated Mr. Peter Collins; the nomination was seconded by Mr. Price. There were no other nominations. Mr. Collins was elected as the new vice-chair without objection.

OPENING REMARKS/LEGISLATIVE UPDATE/REPORTS

Mr. Ash Williams, Executive Director and Chief Investment Officer, provided a summary on performance, reporting that fiscal year to date, the FRS Trust Fund was down 1.47 percent (56 basis points ahead of target), and the portfolio value was $141.2 billion. He informed the council that June will be an exceptional liquidity month due to projected DROP payouts.

Mr. Williams summarized the recent legislative session, explaining that an important outcome was that the Legislature fully funded both the normal cost and the actuarial unfunded liability contribution for the Florida Retirement System. He continued by explaining that there had been legislation which would change the default assumption for new employees coming into public employment in Florida, but the legislation did not pass. Mr. Williams also briefly discussed three other pieces of legislation which were passed during the session: an amendment to the Protecting Florida's Investments Act, legislation regarding support for the MacBride principles, and legislation prohibiting continued investment in companies that boycott Israel.

Mr. Williams reported that there are no compliance issues, and there are no audit issues. He introduced a new staff member in Private Equity and Strategic Investments, Ms. Kathy Stylarek, and informed the IAC members that she had been recruited from the private sector. Mr. Williams then thanked the IAC for their support in making SBA compensation more competitive with private sector positions and pointed to Ms. Stylarek and others such as Mr. Brian Geller, who was recruited from ING, as examples of how successful that objective has been.

ASSET LIABILITY REVIEW

Mr. Phil Kivarkis, who leads the Aon Hewitt team that prepared the asset liability study, introduced himself to the council and provided details on his background.

Ms. Kristen Doyle, Aon Hewitt, began by explaining that the asset allocation in the FRS Pension Plan is 81 percent return-seeking assets and 19 percent risk-reducing assets. She also pointed out that the equity risk premium that they used for this study is 3.94 percent (higher than the 3.53 percent used in the 2015 analysis). Additionally, she stated that the asset allocation projects almost 100 percent funded status over the period of time that they modeled. Ms. Doyle explained that the asset liability study will help determine the level of risk that is appropriate in the context of the Plan's liabilities and, along with the asset allocation work done at the IAC meeting, it will help minimize and mitigate a lot of the risks which were illustrated in the slide presentation.

Mr. Kivarkis presented Aon Hewitt's updated pension asset liability study results. He indicated that Aon Hewitt believes that the existing investment policy is appropriate, based on their risk-reward analytics. He explained that, based on the analysis, while an increase in risk takes the central trend of funded ratio above 100 percent, it also increases the shortfall risk. As a result, the current investment policy is appropriate, and there is no need to increase an allocation to more risky assets. There was discussion from one IAC member regarding cash outflows and funded status. Mr. Kivarkis concluded by stating that their expected real return assumption was 4.8 percent, largely corroborating with the 5.0 assumption that the actuary had made.

REAL ESTATE REVIEW

Mr. Steve Spook, Senior Investment Officer – Real Estate, began his presentation with a discussion about the current state of the real estate market. He briefly discussed the asset class organizational chart as well as the specialty consultant role of The Townsend Group. Mr. Spook explained the Real Estate benchmark and the asset class strategic role within the broader SBA portfolio. He elaborated on the two broad strategies within real estate, core and non-core. Mr. Spook discussed the asset class actual allocation versus their target allocation, and he gave details on the Principal Investments Portfolio and the Externally Managed Portfolio. There was a discussion about leverage in the portfolio. Several IAC members commented on how conservatively the portfolio uses leverage and inquired about the impact on the portfolio of greater use of leverage. Mr. Spook concluded his presentation with slides on the real estate allocation policy as well as real estate returns versus the benchmark.

Ms. Lynne Gray, Senior Portfolio Manager – Real Estate, began by explaining that principal investments is their core portfolio of direct-owned investments and that it is managed internally by Real Estate staff. She noted the strong performance of principal investments, indicating that apartment and office sectors have led in outperformance. There was a brief discussion about the Summary of Investments slide, particularly concerning apartments and value and price per door. Ms. Gray referred to their investment portfolio guidelines for managing and monitoring portfolio-level and asset-level risk. She pointed out a slide that showed weightings by property type, including their specialty sectors, a slide that showed how they match up to their benchmark by property type and by geography, and a slide detailing their leverage. Additionally, Ms. Gray discussed investment management of the direct-owned portfolio as well as the acquisitions process and due diligence. She concluded her presentation with slides showing actual pictures of the properties in the portfolio.

Mr. Michael Fogliano, Senior Portfolio Manager – Real Estate, began his presentation by discussing the makeup of the Externally Managed Portfolio, specifically REITs, Open-End Funds, and Closed-End Funds. He also provided the Externally Managed Portfolio returns. Mr. Fogliano concluded his presentation by discussing their sourcing and, in particular, underwriting, negotiating, and their asset management process.

Mr. Richard Brown, The Townsend Group, spoke briefly about the Total Real Estate Portfolio performance, commenting that it is well-constructed, and it is meeting its benchmark over the longer period of time. He stated that the SBA staff is actively investing. Mr. Seth Marcus, The Townsend Group, stated that the SBA's five-year net performance versus its peers (67 institutional real estate investors) ranks in the top 17 percent of peers. Mr. Brown pointed out to the IAC members that the leverage within the REITs is not included in the computation of the overall leverage. He stated that if the leverage within the REITs was included, it would probably increase it three to four percent. Mr. Marcus let the IAC members know that Townsend has a due diligence process that is almost identical to that of the Real Estate asset class. Mr. Brown concluded their presentation by letting the IAC members know that, over long periods of time, core real estate can expect returns of seven to nine percent.

ASSET CLASS SIO UPDATE AND DC PROGRAMS OFFICER UPDATE

Ms. Alison Romano, Co-Senior Investment Officer – Global Equity, began her presentation with a discussion on performance, stating that the asset class has a very attractive information ratio (IR), defined generally as return per unit of risk. She spoke about their investment approach, stating that they are 50/50 active/passive, but they are far more active in foreign strategies and in dedicated global strategies. She stated that 40 percent of their assets are managed internally. Ms. Romano discussed the asset class positioning along regional and sector lines and presented a slide that showed that positioning by active equity strategies enabled aggregate outperformance in widely varying market conditions. She also showed the IAC members the asset class sub-aggregates of managers relative to their own benchmark for one and three years.

Mr. Tim Taylor, Co-Senior Investment Officer – Global Equity, explained that the asset class is in the process of launching an internal factor index strategy to leverage in-house capabilities and to generate returns.

Mr. Brian Geller, Senior Portfolio Manager – Fixed Income, stated that the 12-month returns for the Fixed Income benchmark were 1.2 percent. He also stated that the total risk of the portfolio is very low. Mr. Geller referred to Chair Yellen's remarks concerning the probability of a Fed hike, now likely to take place in the fall.

Mr. John Bradley, Co-Senior Investment Officer – Strategic Investments and Private Equity, stated that 2015 was a strong year for the private equity market industry in terms of industry performance, asset class performance, and also in terms of liquidity. He discussed the portfolio exposure by sector, showed its weighting by geography, and presented a snapshot of asset class performance. Additionally, he showed performance by sub-strategy. Mr. Bradley concluded with a discussion of commitment activity for 2015.

Mr. Trent Webster, Co-Senior Investment Officer – Strategic Investments and Private Equity, began his presentation by stating the four asset class policy objectives and discussed their current portfolio by sub-strategy. He concluded his presentation by elaborating on their recent activity.

Ms. Joan Haseman, Chief of Defined Contribution Programs, presented an update for the FRS Investment Plan, including membership growth, the average account balance, and the average years of service. She provided a breakdown of assets under management by asset class. Ms. Haseman gave an update on Financial Planner calls, Financial Planning workshops, and attendance at Financial Workshops. She also stated that survivor counseling will be available to Pension Plan member beneficiaries through the Financial Guidance Line. In conclusion, Ms. Haseman told the IAC members that the FRS Investment Plan is offering deferred annuities and that the MyFRS.com chat hours have been extended.

CORPORATE GOVERNANCE REVIEW

Mr. Michael McCauley, Senior Officer – Investment Programs and Governance, briefly discussed the Corporate Governance Principles and Voting Guidelines, stating that there were no significant changes to the guidelines, and there were no amendments.

MAJOR MANDATE PERFORMANCE REVIEW

Ms. Kristen Doyle reported that all of the major mandates had outperformed their respective benchmarks for the fourth quarter of 2015, with the exception of the Pension Fund and the Lawton Chiles Endowment Fund. She explained that although they had slightly underperformed their performance benchmarks, they had produced positive returns, both up a little more than three percent for the quarter. Ms. Doyle also pointed out that both of those funds outperformed their performance benchmarks for the one-year period, so they were able to preserve value in a very volatile and weak period for the capital markets.

AUDIENCE COMMENTS/2016 MEETING DATES/CLOSING REMARKS/ADJOURN

As there were no comments or questions from the audience, the meeting was adjourned at 12:45 P.M.

Michael Price, Chair

5/16/16

Date

STATE BOARD OF ADMINISTRATION OF FLORIDA

INVESTMENT ADVISORY COUNCIL MEETING

WEDNESDAY, MARCH 30, 2016
9:00 A.M. - 12:45 P.M.

1801 HERMITAGE BOULEVARD
HERMITAGE ROOM, FIRST FLOOR
TALLAHASSEE, FLORIDA

REPORTED BY: JO LANGSTON
Registered Professional Reporter

ACCURATE STENOTYPE REPORTERS, INC.
2894-A REMINGTON GREEN LANE
TALLAHASSEE, FLORIDA 32308
(850)878-2221

APPEARANCES

IAC MEMBERS:

CHUCK COBB
PETER COLLINS
BOBBY JONES
MICHAEL PRICE
LES DANIELS
GARY WENDT
VINNY OLMSTEAD

SBA EMPLOYEES:

ASH WILLIAMS, EXECUTIVE DIRECTOR
MICHAEL McCAULEY
TRENT WEBSTER
STEVE SPOOK
LYNNE GRAY
MICHAEL FOGLIANO
ALISON ROMANO
TIM TAYLOR
BRIAN GELLER
JOHN BRADLEY
JOAN HASEMAN
LAMAR TAYLOR
JOHN BENTON

CONSULTANTS:

KRISTEN DOYLE - (Aon Hewitt)
PHIL KIVARKIS - (Aon Hewitt)
RICHARD BROWN - (The Townsend Group)
SETH MARCUS - (The Townsend Group)

INVESTMENT ADVISORY COUNCIL MEETING

* * *

MR. COBB: I understand we have a quorum call, so we'll call the meeting to order. We'll first approve the minutes of the previous meeting. Is there a motion they be approved?

MR. PRICE: Move it.

MR. COBB: Is there a second?

MR. WENDT: Second.

MR. COBB: All in favor say aye.

(Ayes)

MR. COBB: The next item on the agenda is election of officers. And so the nominations are open regarding chair of this esteemed body.

MR. DANIELS: I would move to nominate Michael Price.

MR. JONES: Second.

MR. COBB: It's been moved and seconded. I assume there are no other nominations, but if there are, please say them now. And if not, I guess we declare that it's a unanimous election for Mr. Price, who I thank for his role as vice-chairman and thank him for chairing the compensation committee and am absolutely delighted he's the new chair.

So I have one last assignment, which is to suggest

we have a vice-chairman election.

MR. JONES: I'd like to nominate Peter Collins, particularly because he's not here.

MR. COBB: Okay.

MR. PRICE: Second.

MR. COBB: It's been moved and seconded. Any other nominations for vice-chair? Hearing none, we'll declare that Peter Collins is our new vice-chair. So, Mr. Chair, please take over, and thank you again for your good work.

MR. PRICE: Thank you very much, Ambassador Cobb. I think we start off with Ash Williams, with a review.

MR. WILLIAMS: Thank you, Mr. Chairman, and congratulations. First of all, performance update. As of last night's close, fiscal year to date, which is July 1 to June 30, we are down 1.47 percent. That's 56 basis points ahead of target. The fund balance on the Florida Retirement System Trust Fund is $141.2 billion. That's 6.8 billion below where we started the year. And, of course, that includes net distributions that are minimally $600 million a month out, and depending on what is going on in the way of DROP retirement benefit payouts, et cetera, may be higher.

We have an exceptional liquidity month coming up in June, where we will have DROP payouts. And DROP is a form of -- sort of an accumulation of retirement savings where people can hit retirement age, go ahead and retire, continue working, and their retirement benefit, instead of flowing directly to them, goes into a savings account, is accrued and then is paid out in lump no longer than five years after they elect to go into that program.

So when people go out of DROP, they commonly get a big lump sum payout. We have about a billion dollars going out the door in June. So we're prepared for that and have been accruing for it in a way that we think is consistent with portfolio interests and in no way leaves doubt about our ability to make the payment timely.

So that's a quick update on performance. I would say a couple of other things. The legislature just completed their session. The most important thing that came out of it relates to the update we're going to have in just a moment on the asset-liability review, which is for the -- I think it's the third year in a row, the legislature took Governor Scott's recommendation and fully funded both the normal cost and the actuarial unfunded liability contribution for the Florida Retirement System.

And that keeps us on the right course for solvency

and is definitely the prudent place to be. Other things that came up in the legislature, really it's more notable for what didn't happen than what did. One of the things that was on the table again this year, and it's something we've supported, was the change of the default assumption for new employees coming into public employment in Florida, whether they want to go defined benefit or defined contribution.

Currently, if they make no choice, they go into the defined benefit plan. There was a suggestion that that default be changed to defined contribution, which doesn't take anything away from anyone. If they really want DB, they can still have it, but have to make a conscious election to do so. That did not pass the legislature.

What did pass was three pieces of legislation, all somewhat ancillary in terms of how they affect us, but they affected us nonetheless. One separates the Protecting Florida's Investments Act execution from any actions of the president or the Congress of the United States. This is something that deals primarily with Iran and Sudan and terrorist sponsors and says that we won't invest in any companies that do business with or in such sponsors of terrorism. So that passed and has been signed into law.

Another one was a provision that said, to the extent any companies become involved in boycotting Israel, we will in turn divest on a prospective basis any shares in those companies. That passed and I believe has been signed into law.

And then a third one, you'll remember last year we repealed a provision that barred us from making investments in Northern Ireland. And you may also recall we had seen some attractive real estate credit related investments there, and this issue had come up and been a barrier to our proceeding. And so we had repealed the law.

There was some confusion about that from the standpoint that there was one aspect of the whole Ireland situation involving certain principles of openness and hiring jurisprudence, availability of housing, et cetera, nondiscrimination basically along religious grounds, which we've never had an issue with and always supported.

But we were asked to come back and replace in the statute some language that said we remain committed to something called the MacBride principles, which is what codifies these concepts, which is fine with us. We've always been in support of the MacBride principles, so we supported the legislation. That's now law as well.

So really three kind of tangential things. But that's the net of the legislative impact.

I want to get into the substance of the meeting, so I won't take up a lot of other time. I would just say that if you go through the materials of all the oversight bodies that are in here, our audit committee, our Participant Local Government Advisory Council, the proxy oversight committee, our risk committee, et cetera, basically everything is on an even keel. There are no compliance issues. There are no audit issues. All is peaceful in the kingdom, and we hope to keep it that way.

So with that, let's see, do we have any new members of the SBA investment team with us since the last meeting? Kathy, do you want to perhaps introduce yourself to the IAC?

MS. STYLAREK: Hi. My name is Kathy Stylarek. I came from Huntington Bank in Columbus, Ohio. I joined Trent Webster's team on the strategic investments side, and I hope to be contributing soon in a big way.

MR. WILLIAMS: I think the key thing about that introduction that I'd like you to take away is that we recruited Kathy successfully from the private side, and we've recruited people from all over. Brian, for example, where did we bring you from?

MR. GELLER: ING.

MR. WILLIAMS: Exactly. So I think that's a direct reflection on the quality of the work you supported us on on the comp plan, so thank you again for that. And here's the proof that it's bearing fruit. So with that, I'm done, Mr. Chairman, unless anyone has questions.

MR. PRICE: Thank you, Ash. Aon Hewitt has done an asset-liability review, if Kristen and Phil would like to -- you're allocated five minutes, but if you need more, you have more. It's a tight schedule.

MS. DOYLE: That is tight.

MR. PRICE: Which the chairman did not make up.

MS. DOYLE: Thank you. So every year we undertake an asset-liability study, where we evaluate the appropriateness of the asset allocation relative to and in the context of the liabilities. And so for those of you that have been through one of these before, you will remember that Rowland Davis previously was the one that had delivered the analysis and the results. Rowland has since retired, and so now today I have Phil Kivarkis with me, who is going to go through most of the deck and the analysis that you have in front of you. And I'll just let Phil introduce himself, give you a little bit of his background.

MR. KIVARKIS: Thanks, Kristen. Hi, everyone. I'm Phil Kivarkis. I'm the U.S. director of investment policy services for Aon Hewitt, also the chair of the global asset-liability management team. I've been with the firm for 22 years. Spent the first half of my career as a pension actuary, before moving over to the investment practice to assume my current role. And the team I lead conducts hundreds of these types of asset-liability studies per year, for both public and corporate pension plans.

MS. DOYLE: Thanks. So just to set the stage before we get into the details of the report, the main question when we do these studies that we want to address and spend time thinking about is, is the proportion that we have invested in return-seeking assets and risk-reducing assets appropriate. So that's really the high level question that we want to ask ourselves as we go through this, as we look at factors like funded status, contribution rates, net cash flow and other statistics that you'll see in this report.

The plan currently stands at 81 percent return-seeking assets, 19 percent risk-reducing assets. And the short answer to all of the analysis that we have in here is that we believe that that is an appropriate place to be in terms of the asset allocation and the distribution between those two components of the portfolio.

What we define as risk-reducing assets in this case is the fixed income portfolio, which is primarily an investment grade, Barclays Aggregate type of positioning. You have some core-plus managers in there that are going to do some things a little bit outside of that. But generally we think of that portion of the portfolio as providing downside protection in a weak equity market.

Also as a reminder, when we generate our 15 year expected returns, the methodology that we use here is that we take expected returns for -- in this case, we use global equity. In the past we've used U.S. equity, but as we move to a more global orientation in the equity portion of the portfolio, we thought it more appropriate to use a global equity expected return.

We take that from four consultants. We create an average for both global equity and bonds. And that's our global equity risk premium. And then we use that to scale our expected returns for all of the other return-seeking assets that we're using to model the portfolio.

The equity risk premium last year when we did this was 3.53 percent. The equity risk premium we're using

for this study is 3.94 percent. If we had done it based on the U.S. equity return, it would have been 3.63 percent. So very minimal change from last year in terms of the risk premium.

We do have a chart that shows historically where risk premiums have been. And if you remember, from about 2010 to 2014, we saw equity risk premiums going up, mainly because we saw bond yields significantly going down. But we've started to see, as we've seen yields come up a little bit, we've started to see a little bit of a compression in the equity risk premium. So that's just a really important input that I want to make sure everybody is aware of in terms of the study.

And then just lastly, before I turn it over to Phil, a couple of other things that pointed us to the fact that we think the asset allocation is positioned well, the current asset allocation actually achieves almost 100 percent funded status over the period of time that we modeled this. And so it's moving the portfolio in the right direction.

And then we also have to think about the worst case scenarios and how does the portfolio perform in the worst case scenarios and what does that do to the funded status. And intuitively, as you increase risky assets, that increases the chances of having a very negative downside event, and that can permanently impair the funded status. So when we think about taking more risk or taking risk off the table, we have to think about how does that impact the funded status in a worst case scenario, like a 2001 or a 2008.

Any questions about any of that before we dive in? Okay. So I'm going to flip to slide seven. So slide seven explains a lot of what I just summarized, but just to bring it all together in terms of what this study is designed to do, it's really to provide you-all as council members with a view of how the way the assets are currently allocated will impact the key measures on the liability side, such as contribution rate, such as funded status.

And it really, at the end of the day, is going to help us determine the level of risk that's appropriate in -- and this is really important -- in the context of the plan's liabilities.

And then slide eight, these are just the key risks that we think about when managing a pension fund. And we believe that this asset-liability study and asset allocation work that we'll be doing today is a key risk management tool to help minimize and mitigate a lot of these risks that you see here. So with that, I'm going to turn it over to Phil.

MR. KIVARKIS: Thank you. So the trick is trying to balance the short-term risks with the long-term concerns, and that's really what we're trying to accomplish here, what's the proper balance of those two. The longer the time horizon, the longer the term to look, the more incentivized you are to take risk. The shorter the look, the less incentivized you are to take risk. And ultimately it becomes a question of how do we balance those short-term and long-term needs.

So I'm on page nine, I'm sorry, page 13. It looks like page 13 on the screen. And this is just a schematic of how we run our stochastic, Monte Carlo simulation analysis. Now, this is the analysis that we use to conduct our asset-liability projection analysis.

We use -- we start with a set of capital market simulations, 5,000 economic trials over the next several decades. And the 5,000 economic trials contain the full spectrum of potential events, from the best of times to the worst of times and everything in between. And here we're projecting things like inflation, interest rates, capital market returns for fixed income, equities, other alternatives. And we're doing it in a synchronized way, where we've actually combined, as Kristen mentioned, combined four entities' assumption sets into the production of the simulation that underlies the analysis.

Now, these simulations of capital market events like inflation and interest rates and capital market returns will have an implication on the projected values of the assets and the liabilities. And as a result of all these simulations, we're able to examine the full spectrum of potential asset values, liability values, funded ratios, contributions. And now we can examine the risk-reward tradeoffs, not just within portfolio theory, but also the risk-reward tradeoffs as it stands within the context of the pension plan. And so that's what we're going to discuss today and evaluate.

So page 14 is a lot of what I just mentioned. The goals of the asset-liability study, first and foremost, to understand the nature of the risk-reward tradeoffs within the context of the plan and then to use this information to properly identify the optimal strategy.

The last bullet point on the page was what Kristen mentioned earlier. It's these asset-liability studies that are best suited to help you determine the optimal asset mix. And when we say asset mix, primarily we're talking about the mix of risky assets and not risky assets, or return-seeking and risk-reducing assets. And so that's what we're intending to accomplish first

and foremost. And ultimately we're testing that 81 percent return-seeking allocation, does that make sense within the context of the plan. We believe it does, based on our analysis.

All right. The next page, talking about kind of this risk and reward context. You may be familiar with standard portfolio theory, risk and reward, where return is the primary reward metric and risk is the volatility of returns. And so that's how your general portfolio theory works. In the asset-liability context we also include return or reward as defined by cost, the cost of the pension program, and risk as what's the cost in those worst case types of scenarios. And we'll examine that as we go.

And some of the key factors that affect this risk-reward tradeoff and the decision of risky versus not risky assets, some of those things include time horizon, as I mentioned. The shorter the time horizon, the less propensity you have to take risk. The longer the time horizon, the more propensity you have to take risk.

The characteristics of the plan participants, that being your plan's demographics. Younger plans tend to have more ability to take risk. The funded status of the plan. And as we'll see, the funded status of this plan is fairly healthy. And so we'll examine that as well. And then finally the nature of the plan benefits, is there a sensitivity to inflation, for example, and how does that implicate the ideal investment strategy.

All right. So if we move to the asset-liability profile, this was the starting point as of July 1 of 2015 in our analysis. You can see on the upper left-hand corner of the page, the starting market value of assets, 148.454 billion. Relative to the actuarial liability -- now, this is the information we collected from the plan actuary. The present value of the liability being 165.5 billion. So the plan appears to be 89.7 percent funded on this basis, on a market value of assets basis. Again, this is above -- nicely above the average for a public pension plan. And this is the starting point for all of our analytics.

In the lower left-hand corner you can see the asset-liability growth metrics. Now, this is important. The liability is growing every year due to two key components. The interest cost, which is a time value of money mechanism. Every year that passes, your obligation comes one year closer to the ultimate payout. And so the liability will grow at the actuary's interest rate, 7.65 percent. That's used in

his present value calculations.

There's also an additional growth due to normal cost. That's the cost of new benefits which accrue to your people every year. They earn one more year of service. Their pension benefits grow. And as a result, the obligation grows. And so the liability -- what we call the liability hurdle rate is the sum of these two components. It's about 14.35 billion. And that's about 8.65 percent per year. So your liability is growing at 8.65 percent per year.

MR. PRICE: Could I just ask a question? Where does the 7.65 come from? You said it's the actuary's number.

MR. KIVARKIS: That's right.

MR. PRICE: What number is that?

MR. KIVARKIS: That's the actuary's assumed discount rate for purposes of the determination of the actuarial liability.

MR. PRICE: Right. So a 100 basis point change in that changes your $20 billion shortfall how much?

MR. KIVARKIS: So a 100 basis point change in that will change the liabilities by about 15 percent. And so a 15 percent change would change the funded ratio by about roughly 15 percent.

MR. WILLIAMS: And if I can be helpful here, the source of that number is the legislature.

MR. PRICE: Oh, is it? Okay.

MR. WILLIAMS: Yes. So the actuary is not saying, based on my knowledge of markets and capital markets assumptions and general wisdom, that's the right number. We have in fact opined multiple times in recent years in writing that that number could reasonably be brought down a bit.

MR. PRICE: And how does it compare to other states?

MR. KIVARKIS: Fairly similar. The typical -- the median state is right now at 7.75. But they're generally in the mid to high sevens.

MR. COBB: All legislators are optimistic.

MR. WILLIAMS: Well, and let me give you a little history here, which will be helpful. The history is that there tends to be in policy, in different governmental units around the country, a phenomenon very similar to retail investor behavior, which is whatever has been the recent experience, particularly if it's positive, they want to run after it.

I can remember when I was in this job back in the nineties we had a run of very strong performance, and I got called down to the legislature and was asked about, gee, shouldn't we increase the return assumption to 9,

10, 11 percent, because you've been getting these mid-teens-plus returns. It's obviously pretty conservative relative to what you've actually done. Think of the money it would save in contributions. Why not?

And the answer of course was, well, that's completely unrealistic. These are aberrationally good numbers. There will be mean reversion. And we're looking at 20, 30, 50 year horizons here. No, it's not prudent. And I think in those days the return assumption was eight or even eight and a quarter.

So believe it or not, where we are today is down from where it's been in the past. And they did, after some discussion in the actuarial estimating committee a couple of years back, lower it from 7.75 to 7.65.

MR. DANIELS: Mr. Chairman, a question. What would the average corporate pension fund rate be today?

MR. KIVARKIS: So there are different regulations that govern corporate calculations. I'll give you two numbers, and I'll give you the distinction between those two numbers. Corporations are required to discount their liabilities based on corporate bond yields. Corporate bond yields tend to be fairly low these days, as you can imagine. We're in a low interest rate environment. So corporate pension funds use discount rates that are generally around four and a half percent, quite a bit different than your typical public pension fund, which is closer to 7.75. So there's a distinction there.

But the corporate pension funds also have an assumed expected rate of return on assets, which is probably more akin to this type of number. And generally speaking, that's in the low to mid sevens. So whereas the public pension fund arena is averaging around 7.75, the corporate pension arena is probably averaging something closer to seven and a quarter.

But it's noteworthy to say that corporate pensions tend to be less risky on the spectrum than public pensions because their time horizon tends to be shorter.

MR. DANIELS: Thank you.

MR. KIVARKIS: You're welcome. Other questions? Excellent. So this is an important point. The liability growth rate, as reported by the actuary and as used in our calculation, 8.65 percent. Now, that 14.3 billion is 8.65 percent of the liability. It's actually 9.6 percent of the assets, right, because the assets are a lower value than the liabilities. And so the question is, how are we going to finance this needed asset growth rate to keep pace with the

liabilities? So if your liabilities are growing at 14 billion per year, how are we going to grow the assets such that they're also growing at 14 billion per year as well?

And so the question is, is the asset growth rate keeping up with the liability growth. Here we see that if the required asset growth is 9.6 percent, we think the asset growth is more like 9.75 percent and that that suggests that you have asset growth that is sufficient to meet the liabilities growth over time. And so we think this is a good thing, as your assets should help play catch-up over the long-term.

Right side of the page, the target asset allocation, as we've mentioned before. We would call this an 81 percent return-seeking portfolio, 19 percent risk-reducing. And you'll notice, when we say 81 percent return-seeking, we'll mention that a few times throughout today's discussion. So that's where that comes from, and there's the breakdown. Are there questions on this page? It's an important lead-in to the remainder of the discussion.

All right. So now I'm on page 21. Here is the equity risk premium methodology that we've alluded to. Now, recall in previous years we had used U.S. equity as the basis for the equity risk premium. And just to define what that risk premium is, it's the expected return on equities less the expected return on bonds. So if you're looking at what the difference is, that's how much you're rewarded for taking equity risk.

And so what we've done is we've averaged the four -- and this is the standard methodology for the SBA. We've averaged the four entities shown on this page, Aon Hewitt, Mercer, Wilshire and Callan. And when we average those four equity risk premiums, we find the average is 3.94 percent. So 3.94 percent was then the basis for the assumptions and the basis for the equity assumption baked into our analysis.

And you can see that that's higher than last year's 3.53 percent. That's largely as a result of the change in methodology to go from U.S. to global. Again, the more global orientation of the portfolio suggests that global is the better way of setting this assumption. It was mostly as a result of that method change that led to this increase.

And you can see the history. The history is suggesting that the last couple of years we saw equity risk premiums that were closer to mid fours. So over the long-run we've seen numbers in the threes and fours. But generally speaking, 3.94 was the assumption for the equity risk premium. And as this assumption

changes, the results, the analysis will look like it's more or less advantageous to be in equities. So for example if this number -- if 3.94 percent were 4.94 percent, that would suggest even greater incentive to take equity risk. And if the number were 2.94 percent, it would be less incentive to take equity risk.

And we've actually studied the effects of how this assumption changes and how the risk-reward tradeoffs also change. And we'll examine those results with you.

MR. PRICE: Peter, do you have something?

MR. COLLINS: Yeah. So if we're changing to the global equity return, why are we staying with just the U.S. bond return?

MR. KIVARKIS: It's a fair question. The U.S. bonds and the global bonds had similar returns. The question is, what is the right bond base. The portfolio has a U.S. orientation with bonds. But the result wouldn't change a lot if we were using international.

MR. COLLINS: But you're sticking with this for a while? Somebody made a decision somewhere and said we're sticking with the U.S. bond return?

MR. KIVARKIS: So that was the methodology used, and that's the intent, is to stick with it, absolutely.

But just to say, if we were to look at global equity versus global bonds, the number wouldn't change a lot.

MR. COLLINS: Okay.

MR. KIVARKIS: Thank you. Okay. So let's continue on. I'm going to look at page 22, the current efficient frontier. And what we see on the graph, on the upper left-hand corner of the page, is expected return on the vertical axis and expected volatility on the horizontal axis. This is your standard risk-reward tradeoffs in portfolio theory space.

And you can see that there's a spectrum of potential portfolio solutions, from what we call zero percent return-seeking, all the way through 100 percent return-seeking. And you can see that the higher the allocation to return-seeking, the higher the return and also the higher the risk, as you might expect.

Now, the current policy, per the assumptions that were used in the analysis, expected return of 7.0 percent, expected volatility of 12.4 percent, and a Sharpe ratio of .354. Now, you can see what that allocation looks like. It's the same allocation that was identified on the previous page. And you can see that that's generally some mix in return-seeking assets of global equities, real estate and the strategic and

private equity allocations. And then on the risk-reducing front, you can see a combination of various types of bonds, government bonds and credit bonds.

So that is the 81 percent return-seeking portfolio. But you can see, for example, a 90 percent return-seeking portfolio would have higher expected return and a higher risk, and a 70 percent return-seeking portfolio would conversely have lower return and lower risk. We've actually studied not only the 81 percent return-seeking portfolio, which is the current, we've also studied the 90 percent and 70 percent return-seeking portfolio so that you could examine the implications to your pension plan's financials.

So page 23 covers the range of returns for the current policy. And here we've examined the range of potential returns, cumulative returns over varying periods, ranging from five years to 30 years. Now, you can see that the center, which is the black diamond, at the five year point is a 7 percent central expectation, but there are ranges around those cumulative returns. And you can see on the high end it's just north of 16 percent. On the low end it's south of zero.

So this represents the range of outcomes of cumulative returns over a five year period, from the 5th percentile to the 95th percentile, the 5th percentile being the bottom of the black line, and the 95th percentile being the top of the black line, and the 50th percentile being that black diamond. The blue represents the 25th to the 75th percentiles.

So this is now examining the percentiles of the distributions so that you can examine what the returns look like over 5 years, 10 years, 15 years and 30 years, and you can see that over time the central expectation remains the same, but the distribution of outcomes starts to compress on a cumulative basis. So there's more risk in the short-term, in terms of the dispersion of cumulative returns, than over the long-run. And that will have an implication.

Now, this is nominal returns on page 19, I'm sorry, page 23. Real returns on page 24, similar picture. Real returns are netting out inflation. And so here we can see that when you net out inflation, the central expectation is 4.8 percent. Now, recall, the actuary's assumption is 5 percent, so the 4.8 percent is slightly south of the actuary's 5 percent real return assumption, but close.

So those are the nominal and real return distributions over varying time periods. Now, if we

look at the same efficient frontier analysis and we examine returns relative to what we call the hurdle rate -- recall, we define that hurdle rate as 9.6 percent -- how much of that 9.6 percent hurdle is covered by investment performance with these varying portfolios, and what are the cost implications of those, the economic implications of those varying asset allocations.

And so here we can see, if the current policy has an expected return of 7 percent in these assumptions, that's 2.6 percent short of the 9.6 percent hurdle. And as a result, the expected annual funding, 3.8 billion. And the volatility associated with that portfolio could lead to a $21 billion erosion of value in the plan over a one year period.

So the question is this. What are the implications, risk-reward implications in economic terms of varying the asset allocation? And you can see, for example, moving to a 90 percent return-seeking allocation might save about a half a billion dollars in expected cost per year, but it would add over a billion dollars of risk.

And, conversely, the 70 percent return-seeking portfolio will add expected cost to the tune of about half a billion dollars, and it will remove about a billion and a half of risk. So there's a risk-reward tradeoff. And so as you move up and down the spectrum, there are cost and risk tradeoffs. And so this is a simple analysis to examine that point. And we examine that point in much more detail as we go.

Okay. So now we get into some of our stochastic asset-liability projection analytics. And the next three or four pages will cover stochastic analysis of things like the expected contribution rates over the long-term, the expected funded ratios over the long-term, the expected net outflows to the plan over the long-term.

And you'll note on page 27 that we have contribution rates projected forward over the next 30 years for a 70 percent return-seeking portfolio, the current 81 percent return-seeking portfolio, and a 90 percent return-seeking portfolio. I'm going to focus on the 81 percent current policy, for starters.

And just to examine that projection of results, you can see the dotted line. That represents our central trend line. So what is it telling us? It's telling us that the expected contributions, in terms of that central trend, are going to hover right around 10 percent of payroll. Right now they're just south of 10 percent of payroll. And we expect that those will

trend sideways. So if all of our assumptions are met around the expected level, we expect that the contribution as a percent of payroll at about 10 percent. Now, you'll notice that it blips down about 25 years out. That would be as a result of the full funding of the shortfall amortizations that exist today. So right now you have a shortfall, as that's amortized over the next 25 years. That would go away presumably. And in the expected case, your contributions would decrease at that point. But generally speaking, trending around the 10 percent of payroll level.

Now, in the worst of times, the number could be higher. And so you could see that, for example, over the next 10 years, in the 75th percentile, that's the light green line, so in other words, if you have a moderately bad outcome, contribution rate could go up to 15 percent for the next 10 years.

And conversely, if you were to have good performance, that contribution rate could come down, akin to the funded ratio going up. So there's a spectrum of potential outcomes. But the central case is such that the central trend is right around the 10 percent of payroll.

Now, you can see what happens when you vary the asset allocation. You can see what happens to the central trend line. If you were to move to a 90 percent return-seeking portfolio, the central trend line would be a little bit lower than the 81 percent return-seeking portfolio.

And what's that telling us? That's telling us that you would have a lower expected cost with a 90 percent return-seeking portfolio, and with a 70 percent return-seeking portfolio, a bit of a higher cost. And you can see that in terms of the central trend line, the dotted line being higher for the 70 percent and lower for the 90 percent portfolios.

Now, the payroll is about $25 billion of covered payroll for this plan. So you can apply those percentages to the 25 billion of payroll and get to something around, for 10 percent, something around two and a half billion per year of employer contributions.

So this is the first of many stochastic analytics. The next slide covers funded ratios. And so here recall that the starting funded ratio is right around 90 percent. And, again, I'm going to look at the stochastic projections and look at the central trend lines for the 81 percent current policy. And here you can see that the central trend suggests that that funded ratio is going to trend sideways and end very

close to 100 percent at the end of the projection period.

And you'll notice what happens with the 90 percent return-seeking portfolio and the 70 percent return-seeking portfolio, it will implicate the central trend line. In other words, the 90 percent return-seeking portfolio has a trend line which is trending higher, faster than the existing policy. It moves north of 100 percent, to 107, by the end of the projection period, and the 70 percent return-seeking portfolio, which trends to 82 percent at the end of the day. So there's an implication on that funded ratio trend line of varying the asset allocation.

And, finally, the net outflow analysis, net outflows are defined as benefit payments less contributions as it relates to the market value of assets. You can see that the net outflows are projected to be around 4 percent per year. You can see that central trend line for the current policy moving right around 4 percent per year, fairly sideways over the course of the period. It blips up when the contributions are expected to blip down.

MR. COLLINS: Mr. Chairman?

MR. PRICE: Please.

MR. COLLINS: Is the 4 percent a pretty standard number for pension funds across the country?

MR. KIVARKIS: It's actually below the average, which is good news.

MR. COLLINS: Okay. And at that 4 percent -- so all these assumptions are done thinking along the 4 percent line. In the past 15 or 20 years in Florida, has that remained roughly the same?

MR. KIVARKIS: Yes.

MR. COLLINS: So it's been very stable in Florida?

MR. KIVARKIS: That's right. In fact, the 4 percent number would be largely implicated by the asset value. So, for example, if -- you have 90 cents on the dollar versus your obligation. If you were to have 50 cents on the dollar, you'd be looking at numbers that are almost double this.

And, so, many pension funds actually struggle with this very metric. So it's an astute question. Because for those that are poorly funded, outflow events are very painful. And so we think the critical threshold is 10 percent. And you'd be surprised how many states struggle with that 10 percent threshold.

Now, as I examine your results, you'll notice that even in the worst case, you don't even broach the 10 percent mark for decades. So that tells me that it would have to be the worst of times for a prolonged

period before you even get close to concerned. So in other words, I'm comfortable with the 4 percent. Frankly, I think it's rare and good.

Other questions? Okay. So that's the projected net outflow analysis. Now, page 26 covers the economic risk-reward tradeoffs. We define economic cost as the present value of contributions, which we examined a couple of pages ago, plus any shortfall at the end of the projection period.

And we've studied various periods; 5, 10, 15 and 30 year projection periods. The ideal case, in this pictorial, is to be in the upper left-hand corner of the graph. You want to have as much reward and as little risk as possible.

Now, it's interesting, as we -- without getting too much into the detail of what the numbers entail, it's interesting to see that the slope of the five year curve is very different than the slope of the 15 year curve, for example. Now, what is this telling us? It's telling us that over a five year period, if you're mostly horizontal, as you're increasing your risk from zero percent to 100 percent return-seeking, you're taking a lot of economic risk without a lot of economic reward.

Well, what happens over 10 years and over 15 years is you become more steep. And what does that tell us? It tells us you're getting more reward per unit of risk, as you would move from a low-risk portfolio to a high-risk portfolio.

Now, this is important because it basically reinforces the point that the longer the time horizon, the more incentivized, the more inclined investors would be to take risk. And that's certainly the case here.

Interestingly, if we examine the economic analysis on page 30, examine this and compare it to the information on the very following page, 31, the sensitivity to the equity risk premium assumption. Recall that we had mentioned that 3.94 percent equity risk premium was the average of the four constituents. And what would happen if this assumption were to change up and down 1 percent? And it's interesting. If we examine the red curves, you can see what happens if the equity risk premium were to move to 2.94 percent, that curve flattens out even more. It's an even more horizontal curve.

And so what does that tell us? It tells us there's not a lot of reward that you're taking as you're increasing the risk of your portfolio. And conversely, if it's 4.94 percent, you can see that

there's greater reward, right, the curve becomes more steep, more vertical. And that's especially true the further out you go. So if we were to go out 15 years instead of five years and examine the plus and minus 1 percent on the equity risk premium, you can see that the curve becomes very vertical very quickly if that equity risk premium is 4.94 percent rather than 3.94 percent. And the converse is true at 2.94 percent.

So this just goes to show the sensitivity in the model to this assumption is profound. And ultimately time will tell whether the equity risk premium that we in fact reap over the next 5 or 15 years is 2.94 or 3.94 or 4.94 or something else. But that obviously will implicate then the degree of risk-taking that was optimal, as we look back.

All right. Now, we've talked a lot of about risk and reward. On the next page we examine the likelihood of shortfalls, to varying degrees, for various allocations to return-seeking assets. If we just examine the 81 percent return-seeking portfolio, the current portfolio, you can see that that portfolio has a 22.9 percent chance of falling below 70 percent over the next five years. So roughly 23 percent chance of falling below 70 percent, which means there's a 77 percent chance it will be above 70 percent. But a

23 percent chance of falling below 70 percent.

There's an 11 percent chance of falling below 60 percent and a 4 percent chance of falling below 50 percent. Small likelihoods, but it's important to be aware of the risk that you're taking with the portfolio as it stands.

Now, you could examine how those numbers compare to the 90 percent return-seeking portfolio, which has greater likelihoods, for example, of falling below 60 percent, a 12.1 percent chance of falling below 60 percent, so a 1 percent higher chance of falling below 60 to move to a more risky portfolio and obviously a less risky chance of falling below 60 if you were to move to a, for example, a 70 percent return-seeking allocation.

So this is trying to examine what are the risks of falling below key thresholds over to next few years. And you can see that there are measurable risks of falling below these key thresholds, and they increase the higher the allocation to return-seeking assets.

All right. The very next page covers the SBA asset allocation versus various public peers. Apologies for the very small type. We have a lot of information on this page. I'm going to focus on the SBA allocations relative to what we call large public

pension plans, which exceed $5 billion. Obviously, this plan is well in excess of $5 billion, but that's probably the best representation of a comparator group as we see it here.

And just doing a quick compare, you can see that the SBA has a slightly higher allocation to total equity, 59 percent versus 55.6 percent for the large public plan base; a slightly lower allocation to fixed income, 18 percent versus 24 percent; and a similar real asset exposure, both around 10 percent; and a slightly higher allocation to other alternatives, 13 percent versus 10 and a half.

So that's important as you're just keeping an eye on how you compare to the field, how you compare to other public pension plans of large size. All right.

MS. DOYLE: I'll just make one more point on that. We'll see this when we look at the performance later on in the meeting. But we do compare every quarter the SBA's asset allocation and performance relative to the top 10 public pension plans in the United States, which I would almost argue is an even better comparison, and the results are pretty similar to what you see here.

MR. JONES: How do you treat strategic investments when you do this analysis? Because nobody else has it, right?

MS. DOYLE: Yeah. So on this page we've lumped it under hedge funds, but we all know that strategic investments is much more than that. But that's the category that Greenwich uses. When we look at it relative to the TUCS 10 largest pension funds, it's considered -- we compare it to alternatives, because TUCS lumps alternatives -- anything that's not public equity, public fixed income or real estate into alternatives.

MR. WENDT: Mr. Williams, you started out by saying earlier that the legislature had approved a certain amount, and the term you used was the mandatory, and then another amount. Given all of this information, what do they use to determine their figures and how much did they in fact put in?

MR. WILLIAMS: What they do, the process is as follows. The Florida Constitution -- the two amounts we're talking about are what are called normal cost, which could be thought of as the operating overhead of the pension system in a normal circumstance, and then the unfunded actuarial liability, which is the piece we've been talking about that's the difference between the 90 percent market level funding and the NPV of the liabilities. So there are two different appropriations. One is -- they're wrapped together,

for the pension fund contribution, for the defined benefit plan. One is the normal cost and the other is a contribution to unfunded actuarial liability.

Florida's constitution requires that the normal cost be fully funded every year based on an independent actuarial analysis, which in turn is based on assumptions derived in a public meeting of a group of professionals that includes representatives essentially of the House and Senate, the two houses of the Florida Legislature, and the Division of Retirement, and staff is the SBA, and an outside actuary is used to do the work and do the presentation.

So that is the group where the discussion takes place on the assumptions every year for a range of things, of which the actuarial investment return assumption is one. Payroll growth is another, which is the collective cost of the payroll for all public employees who are covered, which in turn drives benefits over the long-term. And inflation, I guess, would be another key assumption. And there may be some other variables in there as well.

So that's the group that has the discussion, makes the recommendation on the assumptions, and then the legislature generally goes on those.

MR. WENDT: Did they use any of this information here in making that decision or did they use all of it or they just go separately?

MR. WILLIAMS: The information is always available to them as part of the actuarial conversation, yes. And they look at things like state revenue growth and all kinds of things. And the legislature, to their credit, in Florida, very, very unusually among the 50 United States, has a really, really strong history of funding the pension system.

If you read any of the literature on why public pension plans have such a poor history of being properly funded, the number one issue is underfunding. And the reason is very simple. There's commonly a misalignment in objectives between very long-term outcomes and very short-term election cycles.

So Florida, because of that constitutional requirement, the history here is absolutely unique, to my knowledge, in that the Florida retirement system was created back in the early or mid-seventies to drop a net over a whole raft of public pension systems at the state and local levels in Florida that were both chronically and acutely underfunded.

So what they did was put them all together and then take care of all three of the fundamentals of any system doing well. Number one, make the benefits

reasonable. You can't have gold-plated benefits that are unsustainable. So that's step one. Step two is have responsible funding. Hence the constitutional requirement on the normal cost and requirement that there be an external actuarial review annually using assumption inputs that are set in a public meeting. So you can't just make up all the actuarial stuff and plug it in to get a predetermined outcome.

And thirdly is the prudent investment side. That's the one piece of this that we're responsible for. And you're part of that process. And I think you would agree that we do the best we can to, A, be honest, B, face the music and, C, create the best outcomes we can, given the realities that we have no control over.

MR. WENDT: Certainly analysis upon analysis. So given all of that thing and all this, how much money did they put in?

MR. WILLIAMS: The actual dollars --

MR. WENDT: Yeah.

MR. WILLIAMS: -- that are in the current budget? I don't know off the top of my head. The Division of Retirement is here. Do you guys have any knowledge on the actual number?

MR. DRAKE: Between 2 and 3 billion on an annual basis.

MR. WENDT: That's the normal or the --

MR. DRAKE: That's all together.

MR. WENDT: All together. So we don't know really the normal or anything. We don't care, I guess.

MR. WILLIAMS: And here's the history on this. The only three years in the history of the Florida Retirement System that there was not full funding of both the normal cost and the contribution to the actuarial unfunded liability were the three years immediately after the great financial crisis.

The State was basically broke. There was the usual scrambling around to meet current obligations. And even in those years, they fully funded the normal cost and they funded most of the actuarial unfunded liability contributions. They just didn't fully fund it.

MR. WENDT: So you're pleased with the way the legislature goes about --

MR. WILLIAMS: Generally speaking, it's the strongest performance in the country in terms of funding, or among the strongest. There are a handful of other states that are better funded than we are. But if you look at an awful lot of the states, Illinois, Pennsylvania, Connecticut, New Jersey --

MR. WENDT: A mess. I happened to be talking to some people who work in the state of Wisconsin, and they were saying that they're 100 percent funded. They thought they were. I don't know if they are or not.

MR. WILLIAMS: That's right.

MS. DOYLE: They are.

MR. WILLIAMS: And by the way, the CIO of Wisconsin is a Florida SBA former employee and grad, so is the CIO of North Carolina, which is also funned over 100 percent.

But the story on most of these places has to do with the funding. And the other key thing is, where you start often has something to do with where you end up, no matter how good a job you're doing. If you start running on the zero and you run really fast but your competitor starts on the 50 and doesn't run as fast, you could still lose the race.

The reason I say that is when the FRS was created, the aggregate funding level was in the mid to low forties. Most people would say, and Phil would probably agree, generally speaking, if you have a funded level of below 60 percent, it's pretty much a fatal situation. You just as well call in the embalmers and dig a hole.

And in this case, the Florida Legislature wrote a chapter in profiles and courage by recognizing the problem, bounding the negatives, constructively and affirmatively addressing them. And here we are 35, 40 years later looking at 90 percent funding and a path that gets us back toward 100. And keep in mind, there was a period in this fund's history where its funding level was 118 percent.

If you go back to the dot-com era -- I mean, during the years I was here, '91 to '96, I think our funded level went from, I want to say low fifties to about 80 during that window. And then after I left, it kept moving up. It hit 100 in the dot-com years, kept going up to 118, and the legislature took a look at that and said, wait a minute, there are a lot of competing public uses of capital. Maybe we're better off not continuing to fund this thing to the moon. Let's deliberately provide some contribution holidays for the member employers in the system, 80 percent of which are local governments around Florida. For a period of a decade contributions were reduced by an aggregate amount of approximately $12 billion, leveling off at a funding level in 2007, I believe, of 108 percent. So we were over-funded.

MR. WENDT: So when residents of the state of Florida ask us, as we just walk down the street, You're

on the investment advisory committee. How well are we funded? Do you say 90 percent? That's the number?

MR. WILLIAMS: The conservative answer is to give the actuarial number.

MR. WENDT: Which is 80 percent, right?

MR. WILLIAMS: It's 86-ish, right in there.

MR. KIVARKIS: The actuarial value would be 86, but the more accurate number from a market value perspective would be 89.7 percent.

MR. WENDT: 89.7. That's what --

MR. PRICE: Gary, I come at it a little differently. Rather than doing these calculations, which frankly I get lost in, although it's a great presentation, is I look at the cost that Ash incurs to run this operation, where they're investing and how well these people do their jobs. We're going to get into the real estate review here shortly. And when you look at those returns, I think that's the formula I want to go with. Right?

You invest as well as you can. You know, we'll get to indexing and we'll get to equities later in the next meetings. But I care about how they rank with returns and the cost of running the shop, which is ranked very highly in the last three and five year periods.

MR. WENDT: So if we continue on the present path, the investment profiles that we have, bonds, stocks and everything, we eventually will get to 100 percent, based on this analysis and theory, in, what, 30 years, was it? Did I see one chart in here that got us there in 30 years or 20 years?

MR. WILLIAMS: The 30 years is the common actuarial trajectory.

MR. WENDT: Thirty? So that would be our objective to getting there, okay. Thank you.

MR. COLLINS: One more point. So, Ash, and going on the chairman's point, I think it's important to remember that through the seventies the SBA didn't even invest in equities. We didn't get equity authority until the eighties. We didn't get alternative authority until the nineties, mid-nineties. I remember going to the legislature and getting that. Right?

MR. WILLIAMS: That was actually international authority.

MR. COLLINS: Yeah, and international, right. So -- you know, and that's why we're sensitive to anything that comes from the legislature about how we should invest. Right? I think events of the day, it's great to jump on that train and say, oh, yeah, we shouldn't do that. But that impacts returns. So it's

not just how much the government is funding, which is the lion's share of it, but it's also, from the return side, what we have the authority to do. And up until the eighties, we didn't even have equity authority.

MR. JONES: It seems like that's one of the largest risks we have, is if the legislature stops the annual funding. Is that right?

MR. WILLIAMS: Amen.

MR. PRICE: Keeping all this in mind, we're through -- this is '16. So we're past the '08, '09 mess in the five year but not the ten year. So your ten year results are impacted by a meltdown, and you're in a very low rate environment for the last nine years, which is 20 percent of your portfolio yielding 2 or 3 percent, right?

MS. DOYLE: Right.

MR. PRICE: I actually think your equity returns will drift higher as the level of rates drifts higher. There's that kind of thing I believe in. And so I think that the ten year number, which is 6 percent here, I think kind of understates the capability. And so if you go back up to seven, seven and change, maybe even better, and keep your costs low, I think we're on a good path. Are you pretty much ready to sum up?

MR. KIVARKIS: Absolutely. In fact --

MR. OLMSTEAD: Out of curiosity, going back historically, are these numbers changing year after year? So we sort of take the numbers for today going forward. I'd be curious to know whether the 89.7 percent was similar over the last few years, or the risk on the short term is 22.7 percent.

MR. KIVARKIS: The numbers do change. I think they change daily, right, in terms of the assets versus the liabilities. But by and large --

MR. OLMSTEAD: I guess materially.

MR. KIVARKIS: Right. They aren't changing materially. They haven't. Right? They can. If you have another repeat of 2008 or the dot-com bust, you could easily see numbers change drastically very quickly. But by and large, over the last few years they haven't changed a ton.

MS. DOYLE: I can also add a little bit of context. So in 2013 we did shift some of the policy allocation out of fixed income and into the return-seeking part of the portfolio. So that does impact the expected return of the portfolio and the modeling.

And we have also seen, because of all the things that were just discussed, strong equity returns, good funding from the legislature, we have seen the funded

status improve over the years.

MR. COBB: Mr. Chairman, I have a question on this, just a bit of history, just to help me, maybe help our whole committee get this historical perspective. It's my remembrance that when we discussed allocation two years ago or three years ago, it was the strong view of this committee that we should be reducing our fixed income risk portfolio and reducing it by 3 percentage points or so.

Now, I have the impression that our consultants were nervous about that, and management wasn't nervous about that. But today's presentation sort of supports that. Help me with revisionist history here.

MR. PRICE: Ash.

MR. WILLIAMS: I think I can help. The original discussion -- I won't speculate on the motivation. It might have been just to tee up an intellectually vigorous discussion. But the original onset of that discussion, as I recall it, was there was a view expressed on the council that given the capital markets assumptions showing that fixed income yields were likely to be negative 3 percent over the ensuing 15 years, that negative 3 didn't compare very well with positive 7.65, which was the investment return assumption, and therefore what possible reason would we have to be in bonds, and so we should eliminate all bonds. That was the original discussion.

And the rebuttal to that was anxiety on the part of the executive staff of the SBA and our external consultant, fiduciary advisers, because the key thing is not what the performance of any one asset class is expected to be but what the contribution of that asset class is to the aggregate risk and return characteristics of the portfolio in its totality.

Further, to the extent one suffers markdowns in the risk classes on a mark to market basis and one has --

MR. COBB: Ash, my question relates to a 3 percent reduction, not -- there was no majority view that we should reduce bonds.

MR. WILLIAMS: We actually did reduce bonds.

MR. COBB: But there was a majority view to reduce it by 3 percent or thereabouts.

MR. WILLIAMS: We did.

MR. COBB: And we did that. And now the consultant is strongly supporting that, even though page 29 shows we are appreciably lower than our peer group.

MR. WILLIAMS: If I may, Mr. Chairman.

MR. PRICE: Go ahead.

MR. COBB: Which I'm delighted to see.

MR. WILLIAMS: Yeah. I think we're in a great place. The resolution of the year's discussion over the course of 2013, which I remember you were vigorously engaged in, as we all were, was very positive. The conclusion was to reduce our fixed income norm target not by 3 percent but by 6 percent and to reallocate those dollars 3 percent to real estate, 1 percent to private equity, 1 percent to strategic and 1 percent to global equities.

We've been implementing that over time. That's where we are. That's what we agreed. And that's exactly what's being affirmed today as being the right place to be.

MR. COLLINS: We also shortened our duration in what we kept.

MR. WILLIAMS: Correct.

MS. DOYLE: That's right, yeah. I was going to mention that.

MR. WILLIAMS: And in retrospect, given that I think we collectively overestimated the expectation for the rate of increase in interest rates and the rate of increase in inflation, thank goodness we didn't go any further.

MR. PRICE: Thank you.

MR. KIVARKIS: So I'll just conclude. I think that takes us to page 36, to say that based on our analysis, we believe the existing investment policy is appropriate, based on all of our risk-reward analytics, just to reiterate the change in methodology to global equities for that equity risk premium, that all important equity risk premium assumption. And then based on the analysis, an increase in risk, as we saw, takes that central trend of funded ratio above 100 percent and increases the shortfall risk as we saw.

So there's the risk of running too high a risk portfolio. And so that's why we think that the existing portfolio is in a bit of a sweet spot as it sits today.

Last point, that all important real return assumption of 5 percent the actuary is making, our assumptions largely, if not totally, corroborate with that. 4.8 percent was our expected real return assumption.

MR. PRICE: Thank you, Phil and Kristen. Thanks very much. Is that an annual review that Aon does for us?

MR. WILLIAMS: Yes.

MR. PRICE: Pretty much annual. So we'll see you next year.

MS. DOYLE: Yes. Thank you.

MR. PRICE: The next portion of our agenda is a deeper dive than usual in the real estate business that this institution operates. And I want to, in the next four meetings, do deep dives in different segments of the portfolio. I think it's really important. And for me, I hope everybody on the committee, on the council, engages, especially if you have a real estate background, with the staff on this. So I'm going to start it off by just saying, it's about $15 billion? Is that about right, Steve?

MR. SPOOK: Yes. On a gross basis.

MR. PRICE: Right. So I thought the presentation that was in the book was very good, a great place to start. I was a little surprised that we were only at a 17 percent loan to value. We'll get to that later. But if you want to start, I really look forward to your presentation. Thank you.

MR. SPOOK: Well, good morning. I'm Steve Spook. I'm the senior investment officer for real estate. And joining me today is Lynne Gray, the senior portfolio manager for principal investments, and Michael Fogliano, the senior portfolio manager for our externally managed portfolio. You'll understand, as we go on, what principal investments and externally managed mean, as we do a deeper dive.

Also joining us is our asset class consultant, The Townsend Group, Dick Brown and Seth Marcus. Feel free to ask them any questions, especially if I can't answer any of your questions. Their annual program report is part of your package there.

So our goal today is to ensure that this council fully understands the real estate section, what we do and how we do it. So we're very process-driven, and we want to give you comfort that our processes are sound and prudent.

So first I want to start with something that I don't have a slide for, because I had to present these slides to y'all about three weeks ago, and just talk briefly about the state of the market, my view of the markets. And three weeks ago I didn't know what the market was going to be like today, even though real estate is a fairly slow-moving asset class. And kind of the state of the market and how it's guided our activity over the last several months.

So as we all know, real estate pricing appears to be rich, although conditions are different and I think better than in 2008. For example, property fundamentals continue to improve. Supply remains muted in most sectors. Multifamily in certain metros is

getting overbuilt. But supply is a pretty good story. Lenders and borrowers are showing more discipline here in this part of the cycle than they did back in 2008. Cap rate spreads, so the risk-free rate, still appear attractive. And we don't see any evidence of large interest rate increases in the future. Should that happen, we think we have our portfolio positioned to grow NOI to keep pace with interest rate increases, which should cause cap rates to increase.

Having said that, my expectation for 2016 is for flat to moderate appreciation. The cap rate compression that we've seen over the last five years just can't continue year over year. Pricing is getting a bit rich. Evidence of that is, we've seen transaction volume begin to slow down. Buyer pools for property sales appear to be thinning. I'm hearing that anecdotally from brokers, but we're seeing that also in our own dispositions. Having said that, pricing has not declined, at least in our dispositions. So it's a thinner buyer pool, but there's still people paying up for good properties.

Investors are dealing with the denominator effect. As global equities have come down, people's real estate allocations have gone up. And so you're seeing some redemptions in pooled funds, as people try to get back to their target allocations. REITs have less appetite for acquisitions, as the cost of capital has increased. CMBS spreads have widened, leading to less debt available for all except the highest quality real estate. So you have the large companies are still active out there, but they're only lending on the best properties and the best locations.

So as a result, our investment activity is included but hasn't been limited to capitalizing on rich pricing, and you've heard this over the last several meetings from me, by disposing of nonstrategic assets. Fiscal year to date, we've sold or have under contract about $750 million of properties. Additionally, we are currently marketing some properties, that if those get executed, would be an additional $400 million in disposition activity, probably prior to the fiscal year-end.

Also, in response to the market conditions, a lot of our investment activity has been in defensive and counter-cyclical property types, such as student housing and medical office. Having said that, we have and we will continue to try to upgrade the portfolio as we do these strategic dispositions. We are still in the market for core, but it's got to be very special property and property that fills a specific hole and

need in our portfolio.

MR. JONES: Steve, if we're selling that much real estate right now, say, by the end of the year, are we just going to reinvest it and buy more?

MR. SPOOK: We are still investing. We're active on the investment front. Over the last year, I would say, and for the near future, we will be net sellers. However, I mentioned the denominator effect, which has -- and I'll get to that in a little while, with certain percentages that has, through no investment activity at all, pushed us closer to our 10 percent target.

MR. JONES: So we'll be flipping things that we think have gone up in value but are not sustainable and reinvesting in things that have more potential appreciation?

MR. SPOOK: Yeah. So we refer to it as selling nonstrategic assets, so assets that are getting a little older. They're great assets, but we feel that we can upgrade the portfolio by buying newer product. In some cases, the submarkets that we're invested in with those properties we don't have as much conviction in today as when we acquired the properties. And, you know, with the rich pricing in today's market, we're still getting top dollar for it. Someone else sees more value in it than we do.

So as you can see from our organizational chart, we have a staff of 13, including myself, two senior portfolio managers, six portfolio managers, three analysts and an administrative assistant.

MR. PRICE: So on this chart, just a quick question. Where is the discretion? Who can commit to an investment?

MR. SPOOK: Well, that's going to be on the next slide.

MR. PRICE: Okay.

MR. SPOOK: So as you can also see on the organizational chart, you see off in the top right corner, Paul Groom is our deputy general counsel. He's not part of real estate, but he handles all our legal negotiations. And, trust me, there's a lot of documents that come through real estate, and he's a great help to us. You also see on the org chart that staff oversees two distinct portfolios. The makeup and purpose of each of those I hope will become clear to you as we go through our presentation.

So in answer to your question, Mr. Price, this slide basically shows our approval process. Ash Williams, as executive director and CIO, has the ultimate responsibility for the asset class, through

delegated authority from the trustees. He approves all major activity, such as acquisitions, dispositions, financings, new commingled fund investments.

Lamar Taylor, the deputy executive director, his concurrence is required on all of those activities, prior to Ash's approval, and myself and my staff make recommendations and perform all operational duties regarding real estate.

Another important part of our real estate operation is The Townsend Group. They are a specialty consultant. They of course are available to answer any questions today within their purview. They prepare quarterly and annual performance reports for us, provide investment manager monitoring and annual reviews, fund due diligence, research, and are prepared to help us with any number of ad hoc projects.

MR. PRICE: Townsend is your consultant. You don't represent sellers of properties, or from time to time you do or --

MR. MARCUS: No. We're the consultant for the SBA real estate portfolio, not an adviser on acquisitions or dispositions in any way. I would just extend, you know, that org chart for the SBA, we see ourselves as an extension of the staff. Townsend has approximately 100 employees, with offices in both the U.S., Asia and

London, Europe. So we cover the global markets as well.

MR. PRICE: So my question is, do you represent buyers and sellers?

MR. MARCUS: No, we don't.

MR. PRICE: You just represent --

MR. WENDT: Question.

MR. PRICE: -- pension plans.

MR. WENDT: Is Townsend an independent organization, or are you part of a larger group of consultants in various asset categories?

MR. MARCUS: We're independent, solely focused on real assets. So that includes real estate, infrastructure, timber, agriculture, but solely dedicated to the real assets.

MR. COLLINS: But I think you do advise funds on purchases, maybe not dispositions, but on purchases, correct? Not you two, obviously, but another arm of Townsend acts as an adviser for pension funds to buy property.

MR. BROWN: That's correct. But in this role, we're in an advisory capacity. We're not in an investment manager capacity here.

MR. PRICE: Do you initiate acquisition opportunities for the Florida plan?

MR. MARCUS: No, we don't.

MR. BROWN: On a direct basis, not necessarily. On a fund basis, we do, pooled funds.

MR. SPOOK: They make recommendations to us for commingled funds.

MR. PRICE: Right. But not specific real estate assets.

MR. SPOOK: No. So on this next slide, you know, I know our benchmark looks really complicated, busy and like some kind of calculus formula, but it really isn't. It's basically just recognizing that the asset class has a target of 90 percent private real estate, 10 percent public real estate, and that within the private bucket, we have a target of 15 percent non-core and 85 percent core. I think probably the most important thing to note about this benchmark is that it is very investable.

This slide shows real estate's strategic role within the broader SBA portfolio. It's designed to provide attractive risk adjusted returns, which I think a little further on you'll see we have done. Diversification for the total fund, it has an income focus, and it's designed to provide a hedge against inflation, even though we're not seeing that in the market today, but one day it will be back.

We have two broad strategies within real estate, core and non-core. The policy target for core is 85 percent, but we have a range that we can operate within, 70 percent to 100 percent. We're currently managing consciously to an 80 percent exposure. Core investments are typically meant to be held long-term, and most of our assets are long-term, have been held long-term in the portfolio. And by definition core assets are lower on the risk curve.

Non-core investments are typically shorter-term holds, with an exit upon value creation. Characteristics of core are an income focus. They are institutional quality. They're stabilized. Our particular definition -- and different institutions have different definitions -- is at least 80 percent occupied. They have low immediate capital needs and low leverage. In our case, our direct-owned core properties are limited to less than 50 percent on an individual property basis, and on our core direct-owned portfolio -- Lynne will get into this more later -- 25 percent on a portfolio basis.

So non-core we consider more tactical. Most of the return is from appreciation. Value creation comes from lease-up, development, redevelopment, repositioning, distress, recapitalization, and

typically uses higher leverage, and it can include international, which we are utilizing currently.

MR. WENDT: You have done some international transactions?

MR. SPOOK: Yes, we have.

MR. WENDT: Who do you rely on to provide you the --

MR. SPOOK: When we go international, it's strictly through commingled funds. We will not do direct investing overseas. One, it would be a concentration issue. And, two, we have a great staff, but there's too many geographies for us to be an expert in all of those.

MR. PRICE: Steve, is the 80/20 mix to the principal investments, not the commingled funds?

MR. SPOOK: I'm sorry?

MR. PRICE: This is for the principal directly owned real estate investments, not the commingled.

MR. SPOOK: It's the broad strategies. Core and non-core apply to both. You'll get that detail when Lynne and Michael describe their portfolios.

So real estate's target allocation is 10 percent. As of 12/31/15 our actual allocation was 8.9 percent. As I mentioned before, the denominator effect, which is caused by recent volatility, has pushed our exposure to

9.4 percent as of yesterday.

So, again, as I mentioned earlier, here's a little more detail on principal investments and externally managed. Again, the greater detail will come later. But in general, the broad characteristics of each is principal investments is direct-owned properties in the U.S. and consists of 100 percent wholly-owned assets and joint ventures. We'll explain why we use joint ventures later.

It is internally managed. And by that I mean we retain most of the major decision-making discretion within our staff. It has a core focus and is exclusively, as I mentioned, U.S. focused. The externally managed portfolio owns real estate through indirect ownership and consists of pooled funds or commingled funds and REIT separate accounts. It's designed to provide diversification. While it does hold core open end funds within it, it's focus on new investments is non-core, and it is global in nature.

MR. COBB: Mr. Chairman. Steve, I don't want to upset really a terrific presentation, which I've read and I think everybody else has read. It's a good presentation. But to get back to the theme of our new chairman, which I totally support, of really getting in and understanding the process, I find it would be more

helpful, like when we're talking about office buildings or industrial, what do we buy and where do we do joint venture, how do we make the decision to buy, how do we may the decision to sell. In other words, at least as one member of the committee, I would find it very helpful, how we compete in this entrepreneurial business of real estate, how do we do it.

MR. SPOOK: I do believe that will be addressed.

MR. COBB: And I don't know if that's the rest of the committee's view, but that would be the most helpful, rather than percentages in regions and the percentages in this. That's not as helpful to understanding the entrepreneurial nature of the team, which is what I think the chairman was hoping we were going to do.

MR. SPOOK: I do believe that most of that, if not all of that, will be addressed later in the presentation. I'm just trying --

MR. WILLIAMS: Maybe we should fast-forward to it. Is that the will of the group?

MR. PRICE: Sure.

MR. SPOOK: My purpose is to give a broad overview of total real estate, and Lynne and Michael are here to talk about some of the things that you're talking about, that, you know, if we're looking at office, what type of office are we looking at, what characteristics we're looking at. And I hope that will answer --

MR. COLLINS: Before we get too far, though, Mr. Chairman, I totally agree, and I'm a real estate guy, so I love this. Before we get into the particular decision-making, we've had conversation in the past about leverage in the portfolio, the fact that I think it's under-leveraged.

So on your slide on page 14, this slide just seems totally backward to me, from a risk standpoint and a leverage standpoint. And if core -- if you're looking at core, this is the best of the best, right? And for our purposes of discussion today in real estate, core real estate is the best of the best, the best cities, the best product, the best submarkets there is. Yet that's our lowest leverage. So it's arguably our most stable property, but we have the least leverage on it.

MR. PRICE: And to add on that, I just have a question. On your page 14 you show 21 percent leverage, and yet I saw loan to value of 17. What's the difference between the two? Because 17 also sounds low to me.

MS. GRAY: The 17 is for principal investments only, which is the direct-owned portfolio.

MR. PRICE: Right. So going to Peter's point,

these are the core investments, very under-levered. You could pull a billion dollars out and give it to Ash to buy some stocks.

MS. GRAY: Seventeen percent is the position at the time this report was prepared for that cutoff date. But if you look at what we have in the pipeline, we are at 21 percent, assuming that everything in our pipeline were to close. So we do apply leverage and we recognize it is lower levered. Our top end is 25 percent. So, again, if we bake in everything in the pipeline, we'll be at 21 percent.

MR. PRICE: Top end by policy on the core principal.

MS. GRAY: Yes.

MR. COBB: But it seems to me we need to get into office buildings and industrial and farms, because each of them are going to have a different set of economics, a different set of leverage. So it seems to me we need to get into details before we can talk about leverage overall.

MR. COLLINS: I disagree a little bit. I think you need to have an overriding thought on leverage before you even make a buy decision and what is a proper amount of leverage given the pension fund, right, and our return assumptions and our risk profile.

I would just say, for the past four years or five years, we've been in an incredibly low interest rate environment. Real estate has grown tremendously in value. It's been relatively stable. And we've played that hand just with one hand tied behind our back from a leverage standpoint, I think, in terms of generating returns.

And so I don't know when the last time, Ash, we did a study on leverage, proper leverage. But I just -- I think we're missing out on billions of dollars of cash flow. And, look, I'm a retail guy, right? So I buy stuff all the time. And I had a $350 million portfolio of assets in '08, '9 and '10. Never had a cash flow problem. And I was at 60 percent leverage. Never had a cash flow problem. In nuclear winter in real estate, in retail, grocery-anchored retail, never had a cash flow problem. Yet we struggle to go above 25 percent. I just -- I can't wrap my mind around it.

MR. PRICE: Well, it's very conservative, and there should be a discussion, with recommendations from the staff. You're limited to 25 percent by policy guidelines.

MR. SPOOK: On direct-owned properties, 40 percent for the total portfolio.

MR. PRICE: So maybe we can review whether drifting from 17 or 21, whichever the right number is, to 25 makes sense in the next period of time.

MR. COLLINS: Yeah. I don't want to get into it today. I just want to -- I've raised this like two or three times. We've had conversations about it. And you see 17 and you see 25, and you just go -- I don't understand.

MR. WILLIAMS: Can I help out here a little bit?

MR. PRICE: Sure.

MR. WILLIAMS: There are a couple of broad concepts here. First of all, this is what I would call in aggregate a fortress portfolio. Secondly, different parts of the portfolio have different leverage policies associated with them. The principal part, which is our directly owned portfolio, is absolutely a fortress portfolio. We've deliberately set that policy at a low aggregate leverage level, with an outside of 25 percent.

We own a lot of things, because we've owned them for a long, long time, with very little leverage. It wasn't so very long ago that during that down time that you were fortunate enough to come through without any pain, an awful lot --

MR. COLLINS: I didn't say we didn't have pain. I just said we didn't have a problem making our payments.

MR. WILLIAMS: An awful lot of our public fund peers who have a whole lot more leverage and a whole lot more fund exposure were forced sellers of assets, which we were out there quietly buying up at ridiculously good prices.

MR. COLLINS: What I would tell you -- I'm sorry. What I would tell you is the difference between 25 percent leverage and being a forced seller level of leverage is a vast gulf.

MR. PRICE: Do you, Steve or Lynne, do you have forward commitments to real estate private equity that's kind of like a leverage, where you've committed to another 500 million or a billion dollars of future investments to private equity real estate funds that's not included in your leverage number?

MR. SPOOK: Yes, we do. We have approximately a billion in unfunded commingled fund, uncalled --

MR. PRICE: Okay. That billion is not in any of these numbers.

MR. SPOOK: No, it isn't.

MR. PRICE: Nor is it in the leverage.

MR. SPOOK: Nor is it in the leverage.

MR. WILLIAMS: And those funds do have leverage, so that's where the leverage comes into the book.

MR. DANIELS: Mr. Chairman, may I ask a question?

MR. PRICE: Sure.

MR. DANIELS: Steve, when I looked at this page originally, when I was studying it, I thought that holistically you have a reasonable amount of leverage, not a lot, a reasonable amount. And when I looked at the core portfolio, I was thinking that you were looking at it holistically, and you put the debt where you had the biggest spread between the cap rate and the borrowing rate. Is that conscious or it just looks that way?

MR. SPOOK: On the core side?

MR. DANIELS: No. On the whole portfolio.

MR. SPOOK: Okay. So most of our debt -- and we have higher debt limits for joint ventures because the joint ventures tend to be development. Our joint venture partners are not nearly as well capitalized as we are, so they need that. They need that one to hit their incentive fee, but also for equity -- you know, lack of equity. And those joint ventures tend to be our non-core investments. And it's the same case with our commingled fund investments, which for the most part any new investments we're doing in that space are non-core. So they also use joint venture partners and, you know, want to stretch their equity dollar out further.

MR. DANIELS: But the spread between the borrowing rate and the cap rate doesn't affect the amount of your leverage then.

MR. SPOOK: Well, we tend to, like I said on the core properties, keep it under 50 percent, which gets us better interest rates, which increases the spread between the cap rate and our borrowing rate. And we'll only use it if it's accretive to returns. Did that answer your question?

MR. COLLINS: If I can, I think you're right, but I don't think they do it as a policy. I think it just happens that way. You look down and you say, well, the most leverage I have is in the highest spread asset, which is why I think it's backwards. I'm not saying they did it intentionally. I think it's just -- that's the way it plays out.

MR. SPOOK: And I think one of the last slides that I'm going to present is longer term returns, including ten year returns, where we had great outperformance. And one of the reasons for that, as Ash alluded to, was we were mainly a high quality, low leverage portfolio, and versus our peers, we came through the GFC very well.

So in that case, over the long-term it's going to

help you greatly. In an up market, like the last four years that we've been experiencing, it's going to help you greatly. When the downturn comes, it won't be a problem.

MR. JONES: Well, one thing, if you look on page 15, where you've got one year returns over 12, when you look at three year returns, 14 percent, you know, if we'd had leverage, we'd have more projects, right?

MR. SPOOK: We'd have more equity available.

MR. JONES: And I'm much like Peter, that when you think about how low the interest rates were during that period, I mean, it's certainly worthy of consideration, and you have a more diversified portfolio. And so, I mean, I kind of echo everybody. It seems like you've got to make a decision on it and think about it.

MR. SPOOK: I will note that on page 14 you'll see that the biggest part of our private benchmark, the ODCE, which is open end diversified core equity funds, it's made up of 23 large core funds, is only at 21 percent also. So if we move drastically away from that, that would be making a big out-of-benchmark bet also.

MR. PRICE: Last point, then we've got to move on. Go ahead, Peter.

MR. COLLINS: Go ahead.

MR. WILLIAMS: I was just going to say, keep in mind, too, that this is a moving train. Given the length of it, it doesn't accelerate or decelerate terribly rapidly. And what we have been doing during this low interest rate period is on any number of -- first of all, we have changed our internal guidelines to add a little more leverage, less than some might perhaps like. But for us, we're pretty conservative in this area because of the role of this portfolio in our overall book.

But we have increased leverage in some parts of the book and we have absolutely looked at every project at the margin and in the years since I've been back, and I'm sure before that as well, as to what exactly the role of leverage would be on the expected IRR and risk profile of the projects at underwriting. And we have ramped up leverage where we think it's appropriate.

That said, given the size of the portfolio and at the margin what we're adding in any given year or any given three or four years, it's not going to move the dial on the whole book that much as we change up what we're doing on the principal side incrementally. So I think we're moving in the direction you're talking about, given the opportunity set. One can argue about

rates of change being adequate or inadequate. Generally speaking --

MR. PRICE: But if you can borrow money at three and a half percent for a long period of time and you're doing six and a half overall, they're doing 12 or 14, whatever number you want to pick, and you've got room and you've got coverages, I mean, you've got to look at it, because you're talking about 500 million or a billion of excess cash sitting there, not utilized I believe.

MR. COLLINS: Yeah, that's my --

MR. PRICE: I'd like to move on. I think we've discussed it. Steve, do you want to continue, please?

MR. WENDT: I have just one question. Can I have one question?

MR. PRICE: Sure.

MR. WENDT: I also consider myself a real estate expert, so we're all lucky here in that. But I'm back on page 10. Of the principal investments, how many assets is that? How many assets do you have in your, what, 7 billion? How many assets?

MR. SPOOK: We can give you that number now. We were going to cover it during Lynne's presentation.

MR. WENDT: Round numbers.

MS. GRAY: Round number, it's 176 properties.

MR. COLLINS: I think it's the chart on page 21, if you added up all those properties.
MR. WENDT: Okay. Thank you.
MR. SPOOK: To one of the points that was raised, we could increase our diversification with 170 properties, and I think we do have a good amount of diversification already and growing as we go towards our 10 percent target.
So back to slide 64 there, here we show the breakdown between principal investments and externally managed, with 62 percent for principal investments, 38 percent for externally managed. And then within externally managed, you have two buckets, pooled funds, which make up 28.7 percent of the total real estate portfolio, and public securities at 9.4 percent. Public securities have a policy target of 10 percent, and we can operate within a range of 5 to 15 percent on those.
MR. WENDT: How many funds do you think you're in of that 28.7 pooled funds? How many would you think, 10, 40, 500?
MR. SPOOK: How many commingled funds are we in?
MR. FOGLIANO: We're in 33 commingled funds.
MR. WENDT: Close enough, just some idea of the activity you had.

MR. FOGLIANO: And then we're in four global REIT managers.
MR. PRICE: We're going to get there.
MR. SPOOK: Our allocation policy is a target of 85 percent core, 15 non-core. As I mentioned, we're actually managing to an 80/20. And that was a conscious decision based on rich pricing in the core sector, and we just saw better opportunities in non-core. We're pretty close to this target right now, at 81 percent, 19 percent.
Per policy, we have targets and ranges, and that's mainly for risk management, for each of the main property types and geographies. Due to the illiquidity of the real estate asset class, those ranges are rather broad. So they're plus or minus 15 percent of our benchmark weightings. As you can see from this slide, we're in compliance on all property type diversification.
Next slide, you can see we're in compliance. It's the same ranges, plus or minus 15 percent of our benchmark weighting. Again, we're in compliance there. I think we talked about this slide.
So returns, and that's really where the buck stops, our returns have been very strong in absolute terms and versus the benchmark. One time period where

we've fallen short of the benchmark is the one year return. However, for an illiquid asset class like real estate, we do not believe that the one year return is the most appropriate measure of our success. The one year return is subject to timing issues, such as when unrealized gains or losses are recognized through the appraisal process or when, you know, you have development projects getting stabilized.

Just to give an example, in the case of our direct-owned portfolio, we have a large asset that had a one year appreciation of 18.1 percent, versus the benchmark's appreciation of 5.6 percent. That was in 2014. So in 2015 the appreciation was pretty flat on that asset. We just took the appreciation earlier. And we don't control that. That's an appraisal-based process.

MR. PRICE: Steve, may I ask, this is for the total real estate portfolio, which is roughly two-thirds internally run, one-third in funds. How do the two performances differ?

MR. SPOOK: We can cover that now or -- we have slides on that. They both look good.

So we believe that longer term performance is a better measure of our success. And five year performance, basically that outperformance was driven

by stock selection, so selection of direct-owned properties. And we were a bit heavy office and apartments, and that worked well for us.

And we -- Michael mentioned a number of funds that we have. So we make relatively large investments in our funds and don't try to own 200 funds. So we would call it a high conviction portfolio, and it has performed very well for us. And over the last five years, coming out of the GFC, opportunistic investments have performed very well for us.

Over the ten year, as I mentioned earlier, really that outperformance was driven, because that includes the GFC, was low leverage, high quality, and our REIT portfolio had a strong attribution to our performance.

So we have an annual work plan that we prepare every year that's a guide to what we're going to do for the next fiscal year. We consider it a living, breathing document because market conditions change. It is really just a guide. But for an update on the 2015-2016 work plan, we had anticipated new core direct investments to be 250 million. In fact, we committed 400 -- we invested 420 million in equity.

Part of that was we had several programmatic joint ventures that just got invested earlier than we predicted. Dispositions, as I mentioned earlier, we have year to date executed or under contract 758 million, with another in excess of 400 million in the marketing stages right now. We anticipated 150 million in commingled fund commitments. Pretty close to that target. We're at 182 million year to date and don't anticipate any new commitments prior to the end of the fiscal year, June 30th.

MR. PRICE: That's in addition to the billion that's undrawn on commingled funds, correct?

MR. SPOOK: Right. So that's undrawn. It will be called over the next few years. But while that's being called, we're also getting distributions from our existing. And in this environment, our commingled funds tend to be making distributions kind of ahead of projected, taking their gains while the cycle is hot. So it will offset each other to a large degree.

We also anticipated evaluating and potentially executing on minority interest sale of select assets, primarily targeting foreign investors. At this point we have engaged a broker, and the marketing process has begun on a very large asset.

MR. PRICE: How large?

MR. SPOOK: In the range of half a billion.

MR. PRICE: For your equity interest.

MR. SPOOK: No. That's the gross asset value.

MR. PRICE: Of which you're a half owner?

MR. SPOOK: Well, we currently own 100 percent of it right now. But it's -- for good reasons it's become rather lumpy in the portfolio. Just keeps appreciating. It's a good problem to have. And it's in a market where we would like to manage our exposure.

MR. COBB: Can we hear about that asset? I mean, 500, that's a good example. I would hope we would -- are we going to do that later?

MR. SPOOK: No. We can tell you about it, because it is going to be hitting the market. So it's in the range of 500 million. We think it's worth a substantial amount more than that.

MR. WENDT: What is it?

MR. SPOOK: It's a high-rise office tower in San Francisco. And you'll see a little later that we have a good amount of exposure to San Francisco. That has been good to us. San Francisco -- I think Ash talked about San Francisco a little bit maybe last meeting. It's been a good market to be overexposed to. But at this point we think it would be prudent to take some chips off the table. This is a way to do it.

Most foreign institutions are subject to FIRPTA and heavy taxation on capital gains, so they're looking to do less than 50 percent ownership of assets, and that's our target market.

And then finally we have put in a redemption request for a core open end pooled fund, which over the next 12 months should net us $200 million in proceeds. And we had anticipated conducting a separate account search for new core separate account managers, and in fact just concluded that and hired two new core separate account managers. Lynne can get into that later, why we conducted that search.

And with that, I'll turn it over to Lynne Gray, principal investments.

MS. GRAY: Thanks, Steve. As we've mentioned earlier, principal investments is our core portfolio of direct-owned investments. It's actively managed internally by real estate staff. I think we're fortunate here at the board to have a talented and seasoned group of managers who work on the direct-owned portfolio. Our separate account managers are not given discretion.

Principal investments invest primarily in apartment, office, industrial and retail sectors. Specialty sectors are permitted. You'll note from the chart principal investments performance remains strong, outperforming most periods shown. Over the three and five year period, all property types have outperformed.

Apartment and office sectors, as mentioned earlier, have led the charge in outperformance. Over the one year period, the underperformance is primarily due to our developments, which are both industrial and apartment. And also, as Steve mentioned, appreciation, with some assets taking appreciation in an earlier cycle.

This shows a summary of investments. As we mentioned earlier, there are 176 properties in the portfolio. Total NAV is just under 7.9 billion, and corresponding market value is 9.6 billion. Investments are typically 100 percent owned. Some of those are held in joint ventures. Our joint ventures make up roughly 30 percent of the portfolio.

We utilize joint ventures where we can have access to product and a partner brings expertise to such investments, such as development, medical office, student housing and even senior housing.

MR. PRICE: Could I just stop you for one second?

MS. GRAY: Sure.

MR. PRICE: Can you take that chart and do a real estate like P and L on it and show us what your revenues are, your cost of operating, your net cash flows and your CAPEX against that portfolio and the debt against it, so we could look at that portfolio as if it's a business, which it really is?

MS. GRAY: I absolutely can, but not in the next five minutes.

MR. PRICE: Maybe as we cycle into the next meetings, in the real estate review, it would be helpful -- you've got your private equity real estate funds, but if we could look at your business of 12.9 times 17 percent, or more or less, whatever the number is, you know, 7 or 8 billion of we think under-levered real estate, to get us further along the -- what leverage we're comfortable with, that would be really helpful.

Here we've got square footage, number of units, acres. Somewhat meaningful, but what's really meaningful is revenues, occupancy rates. Locations I see. And I hear you about San Francisco. I don't totally disagree with that. It's a pretty hot market. But I'd love to -- you know, if we can commingling that, if you -- without making tons of work here in Tallahassee, it would be really helpful.

MS. GRAY: We can do that. And we didn't provide occupancy information on the portfolio, but that is something that we do track and we maintain information on by asset, individual assets, and then roll that up to --

MR. PRICE: A P and L on this.

MR. COLLINS: Yeah, by property type.

MR. PRICE: Yeah. Maybe you could suggest various cap rates for each property type and show us the leverage against the properties. And then we could say, hey, this really looks under-levered and this looks fine. That would be really helpful. Thank you.

MR. COLLINS: To that point, before you leave this slide, I did something dangerous last night. I did a little math. So your apartment portfolio currently is valued at about $305,000 a door. How does that relate to what you're buying today in terms of price per door, your cost?

MS. GRAY: The $300,000 would be under what we're seeing in the market today. But I would say that the number is not a straight average, if you take that number and you look at the number of properties.

MR. COLLINS: Totally understood.

MS. GRAY: There are development properties that are in that number, so we haven't fully funded those, and that --

MR. COLLINS: So it could be higher.

MS. GRAY: It would be higher.

MR. COLLINS: Right. So let's say it's 10 percent higher. You could use any percentage. So say

10 percent higher. So now you're at $335,000 a door, right? Where does that compare to what you're buying today, if you're still buying core apartments? What are you spending a door today? How does the value in our portfolio translate to -- just trying to see where we relate -- if we think it's the top of the market and we're net sellers in the next year, where is our current net asset value?

MS. GRAY: Right. It depends on the market, and it also depends on the property type. If you're looking at a high-rise property in a primary or gateway market, that number a door is going to be north of 450, and some are suggesting maybe 600 a door, although we haven't seen 600 a door.

MR. COLLINS: That would be something.

MS. GRAY: That would be very rich.

MR. COLLINS: That would be San Francisco.

MS. GRAY: San Francisco. We have something in Austin right now that's on the market, and we think that that's going to command a high dollar per door. So we'll be able to provide more on that.

MR. COLLINS: So you think, to Michael's point, if our value is at $305,000 a door and you put a -- what kind of cap rate would you put on that? Would you say it's a five cap, flat five?

MS. GRAY: I would say that's an average cap rate, so yeah. It depends on --

MR. SPOOK: If you're looking at gateway markets, they're closer to four cap rates.

MR. COLLINS: Right. Depending on obviously where you're --

MR. SPOOK: If you go to San Francisco, you're starting to see a three number for good quality product.

MS. GRAY: Exactly.

MR. COLLINS: It's crazy. Okay.

MR. COBB: And that's why you should be selling, so congratulations.

MR. PRICE: That's very helpful.

MS. GRAY: Okay. As I mentioned, JV is 30 percent of the portfolio. And we'll move on. In terms of managing risk, we have an investment portfolio guideline, guidelines that set levels in certain areas, and we track and we monitor those areas.

If you'll note on the slide, those are the buckets of information that we're going to cover over the next series of slides. Really what staff is charged with is managing risk through structure and diversification of the investments, prudent due diligence and engaging experienced experts and professional support.

MR. OLMSTEAD: A quick question. When you look at that page, 22 in our book, and you look at geography, and I think there's -- and I'm not a real estate guy, one of the only guys up here probably that isn't. So it may be a simple question. But it seems like a lot of investments are on the West Coast and a lot in California. And you had mentioned, Steve, a little while ago that you're trying to perhaps de-risk that. Any insights on how you're looking at that geographic diversification?

And I'm not sure that makes sense. But it seems like there's a significant concentration there. And I don't know if that's how it happens in the industry or if that's just sort of acumen that you guys have on the West Coast there.

MR. SPOOK: I think the way that evolved was, you know, California in particular is a combination of a high growth market, with significant barriers to entry. Many of the East Coast markets are not high growth markets. And there's -- for instance, New York is controlled by a handful of REITs on the office side. On the retail side, it's controlled by a handful of families. So those are sometimes hard markets to penetrate. You go, say, to the Southeast. No barriers to entry. So that's kind of the way that evolved, is

we're looking for barriers to entry and job growth.

MS. GRAY: And I would add to that, in particular with California and even San Francisco, the assets that we have, our San Francisco exposure is made up of five assets that we've held long-term, and we've seen significant appreciation with those assets.

Okay. In terms of strategy, core versus non-core, we're primarily core. When we're looking at core properties, we're looking for high quality, well-leased assets, credit quality tenants, stabilized occupancy and steady income stream. The majority of the return is derived from income rather than appreciation.

Our guidelines allow up to 15 percent non-core. We're slightly below that at 6.1 percent. With non-core strategy, we focus on build to core with development. This, again, allows us to access product at a lower cost basis. Presently we have apartment and industrial developments in the portfolio. At the time of acquisition, all non-core investments must have a stated and clear path for conversion to core.

MR. COLLINS: Steve, I think we've discussed this. You've consciously the last couple of years been looking on developing apartment, right? Because obviously it's expensive to buy. So you're developing, and your development yield -- yield on cost is what these days? Seven?

MR. SPOOK: It's come down from seven. Several of the ones that we have in the works may be underwriting to a six and a half to a seven. It's come down, but the spread is still significant. So if your return on cost is, say, six and your cap rate for buying that equivalent product is four and a quarter, four and a half, that's a significant spread.

We do an analysis on every one of those developments to show how far rents can drop to make it equivalent to us having bought that asset as a core asset at market pricing, and it's usually a significant number where rents could drop.

MR. COLLINS: And just one more question. So your rent per square foot in a core market today, are you north of -- are you steadily north of, say, two and a half bucks a square foot?

MR. SPOOK: Yes. And even in what some would consider not super core markets, say, an Austin, where we developed a high-rise, very nice high-rise, that's being marketed for sale now, we underwrote two sixty-five a square foot. We're achieving three fifty a square foot. And that's not a gateway market.

MR. COLLINS: I believe it.

MS. GRAY: So to add to that real world example in

a gateway market, one of the latest deals that we've looked at in San Francisco for development, the return on cost was five and a half percent. So if you were to buy the same product today, that would be under a four cap rate. And rents were underwritten to start at over five dollars a square foot.

MR. SPOOK: We knocked them down to five dollars a square foot. I think the real rents today are --

MS. GRAY: Over six dollars.

MR. SPOOK: -- over six dollars.

MR. PRICE: Just out of curiosity, how much are you guys on the road, you and staff, looking at the hundred and something properties?

MR. SPOOK: A lot.

MR. PRICE: A lot, yeah, kicking tires.

MS. GRAY: We'll show a map later on, so you can see where we go, but --

MR. PRICE: Kicking tires, hands on.

MR. SPOOK: My wife could give you an exact number.

MS. GRAY: I have in a later slide, but I think it might be appropriate to point out now, when we talk about "we," it's not just Lynne and Steve. We have a team, and they actually are sitting in the audience. So if you guys can raise your hands or stand. Thanks.

This slide shows weightings by property type, made up of four main property types. And on the right you'll see our specialty sectors. These sectors provide additional diversification. They're really another way of accessing product in the challenging market environment. And they're often counter-cyclical or defensive and reduce volatility within the portfolio.

Another comparison that shows how we match up to our benchmark by property type and by geography. On most of these slides you'll note that -- and in this one it's at the bottom of the slide, our investment portfolio guidelines are shown whenever we present this type of information. So you'll see that we operate within ranges of plus or minus 15 percent to our benchmark.

And leverage. Principal investments has a 17 percent leverage ratio, which is just under ODCE, which is at 21 percent. Our weighted average cost of debt is 3.6 percent. You'll note that we have 24 percent floating and 76 percent fixed rate. When we're evaluating fixed versus floating, we take into consideration the exit strategy for the investment, and also JV partner considerations fall into play.

MR. PRICE: So how much money is this?

MS. GRAY: 1.6.

MR. PRICE: And how much of that is construction loans versus first mortgages on properties?

MS. GRAY: I would have to get back with you on that number.

MR. PRICE: But it's basically all first mortgages, I would guess, right?

MS. GRAY: Yes.

MR. PRICE: Your construction loan exposure would be small, right?

MR. SPOOK: Pretty small. The non-core component is 6.1 percent of the total principal investments portfolio.

MR. PRICE: Okay.

MS. GRAY: Manager concentration. Policy guidelines limit manager exposure to 35 percent per manager based on net asset value of the total portfolio. The bar chart on the right represents the six separate account managers that we have managing investments for us within principal investments. You'll note the three lower percentages are our two ag managers and our senior housing manager.

MR. PRICE: So these are not staff people. This is external.

MS. GRAY: These are not staff. They're our external separate account advisers. The top three percentages, which are the larger percentages, are core managers, and they invest primarily in the four main property types.

MR. PRICE: And how are they paid?

MS. GRAY: I have a fee chart, but they have fees that are based on --

MR. PRICE: That's the fee chart in here.

MS. GRAY: Right.

MR. PRICE: Okay. We have it.

MS. GRAY: We've also -- as Steve mentioned earlier, we've received approval to engage or hire two new separate account managers. And those managers will be non-discretion, and they'll also focus on the core four primary property types.

This shows our metro and individual investment exposure. Again, another metric for monitoring risk. At the time we acquire an investment, a sensitivity analysis is prepared to show the impact on metro exposure. If an asset appreciates and we exceed our portfolio guidelines -- which is the case for San Francisco, you see where it's 16.8 percent -- we're not required to rebalance and become -- and get in policy guidelines.

The next series of slides will focus on how we

manage the direct-owned portfolio. At the beginning of the presentation I mentioned that it's an actively managed portfolio. Staff retains control over all decision-making. This slide shows broad overview of responsibilities in the groups that we interact with. On the left you see general counsel. Our general counsel is an integral part of real estate. Counsel is involved with acquisitions, dispositions and asset management matters.

On the lower portion of the slide, you'll see SBA accounting. Our accounting controls and manages the valuation program. That includes valuation of debt and equity, external appraisals and internal valuations prepared by our advisers. Accounting works with a third party administrator to manage the program. The bottom right shows the third party service providers that we engage to assist with management of the portfolio.

Now we get into a little bit of the acquisitions process. And I'll note that this slide may look simple and crisp, but the acquisitions process is a very involved process, and we have a thorough process internally.

When an opportunity comes into our shop, it comes in in a number of ways. It's presented by the investment advisers. We also get information directly from joint venture partners and even the brokerage community. From a teaser or an offering memorandum, these investments are screened by staff to determine if it warrants a deeper dive. Over the past year, on average, we've screened about a hundred deals, and maybe 20 percent of those make it to the underwriting process.

MR. SPOOK: If I could add to that. That's a hundred deals that made it to our desk after passing through a screen at our investment advisers. So the number of opportunities that were presented at stage one was much greater than that.

MR. WENDT: So your investment advisers see things before you do.

MS. GRAY: Absolutely.

MR. SPOOK: But not in all cases.

MR. WENDT: And that's those two guys down there?

MR. SPOOK: No. They're our consultant, not an investment adviser.

MR. WENDT: Your investment advisers, then, who are they?

MS. GRAY: So I'll flip back to the manager concentration screen. We have six separate account managers. They are Heitman, Invesco, L&B Realty,

Prudential Ag, Hancock and Pru, and two new ones, Met Life and Stockbridge.

MR. WILLIAMS: The itch I'm sensing -- Mr. Chairman, may I? The itch I'm sensing that wants a scratching among this committee is some specifics on some transactional examples and how it actually works. So I think we should perhaps give the presumption that they've read the structural background, and then maybe take an example of one of our separate account advisers, like a Heitman or an L&B, and say, all right, let's pick a project, maybe one we've entered and exited.

Here's how it came up. Here's how we did the underwriting. Here's how they got paid for acquisition. Here's what their involvement was in management. Here's how we together made the disposition decision. Here's what the economics were there. Here's why those economics are superior to those commonly seen in funds and why we do this, why do we add value through the principal. Maybe a little bit of that? Would that be more along the lines --

MR. COBB: Perfect.

MR. WENDT: We want to know everything.

MS. GRAY: So I will select an asset that we've round-tripped. And it happens to be an office building in Houston.

MR. COLLINS: This is recent, right?

MS. GRAY: This is recent.

MR. COLLINS: We talked about this at the last meeting.

MR. WILLIAMS: Do you want to hear the details or not?

MR. COLLINS: Yes.

MS. GRAY: Okay. Our adviser, L&B Realty, who is in Dallas, Texas, had a relationship with the landowner, Redstone. Redstone was the landowner for a parcel in Houston in the Galleria submarket. L&B pulled together the opportunity for the board to come into the deal. And so L&B presented the deal to us and said, Hey, we've got a deal, looks like a great opportunity. This is something that we think you'd be interested in and you should be the partner.

So from there L&B would give us what we would -- if you look to this, it may be a screening. And so they would present a mini-underwriting so that we could see, okay, how much money are you investing in the development and what are your projected returns.

And so from there, we go and we meet with the development partner. We tour the market. And we -- and I say "we." Chris Marino, who is our acquisitions

guy, would be on the ground first. He toured the market, would meet with the developers, and from there come back and get really more into the deal and get the underwriting information.

So the underwriting information is going to provide a 10 year cash flow. It's going to show you sensitivity of up sides, down sides, and any side that you can think of, pressure on rent growth, pressure on occupancy, and then the base case is what you would expect to see.

From that you're going to look at market supply. In this particular deal, I don't think a building had been developed or delivered in Houston in over 20 years in the Galleria submarket. So we were pretty excited about having the opportunity to look at this deal.

And so to layer that on with development of an office and the risk associated with the office, we also, with this deal in particular, it was pre-leased over 50 percent to one credit tenant. And so we found that to be attractive. And so through a series of underwritings and negotiations and engagement of all of the -- on the next few slides, which I won't go into -- all of the due diligence that we do, we, staff, Chris, Steve and myself, got comfortable with the deal.

From that, we have an adviser recommendation. We layer that with the staff recommendation and prepare a package of information that goes to Lamar, who reads cover to cover and asks questions, and ultimately to Ash, who also reads cover to cover and asks questions.

MR. WILLIAMS: Usually, while that's ongoing, there's real-time conversation among us --

MS. GRAY: Yes.

MR. WILLIAMS: -- it's coming from this adviser, et cetera. I think the other key thing about this is that these external advisory relationships we're talking about are long-standing, well-aligned relationships based on trust. It's analogous to what we do in private equity with secondaries with Lexington Partners, where they -- not secondaries, co-investments, where they act as an extension of staff.

It's known on the street that they're a gateway to us, and deal flow goes to them for that reason. They know our preferences. They know their own history of what works and what doesn't work with us, and it works very well. And to the extent something comes direct to us, we can bring them in as needed. And it's been very effective. So that's the background.

MR. SPOOK: And they act as a fiduciary to us.

MS. GRAY: And so to add to that, once we closed

on the Houston office building and began development, our investment adviser had the expertise to oversee construction. And from that, the building was developed. And we had underwritten taking out our partner in year four at stabilization, with --

MR. COLLINS: How many square feet?

MS. GRAY: Over 200 square feet. With the thought of this being a build to core opportunity, and we knew that it would be something that we could hold or we could also exit at the time. We had the opportunity to exit the investment, and we sold it for record pricing in Houston, and everyone made a lot of money. I think our after-fee IRR on that deal was north of 24 percent.

MR. SPOOK: You know, the oil wreck had already begun, and we got a -- we marketed the property and got record pricing, $528 a square foot, despite the oil crisis. So we saw that, and we said, you know, we have the optionality. Our original goal was to build to core, keep it in the portfolio, but not with an offer like that and what's going on in Houston. So we took the money and ran.

MR. WENDT: Do you have that much information on the worst deal you have? I'm serious. I'd like to see what's the worst one you've got.

MS. GRAY: I will defer to Steve, but I can sum it up in three letters. PCV, probably.

MR. WILLIAMS: Cooper Village Stuyvesant.

MR. WENDT: Oh, yeah. Okay.

MR. PRICE: Okay. We just want to keep moving along.

MR. COBB: Is this a good time to give us the San Francisco quick summary, too? That was very, very helpful.

MS. GRAY: So would you like to hear about the investment that we're marketing, the 49 percent?

MR. PRICE: Please.

MS. GRAY: So that's one of our larger assets.

MR. COLLINS: We own 49 percent?

MS. GRAY: We currently own 100 percent of it. And so, given our exposure to San Francisco, we would like to stay active in the market, but we know that if we were to sell the office building that we currently own, given pricing, it would be very difficult to get back into the market, for office for San Francisco. And that's a market that we do want office exposure in.

So we said we could do one of two things. We could lever, which would be easier than what we're undertaking. But while that would reduce our NAV, it wouldn't really reduce all of our exposure to San Francisco and the risks associated with that.

So we decided that we would consider selling 49 percent. What we've done is researched what it takes to sell 49 percent interest. We've interviewed brokers and we've gotten a lot of feedback from brokers on who the players are, the process for it and what's involved with selling 49 percent. We've recently identified a broker to engage and will be going to market very soon with that asset.

MR. COLLINS: Just some details. How many square feet?

MS. GRAY: A little over 600 square feet.

MR. COLLINS: 600,000 square feet?

MS. GRAY: Yes.

MR. COLLINS: And what's the current leverage?

MS. GRAY: Zero.

MR. COLLINS: And how long have we held this asset?

MR. SPOOK: Mid-nineties.

MS. GRAY: Mid-nineties. We bought it in '96, October of '96.

MR. COBB: And you would sell the 49 percent at what cap rate?

MS. GRAY: So we're going -- this will be marketed, and the thing is that --

MR. WILLIAMS: This is a live transaction.

MS. GRAY: Right. So we're in negotiation --
MR. COBB: But you would hope it would be in the three percent range?
MR. COLLINS: Two. It would be a two cap rate, right? For those listening to the public record.
MS. GRAY: Right. We also have to be conscious that we will remain in the deal, and so our basis will be reset when we sell the building.
MR. SPOOK: Now, one advantage for --
MR. COLLINS: I thought your basis wouldn't reset if you maintained 51 percent ownership.
MR. SPOOK: No. For property tax reasons. And that's a big advantage of someone coming in and buying 49 percent, is they're coming in at 1996 plus 2 percent per year, per Prop 13 in California. That makes a huge difference in your cash flow and your valuation. And we can get some benefit from that on the sale.
MR. COLLINS: What's the NOI today? Do you know off the top of your head?
MS. GRAY: I don't know off the top of my head.
MR. COLLINS: Twelve million?
MR. BOLLMAN: The gross revenue is about 20, over 20 million, maybe 25 million.
MR. PRICE: Peter, you're welcome to make a bid right now.

MR. WILLIAMS: But we don't want to see any leverage.
MR. COLLINS: I wouldn't touch it.
MR. PRICE: A preemptive bid. We need to keep moving along. Okay. Lynne, maybe you'll finish up the directs, and we'll go to the funds, the commingled funds in a minute?
MS. GRAY: Yeah, certainly. We have a lot of information here on acquisition due diligence. I don't want to take away anything from asset management, because this is very important for us. We've talked about our separate account managers. They're an extension of staff.
Our team is interacting very frequently with our asset managers, talking about property operations and what's going on in the market. You can certainly ask any questions if you have any regarding the information on the slides, but I'm not going to go through all of the detail.
This I think I want to spend just a little bit of time on because I think it is important to understand how we evaluate our investments. For each investment in the portfolio, on an annual basis, a hold/sell analysis is prepared for each deal. And so we look at this hold/sell analysis. It gives us current returns.

We have forward projections for the returns. We take this information. We look at it. We consider market conditions, condition of the building and a number of other items. Layer that with portfolio considerations, exposures, where we may be over- or underexposed, and ultimately arrive at a disposition strategy for the investment or continued hold. So it's a very disciplined process when we look at an individual asset and its holding in the portfolio.

This is the fee structure for our separate account advisers. Fees are negotiated at the time of each transaction, and the amount of the fee varies by the service provided. This just shows where all of our properties, excluding ag, are located. And as you'll note, we are on the road quite a bit.

The next series of slides show actual pictures of the properties within the portfolio. On the right you'll note property sub-types and key considerations. The property sub-types are what we invest in. Key considerations are given. Whenever we look at a deal, those are important factors that we consider.

One thing to note about senior housing is that we don't operate senior housing. We don't --

MR. COBB: Before you leave agriculture --

MS. GRAY: I will get there.

MR. COBB: You're going to get there?

MS. GRAY: Yes, sir.

MR. COBB: Okay. Thank you.

MS. GRAY: They're triple net leased to operators, so we don't take on that management risk.

Okay. Agriculture, specialty property type. It's also an out-of-benchmark strategy. The board began investing in farmland in the mid-nineties. We have portfolios with two separate account managers, and the total NAV for these properties is just over 500 million.

Farmland continues to be accretive to the overall total portfolio. The investments have contributed 10 basis points of outperformance over the five year period. And they're only 4.2 percent of the total NAV.

MR. COLLINS: And what's their leverage?

MS. GRAY: Zero. This slide just shows the returns of the ag portfolio. Strong income returns of over 10 percent across all periods.

MR. COBB: So my question relates more towards whether they're income properties or they're development properties. So do we actually develop the vineyards and did we actually develop the almonds?

MS. GRAY: Yes. So on this you'll see that we have row crops, which are leased to an operator, and they farm the land and produce corn, soybeans, peanuts, whatever the case may be. With the permanent plantings, we actually do manage the production, the plantings and the land. It's not leased to an operator. So we have within the portfolio a mix of both mature and development plantings.

And with almonds, there's a case where we are currently developing, we're planting almond trees, and we'll hold that to maturity and production. And then we also have mature plantings on the farms.

MR. JONES: Lynne, just out of curiosity, how do we do that? I mean, we don't have a staff to go out there, do we?

MS. GRAY: We have two separate account managers, and they each own farmland groups that manage the property on site.

MR. JONES: Wow.

MS. GRAY: So this chart just shows a breakdown by acreage. If you were to break it down by market value, it would still be -- it would be roughly 80 percent in permanent plantings by market value.

MR. COBB: Is this primarily California?

MS. GRAY: Very good question. This shows our weightings by region. And so in the West you see 80 percent. And those are permanent plantings. In the

South mostly row crops, with one permanent planting of citrus in Florida.

MR. COLLINS: How much do you figure your cash flow is impacted over the next few years in California due to the water issue?

MS. GRAY: So with the water issue, California is still in a drought situation. But they have, with the El Niño effect, have gotten good rains. Water is one of the primary considerations given when we're buying a property. So we look for properties that have multiple water sources. So it will be impacted because we may be pumping more for water, just given drought conditions.

But in terms of forecasting a number, that's something that would be difficult to do, in terms of impact. I can give you 2015 numbers, to show you that year over year, what the drought conditions -- how they impacted that. It also potentially would impact production as well.

MR. SPOOK: I think maybe on pricing of the production, I think maybe a bigger impact will be commodity prices across the world in general have come down. And these are commodities, after all. And with lower demand from China for nuts, for instance, we've seen commodity prices or nut prices come down a little bit.

MR. PRICE: Thank you, Lynne. You're pretty much at the end of the -- all right. Michael, do you want to go to the commingled funds, please?

MR. COLLINS: Good job, Lynne.

MS. GRAY: Thank you.

MR. PRICE: Thank you.

MR. FOGLIANO: Thanks, Lynne. Some of you may not know me. I joined the board last summer as the senior portfolio manager for externally managed portfolio. I will provide a high level overview of the investment types within the externally managed portfolio, also known as the EMP. Then I will discuss the portfolio makeup. I will also give you an overview of the sourcing, underwriting and asset management process.

We invest with fund managers and REIT separate account managers. The objective of investing with these managers is to provide the overall portfolio with excess returns, to enhance diversification with respect to property types, investment strategies and geographic focus.

The EMP has an NAV of approximately 4.8 billion and has 37 investments. The EMP has indirect ownership in real estate. We get comfortable with this because we only invest with a manager after completing a

thorough underwriting process. When we do invest, we monitor each investment closely to ensure our manager strategies and investment restrictions are adhered to.

Our real estate strategy allows us to gain exposure to global real estate markets. Beginning in 2011 we started getting international exposure with our REIT investments. And over the last couple of years we have targeted more specific international exposures with targeted real estate funds.

Investment vehicles consist of open end pooled funds, closed end pool funds and a portfolio of public REITs.

MR. PRICE: What is your definition of the open end versus the closed end?

MR. FOGLIANO: So open end, typically -- especially right now, when you go into an open ended fund, there's usually an investment queue, but you can get in at a certain period of time and you can get out when you want, generally. There could be backlogs to get out, but generally you can get in and you can get out.

MR. PRICE: And closed end is --

MR. FOGLIANO: Closed end, they have a commitment period, usually for a year. And after that, it closes and you're in that fund. And if you need to sell it, you're going to have to sell it on the secondary market.

MR. PRICE: Thank you.

MR. FOGLIANO: Our real estate strategy allows us to gain -- I covered that. The mainstream open end funds are included in the ODCE index. This acronym stands for Open End Diversified Core Equity funds. These funds could have queues or backlogs to enter or exit. Most open end funds are lower risk funds with lower debt levels and provide good cash flow to investors. You can see the pros and cons of open end funds in slide 50.

We view the largest benefit of open end funds as the fast exposure that can be gained to high quality private real estate holdings, and the biggest negative is that the manager is not ultimately responsible for the timing of your exit.

For the closed end funds risk profiles tend to be value add or opportunistic. Managers of these funds look to create value and then exit. We call this the buy, fix and sell strategy. Strategies are diverse and can include single property acquisitions, portfolio acquisitions and entity level acquisitions, like Blackstone acquiring the Hilton Hotel chain.

MR. COLLINS: So you don't do core via your

closed end funds?

MR. FOGLIANO: Do you say via as in value add?

MR. COLLINS: No, no. You don't do core through closed end funds?

MR. FOGLIANO: No, no.

MR. SPOOK: They don't really exist.

MR. FOGLIANO: Leverage is higher in these funds and can be 65 percent or higher. In this cycle, however, we are witnessing more prudent levels of leverage. For instance, our value add investments are 42 percent levered, and our opportunistic investments are 54 percent levered. However, this is lower than the leverage levels experienced in mid-2008 when value add investments were 45 percent levered and opportunistic investments were 63 percent levered. These leverage levels were derived from Townsend's value add and opportunistic fund indices.

MR. PRICE: Mike, could you jump ahead to the actual list of the portfolio, please, just in the interest of time? Because we still have a lot of things to cover. If we go to this externally managed portfolio page, which I have page 54, but your page numbers are different.

So if I take a look at this, for instance, in REITs, these are publicly traded REITs. So under for instance Cohen & Steers, you'd have one REIT or five REITs or ten REITs?

MR. FOGLIANO: No. There would be -- our average is over 100 repositions with each of those managers.

MR. COLLINS: Talking about specific assets that they own.

MR. FOGLIANO: Yeah. So these are global REIT --

MR. COLLINS: But one Cohen & Steers fund?

MR. FOGLIANO: No. It's a fund that -- it's a separate account just for us.

MR. PRICE: So they're managing a separate account comprised of publicly traded REITs?

MR. FOGLIANO: Correct.

MR. PRICE: What are you paying for that?

MR. SPOOK: Fees.

MR. PRICE: Fees, yeah.

MR. MARCUS: It's roughly 35 to 40 basis points.

MR. PRICE: So 35 basis points in addition to their cost of running the fund, which is over 100 basis points. So why couldn't you drop your REIT management right into your stock people here, where you wear two hats and trade REITs as part of the equity portfolio rather than pay them that oversight fee?

MR. COLLINS: You could hire an internal person to do your REIT strategy.

MR. SPOOK: Well, we used to have an internally managed passive REIT strategy. That was all we did. With the high dividend paying nature of REITs, we found you're never going to beat the benchmark because of cash drag. So at the time, we made the decision to go active, and it's paid off as far as excess returns.

MR. PRICE: What's your basic strategy in the REIT universe now, when Green Street says discounts are widening? Are you starting to look anew at more REITs to add to the portfolio, to shift from some of the closed end funds?

MR. FOGLIANO: No, we're not, not at this time.

MR. PRICE: So this is pretty static, a billion one or two?

MR. FOGLIANO: Yeah. And it's a diversified portfolio overall. So it's not a high conviction portfolio. Although Cohen & Steers is a little bit more higher conviction. I believe they have about 65 positions, which is our least, and we have -- one of our other managers has the most, with 123 positions. But the total benchmark is 324 REITs.

MR. PRICE: And just to jump, who is BREP? Because half the closed --

MR. FOGLIANO: Blackstone.

MR. PRICE: So half the money in your closed end private equity REIT portfolio, real estate portfolio is with Blackstone, 600 million, more or less.

MR. FOGLIANO: Within the closed end, yeah.

MR. MARCUS: And just for further -- that's spread across four different investments, three global funds and one dedicated Asia fund.

MR. PRICE: And they've done very well. They've done really, really well.

MR. FOGLIANO: Right. And we do have some other positions that are unfunded at the time. So like Steve said earlier, we have about a billion of unfunded, which are to managers other than Blackstone as well. So they don't quite have 50 percent of our closed end fund portfolio.

MR. PRICE: And the average holding period in the open end funds is --

MR. FOGLIANO: As long as we want it to be.

MR. PRICE: So they're reasonably liquid.

MR. FOGLIANO: Right.

MR. PRICE: And you get quarterly NAV letters and you're able to exit at NAVs, or do you have to sell at a discount?

MR. FOGLIANO: Each one has its own exit requirements. But generally we would redeem it in, say, the first quarter. There would be a valuation

that takes place by the end of the second quarter, and you'd usually get paid by the third quarter, something like that.

MR. DANIELS: Mr. Chairman.

MR. PRICE: Yes.

MR. DANIELS: Question. Michael, in the downturn, in the recession, what happened with the open end funds? Were they really open, or were they closed during that period?

MR. FOGLIANO: I think you probably know the answer. Everybody was headed toward the gates, and there was a queue, and it took a very long time to get out. We are in the process right now of redeeming out of one of our open end fund positions. And we did sell for many reasons. It was a value add open ended fund that became a little bit more core like. Its benchmark and our benchmark kind of moved away from each other.

And we think also that pricing is -- for that portfolio, they had created a lot of develop to core assets, which are pretty much ending at this point. And so we thought we'd take some chips off the table and redeem out of that fund.

MR. WILLIAMS: Mr. Chairman, may I?

MR. PRICE: Sure, please.

MR. WILLIAMS: That discussion goes to one of the key points about the structure of this portfolio. One of the reasons that we're primarily principal investments is that we are separating ourselves from the artificial timing and economics of fund structures, which have lives, which means they have beginnings and ends, and they also have other investors, which means you're handcuffing yourself potentially to the economics and liquidity of other third parties who may be less prudent stewards of their own capital than we are.

And, therefore, if they all head for the gate at the same time, it could create a situation that bears on us that we can sidestep through owning our own portfolio directly.

MR. PRICE: And how often do you take advantage of co-investment rights with some of the closed end funds?

MR. FOGLIANO: Right now we are not doing co-investments. We have the rights to do that, not necessarily the staff on the externally managed portfolio side. I've done them in the past. I've done joint ventures, direct acquisitions and co-investments in fund investing in my previous life, so I have the ability to do it. It's just a matter of --

MR. COLLINS: Have the opportunities --

MR. FOGLIANO: We're not getting enough

diversification, if we call that like a little separate program. If I do one-offs, maybe I'll do two or three in a year, and what is that really going to get us? And so we're not getting enough diversification. Whereas on the principal side, they have a separate account manager that knows what they're looking for, can be spot-on with the type of property they're looking for.

Co-investments don't always fit into exactly the right bucket exactly, and then it -- also we wouldn't have control of that. So that's a little bit of the negative.

We have thought about maybe going -- looking at managers that actually manage co-investment type arrangements similar to -- is it Lexington -- on the private equity side. So down the road we might decide to do something like that.

MR. COLLINS: Question, Michael? Can I ask a question? Along those lines, if Blackstone in their last fund, do you know -- do you have an idea of how much in dollar amount of co-investments were even available?

MR. FOGLIANO: That's a number I don't have. Maybe one of my staff members --

MR. COLLINS: We're getting a request from our limited partners, from all of our limited partners, for more co-investment. Obviously it's lower fees. You know, they've already underwritten us. They get to look at that asset, at themselves. You know, it's a positive for them.

But in reality we really don't have a lot for them, right? Because we're doing it for the fund.

MR. FOGLIANO: Right. Unless you wanted to increase your --

MR. COLLINS: Occasionally we'll run across a portfolio or something that's really big and we won't want that much concentration. But how much do you really see in terms of co-investment opportunity these days?

MR. FOGLIANO: We see a fair number -- you know, the Starwoods of the world, Blackstone, some of the larger managers of ours have come to us and said, Hey, we just took down a $500 million portfolio and we're looking to do co-investments on it. And, you know, we're seeing them. We're just passing on them unfortunately.

But from your perspective, you can diversify your fund by putting out smaller equity bets and bringing in your limited partners as co-investors. And that's what managers sometimes do. They say, You know what? We

really want more investments within the fund and we want to spread our dollars. And maybe they need time to raise their next fund, so they start offering co-investments.

MR. WILLIAMS: Mr. Chairman. Contextually, one other thing on that point, I think a lot of our public fund brethren are almost entirely, if not entirely, dependent upon funds, meaning they have a far, far higher cost structure than we do and they're very, very fee sensitive. And a lot of times I think the excitement on co-investments has to do with lower fees or no fees and therefore lowering their total cost.

And I really think a lot of people look at fees first and forget what matters, which is what's to the left of the decimal, which is, what about this asset, what about this strategy, how does it fit with what I've got, what's the risk and return? Getting it cheap, it may be cheap for a reason. Who knows.

MR. COLLINS: It usually is.

MR. PRICE: Michael, do you have things to add?

MR. FOGLIANO: No. I think we covered that page. If anybody has any other questions, I'll move on from there. I'm just looking at how much more I have to cover. Let me jump into, starting with slide 56, externally managed portfolio returns. The externally managed portfolio exceeded its benchmark for the one year, three year and since inception period. The externally managed pooled fund returns exceeds its benchmark for the one, three and five year periods. The core and non-core returns beat its benchmark for all periods.

Additionally, the non-core returns for externally managed pooled funds beat Townsend's Value Add Fund Index and Townsend's Opportunistic Fund Index. So you can see on the chart on the right. Those two indices that Townsend keeps track of contains 450 active funds. Overall there are 600 funds in the market today. Manager selection is very important. And our high conviction strategy and thorough underwriting process has served us well.

The pooled funds portfolio has a similar property type weighting, compared to the industry standard measurement, which is against the ODCE. Our international diversification will increase as our recent commitments to global and European strategies made over the last few years are invested by our managers, which will take place over the next one to three years as that money is deployed.

The REIT returns beat its benchmark for all periods. The regional diversification is dominated by

North American REITs, as most of the REITs are located in the U.S. The total global REIT benchmark consists of 324 REITs, and our four separate global REIT accounts have an average of 104 REIT positions. On a total portfolio basis, we have 216 REIT positions out of the 324 in the benchmark. Our four managers complement each other to create an appropriately diversified portfolio.

I will run through our sourcing, underwriting, negotiating and asset management process involved with real estate fund investing, assuming that's okay. This will take probably a good five minutes. Our group spends a lot of time sourcing opportunities through industry contacts, existing partners and industry conferences. We also spend a significant amount of time discussing manager options with Townsend, who has the largest and most comprehensive database in the industry.

MR. PRICE: What are placement agents?

MR. FOGLIANO: Placement agents are like brokers.

MR. PRICE: So you've got your real estate staff doing their own investing. You've got Townsend. You've got other consultants, plus your group, plus Cohen & Steers and the other people you're giving money to, plus all your contacts at your private equity funds. You still need a placement agent? It seems like the layers of fees --

MR. FOGLIANO: We don't hire the placement agent. So the real estate private equity manager goes out and he hires a placement agent to help reach out to his industry contacts. And, you know, we'll always be a call on their list.

MR. PRICE: They're paying them.

MR. COLLINS: They're paying them.

MR. FOGLIANO: No, we're not paying them.

MR. PRICE: No. I know. They're paying them.

MR. FOGLIANO: Right. And --

MR. COLLINS: And you usually just tell them to call Townsend, right?

MR. FOGLIANO: No. Actually, I do listen to the story. So I listen to the story. If I like it, I'll ask them to send me material. If I really like them a lot and want to start spending a little bit of time, I'll give Seth a call. I'll ask him if he -- what he knows about them. He'll give me his download, after I've already looked at the flip book, and if it's worthwhile, I'll maybe dig into the PPM.

And then I will -- we'll have another conference call with the manager and my team on the phone. And that could be an hour, hour and a half call. If we

really like them and Townsend has nothing bad to say about them, we would invite them into the office, where we would include Ash and Lamar and compliance and our entire real estate group, including Lynne's team. And so that's sort of the process.

And we grill them for two hours. And then they leave very tired. And then if we still like them, we'll ask Townsend to begin the due diligence process. And we would -- I'm going off script, so I'll just talk out loud. But then we would engage Townsend. We would begin our own due diligence process, where we would really vet all the materials, speak to industry contacts. It could be other investors that know them, could be investment bankers and other industry sources, just to see if -- you know, we hear about the good, the bad and the ugly.

After Townsend begins their process, we'll send out our new supplemental questionnaire that we developed in-house to add onto Townsend's due diligence. And after we go through the entire process, if we still like everything we see, we will visit the manager. We will interview them extensively for an entire day. Then we would look at past and present transactions. I might spend one to three days with that manager, following them around the country, looking at some of their assets, to ask them why they underwrote this asset in this location, what got them comfortable, why did they buy this at a five cap in a six cap rate market, you know, and all the other issues, or why did they buy a building with 8-foot ceiling heights in a market that has 10-foot ceiling heights and full glass, floor to ceiling glass.

So we go through the whole process, and with my direct and joint venture background, can go as deep as that team can go. So the due diligence process is extremely thorough.

I'll speed up here. I'm going to mention some of these items on the slide. SBA staff identifies key employees in which background checks are to be performed. Townsend engages a vendor to conduct the background checks. SBA staff conducts reference checks. I've already said that. In preparation for the on-site interview, any issues that Townsend has outstanding, any issues we come up with, anything that we've derived at that point, we pull it all together and we create an on-site questionnaire for their office, which takes quite a while.

MR. COLLINS: And you have, you said, 33?

MR. FOGLIANO: We have 33 managers and four REIT global separate account managers.

MR. COLLINS: So the 33 managers, Blackstone is one or four because of four funds?

MR. FOGLIANO: For investments, it would be four.

MR. COLLINS: So would it be four of 33, or still you have 33 separate managers?

MR. FOGLIANO: We have 33 investments.

MR. COLLINS: Okay. But Blackstone could be four of those, right?

MR. FOGLIANO: Yes, yes.

MR. PRICE: Very sufficient on our separate portfolio. I'd like to direct the question to Townsend. If you could give us a little high level picture, shortly, briefly, and also opine that the real estate effort here is well thought out and executed on, I'd love to hear that from you.

MR. BROWN: Sure. Well, the main thing, what the staff has been doing with our cooperation is they're actively managing the portfolio. So they're active buyers and sellers. They're actively investing. They're looking at each of the open end pooled funds to decide whether to redeem out of those. So I would say the key is actively managing the portfolio.

It's well constructed. It's meeting its benchmark over the longer period of time. And when we look at that, you have to look at the five and ten year periods of time. And there's one slide in our portfolio that Seth can speak to, is how SBA is doing compared to roughly 100 clients. Seth, why don't you --

MR. MARCUS: I'll just jump ahead to a couple of slides. Sorry, Michael, to fast-forward through yours.

MR. FOGLIANO: That's okay. Got a little while to go.

MR. MARCUS: So our presentation, we won't touch on many of the slides, maybe just focus on this one in particular, as not to replicate a lot of the information you've already received.

What we've done on the slide in front of you, it's slide nine in front of you, this represents about 70, 67 different institutional investors. So importantly, this is peers of yours, other state plans. Corporate plans can be in here. Taft-Hartleys, fire and police, a number of different plans. So there's different investment strategy, investment type, risk appetite, leverage, portfolio construction really at inception.

And you'll see here where the SBA ranks in the top quartile, the 83rd percentile, based on the current allocation, based on the current portfolio. I think it's important, we also highlighted -- you know, some of these plans are small, a lot smaller than yours, so we highlighted some of the larger plans with the darker

blue line. Still, when you rank against those, there's 11 here on the page, you're still in the 80-plus percentile against those peers.

What we think is important and when we talk about what are they doing that are performing better than your portfolio -- and, again, it is a timing issue. So this is a five year return. Those that are -- historically, the SBA has consistently been in that top quartile, based on the current -- based on the strategy and allocation. Some of these peers of yours that are top performers, seven years ago, when the downturn hit, they were in the bottom quartile.

MR. PRICE: So they're doing fine. You're happy with the structure and their approach. What do you think about their leverage, whether it's 17 or 21? Can we go back to that from your point of view?

MR. BROWN: A couple of thoughts. One of the things that's not in the computation of the leverage is the leverage within the REITs. Essentially you have an equity investment in the REITs themselves. They're leveraged 40 or 45 percent. If you included the leverage within the REITs in the overall leverage, it would probably increase it 3 to 4 percent.

Historically, let's look back at what occurred in 2008 and 2009. Some of the core open end pooled funds had leverages above their limit, which is 40 percent or less. They were in 45, 46 percent. And they suffered write-downs in the 30 to 35 percent over that time period. Florida didn't.

So we just always -- what you have to look at is the leverage can magnify the downside risk. So in other words, if you hit a recession, excess leverage will create negative excess returns. So you have to balance that.

MR. COLLINS: I think we all understand that. That we got. The question is, is at what point can that happen. And I would tell you that 25 percent leverage or 17 percent leverage, it's going to be very, very difficult to have significant losses in your portfolio at 17 percent leverage, which is why -- you'd say, well, that's why we're there. But I would tell you that the difference between 17 percent leverage and 30 percent leverage really isn't that much different. It's not like we're talking about going to 65 percent.

MR. PRICE: Do you have a point of view on the leverage in their direct owned portfolio, not the funds?

MR. BROWN: Our point of view is that you want to be more conservative in the direct investments. I think, as Lynne indicated, with their commitments in

place, probably gets you to 20, 21 percent maybe. And I think that's appropriate when ODCE is roughly 21 percent.

I can tell you this, that given where we're now in the seventh year of a recovery, most of the managers who are in the higher 20 percent, they're reducing their leverage. There's a couple of funds that actually have lower leverage than you do within the ODCE. So I think it's a balancing act.

MR. COLLINS: So have you done some simulation, right, like we've had maybe on the actuarial side, with returns in the portfolio and unfunded -- you know, unfunded liability versus being able to -- have you done some simulations that say, okay, at 20 percent leverage and at 15 percent downturn, here's what you look like, at 40 percent leverage and at 50 percent downturn, here's what you look like?

Because that's what I'm interested in seeing, because somebody has got to prove it to me, because I've got a lot of empirical data that says it's not a big deal.

MR. BROWN: I think we certainly could do that in conjunction with staff. We'd be more than happy to do that, come back and discuss that with you.

MR. COLLINS: I just don't understand owning a

$240 million building in San Francisco with zero debt. I just don't. That's the part that I don't understand. And if all of that put together gets you to 25 percent, it just doesn't make sense to me.

MR. WILLIAMS: May I add one contextual thing?

MR. PRICE: Sure.

MR. WILLIAMS: Go back to what we talked about when we talked about the fixed income allocation a while ago. We're having this conversation about real estate in isolation. You want to get Alison and Tim going about some of our frontier market equity exposure or talk to Trent about some of the things we have in the strategic book, you'll see where the risk is getting taken.

And the beauty of this treatment of this asset class is that it's very much an anchor to windward on risk but at the same time gives you the very solid returns that you've seen.

So could we marginally ramp it up a bit? Yes. But it's not the only business we're in. We're in lots of businesses. And we like this as a risk reducer among the risk assets.

MR. COLLINS: I totally agree with you. That's what I'm asking about, on the margin.

MR. PRICE: Okay. Thank you. Do the Townsend

folks have anything to add as a closing comment? Because we're going to move on to global equities here in a minute, to try and catch up with our schedule.

MR. MARCUS: Sure. I'll just add one other comment. We've talked a lot about process, and Michael kind of walked through their due diligence process. Townsend does the same, almost identical due diligence process. We do it independently, so -- to come at it at two different angles, and we still -- in order to have an investment recommended by Townsend, it goes through our due diligence process, our own internal investment committee.

And when we come to agreement that an investment makes sense for the portfolio is when it ultimately, on both our side, Townsend's side and the staff's side, it ultimately gets to the level of making a commitment. So very similar processes. Other than that, I think nothing further.

MR. COBB: Mr. Chairman, I'd like to ask one last --

MR. PRICE: Yeah, please.

MR. COBB: -- maybe kind of verification question. And I have no reason to believe that our appraisals here of an average of about 500 a square foot for our office buildings and an average of about 300,000 per apartment may be even low, in fact it was stated probably is low. Is that your judgment, too, that these valuations --

MR. BROWN: I think the one thing on the apartments, that's a NAV number, and I think Lynne indicated the gross asset value was higher than that. So your unit cost is likely lower on the apartments. We'd have to look at the individual values on the office building to see whether it's GAV or NAV, and I think that's one of the things for the next meeting that we'll help staff on.

I think in closing, the one thing that we do also want to say is that given this is now the seventh year of recovery, the returns -- and I'll just talk about core real estate, since that's the bulk of the portfolio. The expectations is core isn't designed to do 14, 15 percent returns per year. Over long periods of time, you know, it's a 7 to 9 percent return expectation.

We do, each of -- several times a year we meet with all the open end funds. And most of the expectations is 8 to 10 percent for this year, and probably further moderating next year. So I just want to at least provide the context, because of this late stage of the recovery, those double digit returns from

core can't continue. They're not designed to do that.

MR. PRICE: Thank you very much. Steve, Lynne and Michael, thank you very much for that dive into real estate. You have a lot of things going on with $15 billion, right? In fact, my -- just my end comment on the real estate is you have so many things and it's only 15 billion. It could be 150 billion with all those things going on. Right? I mean, is that your impression at all? There's a lot going on in those portfolios, a lot of segments. Thank you very much.

Should we start with Alison and Tim on global equities? Thank you, guys.

MS. ROMANO: So today I will do a quick review of the top level performance of our asset class, talk about how GE is structured, in particular to respond to some of the questions that came up in our last meeting. Talk about the unique market dynamics of 2015 and how our structuring decisions enabled us to outperform. Again responding to the questions that came up last quarter, dig a little bit more into the individual sub-aggregates. And then I'll turn it over to Tim, and he'll give you the forward-looking look in terms of initiatives that we have and the markets.

First on performance. I'd highlight three things on this page. First, we're positive in all periods shown. In the one year, the markets were down. We protected on the downside. And as we've said, quarter over quarter, we continue to outperform with very low risk.

So graphically you can see that on the bottom slide. Quarter to quarter performance you don't see wide swings. And, in fact, our batting average is pretty good in terms of positive quarters. Mathematically, this means we have a very attractive IR, so return per unit of risk.

For an example, maybe to provide some context, our five year IR is over two. If you look -- and this is not an apples to apples comparison. But if you look at the universe of global managers over the last five years, individually their IR, the median IR is about .4. So by putting the managers together, choosing the right managers and getting the diversification of those managers, we've been able to improve that IR.

In terms of our investment approach, we are 50/50 active/passive. But what you can see in the top slide is we are far more active in foreign strategies and in dedicated global strategies.

Forty percent of our assets are managed internally, and we do that mostly in the U.S., as well as global, and we do have an external manager that

provides passive exposure on the developed market side.

What you can also see, and again providing you some of the detail requested, is on the bottom of this page, the number of mandates that we have in each of those separate buckets. The number of mandates is driven by just the total assets we have, the capacity of the managers, the benefits of diversification, manager-specific risk and the alpha opportunity we see within those buckets. But all in all it approximates about 60 mandates with external active managers.

Turning to the next slide, how we're positioned on regional and sector lines. The top graph reflects our decision as an asset class on how we allocate to mandates. So it's not a graph of holdings. It's a graph of, again, how we allocate. To give an example, in the first column there, 32.5 percent of our mandates are with those that have developed market large cap exposure. And what you can see by the dot, which is our benchmark, that we align very, very closely to the benchmark. So we are not making big bets here. That doesn't mean that individual managers can't make bets. They may make bets. We do not, in terms of how we allocate.

On the sector allocation, on the bottom, that is a reflection of our manager's decision. And what you can see here, too, is that we don't have very wide bets. But, for instance, in that first column, financials, collectively, the decisions our managers make yield an underweight, in this case a 1.7 percent underweight to financials.

So in aggregate we're not making big bets, but collectively the bets that the managers make and our passive portfolio adds allows us to outperform in very dynamic markets. And that's absolutely what we saw in 2015.

On the next slide, this is a very busy slide. It was a very busy year in the markets, and we were trying to capture a lot of themes here. So the summary of this page is the market shifted dramatically in the third quarter. And rapidly shifting markets are very difficult for active managers. But, again, we were able to navigate that quick rapid market movement.

To give you a sense of what happened in the market conditions -- and I'm sure you're all very familiar, but on the top half of this page, what I'm showing is return spreads. So for instance, in the first row, the difference between what China did and the developed markets did. And you can see in the first and second quarter, there's an over 5 percent spread in returns.

All of these spreads that I'm showing here you can

think of somewhat as a proxy for risk on. And you can see starting in the third quarter a complete reversal in the markets.

MR. PRICE: How much money do you have in China, directly or indirectly? Do you know a number?

MS. ROMANO: We have approximately what's in the MSCI, so that would be --

MR. TAYLOR: Roughly what is in the MSCI target.

MR. PRICE: Thank you.

MS. ROMANO: We did have an opportunistic investment in China that was our decision through A shares to get access to the broader market. But the implications whether or not the overall exposure to China was big is the knock-on effects that it had to the general global markets and that risk-off environment. And the fourth quarter was really defined by what I am calling sort of selective search for growth. So it wasn't back to risk on, but it was safe growing opportunities.

So with this rapid shift, you can see in the bottom of this chart or this table how we did. We had positive active return in each of those quarters. And some of the drivers -- again, this is really top down -- we did very well in the stocks that were selected in the U.S. and Europe and being underweight to energy.

MR. PRICE: I just want to go back to my question.

MS. ROMANO: Sure.

MR. PRICE: So you have -- roughly half your money is indexed and half is not.

MS. ROMANO: Correct.

MR. PRICE: And you're saying your China exposure is whatever the index is, both in your actively managed and passively managed. So if China is 3 percent of the index, you'll be 3 percent on both sides.

MS. ROMANO: Roughly speaking. But for instance, some of our developed market managers may choose to invest in some China names, so they might be overweight. Some emerging market managers that aren't positive on China may be underweight. They have the flexibility. But overall, at the end of the day --

MR. PRICE: So you're totally delegating to your managers China. You're not having any say over your Chinese exposure.

MS. ROMANO: Generally, yes, with the exception of a decision we made a year ago to invest in China A shares. It was a small opportunistic investment. We made a lot of money off of it. That is being wound down, given the money we made and the liquidity in those markets.

MR. PRICE: Okay.

MS. ROMANO: The energy underweight definitely helped us throughout the entire year. And in the second half of the year -- as a follow-up to your question, the managers made very good stock selection in China. So even though we don't have a big overweight, they picked very good stocks, and that contributed to the top line performance.

To dig in maybe to each of those sub-aggregates, on the next slide, what we're showing here is each of our sub-aggregates of managers relative to their own benchmark for one and three years. And you can see that most aggregates are positive. To highlight a few, for instance, our global aggregates, so these managers have discretion to go anywhere in the world with their investments. We have a number of defensive managers, which performed as expected and did very well in the third quarter. We have managers that are growth dedicated, and they performed throughout the year with a tailwind of growth.

Our developed standard, again here, the foreign developed standard, very positive outperformance there, benefiting, in the most part, from the growth tailwind. So managers that tend to buy growth stocks did very well.

Developed small cap, an example here, it was generally good for all active managers in this space. And, again, we had growth managers that benefited and managers that swung to the growth end of the spectrum that have flexibility to do that that took advantage of those tailwinds.

And our off-benchmark bet of currency, which we talked about in previous meetings, continues to contribute to top line performance, a 1.74 percent return in that aggregate.

Where we were challenged is in EM. And there are two drivers of this. One, the managers were underweight the first half of the year in China. That definitely was a detractor. And, two, there were particularly wide growth value spreads. So our value managers in a market that did not favor value underperformed and pulled down the aggregate.

U.S. small cap, this is another area which has some red on it. I would say that our decision, again, to go off benchmark in microcap, which is in this aggregate here, paid off because these numbers are more positive than they would have been had we not had microcap in here.

The negative on this are growth managers, and they underperformed I would say for two reasons. One,

idiosyncratic stock selection didn't work in many cases. Two, there were a confluence of market factors for a lot of these managers that were just frankly headwinds.

MR. PRICE: Alison, Peter has a question.

MR. COLLINS: So when you said your decision to go on microcap, it helped -- made it a little bit better, but these are your active managers. So how are you impacting that? These are your internal active managers?

MS. ROMANO: These are for the external managers.

MR. COLLINS: How are you impacting that decision on that external manager, when you say, We made a decision?

MS. ROMANO: On microcap, microcap is not part of our target benchmark. We hired a microcap fund of funds manager.

MR. COLLINS: And took it away from what you would have given --

MS. ROMANO: Would have given to small cap. So we sort of -- the opportunity cost or the benefit over that is how we evaluate whether or not that was a good decision. And that's how we view, for reference, frontier markets. We compare it to EM. Currency is a little bit of an entity unto itself.

MR. COLLINS: And do you have ranges in the active strategies, or just the weight, do you just set a target weight? So when you decide to go a little bit off of small cap and go into micro cap, is that something that has to get approved by the group because of the range or --

MS. ROMANO: It doesn't have to get approved. We do think of it as kind of allocating towards our small cap. And we try and keep the small cap aggregate in total in line with what the benchmark is. But all those decisions are driven by a risk budget of 75 BPs, and each one of these little decisions off benchmark impact risk.

So if we were to exceed that risk, that's when we would have the conversations and need approvals. Every manager, though, ultimately needs approval and signature up the chain.

MR. COLLINS: Did you add that last piece for Ash?

MS. ROMANO: I did. Are there any other questions on our performance? Then I will turn it over to Tim to talk about an exciting opportunity that we're pursuing this year.

MR. TAYLOR: Thank you, Alison. On page seven, I'll present a couple of slides to everyone today. And as Alison said, this is an exciting development. We're

in the process of launching a new factor index strategy. And this is something we could talk about for a long time, but we'll try to focus here just on the one slide.

We're going to launch an internal factor index strategy to leverage in-house capabilities and also to generate returns. If you consider the sources of equity returns, graphically you can see here in the center of the page, one can try to simply achieve the market return or the beta exposure, or -- and you can get this with, as we indicate here, an ultra low fee passive investing.

Also there are returns, factor beta we'll call them. There are certain factors that have outperformed the market over time. So what we've tried to do is to research those factors, identify them and systematically select and invest in securities that possess these factors. And you do so not at a much higher rate, fee rate than you can achieve an index passive beta return.

Now, on the right-hand side, at the extremes, this is where traditional active management is. Does the manager have skill to add alpha? And of course this is where you've got -- we indicate a higher relative fee. This is where the highest fees reside.

But what we've done over the last several years is look at our managers and evaluate them as to whether are you beating the benchmark return, the market return, but also are you achieving a return above particular factors that can perhaps be naively capitalized upon, or do you truly have skill and therefore are we paying you for that skill and are you adding alpha beyond those things for us.

So the goal here, the first bullet point near the bottom, is to obtain exposure to factors that have outperformed the market in a cost-effective manner. We could hire an external firm to do this. Yet we fortunately have the internal capability to do so. So we're going to implement it internally, with professionals that have successfully invested funds for global equity for the SBA, the FRS, for many years. This increases the cost advantages.

And all of this, we believe, is consistent with our core competencies. And these include internal management, identifying opportunities to outperform the market and then structuring and sizing these mandates. Identifying alpha sources in the equity markets and capitalizing on those sources is a natural extension of global equities' core competencies. So we'll look forward to updating you on this strategy as we roll it

out over the next several months.

MR. COBB: I have a question. How does this compare to the DFA? Is this sort of what they do? I'm not sure I understand what DFA does, but it sounds similar.

MR. TAYLOR: It is similar. So DFA actually does manage money for us, in both emerging markets and in international small cap. And their research primarily is investing in stocks with low priced books and with smaller, a small cap effect and a value type effect. And over time you outperform the market. So this is very similar to that.

Now, the factors we've chosen to launch are different from what DFA -- we're not trying to replicate with DFA is doing. But it's similar in that manner, that philosophy of trying to identify factors that we believe will outperform the market over time and then getting exposure to them in a cost-effective manner.

MR. PRICE: Thank you, Tim.

MR. COLLINS: One question. Are the people that you're talking about doing this, are they in-house today?

MR. TAYLOR: Yes. So, yeah, these are individuals who have run successfully internal passive portfolios.

And indeed we run a small U.S. -- small U.S. small cap active portfolio as well, and we've done that for several years. So, yeah, this is with our existing resources, personnel that we have.

MR. PRICE: Thank you. Brian, are you ready to talk about fixed income?

MR. GELLER: For those who don't know me, I manage the structured product in fixed income for Katy. If you look at slide one here, the 12 month returns, it's 12/31, so it's a little dated, but the index was a positive 1.2 percent. Fiscal year to date through 2/29, to update it, is 2.29 percent.

Returns have become pretty anemic in fixed income right now, especially in the credit sector, due to -- I think everybody is aware of the global economy, slowdown in China, oil, and then the Fed with the tightening. But it made it very challenging for the risk-on trade. It's had its fits and starts.

So as you can see here, the total risk of the portfolio is very low. We've been keeping powder dry and trying to be opportunistic where we can. But like I said, that's been challenging, as you can see by the returns on the prior page.

I don't think our outlook has changed dramatically from when Katy was here last, but obviously the global

central banks, including the U.S., have remained incredibly accommodative. As Chair Yellen reiterated yesterday, a little bit to the surprise, kept a very dovish tone and alluded to several points that we have up here in the bullets as concerning; the Chinese economy, the supply and demand issues there, growth slowing, oil creating issues on inflation.

That coupled even with strong employment in the U.S. creates the Fed to have room to move if they have to, but right now, with her comments yesterday and the points she alluded to, the probability of a Fed hike has now been pushed out to the fall. June's probability has dramatically decreased.

MR. PRICE: Brian, what's your duration of the portfolio and your yield now?

MR. GELLER: The duration of the portfolio is roughly right on top of the index, so give or take around three years. And the yield is actually a similar context. So, yeah, with that, with the rates being as low as they have and staying in this range --

MR. PRICE: Right. There's not a lot to do.

MR. GELLER: -- the duration of the portfolio has been --

MR. PRICE: And it's 30 billion, more or less.

MR. GELLER: I think it's less than that. I think it's about 25 now. We've definitely had a lot of -- with equities coming down in value, we've had a lot of distributions coming out of the account.

And so also with the growth issues, the Atlanta GDP, which has been a very -- a model that's been very good, has now taken the first quarter GDP down to a .6, so giving the Fed more room to not hike in the near term.

MR. PRICE: In your fixed income, have you had much oil and gas exposure?

MR. GELLER: No, we haven't. We actually were pretty good at taking off a fair amount of that in underweighting when we kind of saw these things on the horizon coming and got out as opportunistically as we could. And right now we're -- we've actually -- the next slide you'll see the OASs. But I just wanted to point out at the end here that, globally speaking, even with all this, the U.S. still remains pretty cheap, from a corporate credit standpoint of view.

But, yeah, as you can see here on this bottom slide, where we had the OAS gap out on the benchmark here, that was primarily due to credit spreads.

MR. COBB: Could I ask just one big picture question? Of our fixed income, 25, 30 billion, whatever that is, what percent is in dollars and what

percent in other currencies?

MR. GELLER: The bulk of it's in dollars. A small percent is in other currency. And that would be through our rate -- if we were to do that, that would be primarily through our rate strategy and taking a position there, not in buying assets of outside the U.S.

MR. COBB: So have we reviewed that? Should we have more international bonds?

MR. PRICE: Ash?

MR. WILLIAMS: The answer to that is probably in the index.

MR. GELLER: Yeah. We stay close to the index percentage.

MR. WILLIAMS: The Barclays Aggregate Index. So that sort of answers the question for you. Now, maybe the broader question is are we taking sufficient advantage of opportunistic credit situations that may present themselves, whether because of dislocations in oil and gas, dislocations in currencies, dislocations in interest rates, et cetera, et cetera.

And where a lot of that is taking place will be in strategic, through distressed debt, real estate related credit. We're getting -- everybody is beating a path to our door with energy strategies now, energy-related credit strategies. So there are a number of places in the portfolio other than in fixed income where you might see exposure to more opportunistic fixed income, including of a global nature.

MR. COBB: I guess my challenge was more a diversification strategy and whether we should be diversified outside the dollar.

MR. COLLINS: Instead of adhering to the percentages in the index?

MR. COBB: Yeah. But I'm surprised that the Barclays -- is it a global index?

MR. GELLER: No. It's an intermediate ag index. Now, they have a global --

MR. COBB: Yeah. But it's a U.S., so --

MR. GELLER: Predominantly, yeah.

MR. COBB: So it's not -- in other words, when I see a -- there's two Barclays. There's the Barclays Aggregate, which is primarily a U.S. index, and then there's a Barclays global fixed income. So we're not close to the global index.

MR. WILLIAMS: Correct. May I, Mr. Chair?

MR. PRICE: Sure.

MR. WILLIAMS: And I think the other thing is you have to come back to first principles and answer the question, what is the role of the fixed income asset

class to the aggregate portfolio. And the answer is, it is the liquidity preserving, risk reducing asset class, not the risk taking asset class, which is exactly why we have this U.S. dollar, shorter duration index.

You may remember back in -- I guess it was before we really joined or right at the beginning of the joining of the asset allocation discussion back in '13, we made the decision to go to the Barclays Aggregate, Barclays Intermediate Aggregate, away from the Barclays Aggregate to shorten duration. But the discussion at that point recognized the risk reducing nature of the fixed income asset class, the liquidity and rebalancing source nature of the class. And we didn't make any decision to take on global risk there for that reason.

MR. PRICE: Brian, any closing remarks before we move on to strategic?

MR. GELLER: No.

MR. PRICE: Thank you. John.

MR. BRADLEY: So I'm going to start with an update on the private equity market. 2015 was a strong year for the industry, both in terms of industry performance as well as our own performance, which we'll get to in a moment. But it was also a strong year for private equity in terms of liquidity. And our portfolio benefited from this environment. In 2015 the PE portfolio was net cash flow positive to the tune of $803 million, and we had capital calls or outflows from the portfolio of 1.7 billion during the year and received distributions or inflows of 2.5 billion. So we and our GPs were net sellers in 2015.

Driving this liquidity was a record global M and A market. The estimate for activity during the year was $4.7 trillion, which is almost 15 percent higher than the prior record set in 2007.

As I mentioned, our GPs were net sellers and in general have remained pretty cautious with new investment activity. And to put a finer point on this, despite 2015 setting a record for M and A, PE announced transactions were up just slightly year over year. And of that 4.7 trillion global M and A market, private equity represented just 12 percent of that, of that volume. And it was triple that, or 37 percent, at the last peak we saw in 2007. That's a pretty interesting data point.

And lastly, average deal pricing remains at historically high levels, at 10.1 times EBITDA. This is up from 9.8 times in 2014, while debt multiples have contracted some, down to 5.5 times EBITDA from 5.8 the prior year.

Here's the portfolio and the exposure by sector. Our portfolio continues to be weighted towards the consumer and information technology, with both sectors being our largest overweights to the benchmark, while the financials remains our largest underweight.

Here we have our weighting by geography. There's no real change here quarter to quarter. U.S. continues to make up the bulk of our exposure, while our weightings in Europe and Asia continue to inch up. This trend will continue as we continue to rebuild our European portfolio. If you remember, we sold a large chunk of that European portfolio in the fall of 2014. And so we also continue to add very slowly to our exposure in Asia.

Here's a snapshot of asset class performance as of September 30. All periods of measurement show outperformance versus the benchmark, which is our primary benchmark, which is the global equity asset class benchmark, plus a liquidity premium. That premium today is 300 basis points.

And we'll see here on the next slide, at least from sub-strategies, what's driving that. And so here are the different sub-strategies within the portfolio. We've also shown the sub-strategy since inception performance versus the Cambridge benchmark, which would be its peer benchmark. Since inception, all strategies, with the exception of our non-U.S. growth equity portfolio, have outperformed their peer benchmark, while our other growth strategies, the venture and U.S. growth equity have been our strongest performers over the short-term, over the last five years.

And so in what's been a slow growth environment, companies exhibiting high growth characteristics have commanded premium valuations in the markets and have been very attractive targets for acquirers. And so these strategies have done well.

Our non-U.S. buyout portfolio, as well as our distressed, our turnaround portfolios have lagged over the shorter term. The strengthening of the U.S. dollar has been a headwind for our non-U.S. buyout portfolio, while our distressed managers have lagged the current market, as not surprisingly deal flow for them has been pretty thin over the near term, which is something we would expect will likely not last forever.

Finally, here's our commitment activity for 2015. We committed $2.1 billion to 26 funds. This breaks out as $1.2 billion to 15 buyout funds. Half of that 1.2 billion, or 600 million, went to funds we would classify as small market funds, 32 percent to middle

market funds, and 18 percent to large market funds. We also have committed 100 million to one growth equity fund, 337 million to six venture funds, 200 million to two secondary funds, and last quarter, 300 million to two distressed funds.

And if we were to look at the geographic focus at the bottom of the slide, 40 percent of those dollars went to funds based and focused in the U.S., 13 percent in Europe and 47 percent or almost half the funds with a global mandate.

MR. COLLINS: Are both of the distressed funds in the U.S.?

MR. BRADLEY: They're both global funds. So one is a true global fund. The other would be a U.S./Europe focused fund.

MR. WENDT: I have a question.

MR. PRICE: Gary.

MR. WENDT: Any of the new money this year, is it with any of the investor groups that you didn't work with before, or is it just expansion of their funds?

MR. BRADLEY: No. There are a number of -- well, not a number, but there are new GPs in the portfolio. So of the 26, one, two, three -- so three of the 26 were new GPs to the portfolio.

MR. PRICE: Thank you very much, John. Trent, would you like to continue?

MR. WEBSTER: Sure. Thanks, John. Just as a refresher, we're the alternative asset class in strategic investments. Generally, if it doesn't fit nice and neatly into the other four asset classes, it comes to us. We have four objectives by policy. The first one is to generate a 5 percent real return over time. The second one is to diversify the rest of the fund. The third objective is to provide a hedge against inflation. And, finally, we're here to invest opportunistically.

If you look at our current portfolio by sub-strategy, that blue part of the pie is debt. And that has been coming down over time and is slightly under 30 percent today. The reddish pink part of the pie is equity. That has also come down. That's about 14 or 15 percent of the portfolio. The green part is real assets, and that's been about steady. We've been spending a lot of time on that purple part of the portfolio, or the pie, I'm sorry. That's our diversifying strategies. And those are mostly strategies which have low correlations to risk assets.

So as I've come up here for the last several years to give an update on the portfolio, we've been very focused on taking the blue and the reddish pink part

down. And we will also be bringing the green part down and getting that purple part up. And eventually those diversifying strategies will make up about 20 to 30 percent of the portfolio. So if we had done this five years ago, the debt would be over half of the book.

However, we think that there are some interesting opportunities that are arising in credit, with some dislocations that are occurring in the loan market, in the structured product market as well. So that rate of decline may -- well, will slow and may even stop. And you may see that grow over the next year or two. Same with the reddish pinkish part. When we were assessing what we were going to do for the year, we were preparing for the great bear market of 2016 and starting to think about allocating more money into equity. But now it appears that the great bear market of 2016 will now become the great bear market of 2017. And if not, it will be the great bear market of 2018.

MR. PRICE: Is this largely hedge funds, two and 20 hedge funds, Trent?

MR. WEBSTER: It depends. So in the debt part, it's mostly private market structures. We do have, in that opportunistic debt are hedge funds. And we rarely pay two and 20. I think we have one or two of our 28 where we pay that much. Long/short equity is our hedge funds. Our activist equity, that predates our hedge fund program. We don't pay those types of fees in our activist funds. So that's kind of a long-winded way of saying sort of.

MR. WENDT: Question. How many separate investments are in this whole pie?

MR. WEBSTER: We currently have 114 funds, with 76 --

MR. WENDT: The total is how much? I don't remember how much. What's your total portfolio?

MR. WEBSTER: $11 billion. This is our performance. We don't get too excited about near term performance. Over the longer term we've outperformed by roughly three and a third percent over three and five year time periods. We do expect that to come down because roughly half the portfolio is benchmarked on inflation plus 5 percent. And you can see that here. So if there are dislocations in market, we would expect our portfolio to fall and our benchmark not to fall as much because we'll be swimming against an absolute return benchmark.

MR. COLLINS: And that since inception, I know we talked about this ad nauseam, but what's that date?

MR. WEBSTER: The since inception is July 1, 2007.

And we were originally funded up with the global equity portfolio. So what happened was, was that we went into the global financial crisis levered up on equity risk, so we paid the penalty.

MR. COLLINS: I've been telling them that leverage is bad. I've been saying it.

MR. WEBSTER: So recent activity, we had $427 million go out the door in the fourth quarter. We hired four new funds in the fourth quarter, and we've hired five new funds this quarter. And in fact we just -- the documents went through yesterday for one that will close on April the 1st. And we currently have a fairly robust pipeline.

In terms of opportunity, not a whole lot has changed from this. We still see opportunities in European bank deleveraging and disintermediation. There are some interesting distressed opportunities arising out of energy and mining but also in retail. It might be a little early yet, but there are good properties that are coming out for sale in energy, which are low cost but have really bad balance sheets. So there could be opportunities there.

I touched upon dislocated credit. If and when we ever get another bear market in equity, we'll be looking at adding to that. We also think that emerging markets are interesting because you do have some markets that are down pretty significantly. I think Brazil was down 80 percent in dollar terms from peak to trough. And so we're starting to do some research in that area, but we're not in any rush.

MR. PRICE: Thank you very much. Any questions? We'll move ahead to Joan. Joan, Hi. Talk about our investment plan.

MS. HASEMAN: This is our snapshot of where we are as of December 31st. Assets at 8.7. Close of yesterday we are up about the same. Actually we weren't up. We were about --

MR. PRICE: How much of the assets have grown year over year?

MS. HASEMAN: How much of growth year over year?

MR. PRICE: How much, not from performance, just are people adding to the investment plans?

MS. HASEMAN: I would say probably less than 500 million. We get contributions, plus the transfers from ABO. So John may -- I'm not sure I have a dollar amount, but I can certainly have it for you next time. It's not a huge dollar amount. We have, as you can see by the distributions, our distributions are now exceeding our assets, which is the first time we've seen that in probably -- last quarter we started seeing

it, and it's more pronounced now.

Market conditions, our assets have gone down. We were at one point at 9.1 billion. So in the last year we've had a tough market, as everyone has.

MR. COLLINS: You've got 8.7 billion of assets but you had distributions of 9.2 billion?

MS. HASEMAN: Over the course of the fund, from inception to date. Well, December. Yes. Which is a good thing, because most of it has been rollovers, which we like seeing. The members are moving it to another plan rather than taking it as an asset, just cash. The smaller amounts are usually the ones that they will take as lump sum rather than the larger amounts.

Our member growth, we're at 164,781 at year-end. We're up to about 166 as of February -- or 31st, 29th, 29 days. Average account balance is up just a tick from last quarter, about 1.2 percent. Of interest -- and I was looking at this. Our average years of service is down. We had 5.4 last quarter, and it's now 5.13. I'm guessing this is new members or younger coming into the plan, which will skew that, younger females. Our number of females is at -- average age is 45. It was 46.

Retirees is a growing number. Anybody who takes a distribution is considered a retiree under statute, so that number will continue to grow. You can see it's almost not quite the same as the active members, but we have no renewed membership in the plan yet.

Our assets under management, this is a breakdown by asset class. Obviously our largest is our retirement date funds. This is the default. If a member does not make an investment choice, they will default into an age-appropriate retirement date fund, so it will, and we expected it to, hold the bulk of the assets, 43 percent.

For our Financial Guidance Line, planner calls are up by 3 percent. Financial planning workshops in the quarter were down. It's just the nature of the beast. It's a quiet time during the fall, into the wintertime. We expect to see that with the holidays, so we're not surprised at that. What is good is that we're seeing a 5 percent increase in the attendance at the workshops that were conducted. So we're very pleased with that. And I think, as time goes by, we'll see more of that.

Our educational highlights, one of the things we're very proud of, and working with the Division of Retirement, was allowing survivor counseling to pension plan member beneficiaries. This is something we've offered to our investment plan members since 2007. It

took a while, and we're very pleased that we'll now be offering that same service through the Financial Guidance Line to the pension plan members as well.

We're also offering the deferred annuity, which is now offered. It was approved, and the Fed said, yes, you can do it, the IRS, so that we can now have members defer an annuity purchase to say age 85, purchase it at the time they're retiring from us, send it out 15, 20 years, and the return to them on that annuity is quite significant. So we're very pleased to have that offered as well.

We did extend our chat. We were offering it kind of as an exploratory program. We're very pleased to see the uptick in usage. These are members who are engaged with chatting with our online service through E & Y. And so we've extended the hours pretty much to when we open and close. So we'll keep you posted on that usage.

We wanted to let you know, when we first had annuities offered under the plan, we had a very slow uptake on those. We have a new annuity provider, Met Life. We've seen a significant, for us significant, usage of purchasing annuities now, which we think is a good thing for our members that are making wise decisions on how to make sure their balance is there for them as they go into their retiring years.

MR. PRICE: Thank you very much, Joan. Mike, do you want to give us some quick comments on governance and the proxy season? And I know Ambassador Cobb and I are both real impressed with the SBA's proxy voting methods and keeping an eye on all the -- keeping an eye on all these corporate guys.

MR. McCAULEY: Well, I appreciate that. I don't know if you have --

MR. PRICE: I want to keep the momentum going, though, so if you could --

MR. McCAULEY: I plan on being very, very brief. Is there any specific issue you want me to talk about?

MR. PRICE: No.

MR. McCAULEY: We have slides in the back that kind of touch on some of the activities. But this agenda item is primarily the governance principles and proxy voting guidelines. So the annual update and review, essentially we -- we typically go through this process every year. We've had a few years where we've not made any changes, so we've kind of just kept the status quo.

And this year is really not too dissimilar. We've had an effort to really kind of simplify and clarify the document. Over the last few years it had ballooned

up and became a little granular, a little technical. So we tried to kind of simplify and really distill it down to kind of more of the essence of some of the positions.

And the voting guidelines document is really the core piece, not only to make voting decisions, but it also informs our -- yeah, it's in the meeting materials just behind the slides. So it's just not about voting guidelines or voting practices. It also informs our corporate engagement activities when we talk to companies, whenever we're in a dialogue with some of the external investment managers about governance issues, and a variety of other things, whenever we weigh in on --

MR. PRICE: Are you a lawyer?

MR. McCAULEY: No, I'm not, no.

MR. COBB: What percent of the time did you vote against management recommendations?

MR. McCAULEY: At the last meeting we had the annual summary report, where we kind of included the details. But we generally vote against management about 20 percent of the time.

MR. JONES: Looks like seventy-six four.

MR. WILLIAMS: Roughly.

MR. McCAULEY: Roughly. Yeah, we only go out to one decimal --

MR. JONES: One question I've got is how often do we go against ISS?

MR. McCAULEY: It's about the same amount, but it varies by topic. I hate to say that, because it's not a clear answer. But if you talk about executive compensation voting versus boards of directors, those numbers are different. We'll be more highly correlated with ISS or Glass, Lewis, and those are the two primary proxy advisors.

MR. PRICE: Are there any outstanding issues, litigation or real serious complaints, for instance, from any residents of Florida, on your voting history?

MR. McCAULEY: No, no, none whatsoever.

MR. COLLINS: How often do you get contacted by people or maybe Ash and the legislature to get more active in some of these things that you see on TV and read about? You know, why isn't our pension fund doing that? How much of that stuff do you really have to get into?

MR. McCAULEY: I mean, it depends. We try to keep a good handle in monitoring about not only the company's practices but interaction we have with some of the activist funds that we either have commitments with or some that we don't. They have had a

significant impact on markets. We're a long-standing member of the Council of Institutional Investors. Ash was just elected to the board of directors at CII. Those are the types of investor organizations and kind of networks that we are very active in. To the extent that they advocate for certain reforms, SEC, NYC, et cetera, we're usually fairly plugged in. We don't get a lot of beneficiary demand or drive from underlying --

MR. PRICE: Peter, my impression is that for the number of investments this firm has, they do an extraordinary job of paying attention to the proxy votes, which I think is great. Mike, thank you very much.

MR. McCAULEY: Just kind of a short and sweet version is we did not have any significant changes to the guidelines or amendments. It was really just a way to try to kind of de-clutter. We went from about 100 pages to 65. So that's it, short and sweet. We've got additional information.

MR. PRICE: Ash, go ahead.

MR. WILLIAMS: To Mike's point and your point, in terms of leadership in this area, Florida was one of the founders of the Council of Institutional Investors, going back into, what, the mid to late eighties, I suppose. And part of the reason I just went on the board is that Mike just finished a five-year term on the board and finished as chairman of the executive committee of the council. So he has been basically the leader in this area in the recent past and has done a great job.

MR. PRICE: That's terrific. Thank you. The second to last item on the agenda is a mandate review by Kristen Doyle.

MS. DOYLE: Are you okay if I do a very, very, very short version of this?

MR. PRICE: Yes. That's one too many veries.

MS. DOYLE: I might be more brief than I was yesterday with the trustees. So the short story for performance through the end of the calendar year 2015 is that all of the major mandates outperformed their respective benchmarks over all trailing periods, with two exceptions. The pension fund and the Lawton Chiles Endowment Fund both just slightly underperformed their performance benchmarks for the fourth quarter but produced positive returns, both up about a little more than 3 percent for the quarter.

Weak performance from both of those funds as well for the one year period, but we all know mainly due to the weak equity market that we saw during the year.

But both of those funds did outperform their performance benchmarks for the one year period, so were able to preserve value in a very volatile and weak period for the capital markets.

MR. PRICE: Thank you. John or Lamar, do you have any questions or comments, anything we missed that you'd like to talk about?

MR. TAYLOR: No.

MR. PRICE: No? Good. Thank you. Anything from the audience? Any comments from the audience? No audience comments. Does anyone on the board have any additional comments? Thank you very much.

This is the first deep dive into a section of the portfolio. I thought that real estate went well. I'm going to have some follow-up, to ask some more details, not too burdensome, I hope. And we'll see you all in June. Thank you very much.

(Whereupon, the meeting was concluded at 12:45 p.m.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, Jo Langston, Registered Professional Reporter, do hereby certify that the foregoing pages 3 through 172, 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 12th day of April 2016.

Jo Langston

JO LANGSTON
Registered Professional Reporter

STATE BOARD OF ADMINISTRATION OF FLORIDA

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MEMORANDUM

To: Board of Trustees

From: Mark Peterson, Chairman
Participant Local Government Advisory Council (PLGAC)

Date: May 17, 2016

Subject: Quarterly Update – Florida PRIME™

The Participant Local Government Advisory Council (the "Council") last met on March 28, 2016 and will meet next on June 8, 2016. Over the prior quarter, the Council continued to oversee the operations and investment management of Florida PRIME™.

CASH FLOWS / PERFORMANCE

- During the 1st quarter, Florida PRIME™ delivered an aggregate $11.5 million in investment earnings, doubling the quarterly earnings amount investors received in the fourth quarter of 2015.
- Over the quarter ending March 31, 2016 participant deposits totaled $3.7 billion; participant withdrawals totaled $3.7 billion; providing a net increase in the fund's net asset value (NAV) of approximately $23 million.
- Performance of Florida PRIME™ has been consistently strong over short-term and long-term time periods. For the period ending March 31, 2016, Florida PRIME™ generated *excess* returns (performance above the pool's benchmark) of approximately 17 basis points (0.17 percent) over the last 12 months, 14 basis points (0.14 percent) over the last three years, and 16 basis points (0.16 percent) over the last five years.
- For each quarter over the last year and a half, and through the five year period ending March 31, 2016, 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, 2016, the total market value of Florida PRIME™ was approximately $8.5 billion, approximately $1 billion higher than the same quarter end in 2015.
- As of March 31, 2015, the investment pool had a seven-day SEC Yield equal to 0.59 percent, a Weighted Average Maturity (WAM) equal to 35.5 days, and a Weighted Average Life (WAL or Spread WAM) equal to 60.3 days.

FUND B

- As of May 10, 2016, only $562 of the remaining reserve from Fund B is yet to be distributed to 4 former Fund B participants because of participants' challenges in administering the distribution and receipt of eligible funds.

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POST OFFICE BOX 13300
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Date:	May 17, 2016
To:	Board of Trustees
From:	Kimberly Ferrell, Audit Committee Chair KF
Subject:	Quarterly Audit Committee Report

The State Board of Administration's (SBA) Audit Committee met on May 16, 2016 and discussed the following:

I. Audits and Assessments

A. KPMG presented the results of Paragon's SSAE 16 review. Paragon is an external service provider of the Florida Hurricane Catastrophe Fund and the KPMG SSAE16 report indicated the controls tested were designed and operating effectively.

B. EY presented the results of SBA's Internet and Web Application Assessment. SBA management has already taken corrective action to remediate the four high risk findings identified by EY.

C. EY presented the audit plan for the financial statement audits of FRS Pension Plan and FRS Investment Plan for the year ending June 30, 2016.

D. OIA presented the Defined Contribution Programs Advisory Report. Management requested the OIA evaluate the existing internal controls to identify gaps relating to the creation of retirement accounts and employee/employer contributions. The report indicated sufficient controls are in place within the Office of Defined Contribution Program, Human Resources and Accounts Payable. The OIA provided four recommendations for improvement; three of which were already implemented and one is in process.

E. OIA provided the Third Quarter Follow-up Audit Report for Fiscal Year 2015-16.

II. Executive Director/Chief Investment Officer Presentation

A. Mr. Williams gave an overview of the FRS fund performance and status. He also communicated that the Board of Trustees approved SBA's Fiscal Year 2016-17 budget during the May 10th meeting.

III. Chief Operating/Financial Officer Presentation on Valuation Oversight Process

A. At a previous meeting, the Audit Committee requested a brief presentation describing the SBA's valuation oversight of the FRS Trust Funds. Ms. Whitehead presented the SBA's process for valuing and measuring investments.

B. EY presented their audit process over the valuation of investments.

IV. Status of Invitation to Negotiate (ITN) for FRS Pension Trust Fund and Investment Plan Trust Fund Financial Statement Audits

A. An update was provided on the status of the ITN for the FRS Pension Trust Fund and Investment Plan Trust Fund Financial Statement Audits. Presentations by four firms were made to the evaluation team May 5-6, 2016. The evaluation team will meet on May 20, 2016 to discuss the final scoring. The Audit Committee member participating on the evaluation team was provided sole discretion to either accept or reject the decision made by the team on behalf of the Audit Committee.

B. We also discussed the revised timing of the upcoming contracts that will go out for rebid next fiscal year.

V. Internal Audit

A. The Audit Committee reviewed and approved the OIA Annual Audit Plan for the fiscal year 2016-17.

B. The Audit Committee received a quarterly update on the following:

1. Status of 2015-16 Annual Audit Plan - planned work is on schedule
2. Status of 2015-16 OIA department goals
3. Status of Open Recommendations – See Appendices 1 and 2

VI. Risk Management and Compliance

A. The CRCO presented the IT risk assessment results.

B. The new Director of ERM was introduced.

C. The second phase of implementation for the compliance module of Charles River is complete.

APPENDIX 1
STATUS OF CATEGORY "A" RECOMMENDATIONS
AS OF MAY 16, 2016

1. OPEN RECOMMENDATIONS BY YEAR & RISK RATING

Year	Risk Rating: High	Medium	Low	Total	%
2012			1	**1**	1.5%
2013		1	1	**2**	3.1%
2014	2	8	3	**13**	20.0%
2015	7	16	7	**30**	46.2%
2016	2	5	12	**19**	29.2%
	11	30	24	65	100%
	17%	46%	37%		

2. DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Risk Rating: High	Medium	Low	Total	Status: NYI	PIRP	OTV	Total	%
Accounting Reconciliations Operational Audit (OIA)	09/14/2012			1	**1**		1		**1**	1.5%
Strategic Investments Operational Audit (OIA)	08/05/2013			1	**1**			1	**1**	1.5%
Systems/Server Backup Operational Audit (OIA)	11/01/2013		1		**1**			1	**1**	1.5%
Network Security Assessment 2014 (Ernst & Young)	02/12/2014		1		**1**		1		**1**	1.5%
Disaster Recovery Plan Assessment 2014 (Ernst & Young)	03/28/2014	2	3	3	**8**	2		6	**8**	12.3%
Fixed Income Operational Audit (OIA)	10/15/2014		4		**4**	4			**4**	6.2%
Operational Audit of the SBA's Procurement and Contract Monitoring (Auditor General)	01/01/2015		1	2	**3**			3	**3**	4.6%
Network Security Assessment 2015 (Ernst & Young)	02/13/2015		2		**2**		2		**2**	3.1%
Post-implementation assessment of the Charles River Investment Management Solution (Ernst & Young)	02/13/2015	4	3	1	**8**	6		2	**8**	12.3%
Travel Services Operational Audit (OIA)	02/13/2015		2	1	**3**	3			**3**	4.6%
Data Loss Prevention Assessment 2015 (Ernst & Young)	02/19/2015		1	1	**2**	1		1	**2**	3.1%
Florida PRIME Application Access Controls Audit (OIA)	07/10/2015	2	1		**3**	3			**3**	4.6%
Accounts Payable Continuous Audit (OIA)	08/07/2015		5		**5**	4		1	**5**	7.7%
WIRE Application Access Controls Audit (OIA)	11/09/2015	1	1	2	**4**	3		1	**4**	6.2%
Fixed Income Trading Activities Operational Audit (OIA)	01/29/2016	1	2	1	**4**	3	1		**4**	6.2%
Network Security Assessment 2016 (Ernst & Young)	04/29/2016	1	3	11	**15**	6		9	**15**	23.1%
		11	30	24	65	35	5	25	65	100%

<u>Category A</u> - **Recommendations were made by either 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**

APPENDIX 2
STATUS OF CATEGORY "B" RECOMMENDATIONS
AS OF MAY 16, 2016

DETAILS OF OPEN RECOMMENDATIONS

Report Title	Report Date	Status: PI	Status: Total	%
Office of Defined Contribution Programs Advisory Engagement (OIA)	03/02/16	1	1	100%
		1	1	100%

Category B - **Recommendations made by consultants resulting from an assessment of a program or activity such as governance, risk management, compliance, ethics, disaster recovery preparedness program, etc. The OIA monitors the disposition of these recommendations in accordance with the IIA Standard 2500.C1.**

IMP - **Partially Implemented, as represented by SBA management**

STATE BOARD OF ADMINISTRATION
OF FLORIDA

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TALLAHASSEE, FLORIDA 32308
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POST OFFICE BOX 13300
32317-3300

MEMORANDUM

To: Ash Williams

From: Michael McCauley

Date: May 23, 2016

Subject: Quarterly Standing Report - 1Q2016 / Investment Programs & Governance

---

CORPORATE GOVERNANCE & PROXY VOTING OVERSIGHT GROUP

The most recent meeting of the Corporate Governance & Proxy Voting Oversight Group (Proxy Committee) was on March 9th, and the Committee is scheduled to meet next on June 21st. The Proxy Committee continues to discuss ongoing governance issues including the volume and trends for recent SBA proxy votes, company-specific voting scenarios, corporate governance policies, governance-related investment factors, major regulatory developments and individual company research related to the Protecting Florida's Investments Act (PFIA) and other statutory investment requirements.

GLOBAL EQUITY PROXY VOTING & OPERATIONS

For the trailing twelve month period ending March 31, 2016, the SBA voted 10,280 public company proxies covering 97,724 individual voting items. Individual voting items included director elections, audit firm ratification, executive compensation plans, merger & acquisitions, and various other management and shareowner proposals. Among all voted items during the year, the SBA voted in line with management-recommended ballot items 76.8 percent of the time. However, at 7,676 annual investor meetings (approximately 75 percent of all voted meetings), the SBA cast at least one vote against a management-recommended item. The table below provides major statistics on the SBA's proxy voting activities during the most recent quarter ending on March 31, 2016:

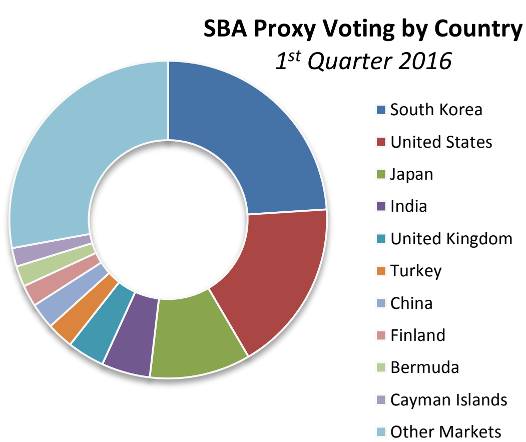
Votes in Favor / All Ballot Items 75.6%	**Votes with Management's Recommendations** 76.9%
Total Shareowner Proposal Votes 197	**Total Eligible Ballot Items** 10,238
% of Meetings with ≥ 1 Against Votes 71.4%	**Total Eligible Proxies** 1,312

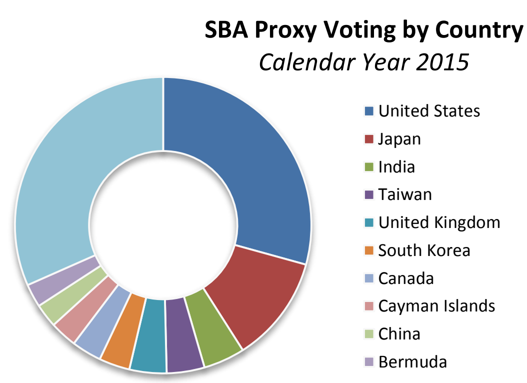
PEER BENCHMARKING

In May, the SBA completed an international benchmarking survey on the costs of corporate governance activities at seventeen large public pension funds and global asset managers. The information helped SBA staff to assess the Investment Programs & Governance (IP&G) unit's cost structure and service utilization across a large number of direct peers. When total research and voting services costs were calculated, SBA had the second lowest dollar-cost per proxy vote among public fund peers and asset managers. The SBA is also in the top three funds and well ahead of the fourteen remaining peers with respect to the proxy votes cast per full-time employee (FTE), a rough but conservative measure of productivity (since it does not capture engagements and other activities that SBA staff also perform). SBA's votes per FTE were 2,943 versus a group average of 1,394 votes per FTE (the top fund value was 3,153). The benchmarking showed that SBA's corporate governance program uses similar services to peers, but does so at considerably lower cost and with greater efficacy. Our overall program costs and activity levels, particularly when standardized by assets under management, were very favorable compared to peers.

GOVERNANCE TRENDS

Over the last several years, as the level of investment in companies by activist investors has increased significantly, the executive compensation practices of target firms have also changed dramatically. Activist investors have demonstrated both a willingness to influence compensation design and an effective track record amending the structure of pay plans at portfolio companies. Last year, consulting firm Compensation Advisory Partners studied the proxy statements the year after an activist investor was elected to the board of directors in order to analyze changes to compensation programs that may have been pursued by the activist investor. The study found companies that added activists to their boards since 2013 had experienced the most frequent amendments to their pay plans, typically involving improvements to both annual and long-term incentive plans (LTIPs). Activist investors have focused on changing the incentives for management teams, aimed at improving the linkage between pay levels and corporate financial performance. The study noted, “the activist investor wants to reward the management team for driving rapid strategic improvement as well as reducing and controlling costs.” Therefore, activist investors have generally preferred bottom-line, quantitative metrics that are believed to have a positive influence on total stockholder return. The study also found that companies have shifted the mixture of LTIP performance objectives, favoring capital return metrics (such as return on invested capital, or ‘ROIC’) and also reducing time-based awards of restricted stock.





A separate review of activist investments by FactSet Research identified a trend toward larger companies being targeted. The review found that activist campaigns against large and mega-size companies increased from 2.6 percent of total activist campaigns in 2009 to 8 percent in 2015, with an average market cap of the target firm in 2015 of $4.7 billion (up from $2.7 billion in 2012). Mega-size and large-size companies are those with greater than $50 billion and $10 billion in market capitalization, respectively. Researchers also found that 15 out of a total of 30 activist campaigns against such companies in 2015 resulted in activists gaining at least one board seat (electing one director). Lastly, the review found that 53 percent of large-capitalization and mega-capitalization targets experienced increased stock performance, with over one-third of companies gaining more than ten percent in the year leading up to the campaign.

ACTIVE OWNERSHIP & CORPORATE ENGAGEMENT

From early March through late May, SBA staff conducted engagement meetings with several companies owned within Florida Retirement System (FRS) portfolios, including The Goldman Sachs Group, JPMorgan, Bank of America, RTI Surgical (based in Gainesville), Boeing, and Terna Group SpA. Staff also met with three activist hedge funds concerning proxy contests, including Red Mountain Capital concerning its proxy campaign at iRobot, Harvest Capital concerning its campaign at Green Dot, and SilverArrow Capital concerning its campaign at Rofin-Sinar Technologies.

LEADERSHIP & SPEAKING EVENTS

Staff periodically participates in and often is an invited presenter at investor and other governance conferences. Typically these events include significant involvement by corporate directors, senior members of management, and other key investor or regulatory stakeholders. The following items detail involvement at events that occurred recently:

- On March 21st, SBA staff participated in the Council of Institutional Investors (CII) "master class" on how to evaluate and conduct proxy voting on proxy contests. Staff highlighted and discussed the key factors driving the SBA's proxy voting analysis for director elections in proxy contests. These contests typically present shareowners with a strategic choice in how the company will be managed and are the most challenging and consequential votes that shareowners make. The course was conducted in a case-study format with representatives from SBA, BlackRock and ISS serving as instructors. The SBA is the only CII member to have been invited to serve as instructors in member courses at four consecutive CII meetings, on topics ranging from overview of the governance program, executive compensation analysis, and proxy contest voting methodology.
- On May 16th, SBA staff submitted a written statement to the U.S. House of Representatives' Committee on Financial Services for Subcommittee on Capital Markets and Government Sponsored Enterprises. The Subcommittee held a hearing on May 17th, examining legislative proposals to enhance capital formation, transparency, and regulatory accountability. The SBA statement included comments on a proposed bill, the "Proxy Advisory Firm Reform Act of 2016," introduced by Rep. Sean Duffy (R-Wis.), which would require proxy advisors to register with the SEC, pre-disclose to corporate issuers their voting recommendations and analysis, list top clientele, and implement ombudsman roles within their organizations. The Act appears to be unnecessary and founded on an erroneous assumption that institutional investors are abdicating their voting responsibilities. The proposed legislation could also pose a further barrier to entry of new proxy advisory firms.

HIGHLIGHTED PROXY VOTES

Biglari Holdings, Inc. (United States)—on April 7, 2016, the SBA withheld support from the entire board of directors due to systemic governance deficiencies including related party transactions with the CEO, poor compensation design, and the controlled status of the company. Last year, the board approved amendments (without shareowner consent) to the company's bylaws that removed the right of shareowners to call a special meeting, replaced the company's majority vote standard with a plurality standard (with majority resignation policy), adopted an exclusive forum provision, adopted advance notice provisions pursuant to which meeting adjournments or postponements will not reset notice periods for items to be brought before the meeting, and removed a requirement that the annual meeting be held in February. These changes were not in the shareowner's best interest. Finally, the SBA voted against the company's executive compensation practices, and SBA supported a shareowner resolution to split the CEO and Chairman roles. The company's stock price has risen by a mere 0.59 percent over the last 5 years, significantly underperforming its direct peers.

BP Plc (United Kingdom)—on April 20, 2016, the SBA voted against the firm's remuneration report and also withheld support from a single director. Simultaneous to the company's record annual loss of over $5 billion in 2015, Executive Directors received maximum bonuses for the year. As a result of the significant disconnect between pay and performance, BP's compensation practices were rejected by close to two-thirds of all voting shareowners, making this the first shareowner rejection over pay at BP. Despite the strong opposition, Chairman Carl-Henric Svanberg said the company wouldn't adjust pay for 2015. The SBA also voted against the company's pay practices at last year's annual shareowner meeting.

Bombardier (Canada)—on April 29, 2016, the SBA supported the full board slate but opposed two compensation items on the company's proxy. The company received sharp criticism from the British Columbia Investment Management Corporation ("bcIMC"), which pursued a withhold campaign ("just vote no") against the representatives of the Canadian company's founding family. The bcIMC, British Columbia's main pension fund, was concerned with the Bombardier-Beaudoin family, which controls more than 53 percent of Bombardier's voting shares, and opposed the re-election of five directors up for election. Other investors—including the SBA, the Canada Pension Plan Investment Board (CPPIB) and the Ontario Teachers' Pension Plan (OTPP)—have been critical of the company's maintenance of a dual-class share structure and supported a shareowner proposal to require the company to separately disclose voting results on all resolutions by class of shares.

Comcast Corporation (United States)—on May 9, 2016, the SBA voted to support the independent chair resolution at the company. Although there were no clear performance deficiencies over short or long-term time periods, there was clear evidence of problematic governance practices in the firm's executive compensation framework, capitalization structure (dual class shares), and moderate levels of director over-boarding. SBA staff also supported resolutions on political contribution reporting, a prohibition of accelerated stock vesting, and a recapitalization proposal to eliminate the firm's 100-to-1 share class.

Exxon Mobil Corporation (United States)—on May 17, 2016, the SBA voted to support several investor proposals: 1) implement a proxy access mechanism (allowing shareowners to nominate their own directors); 2) require an independent chair structure; 3) provide additional reporting on lobbying activities; and 4) provide additional information about the impact that climate change-related regulations, including those aimed at limiting global temperature increases to 2° Celsius, might have on the company and its operations. The SBA voted against several investor proposals: 1) requiring a director nominee to have environmental experience; 2) seek a sale of the company; 3) disclose detailed employment information by gender; and 4) increase dividend payments and share buybacks due to climate change risks. Lastly, support was withheld from two director nominees due to concerns with over-boarding, having service on numerous boards in excess of SBA policy thresholds.

iRobot Corporation (United States)—on May 20, 2016, the SBA voted to support two dissident nominees to the board of directors of iRobot, makers of the popular Roomba vacuuming robots. Red Mountain Capital Partners, owner of 6.5 percent of the outstanding shares of iRobot, is attempting to gain the two board seats and influence corporate strategy and improve the performance of the company. Red Mountain is an active owner with significant shareholdings in a concentrated portfolio of small cap public companies. This is the first time that Red Mountain has pursued a proxy contest at a public company. Red Mountain is concerned with the firm's low return on invested capital and high weighted average cost of capital (WACC). In a May 18th filing with the SEC, Red Mountain stated, "In our view, the chronic underperformance of iRobot's stock price since its IPO reflects the fact that the Company's ROIC is too low and its WACC is too high. This has resulted in a declining valuation notwithstanding increases in revenue and earnings. This can only be addressed by disciplined capital allocation in which ROIC is emphasized and WACC is reduced through an efficient balance sheet and the return of excess capital to shareholders. The Company's executive compensation plan must contain metrics that reward improvements in ROIC and Total Shareholder Return ("TSR"), not just increases in revenue and operating income." The two leading proxy advisors Glass Lewis & Co. and Institutional Shareholder Services have both recommended that iRobot shareowners support both of Red Mountain's nominees. In its analysis Glass Lewis concluded, "…we believe investors have been presented sufficient cause to support the degree of minority change promoted by Red Mountain…" ISS concluded, "[Red Mountain has] made a compelling case for change, and nominated candidates with skills and experience manifestly well-tailored to effecting the necessary change..." Both proxy advisory firms expressed a point of view that the Board could do a better job with respect to capital allocation, cost management and governance. Red Mountain launched the proxy contest in February despite the sale of iRobot's defense and security business, which was one of its main demands. Shares in the company have gained 16 percent over the last 12 months.

Green Dot (United States)—on May 23, 2016, the SBA supported the Harvest Capital dissident slate of board nominees to replace three of the nine current board members at Green Dot, including the current Chair/CEO/President. Green Dot has underperformed its peer group by approximately 20 percent over the past year and approximately 34 percent over the past five years, in addition to having historical compensation misalignment, a classified board, and other governance concerns. The company is in the financial-tech field and describes itself as a "pro-consumer technology bank holding company that provides personal banking for the masses." Harvest capital owns 9.4 percent of Green Dot but does not consider itself an activist investor—its only other board nomination at a company was in 2011. Harvest's three nominees have strong industry experience, and Green Dot has proposed adding one of the nominees, George Gresham, to its board.

GLOBAL REGULATORY & MARKET DEVELOPMENTS

France

Prime Minister Francois Hollande announced that securities regulators may pursue a change to shareowner votes on executive compensation, aimed at making such votes binding if guidance from the corporate governance council of business groups (Afep/MEDEF) isn't adhered to by publicly-traded firms. The council is reportedly evaluating the compensation CEO Carlos Ghosn of Renault, after a 54 percent no vote in April and board refusal to make any amendments. The Renault compensation vote was the first rejection since Afep/MEDEF adopted say-on-pay vote requirements as part of the 2013 corporate governance code. Last year, 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 approximately 15 percent of Renault, opposed the move but could not make any counter vote because the shares it owns did not have voting rights.

Germany

In early April, the SBA co-signed a joint investor letter coordinated by APG to the Bundestag. The global investor group's letter addressed concerns about the proposal to change the German Stock Corporation Act (Aktiengesetz, AktG) that would eliminate the independence requirement in Para. 100 (5) AktG covering the constituency of supervisory boards. Currently under German law, companies must have at least one independent member of the supervisory board with expertise knowledge in the fields of accounting or annual auditing. Local investors in Germany view this as a step backwards and that would potentially weaken the quality of supervisory boards.

Japan

On January 20th, the Tokyo Stock Exchange (TSE) released a report covering how 2,487 listed companies have responded to the Corporate Governance Code since it came into effect on June 1, 2015. The TSE analysis included the reports from the 1,858 companies listed on the TSE's first and second sections. The top 12 percent of complying firms conformed to all 73 principles, while two-thirds of firms complied with 90 percent or more of the principles. The list of reporting categories with the highest non-compliance rates included: 1) Board evaluation and related disclosures (64 percent); 2) Electronic voting and English AGM notices (56 percent); and 3) Two or more independent directors (43 percent).

On January 29th, the Government Pension Investment Fund (GPIF), the world's largest retirement plan, published a report covering its stewardship activities in 2015. The two main initiatives taken were becoming a signatory to the United Nations Principles for Responsible Investment (UNPRI) in September and establishing its own set of "Investment Principles". The GPIF pledged that it "shall enhance medium- to long-term investment returns" through "various activities to fulfill stewardship responsibilities." The Fund has also urged its external asset managers to undertake more active engagement with investee companies through prudent exercise of voting rights and constructive dialogue. The report noted that all twenty of its external asset managers of GPIF-held domestic equities were interviewed on their stewardship activities.

United States

On March 23rd, the SEC's Division of Corporation Finance published a new Compliance & Disclosure Interpretation on the application of Rule 14a-4(a)(3) in the context of Rule 14a-8 shareowner proposals. This rule, commonly referred to as the "unbundling" rule, requires that the form of proxy, "identify clearly and impartially each separate matter intended to be acted upon." For example, proposals (those supported by management or investors) using only the general topic to be voted upon—special meetings, executive compensation, environmental disclosures, etc.—and without greater detail and specificity, are deemed to be inadequate and a violation of SEC rulemaking.

Some market observers viewed the tactic as an attempt to obscure the purpose of shareowner proposals opposed by management through the use of vague descriptions of proposal type and their related language. As noted by the Wall

Street Journal, the “entreaty from SEC staff comes after complaints from investors that some companies have failed to clearly identify voting items presented ahead of companies’ annual meetings.” The SEC stated, “The proxy card should clearly identify and describe the specific action on which shareholders will be asked to vote.”

The Council of Institutional Investors (CII), of which the SBA is a member, provided input to the SEC in June 2015 identifying several instances of unclear and misleading proposal descriptions. At the time, CII noted how management proposals were routinely identified comprehensively and described precisely, whereas shareowner proposals were described nebulously and with general terms, which may prevent investors from truly understanding the nature of the proposal and affecting the related proxy voting decisions. The new SEC guidance requires companies to clearly describe all ballot proposals, regardless of whether they are put forth by shareowners or management.

On March 23rd, CII adopted a new policy covering initial public offerings (IPOs) titled, “Investor Expectations for Newly Public Companies.” The policy stipulates that firms going public should have a one-share/one-vote capital structure, follow simple majority vote requirements for the election of all board members, split the roles of CEO and Board Chair, and provide for the annual election of all directors (i.e., a non-classified board). The tenets of the new policy are aimed at combatting the key practices that can undermine shareowner accountability, chiefly multi-class equity structures and super-majority vote requirements for bylaw amendments and other investor proposals. The policy also states, "CII expects newly public companies without such provisions to commit to their adoption over a reasonably limited period through sunset mechanisms."

In early April, the Sustainability Accounting Standards Board (SASB) finalized draft standards for a set of sector-by-sector guidelines for improving disclosure of material environmental, social and governance (ESG) information in regular corporate financial filings. SASB’s next steps include a year-long effort to get feedback from issuers, investors and other stakeholders on how useful and feasible the guidelines are before full codification. The standards are meant to help publicly-listed companies determine which ESG issues, including climate change, would fall under the Securities and Exchange Commission's existing requirements for materiality.

STATE BOARD OF ADMINISTRATION
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MEMORANDUM

To: Ashbel C. Williams, Executive Director & CIO

From: Maureen M. Hazen, General Counsel Maureen M. Hazen

Date: May 13, 2016

Subject: Office of General Counsel: Standing Report
For Period March 7, 2016 – May 11, 2016

SBA Agreements.

During the period covered by this report, the General Counsel's Office drafted, reviewed and negotiated: (i) 20 new agreements – including 6 Private Equity investments, 5 Strategic Investments and one new Master Repurchase Agreement and one new Master Securities Forward Transaction Agreement for Fixed Income; (ii) 84 contract amendments, addenda or renewals; and (iii) 8 contract or related terminations.

SBA Litigation.

(a) Passive. As of May 11, 2016, the SBA was monitoring (as an actual or putative passive member of the class) 573 securities class actions. From March 1, 2015 – April 30, 2016, the SBA collected recoveries in the amount of $375,568.76 as a passive member in 19 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. Several amended complaints have been filed in the action in which the SBA was originally served in January, 2012 (the "FitzSimons Action"), and the parties are awaiting the Court's ruling on a global motion to dismiss. If the Fitzsimmons Action survives the global motion to dismiss, the Court has indicated that it will hear individualized motions, such as sovereign immunity. If necessary, the SBA will seek dismissal on sovereign immunity grounds at the appropriate time.

(c) FRS Investment Plan. During the period from March 7, 2016 through May 11, 2016, 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 seven (7) new cases, and continued to litigate fourteen (14) cases that were pending during the periods covered by previous reports, including defending one (1) appellate case.

Other Matters.

(a) Public Records. During the period covered by this report, the General Counsel's Office received 17 new public records requests and provided responses to 22 requests. As of the date of this report, the General Counsel's Office continues to work on 5 open requests.

(b) SBA Rules. The SBA did not undertake any rulemaking or rule development activities during the period covered by this report. However, SBA staff has commenced work on planning for rule changes in the coming months for the Investment Plan.

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MEMORANDUM

DATE: May 17, 2016

TO: Board of Trustees

FROM: Ken Chambers, Inspector General

SUBJECT: Quarterly Report on SBA Inspector General Activities

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The SBA Inspector General (IG) is responsible for serving as the organization's ethics officer; conducting internal investigations; overseeing investment protection principles (IPP) compliance; and handling special projects as directed by the Executive Director.

Ethics and Training

- Mandatory ethics training and certification of compliance are required for all SBA employees on an annual basis. The on-line training covers gifts, conflicts of interest, financial disclosure, outside employment, lobbyist/principal restrictions, honorarium related events, etc. In addition to ethics training, mandatory training is annually required for all employees in the areas of sexual harassment, information security, personal investment activity, and insider trading. For 2016, employees will also be required to complete training courses for public records and the Sunshine Law (these two courses are required every other year).The deadline for completing the courses is June 30, 2016

- During the period March 10, 2016 to May 17, 2016, 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.

The compliance results for the consultants were reported in the previous quarterly report.

The IPP certifications for the equity, fixed income and real estate investment managers were disseminated in February 2016. All of the investment managers completed and returned their IPP certification forms for the 2015 reporting period. An analysis of the 2015 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 2016. All but a few 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.

<u>SBA Fraud Hotline</u>

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 reports or tips have been received by the Hotline for 2016.

<u>Investment Advisory Council Disclosures</u>

As per Chapter 215.444, Florida Statues, all current IAC members are required to complete an annual Conflict Disclosure Statement. All of the current council members have completed and returned their disclosure statement for this year.

<u>Financial Disclosure Forms</u>

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, 2014, as well as all new employees hired during 2015. Disclosure Forms for 2015 will soon be submitted to all affected employees, and are due to the Commission by July 1, 2016.

cc: Ash Williams

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OF FLORIDA

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(850) 488-4406

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32317-3300

DATE: May 17, 2016

TO: Ash Williams, Executive Director & CIO

FROM: Karen Chandler, Chief Risk & Compliance Officer

SUBJECT: Trustee Update – June 2016

The role of the Risk Management and Compliance (RMC) unit is to assist the Executive Director & CIO in maintaining an appropriate and effective risk management and compliance program to identify, monitor and mitigate key investment and operational risks. RMC plays a critical role in developing and enhancing the enterprise-wide system of internal controls. RMC proactively works with the Executive Director & CIO and designees to ensure issues are promptly and thoroughly addressed by management.

SBA senior management has created a culture of risk management and compliance through the governance structure, allocation of budgetary resources, policies and associated training and awareness. Management is committed to ethical practices and to serving the best interests of the SBA's clients. The SBA's mission statement further supports this culture: *"To provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards."*

The following is a brief status report of RMC activities and initiatives completed or in progress during the period March 9, 2016 through May 17, 2016:

- No material compliance exceptions were reported during the period.

- The March semi-annual risk assessment was performed as a joint risk risk-assessment with the Office of Internal Audit. Rankings were aggregated at the enterprise level to depict the SBA's residual exposure to risks defined in the SBA Enterprise Risk Management Framework (ERM Framework). Collaborative meetings were held with management to discuss ratings and action plans for potential integration with the Fiscal Year 2016-2017 budget and Strategic Plan.

- The Risk and Compliance Committee (RCC) met on May 2, 2016, and evaluated results of the semi-annual risk assessment process. The RCC reviewed the residual risks in comparison to risk appetites for risks defined in the ERM Framework. The RCC also reviewed existing action plans based on the assessment and updated plans accordingly. Results of the risk assessment process contributed to the development of SBA strategic priorities going forward. This action supports risk tolerance levels delineated throughout SBA policies.

- Development of the SBA Strategic Plan for the upcoming fiscal year is expected to be finalized in May. This process is facilitated by RMC, with collaboration among all senior management. Further refinement of Governance, Risk and Compliance (GRC) processes across the organization remains a strategic objective.

- Phase II of the Charles River compliance module implementation is complete. As a result of these efforts led by the Compliance team, the SBA now has enhanced reporting functionality and expanded capability in testing compliance on the internally managed Global Equity portfolios. Used in conjunction with the Charles River trading platform, the compliance module enhancements are designed to be consistent with industry best practices.

- Marcia Main has filled the Director of Enterprise Risk Management positon. This position became vacant upon my appointment to Chief Risk & Compliance Officer last fall. Marcia joined the SBA in 2010 in the Office of Internal Audit and the RMC team in 2014. Most recently, Marcia served as Manager of Enterprise Risk & Control in RMC and brings a tremendous amount of expertise to the Director role from her experience in both the public and private sector. Marcia is a Florida licensed Certified Public Accountant, Certified Fraud Examiner and Certified Internal Auditor.

State Board of Administration of Florida

Major Mandate Review
First Quarter 2016

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.

Empower Results®

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Executive Summary

- The major mandates outperformed their respective benchmarks over all longer time periods through March 31, 2016.
- The Pension Plan underperformed its Performance Benchmark during the first quarter, while outperforming over the trailing one-, three-, five-, ten-, and fifteen-year time periods.
  - Global Equity has been a consistent source of value added over all trailing time periods. Fixed Income, Real Estate, Private Equity and Strategic Investments have also added value over the trailing three- and five-year periods.
- Over the trailing one-, three-, five-, 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 underperformed the Total Plan Aggregate Benchmark during the first quarter and the trailing one-year period, but has outperformed over longer-term periods including the trailing three-, five-, and ten-year periods.
- The Lawton Chiles Endowment Fund modestly outperformed its benchmark during the first quarter and over the one-, three-, five-, and ten-year periods, primarily due to strong global equity performance.
- The CAT Funds underperformed their benchmarks during the first quarter and trailing one-year, while outperforming over the trailing three-, five-, and ten-year time periods.
- Florida PRIME continued to outperform its respective benchmark over both short and long time periods.

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Pension Plan: Executive Summary

- The Pension Plan assets totaled $141.7 billion as of March 31, 2016 which represents a $0.3 billion decrease since last quarter.
- The Pension Plan, when measured against the Performance Benchmark, underperformed during the first quarter and 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 one-, ten-, and fifteen-year periods, but has outperformed over the trailing three-, five-, twenty-, twenty five, and thirty-year time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
  - Public market asset class investments do not significantly deviate from their broad market-based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
  - Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, and investment strategy.
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- 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.

Empower Results®

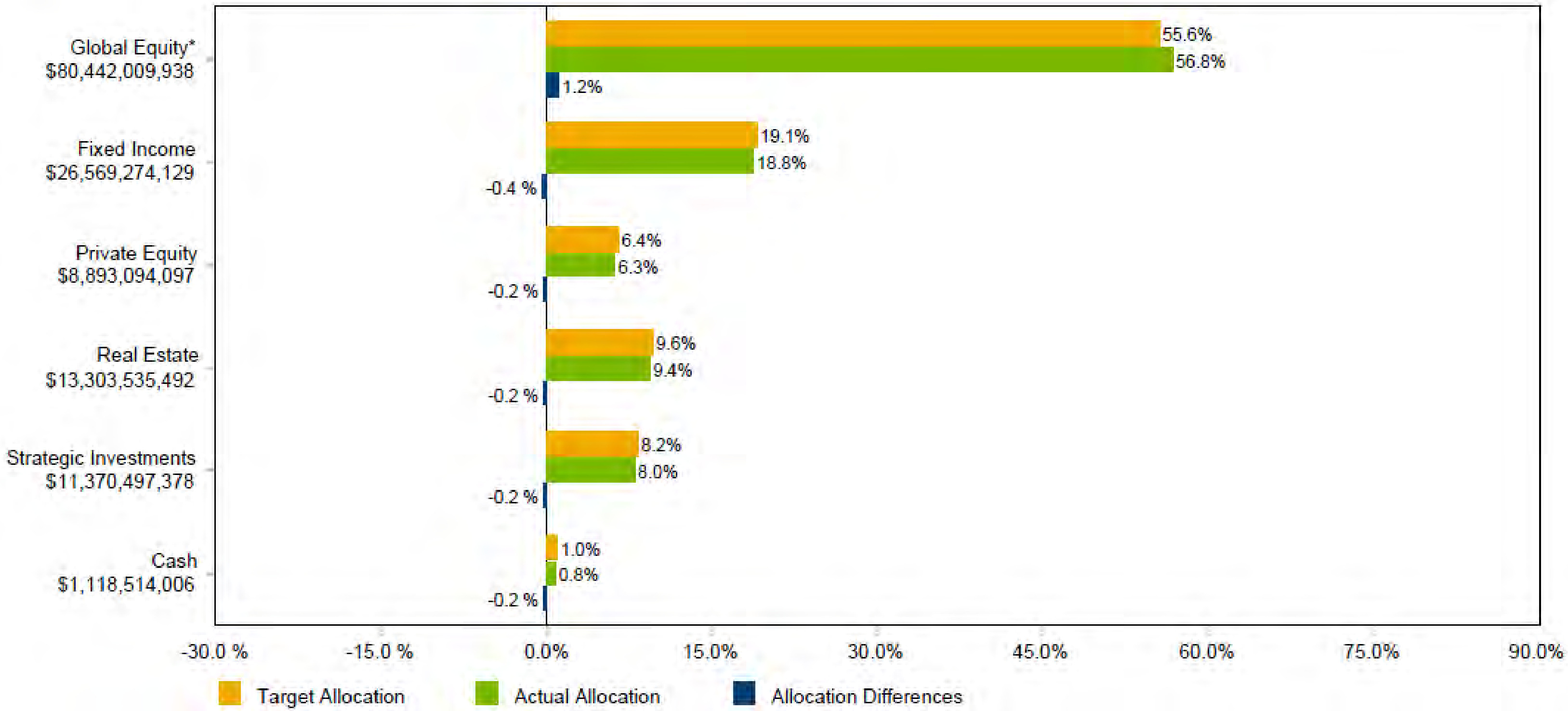
FRS Pension Plan Change in Market Value
Periods Ending 3/31/2016

Summary of Cash Flows		
	Fourth Quarter	Fiscal YTD*
Beginning Market Value	$142,022,952,464	$147,972,946,329
+/- Net Contributions/(Withdrawals)	($1,616,290,589)	($5,118,933,676)
Investment Earnings	$1,290,263,163	($1,157,087,614)
= Ending Market Value	$141,696,925,039	$141,696,925,039
Net Change	($326,027,425)	($6,276,021,290)

*Period July 2015 – March 2016

Asset Allocation as of 3/31/2016
Total Fund Assets = $141.7 Billion

	Market Value ($)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	141,696,925,039	100.0	100.0		
Global Equity*	80,442,009,938	56.8	55.6	45.0	70.0
Fixed Income	26,569,274,129	18.8	19.1	10.0	26.0
Private Equity	8,893,094,097	6.3	6.4	2.0	9.0
Real Estate	13,303,535,492	9.4	9.6	4.0	16.0
Strategic Investments	11,370,497,378	8.0	8.2	0.0	16.0
Cash	1,118,514,006	0.8	1.0	0.3	5.0



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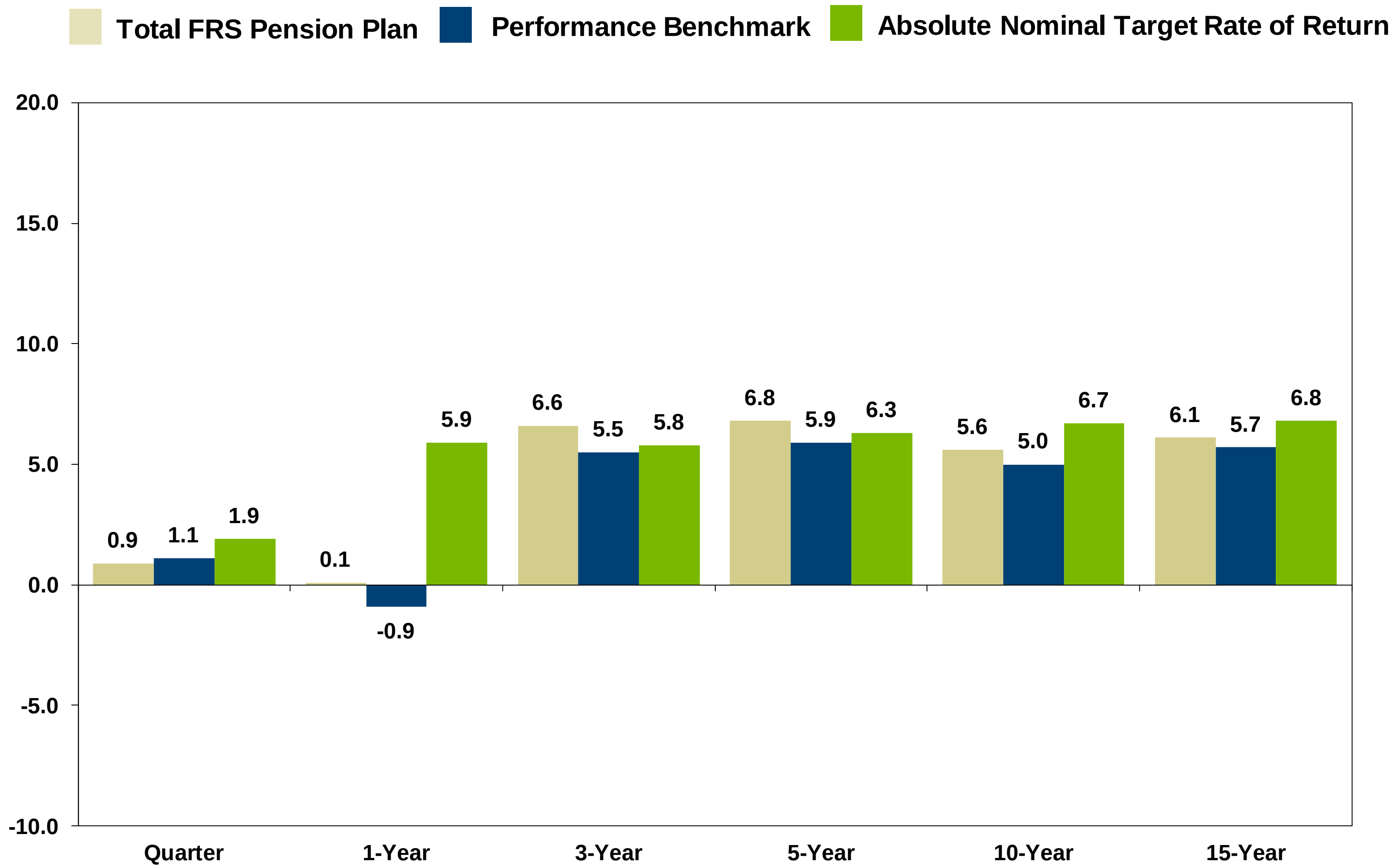
FRS Pension Plan Investment Results
Periods Ending 3/31/2016



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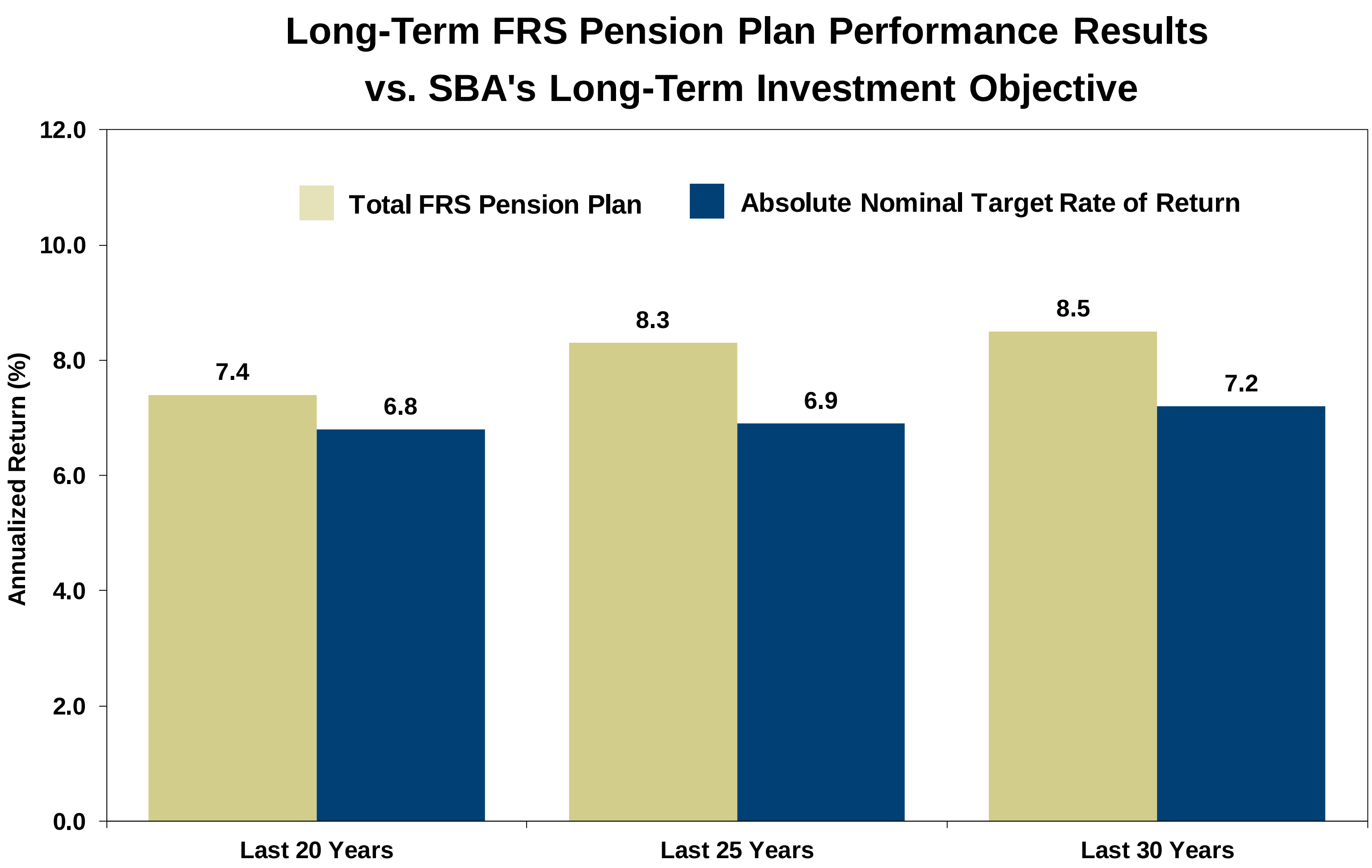
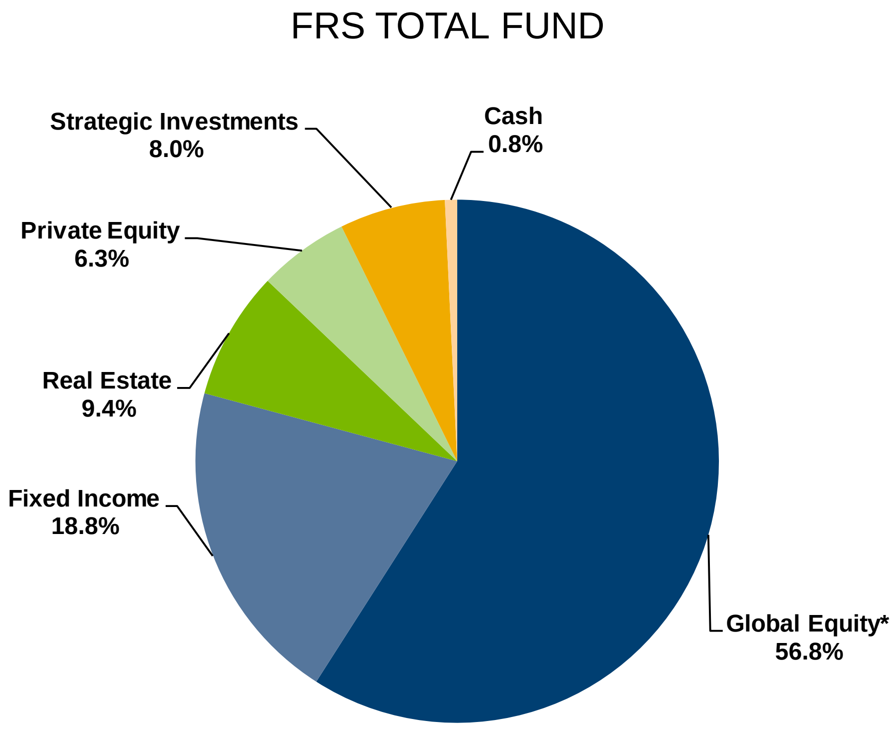
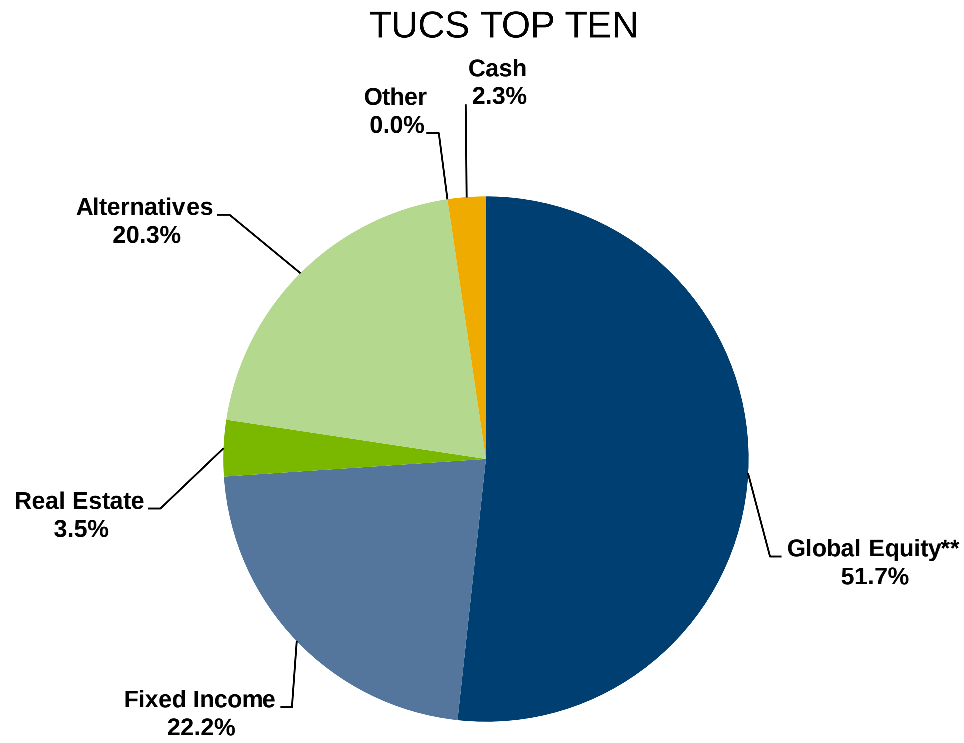


Comparison of Asset Allocation (TUCS Top Ten)
As of 3/31/2016

FRS Pension Plan vs. Top Ten Defined Benefit Plans



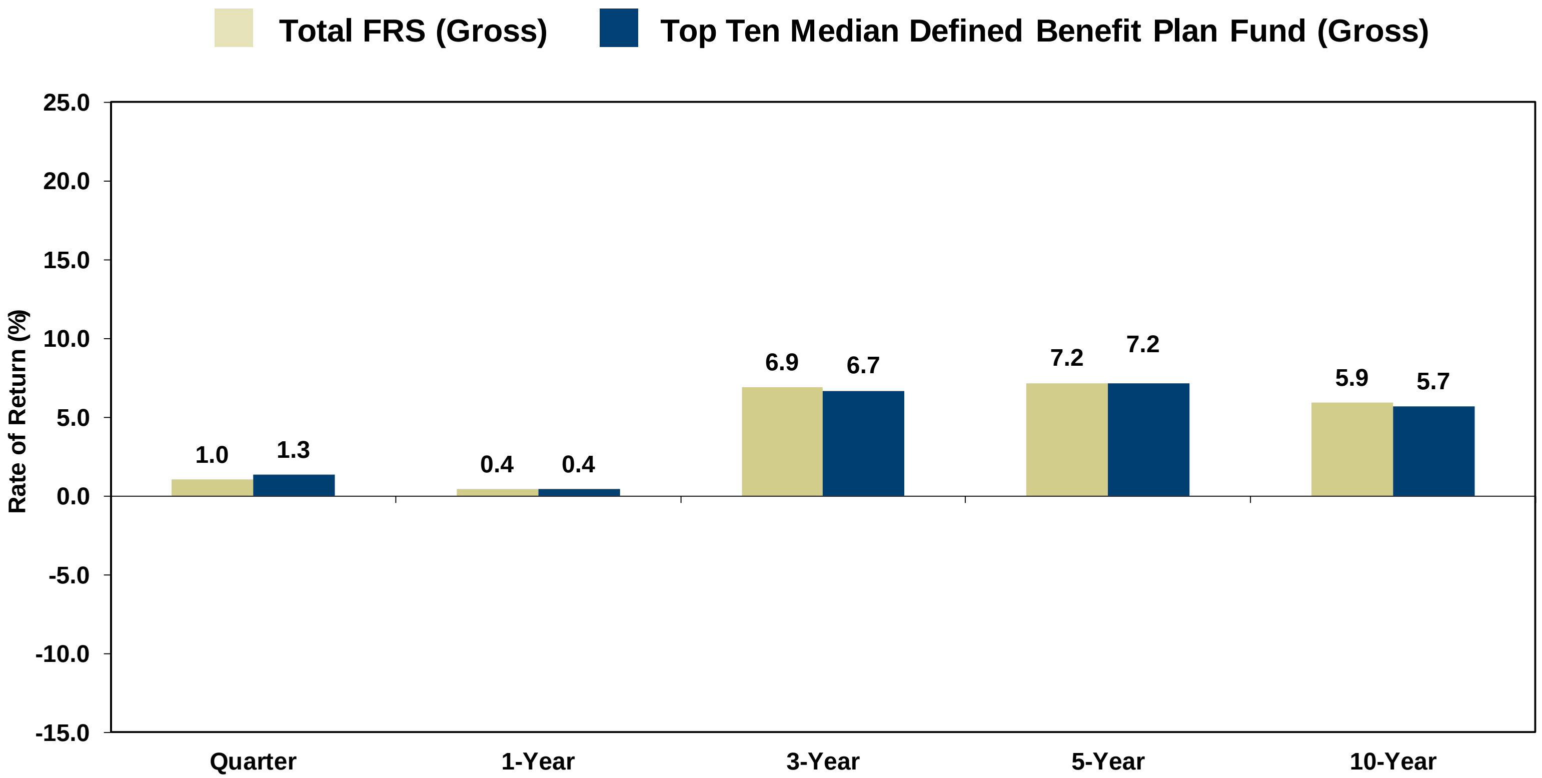


*Global Equity Allocation: 26.8% Domestic Equities; 24.1% Foreign Equities; 5.0% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 33.1% Domestic Equities; 18.6% Foreign Equities.

Note: The TUCS Top Ten Universe includes $1,296.6 billion in total assets. The median fund size was $128.2 billion and the average fund size was $129.7 billion.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans
Periods Ending 3/31/2016



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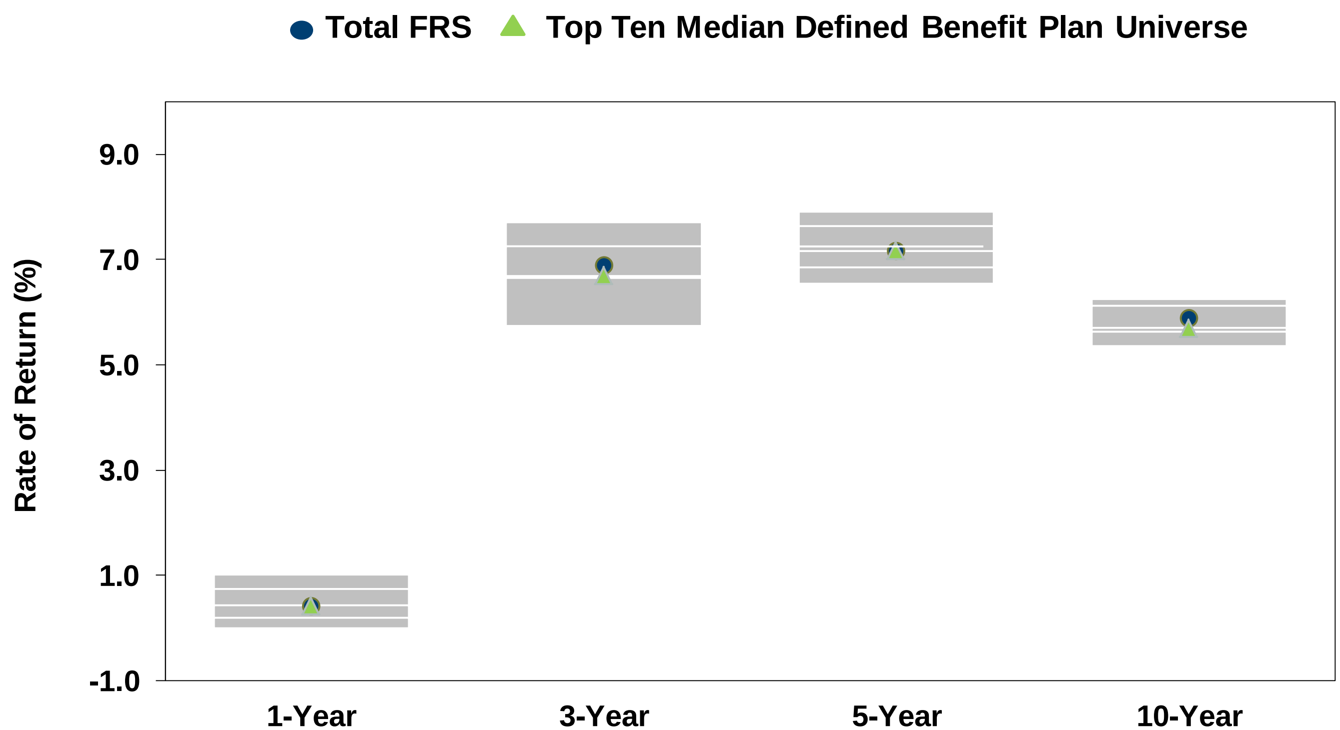
Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS) Periods Ending 3/31/2016



FRS Percentile Ranking	50	37	50	37

Note: The TUCS Top Ten Universe includes $1,296.6 billion in total assets. The median fund size was $128.2 billion and the average fund size was $129.7 billion.

Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.

- The FRS Investment Plan's total expense ratio is 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 2014 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 3/31/2016*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	**-2.6%**	**4.9%**	**5.3%**	**4.6%**
*Total Plan Aggregate Benchmark***	-2.2	4.7	5.1	4.2
FRS Investment Plan vs. Total Plan Aggregate Benchmark	-0.4	0.2	0.2	0.4

Periods Ending 12/31/2014***

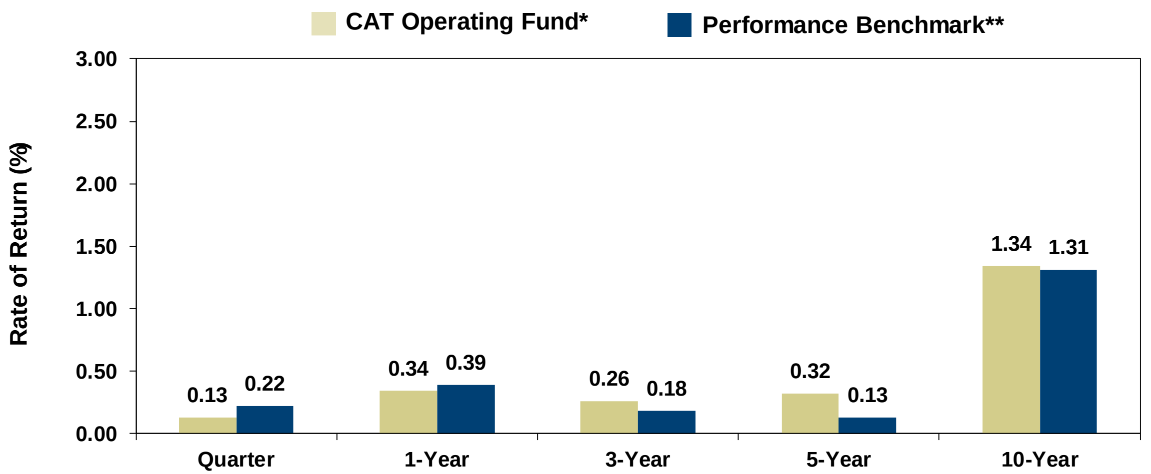
	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	**8.0%**	**0.1%**	**0.37%*****
Peer Group	9.3	0.0	0.28
FRS Investment Plan vs. Peer Group	-1.3	0.1	0.09

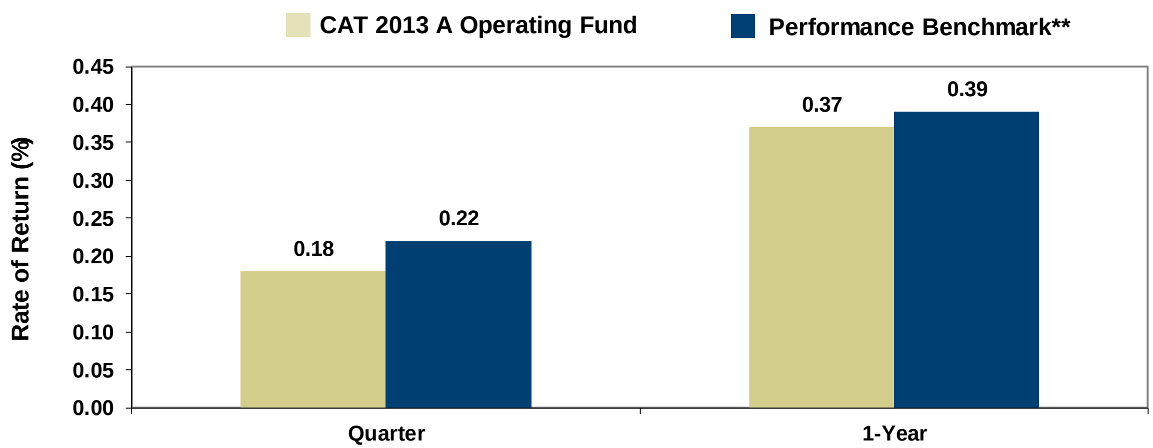
*Returns shown are net of fees.
**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
***Source: 2014 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2014 Survey that included 138 U.S. defined contribution plans with assets ranging from $60 million to $47.6 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between $2.1 - $15.9 billion.
****Returns shown are gross of fees.
*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

CAT Fund: Executive Summary

- Performance on both an absolute and relative basis has been somewhat weak over the short-term periods, with the CAT Funds trailing their benchmarks during the first quarter and trailing one-year time period. However, over the long-term periods, performance has been strong, with the Funds outperforming over the trailing three-, five-, and ten-year time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results
Periods Ending 3/31/2016





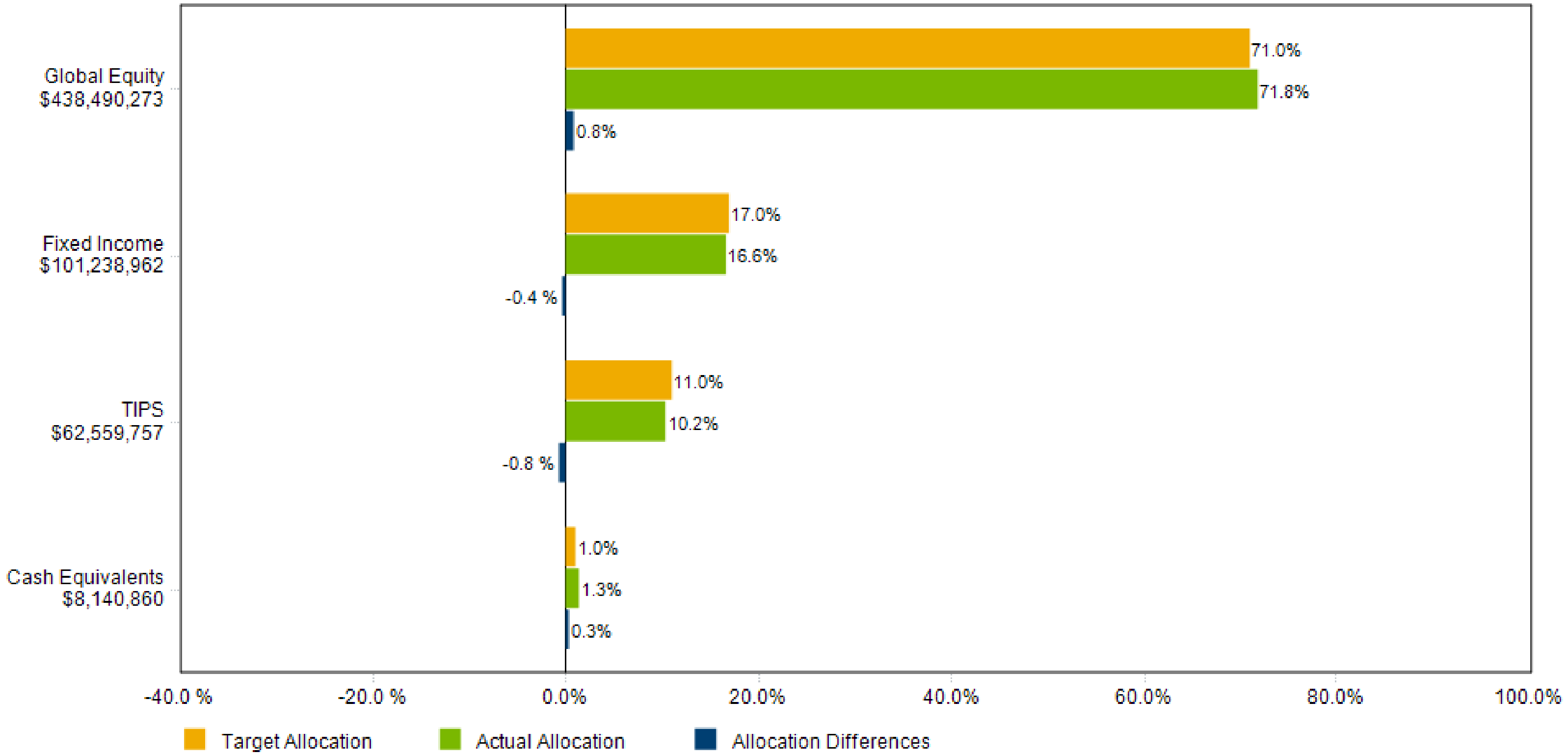
*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.
**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

Lawton Chiles Endowment Fund: Executive Summary

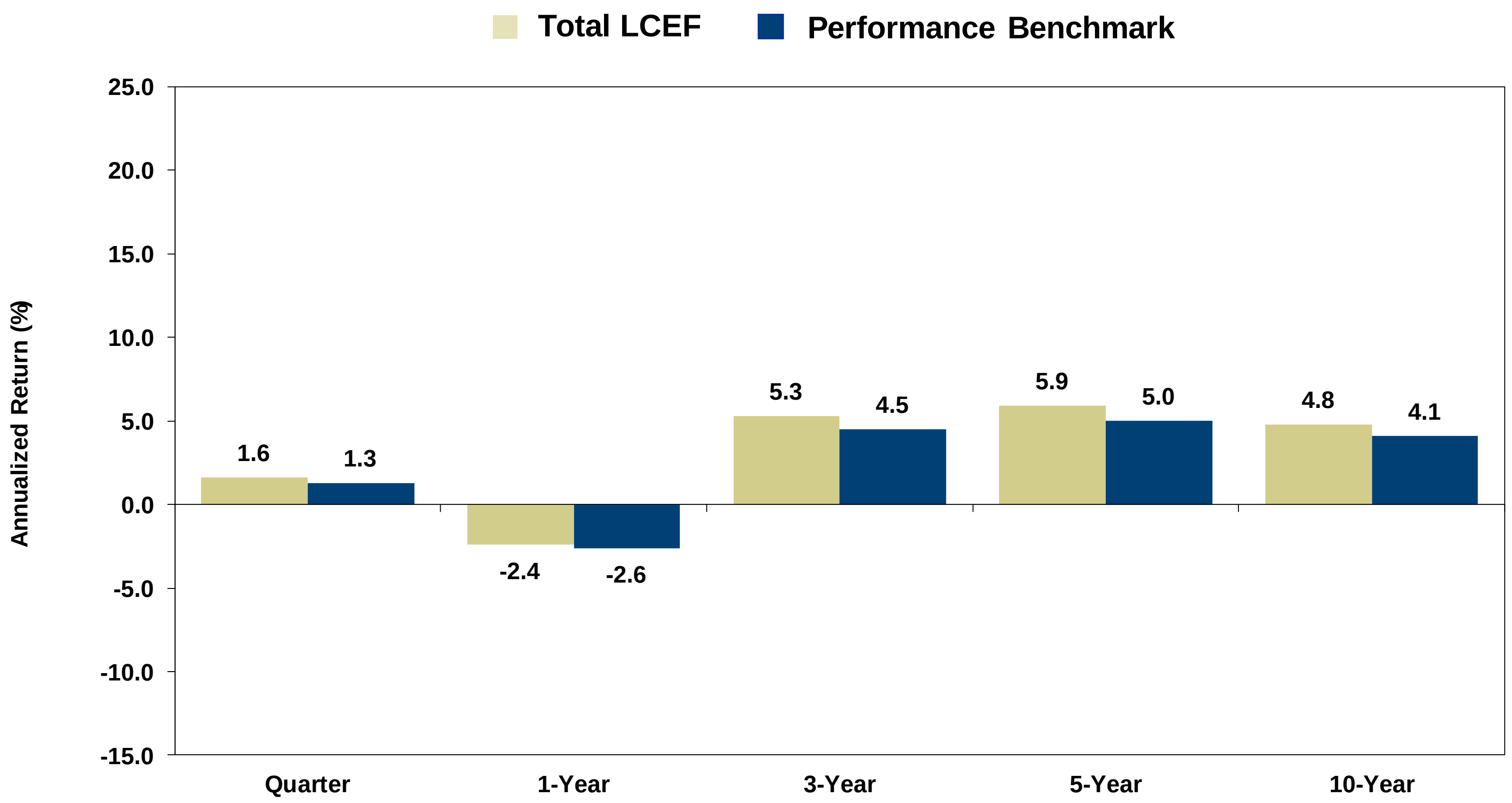
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  - The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  - The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled $610.4 million as of March 31, 2016.
- The Endowment's return outperformed its Target during the first quarter and over the trailing one-, three-, five-, and ten-year time periods.

Asset Allocation as of 3/31/2016
Total LCEF Assets = $610.4 Million

	Market Value ($)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	610,429,851	100.0	100.0		
Global Equity	438,490,273	71.8	71.0	61.0	81.0
Fixed Income	101,238,962	16.6	17.0	12.0	22.0
TIPS	62,559,757	10.2	11.0	6.0	16.0
Cash Equivalents	8,140,860	1.3	1.0	0.0	10.0



LCEF Investment Results
Periods Ending 3/31/2016



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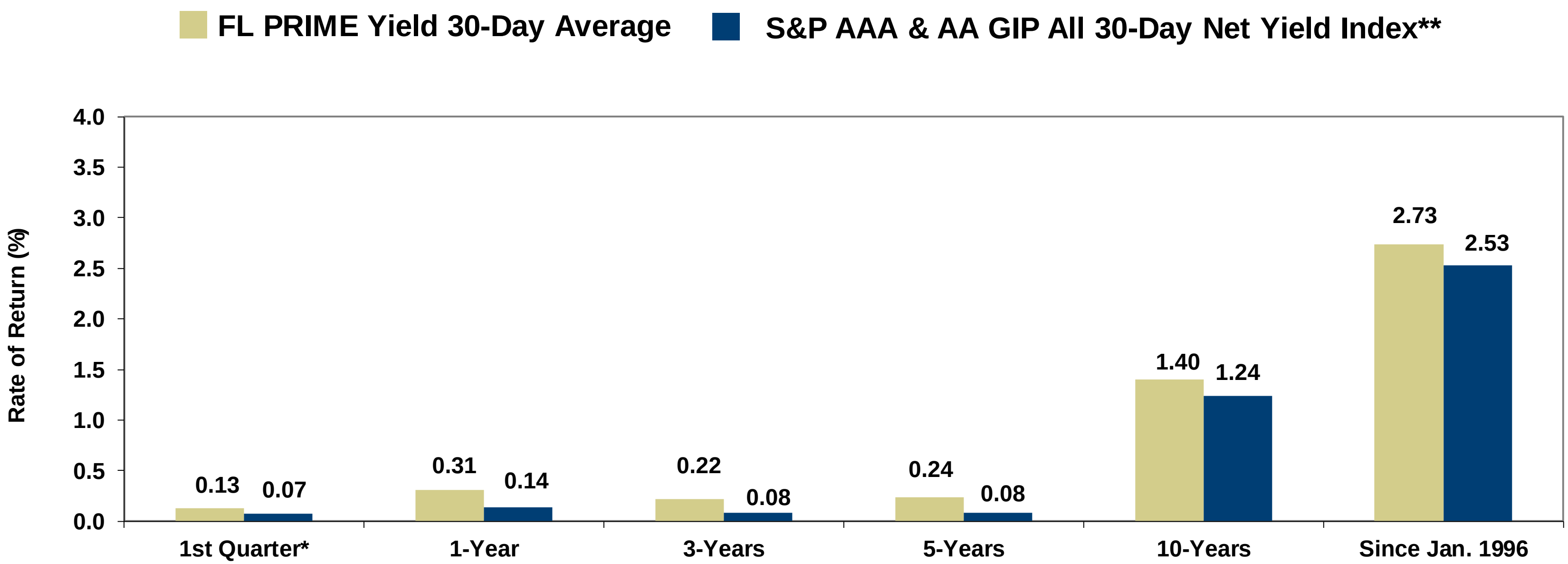
Florida PRIME: Executive Summary

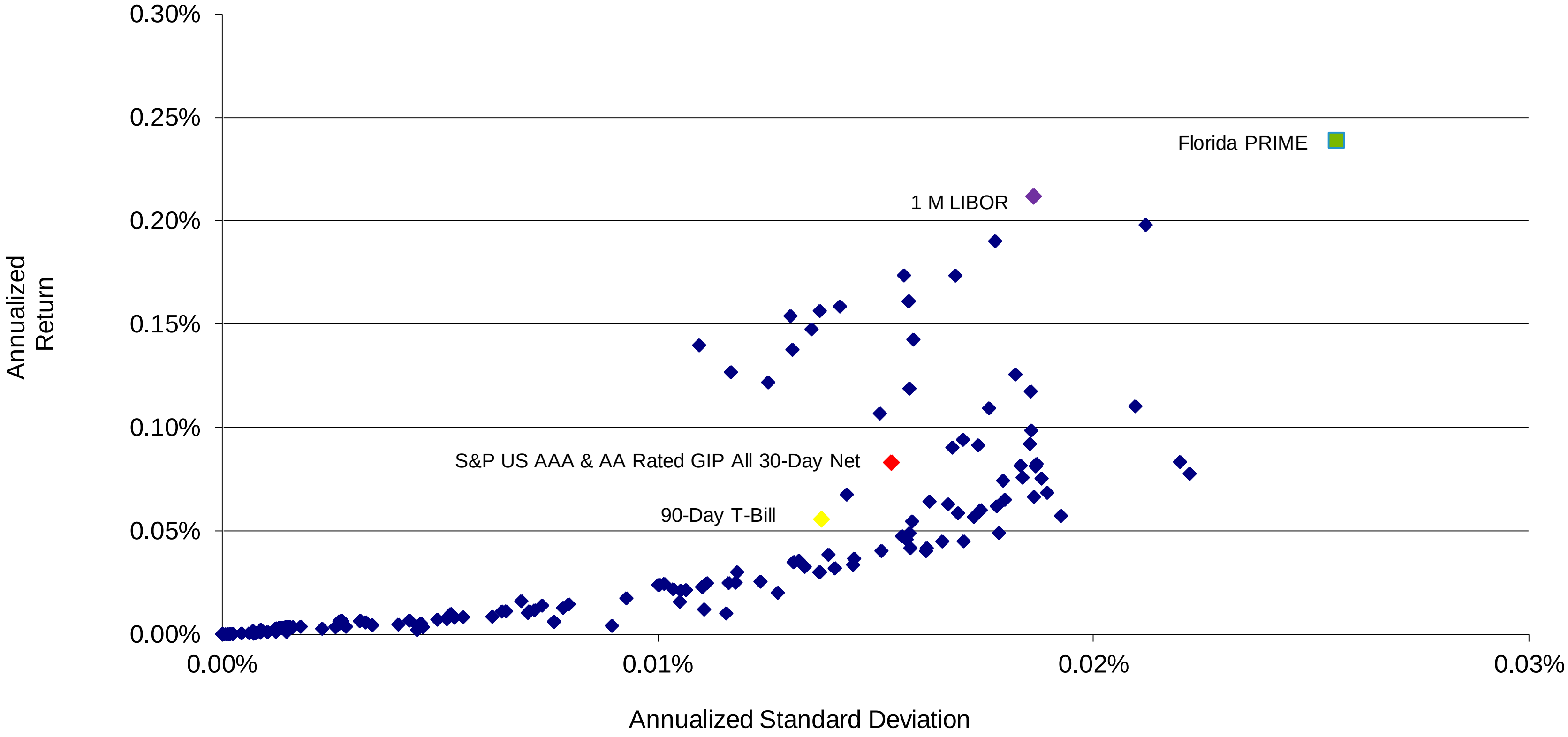
- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME, on both an absolute and relative basis, has been strong over short- and long-term time periods.
- As of March 31, 2016, the total market value of Florida PRIME was $8.5 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 3/31/2016

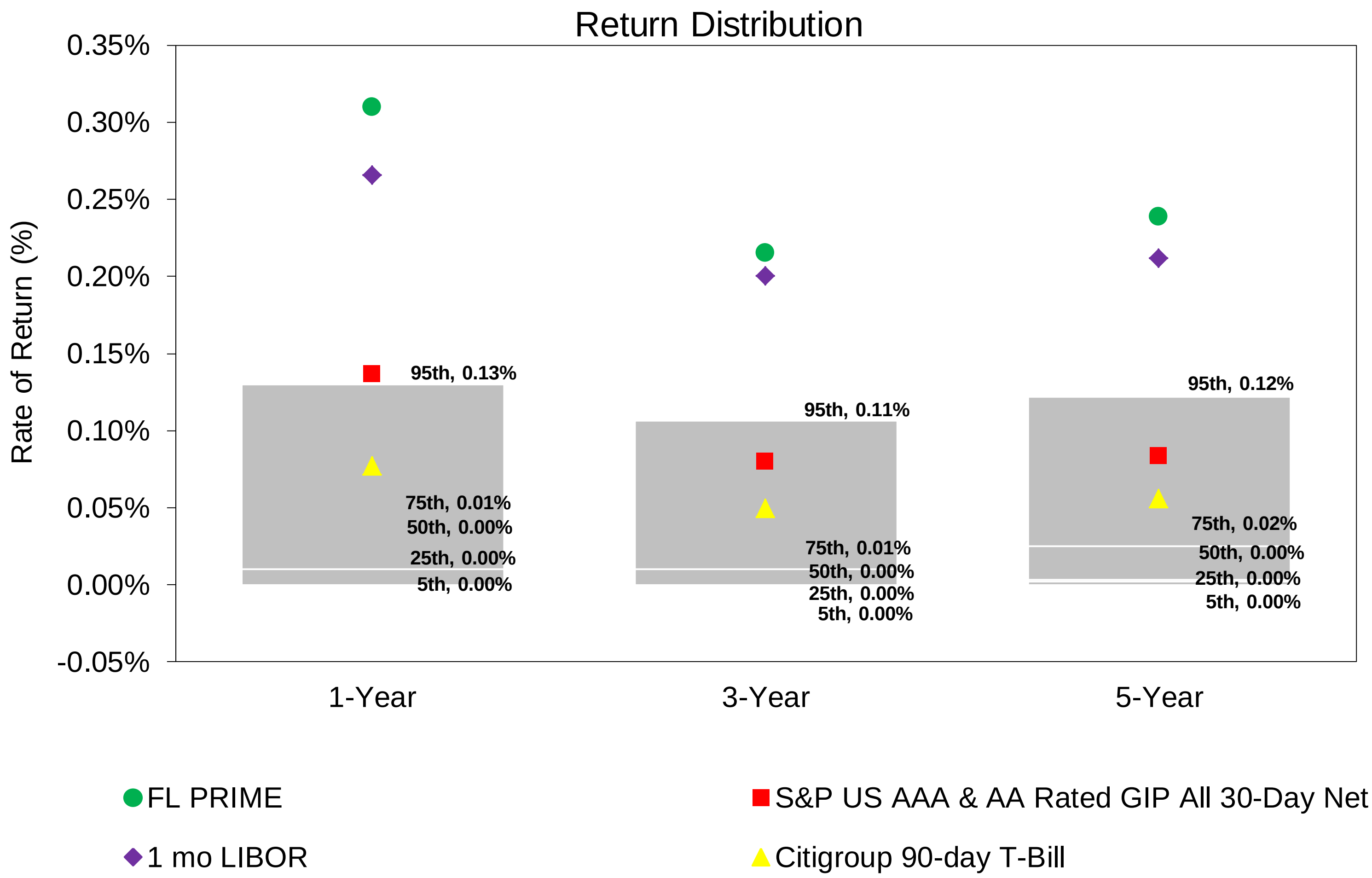


*Returns less than one year are not annualized.
**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

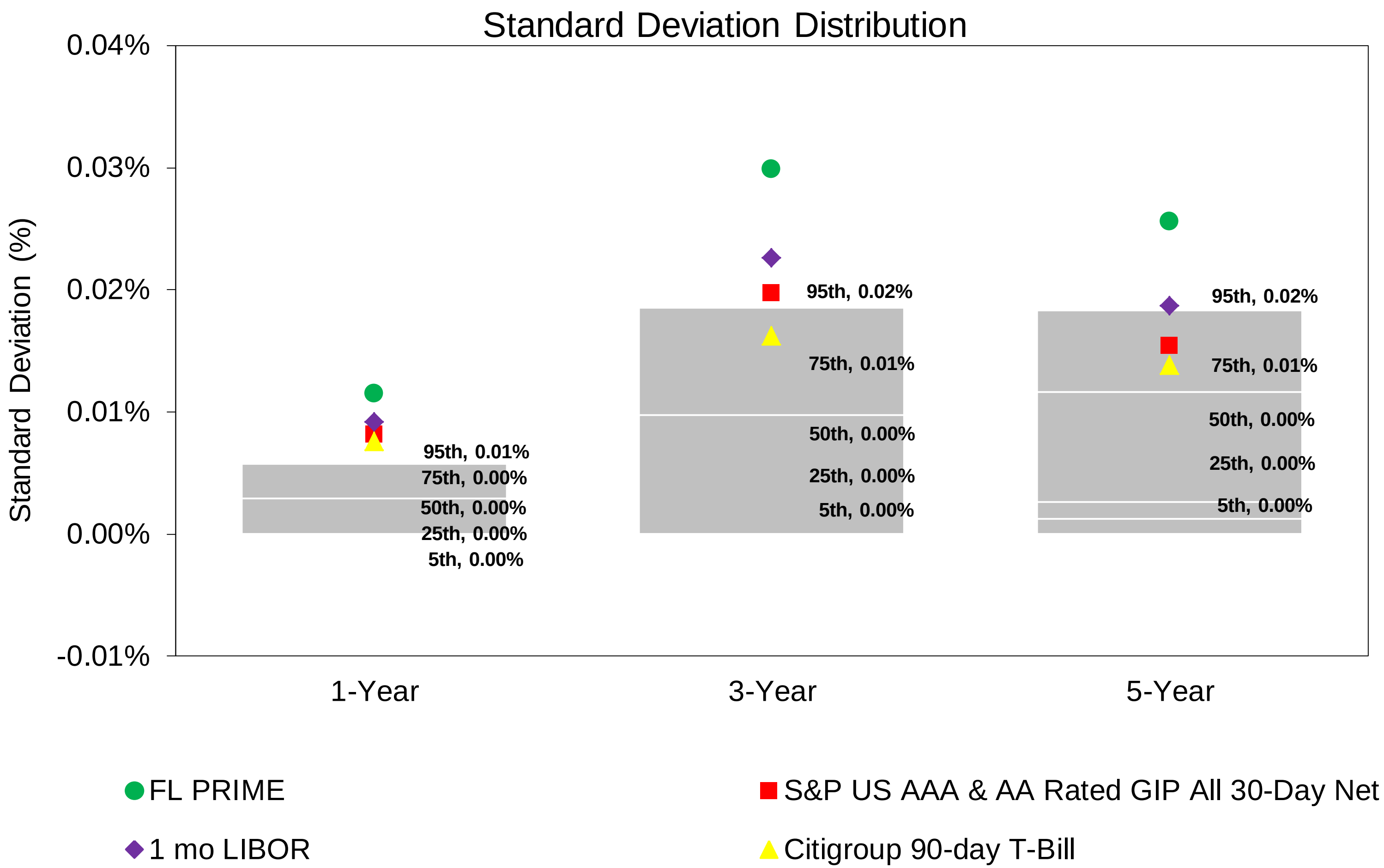
Florida PRIME Risk vs. Return
5 Years Ending 3/31/2016



Return Distribution
Periods Ending 3/31/2016



Standard Deviation Distribution
Periods Ending 3/31/2016



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Appendix

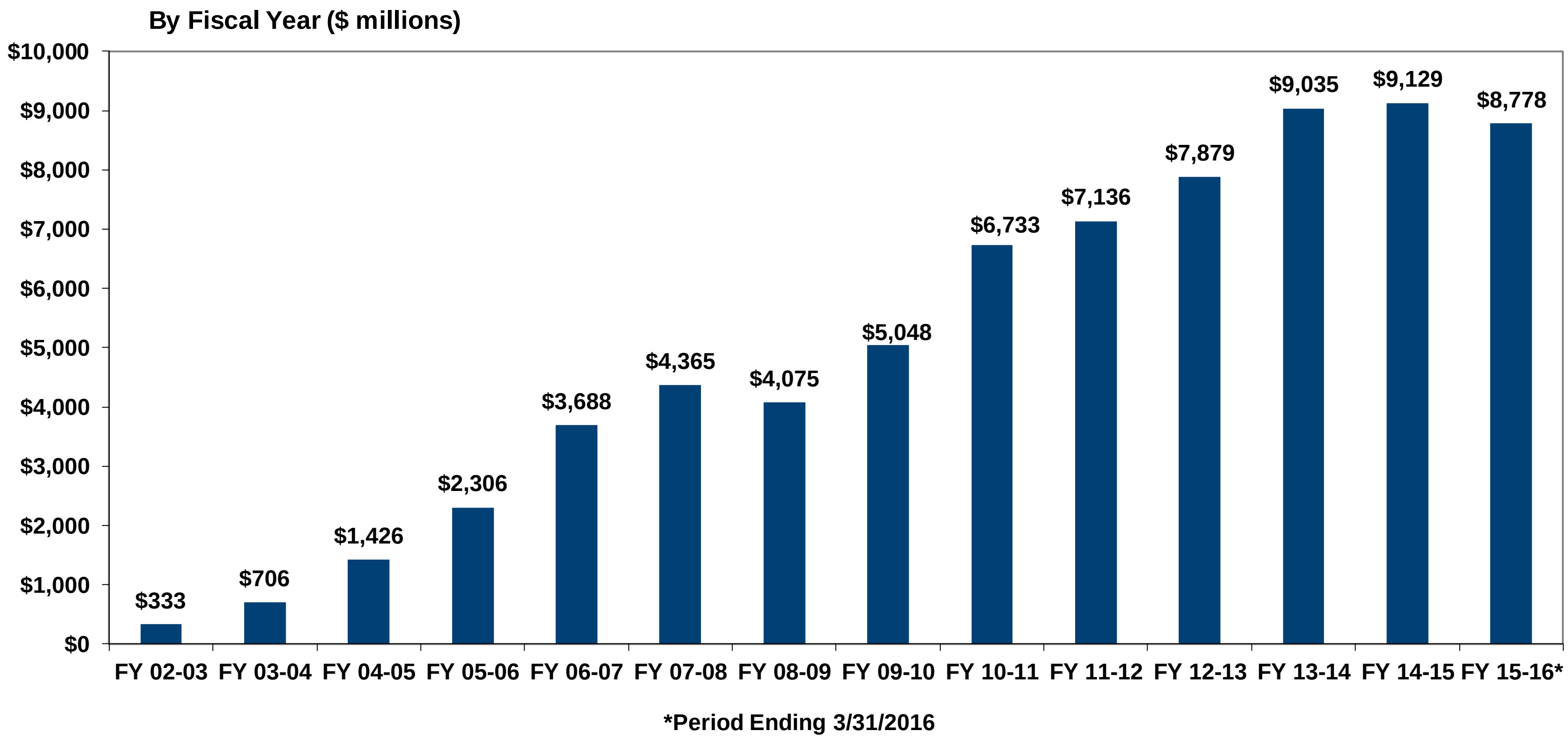
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.20%	0.83%
Small-Mid Cap Equity	0.63%	1.02%
International Equity	0.33%	0.99%
Diversified Bonds	0.16%	0.60%
Target Date	0.11%	0.61%
Money Market	0.06%	0.14%

*Average fee of multiple products in category as of 3/31/2016.

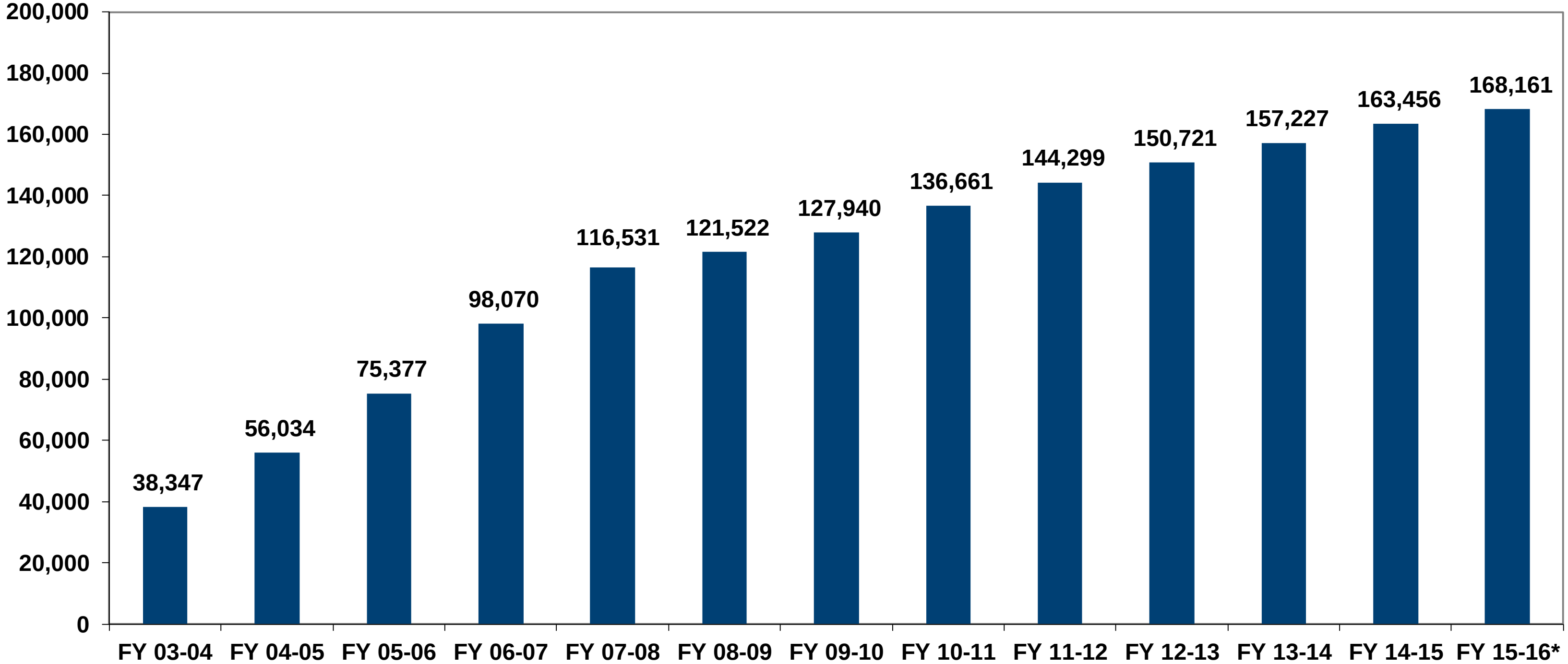
**Source: AHIC's annual mutual fund expense analysis as of 12/31/2015.

Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

Investment Plan Membership



*Period Ending 3/31/2016

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, 2016, the total value of all FHCF accounts was $15.9 billion.

CAT Operating Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	22.5%
15 - 30 Days	13.8
31 - 60 Days	18.9
61 - 90 Days	8.1
91 - 120 Days	2.3
121 - 150 Days	2.0
151 - 180 Days	3.3
181 - 210 Days	4.5
211 - 240 Days	3.2
241 - 270 Days	0.0
271 - 300 Days	0.8
301 - 365 Days	3.6
366 - 732 Days	8.2
733 - 1,098 Days	7.3
1,099 - 1,875 Days	1.5
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	47.4%
AA	19.6
A	33.0
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

CAT 2013 A Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	22.5%
15 - 30 Days	13.7
31 - 60 Days	18.9
61 - 90 Days	8.1
91 - 120 Days	2.3
121 - 150 Days	2.0
151 - 180 Days	3.3
181 - 210 Days	4.5
211 - 240 Days	3.2
241 - 270 Days	0.0
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1,099 - 1,875 Days	1.5
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	79.1%
AA	10.1
A	10.8
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

CAT 2016 A Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	33.2%
15 - 30 Days	11.4
31 - 60 Days	13.1
61 - 90 Days	11.9
91 - 120 Days	5.7
121 - 150 Days	0.0
151 - 180 Days	9.5
181 - 210 Days	0.0
211 - 240 Days	0.0
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271 - 300 Days	0.0
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733 - 1,098 Days	1.9
1,099 - 1,875 Days	1.2
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	73.1%
AA	1.9
A	25.0
Total % of Portfolio:	**100.0%**

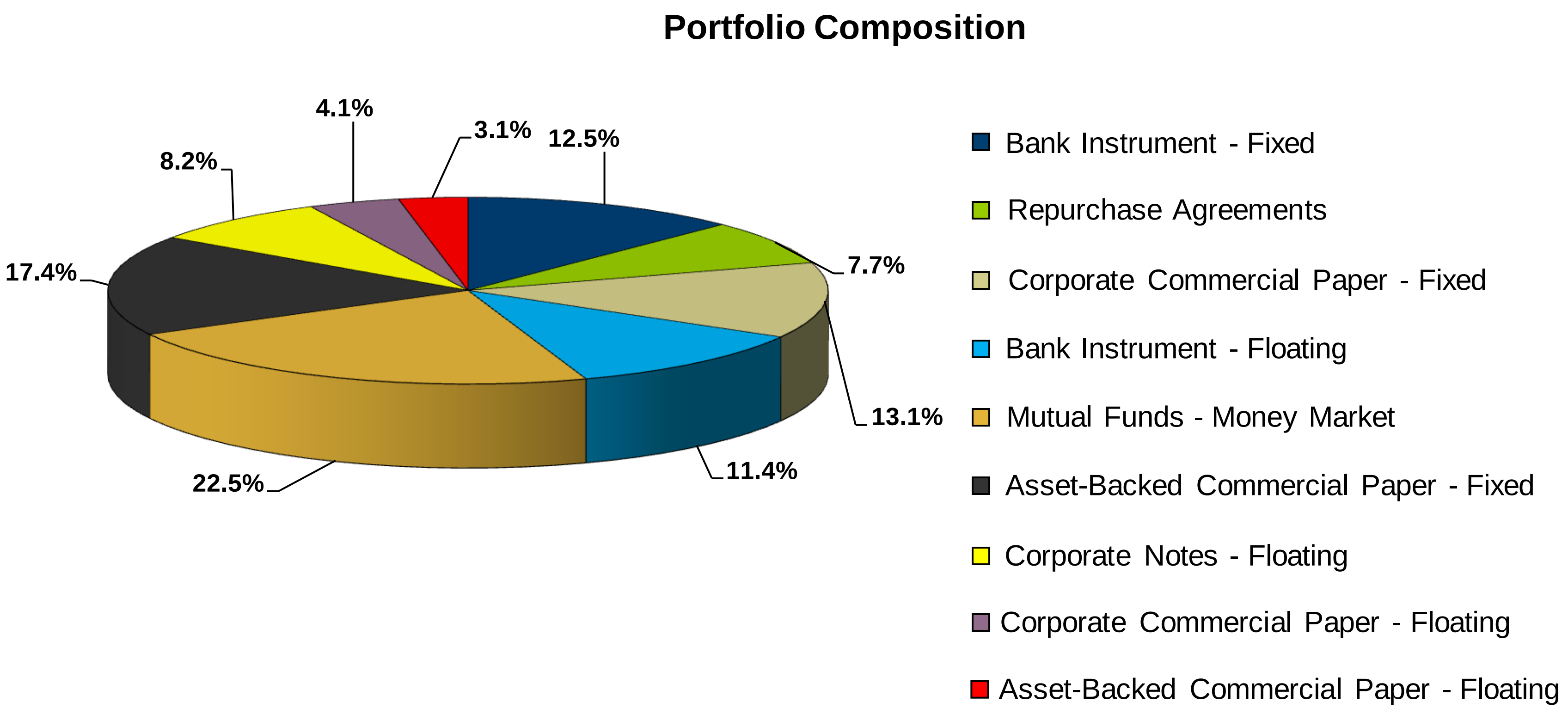
*O/N stands for overnight.

Florida PRIME Characteristics
Quarter Ending 3/31/2016

Cash Flows as of 3/31/2016	**First Quarter**	**Fiscal YTD***
Opening Balance	$8,460,154,003	$7,003,224,923
Participant Deposits	$3,703,387,029	$13,565,513,444
Gross Earnings	$11,549,586	$21,413,310
Participant Withdrawals	($3,692,481,552)	($12,106,903,040)
Fees	$0	($639,570)
Closing Balance (3/31/2016)	$8,482,609,066	$8,482,609,066
Change	**$22,455,063**	**$1,479,384,143**

*Period July 2015 – March 2016

Florida PRIME Characteristics
Quarter Ending 3/31/2016



Florida PRIME Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
1-7 Days	44.3%
8-30 Days	15.6%
31-90 Days	31.0%
91-180 Days	8.9%
181+ Days	0.2%
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
A-1+	60.3%
A-1	39.7%
Total % of Portfolio:	**100.0%**

State Board of Administration of Florida

Major Mandate Review
First Quarter 2016

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1. Executive Summary
2. Pension Plan Review
3. Investment Plan Review
4. CAT Fund Review
5. Lawton Chiles Endowment Fund Review
6. Florida PRIME Review
7. Appendix

Aon Hewitt | Retirement and Investment
Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc., an Aon Company.
Empower Results®

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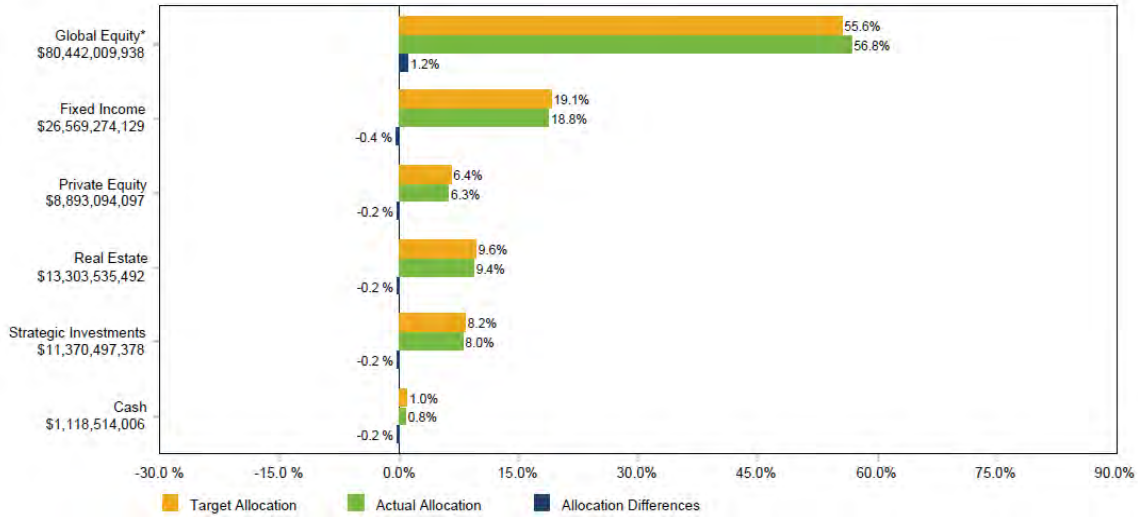

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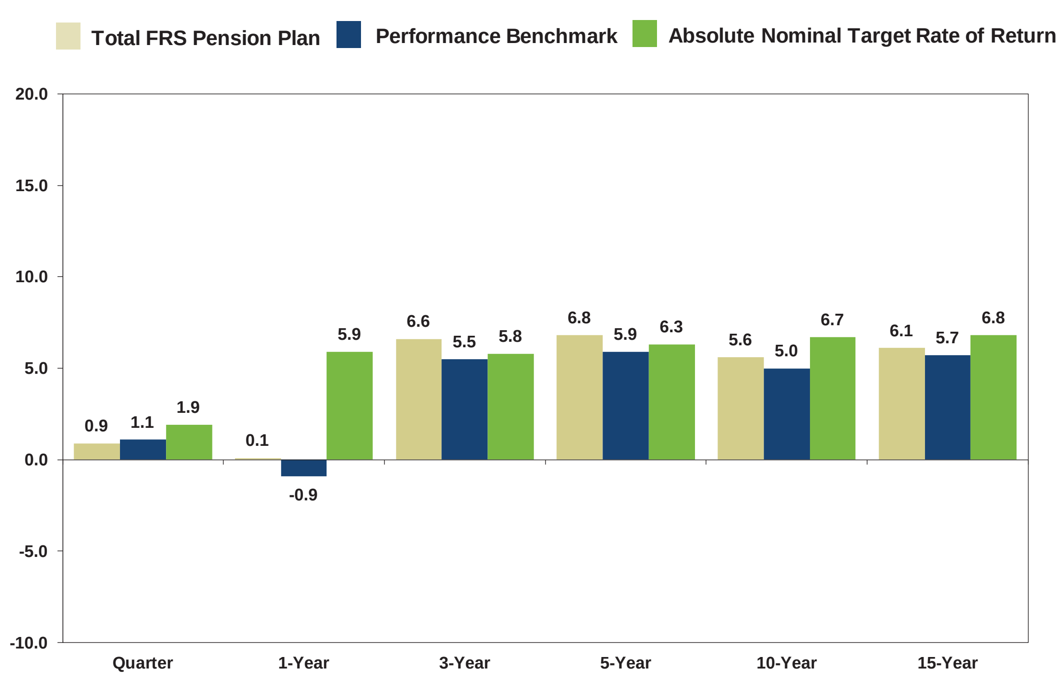
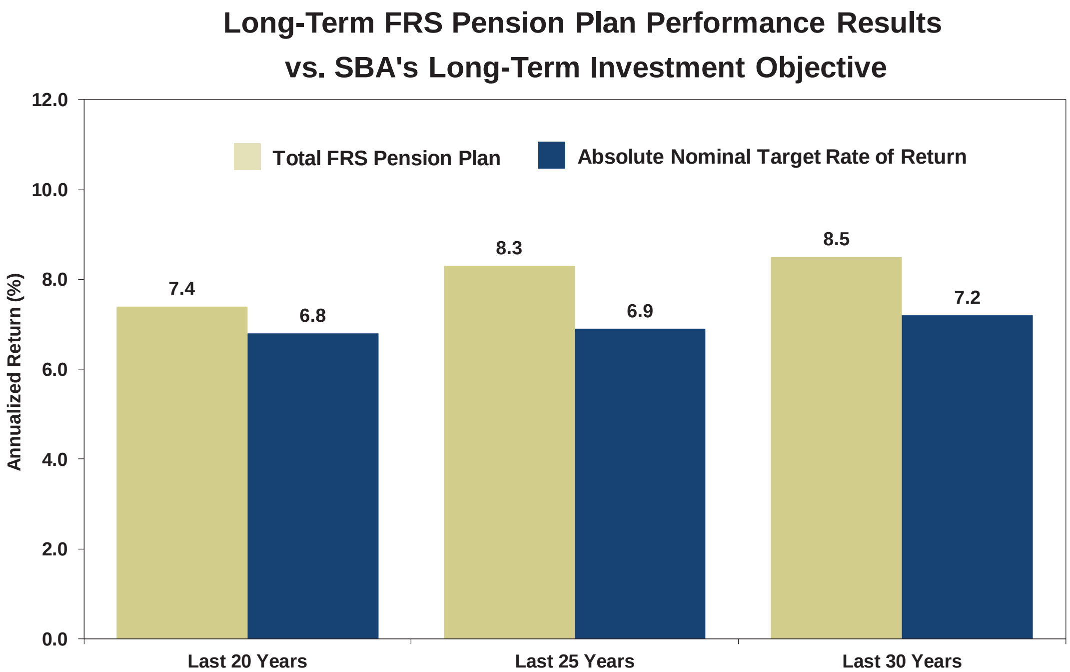
FRS Pension Plan Investment Results
Periods Ending 3/31/2016

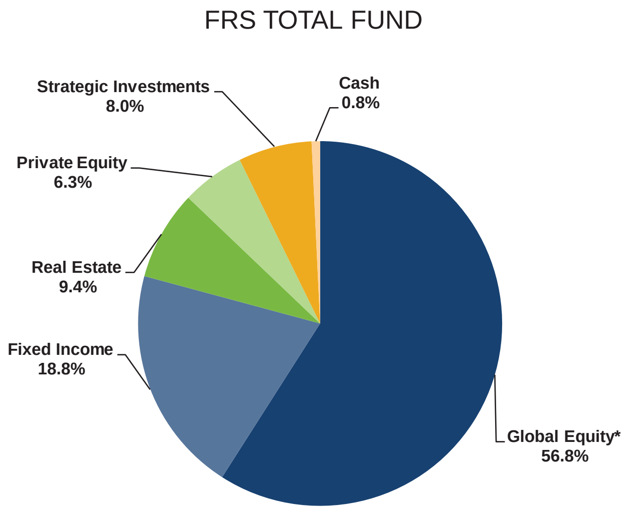


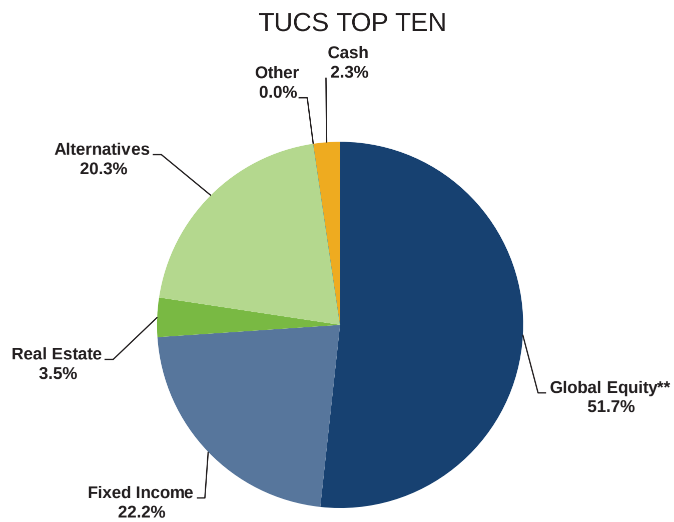
FRS Pension Plan Investment Results
Periods Ending 3/31/2016



Comparison of Asset Allocation (TUCS Top Ten)
As of 3/31/2016

FRS Pension Plan vs. Top Ten Defined Benefit Plans



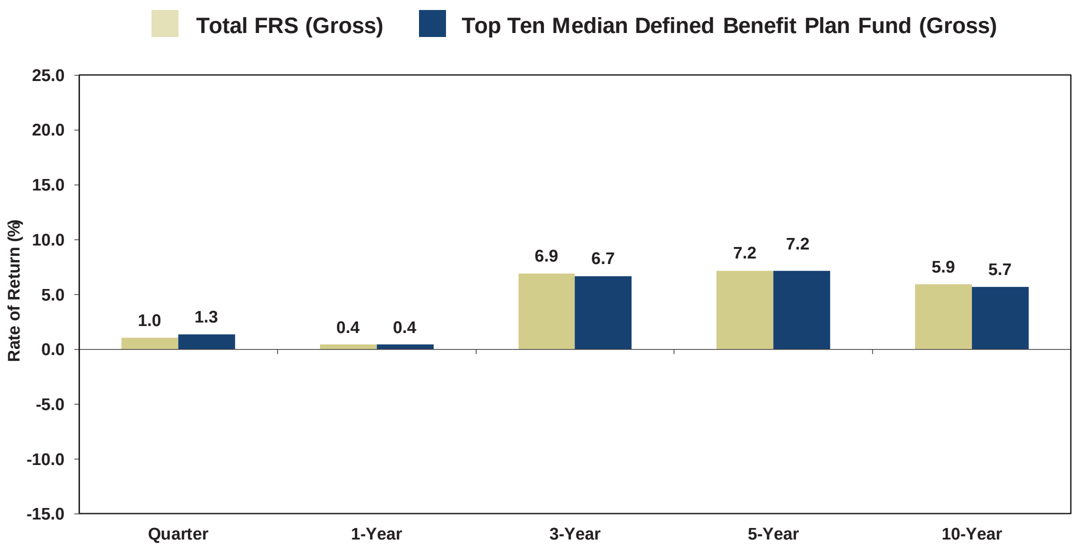


*Global Equity Allocation: 26.8% Domestic Equities; 24.1% Foreign Equities; 5.0% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 33.1% Domestic Equities; 18.6% Foreign Equities.

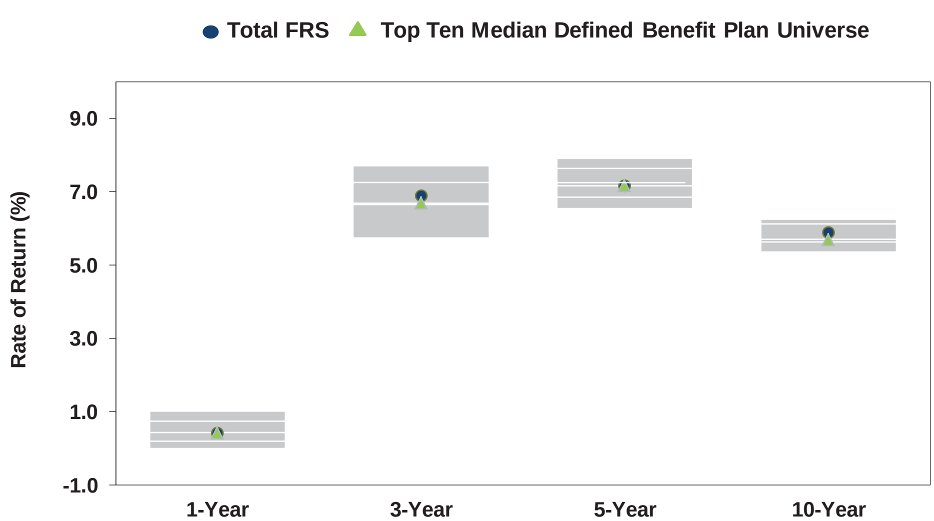
Note: The TUCS Top Ten Universe includes $1,296.6 billion in total assets. The median fund size was $128.2 billion and the average fund size was $129.7 billion.

FRS Results Relative to TUCS Top Ten Defined Benefit Plans
Periods Ending 3/31/2016



Note: The TUCS Top Ten Universe includes $1,296.6 billion in total assets. The median fund size was $128.2 billion and the average fund size was $129.7 billion.

Top Ten Defined Benefit Plans FRS Universe Comparison (TUCS)
Periods Ending 3/31/2016



FRS Percentile Ranking	50	37	50	37

Note: The TUCS Top Ten Universe includes $1,296.6 billion in total assets. The median fund size was $128.2 billion and the average fund size was $129.7 billion.

Investment Plan: Executive Summary

- The FRS Investment Plan outperformed the Total Plan Aggregate Benchmark over the trailing three-, five-, and ten-year periods. This suggests strong relative performance of the underlying fund options in which participants are investing.
- The FRS Investment Plan's total expense ratio is 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 2014 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 3/31/2016*

	One-Year	Three-Year	Five-Year	Ten-Year
FRS Investment Plan	**-2.6%**	**4.9%**	**5.3%**	**4.6%**
*Total Plan Aggregate Benchmark***	-2.2	4.7	5.1	4.2
FRS Investment Plan vs. Total Plan Aggregate Benchmark	-0.4	0.2	0.2	0.4

Periods Ending 12/31/2014***

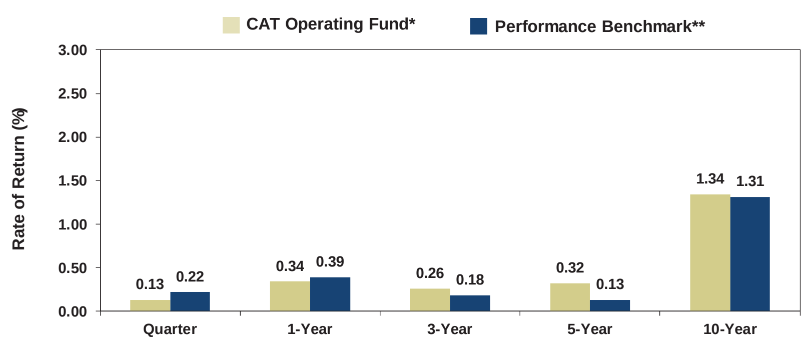
	Five-Year Average Return****	Five-Year Net Value Added	Expense Ratio
FRS Investment Plan	**8.0%**	**0.1%**	**0.37%*******
Peer Group	9.3	0.0	0.28
FRS Investment Plan vs. Peer Group	-1.3	0.1	0.09

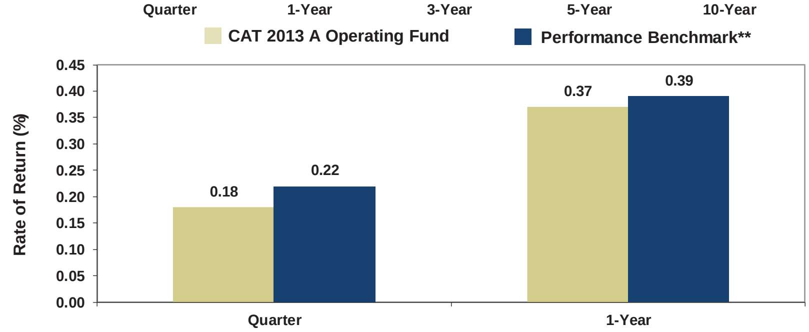
*Returns shown are net of fees.
**Aggregate benchmark returns are an average of the individual portfolio benchmark returns at their actual weights.
***Source: 2014 CEM Benchmarking Report. Peer group for the Five-Year Average Return and Value Added represents the U.S. Median plan return based on the CEM 2014 Survey that included 138 U.S. defined contribution plans with assets ranging from $60 million to $47.6 billion. Peer group for the Expense Ratio represents a custom peer group for FSBA of 18 DC plans including corporate and public plans with assets between $2.1 - $15.9 billion.
****Returns shown are gross of fees.
*****The total FRS Investment Plan expense ratio includes investment management fees, as well as administration, communication and education costs. These latter costs are not charged to FRS Investment Plan members; however, these and similar costs may be charged to members of plans within the peer group utilized above.

CAT Fund: Executive Summary

- Performance on both an absolute and relative basis has been somewhat weak over the short-term periods, with the CAT Funds trailing their benchmarks during the first quarter and trailing one-year time period. However, over the long-term periods, performance has been strong, with the Funds outperforming over the trailing three-, five-, and ten-year time periods.
- The CAT Funds are adequately diversified across issuers within the short-term bond market.
- The Investment Policy Statement appropriately constrains the CAT Funds to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Adequate liquidity exists to address the cash flow obligations of the CAT Funds.
- The Investment Policy Statement is revisited periodically to ensure that the structure and guidelines of the CAT Funds are appropriate, taking into consideration the CAT Funds' goals and objectives.

CAT Funds Investment Results
Periods Ending 3/31/2016





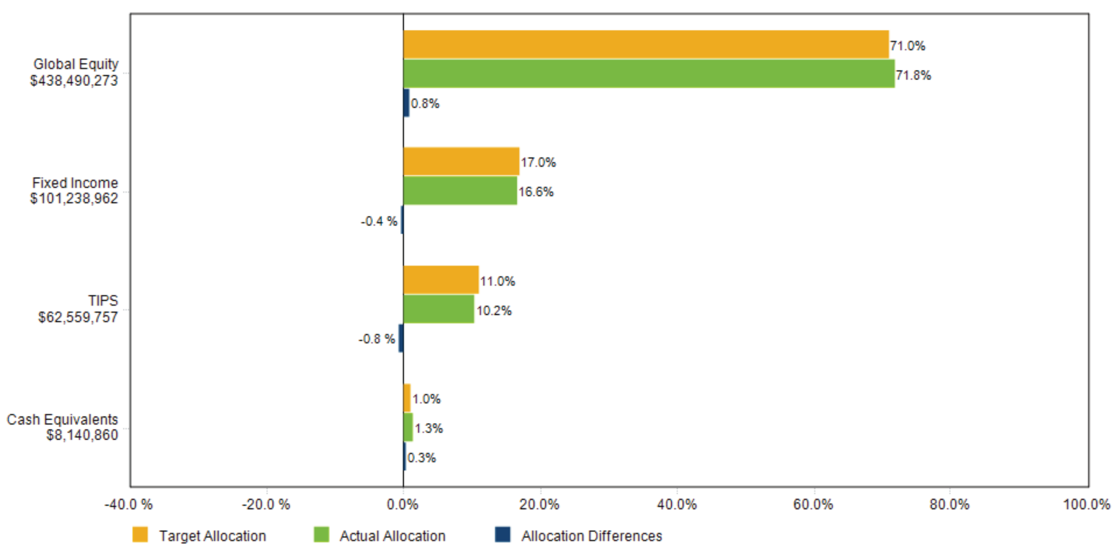
*CAT Operating Fund: Beginning March 2008, the returns for the CAT Fund reflect marked-to-market returns. Prior to that time, cost-based returns are used.
**Performance Benchmark: The CAT Fund was benchmarked to the IBC First Tier through February 2008. From March 2008 to December 2009, it was the Merrill Lynch 1-Month LIBOR. From January 2010 to June 2010, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. From July 2010 to September 2014, it was a blend of the average of the 3-Month Treasury Bill rate and the iMoneyNet First Tier Institutional Money Market Funds Net Index. Effective October 2014, it is a blend of the average of the Merrill Lynch 1-Yr US Treasury Bill Index and the iMoneyNet First Tier Institutional Money Market Funds Net Index.

Lawton Chiles Endowment Fund: Executive Summary

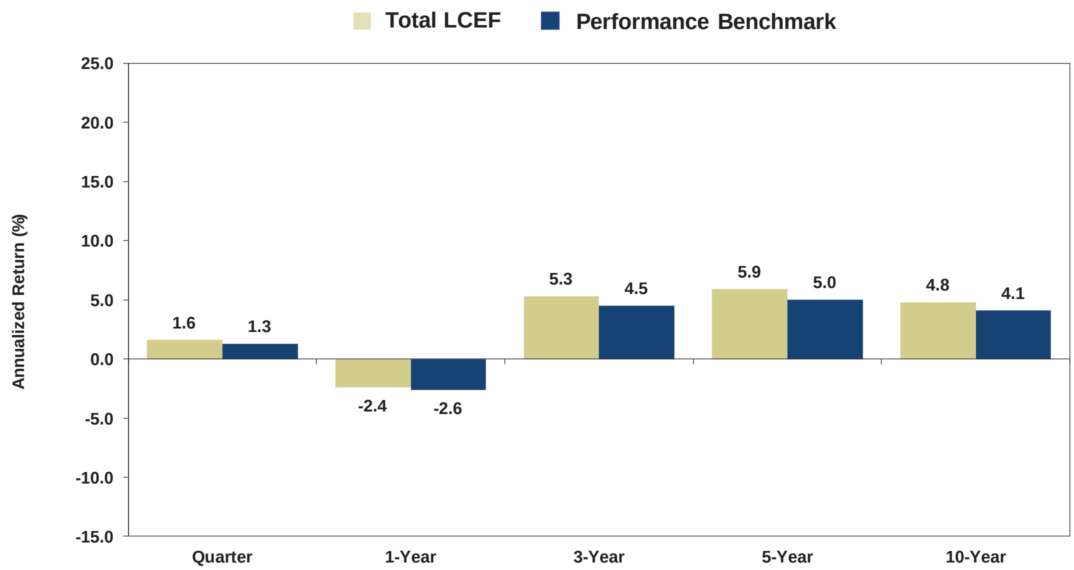
- Established in July 1999, the Lawton Chiles Endowment Fund (LCEF) was created to provide a source of funding for child health and welfare programs, elder programs and research related to tobacco use.
  – The investment objective is to preserve the real value of the net contributed principal and provide annual cash flows for appropriation.
  – The Endowment's investments are diversified across various asset classes including global equity, fixed income, inflation-indexed bonds (TIPS) and cash.
- The Endowment assets totaled $610.4 million as of March 31, 2016.
- The Endowment's return outperformed its Target during the first quarter and over the trailing one-, three-, five-, and ten-year time periods.

Asset Allocation as of 3/31/2016
Total LCEF Assets = $610.4 Million

	Market Value ($)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
LCEF Total Fund	610,429,851	100.0	100.0		
Global Equity	438,490,273	71.8	71.0	61.0	81.0
Fixed Income	101,238,962	16.6	17.0	12.0	22.0
TIPS	62,559,757	10.2	11.0	6.0	16.0
Cash Equivalents	8,140,860	1.3	1.0	0.0	10.0



LCEF Investment Results
Periods Ending 3/31/2016



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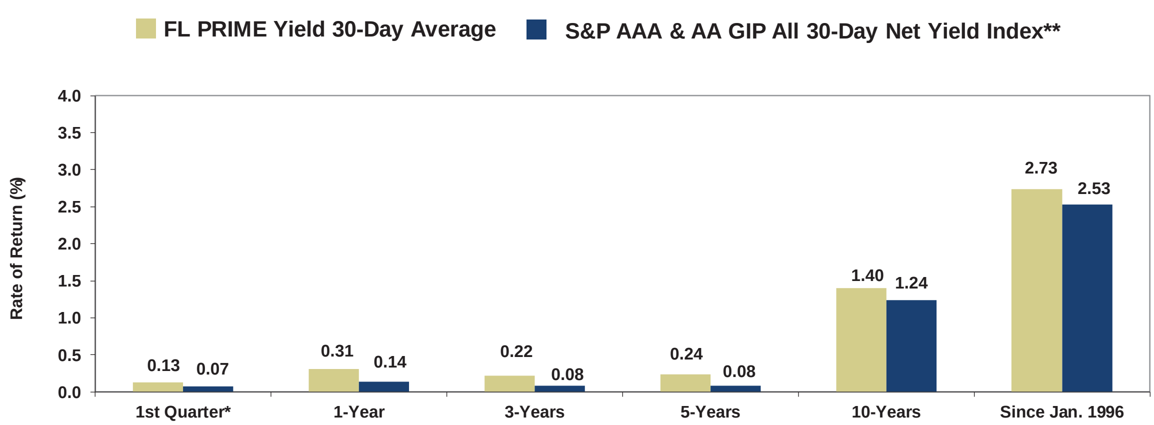
Florida PRIME: Executive Summary

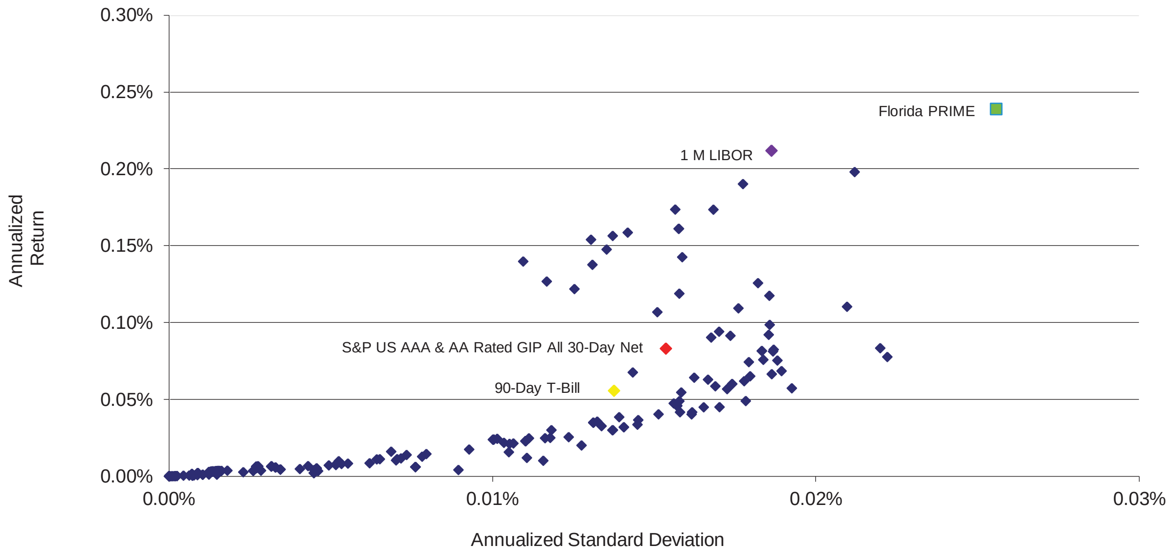
- The purpose of Florida PRIME is safety, liquidity, and competitive returns with minimal risk for participants.
- The Investment Policy Statement appropriately constrains Florida PRIME to invest in short-term and high quality bonds to minimize both interest rate and credit risk.
- Florida PRIME is adequately diversified across issuers within the short-term bond market, and adequate liquidity exists to address the cash flow obligations of Florida PRIME.
- Performance of Florida PRIME, on both an absolute and relative basis, has been strong over short- and long-term time periods.
- As of March 31, 2016, the total market value of Florida PRIME was $8.5 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 3/31/2016

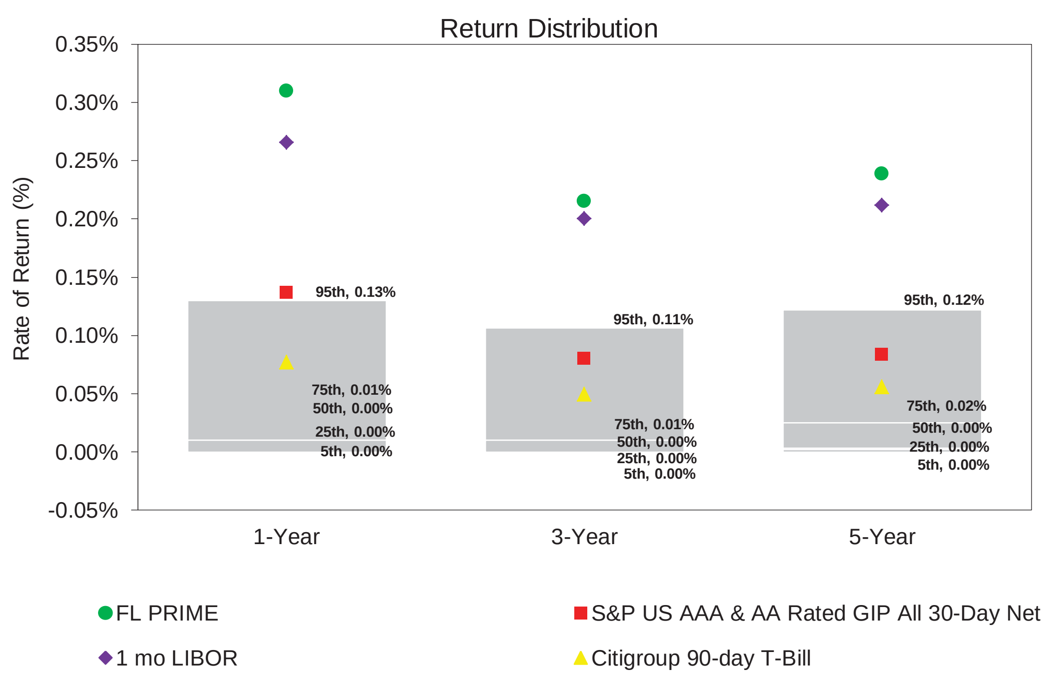


*Returns less than one year are not annualized.
**S&P AAA & AA GIP All 30-Day Net Yield Index for all time periods shown.

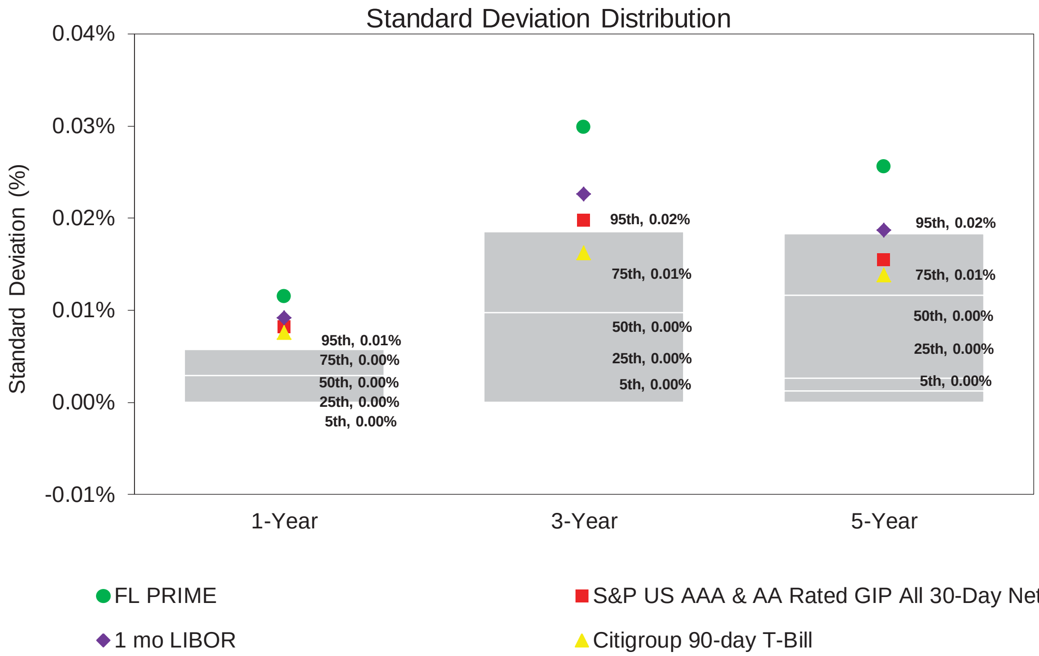
Florida PRIME Risk vs. Return
5 Years Ending 3/31/2016



Return Distribution
Periods Ending 3/31/2016



Standard Deviation Distribution
Periods Ending 3/31/2016



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Appendix

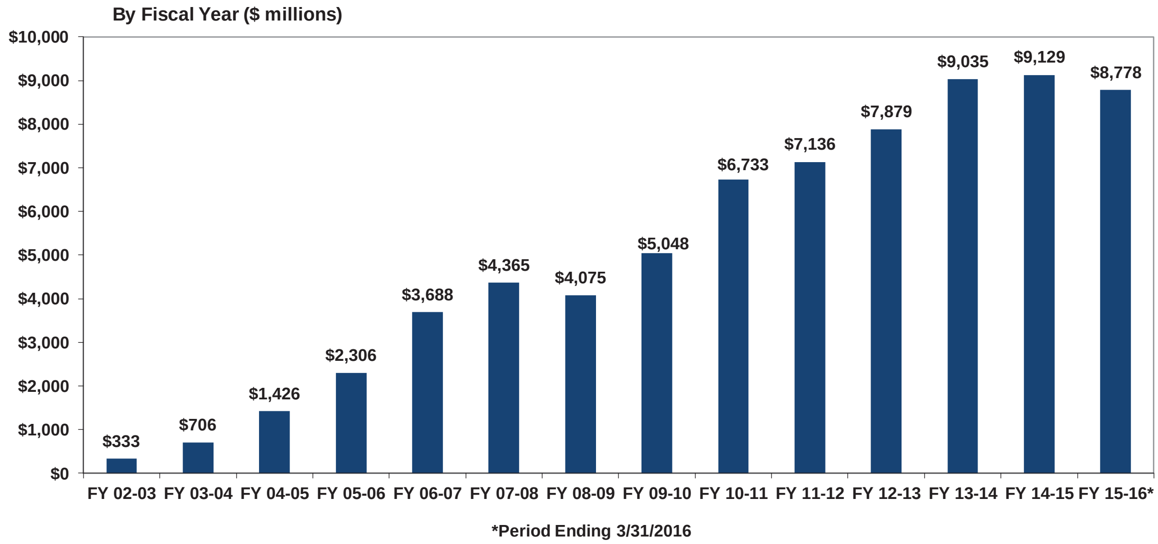
FRS Investment Plan Costs

Investment Category	Investment Plan Fee*	Average Mutual Fund Fee**
Large Cap Equity	0.20%	0.83%
Small-Mid Cap Equity	0.63%	1.02%
International Equity	0.33%	0.99%
Diversified Bonds	0.16%	0.60%
Target Date	0.11%	0.61%
Money Market	0.06%	0.14%

*Average fee of multiple products in category as of 3/31/2016.

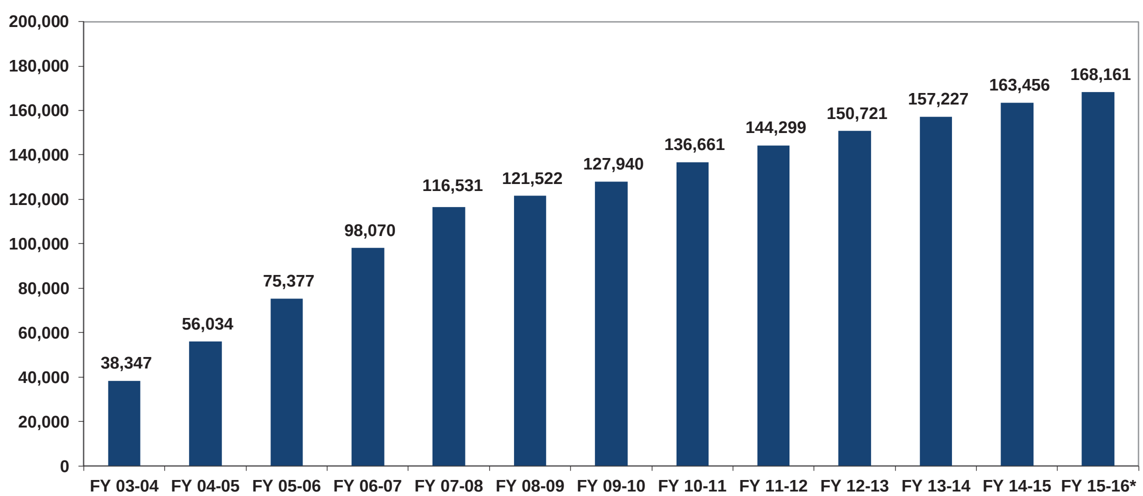
**Source: AHIC's annual mutual fund expense analysis as of 12/31/2015.

Investment Plan Fiscal Year End Assets Under Management



Source: Investment Plan Administrator

Investment Plan Membership



*Period Ending 3/31/2016

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, 2016, the total value of all FHCF accounts was $15.9 billion.

CAT Operating Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	22.5%
15 - 30 Days	13.8
31 - 60 Days	18.9
61 - 90 Days	8.1
91 - 120 Days	2.3
121 - 150 Days	2.0
151 - 180 Days	3.3
181 - 210 Days	4.5
211 - 240 Days	3.2
241 - 270 Days	0.0
271 - 300 Days	0.8
301 - 365 Days	3.6
366 - 732 Days	8.2
733 - 1,098 Days	7.3
1,099 - 1,875 Days	1.5
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	47.4%
AA	19.6
A	33.0
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

CAT 2013 A Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	22.5%
15 - 30 Days	13.7
31 - 60 Days	18.9
61 - 90 Days	8.1
91 - 120 Days	2.3
121 - 150 Days	2.0
151 - 180 Days	3.3
181 - 210 Days	4.5
211 - 240 Days	3.2
241 - 270 Days	0.0
271 - 300 Days	0.8
301 - 365 Days	3.6
366 - 732 Days	8.2
733 - 1,098 Days	7.3
1,099 - 1,875 Days	1.5
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	79.1%
AA	10.1
A	10.8
Total % of Portfolio:	**100.0%**

*O/N stands for overnight.

CAT 2016 A Fund Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
O/N* - 14 Days	33.2%
15 - 30 Days	11.4
31 - 60 Days	13.1
61 - 90 Days	11.9
91 - 120 Days	5.7
121 - 150 Days	0.0
151 - 180 Days	9.5
181 - 210 Days	0.0
211 - 240 Days	0.0
241 - 270 Days	0.0
271 - 300 Days	0.0
301 - 365 Days	2.7
366 - 732 Days	9.5
733 - 1,098 Days	1.9
1,099 - 1,875 Days	1.2
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
AAA	73.1%
AA	1.9
A	25.0
Total % of Portfolio:	**100.0%**

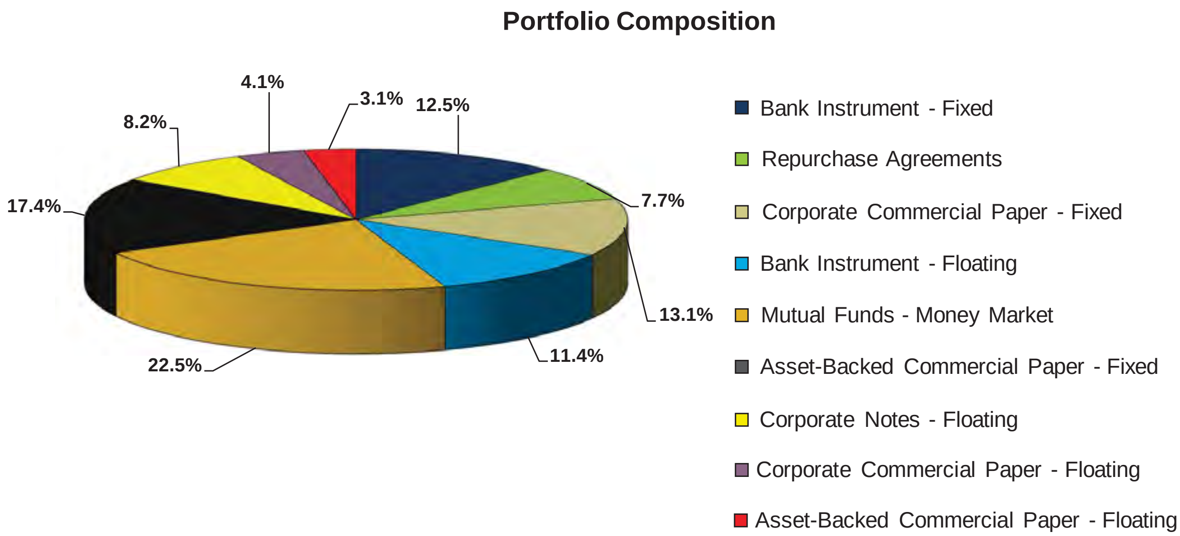
*O/N stands for overnight.

Florida PRIME Characteristics
Quarter Ending 3/31/2016

Cash Flows as of 3/31/2016	First Quarter	Fiscal YTD*
Opening Balance	$8,460,154,003	$7,003,224,923
Participant Deposits	$3,703,387,029	$13,565,513,444
Gross Earnings	$11,549,586	$21,413,310
Participant Withdrawals	($3,692,481,552)	($12,106,903,040)
Fees	$0	($639,570)
Closing Balance (3/31/2016)	$8,482,609,066	$8,482,609,066
Change	**$22,455,063**	**$1,479,384,143**

*Period July 2015 – March 2016

Florida PRIME Characteristics
Quarter Ending 3/31/2016



Florida PRIME Characteristics
Period Ending 3/31/2016

Effective Maturity Schedule	
1-7 Days	44.3%
8-30 Days	15.6%
31-90 Days	31.0%
91-180 Days	8.9%
181+ Days	0.2%
Total % of Portfolio:	**100.0%**

S & P Credit Quality Composition	
A-1+	60.3%
A-1	39.7%
Total % of Portfolio:	**100.0%**

FRS Pension Plan | First Quarter 2016

Quarterly Investment Review

Visit the Aon Hewitt Retirement and Investment Blog *(http://retirementandinvestmentblog.aon.com); sharing our best thinking.*

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Empower Results®

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Market Environment

Market Highlights

Returns of the Major Capital Markets

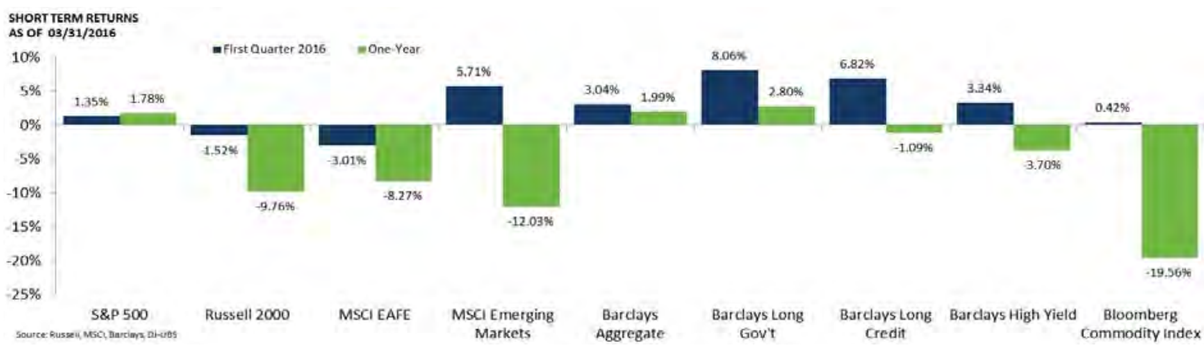
Periods Ending 03/31/2016

	First Quarter	1-Year	3-Year[1]	5-Year[1]	10-Year[1]
Equity					
MSCI All Country World IMI	0.30%	-4.36%	5.59%	5.24%	4.26%
MSCI All Country World	0.24%	-4.34%	5.53%	5.22%	4.08%
Dow Jones U.S. Total Stock Market	0.91%	-0.43%	11.06%	10.97%	7.01%
Russell 3000	0.97%	-0.34%	11.15%	11.01%	6.90%
S&P 500	1.35%	1.78%	11.82%	11.58%	7.01%
Russell 2000	-1.52%	-9.76%	6.84%	7.20%	5.26%
MSCI All Country World ex-U.S. IMI	-0.23%	-8.08%	0.76%	0.58%	2.19%
MSCI All Country World ex-U.S.	-0.38%	-9.19%	0.32%	0.31%	1.94%
MSCI EAFE	-3.01%	-8.27%	2.23%	2.29%	1.80%
MSCI EAFE (Local Currency)	-6.52%	-11.17%	6.47%	6.20%	1.73%
MSCI Emerging Markets	5.71%	-12.03%	-4.50%	-4.13%	3.02%
Fixed Income					
Barclays Global Aggregate	5.90%	4.56%	0.87%	1.80%	4.35%
Barclays Aggregate	3.04%	1.99%	2.51%	3.79%	4.90%
Barclays Long Gov't	8.06%	2.80%	6.04%	9.51%	7.89%
Barclays Long Credit	6.82%	-1.09%	4.10%	7.76%	7.25%
Barclays Long Gov't/Credit	7.30%	0.38%	4.81%	8.51%	7.57%
Barclays US TIPS	4.45%	1.52%	-0.70%	3.03%	4.62%
Barclays High Yield	3.34%	-3.70%	1.85%	4.93%	7.01%
Citi Group Non-U.S. WGBI	9.10%	7.74%	-0.16%	0.24%	3.97%
JP Morgan EMBI Global (Emerging Markets)	5.22%	4.36%	2.43%	5.97%	7.11%
Commodities					
Bloomberg Commodity Index	0.42%	-19.56%	-16.87%	-14.15%	-6.16%
Goldman Sachs Commodity Index	-2.50%	-28.67%	-24.49%	-17.43%	-10.66%
Hedge Funds					
HFRI Fund-Weighted Composite[2]	-0.83%	-4.06%	2.08%	1.78%	3.37%
HFRI Fund of Funds[2]	-2.52%	-5.11%	1.97%	1.41%	1.52%
Real Estate					
NAREIT U.S. Equity REITS	6.00%	4.43%	10.47%	11.89%	6.56%
NCREIF NFI - ODCE[3]	2.21%	13.70%	13.64%	13.26%	6.36%
Private Equity					
Burgiss Private iQ Global Private Equity[4]	4.03%	7.92%	14.24%	14.14%	12.20%
Infrastructure					
Macquarie Global Infrastructure - North America	15.30%	1.37%	6.75%	10.37%	8.40%

MSCI Indices show net returns.
All other indices show total returns.
[1] Periods are annualized.
[2] Latest 5 months of HFR data are estimated by HFR and may change in the future.
[3] Fourth quarter results are preliminary.
[4] Source: Burgiss Private iQ. Benchmark is as of 06/30/2015.

Empower Results®

Market Highlights



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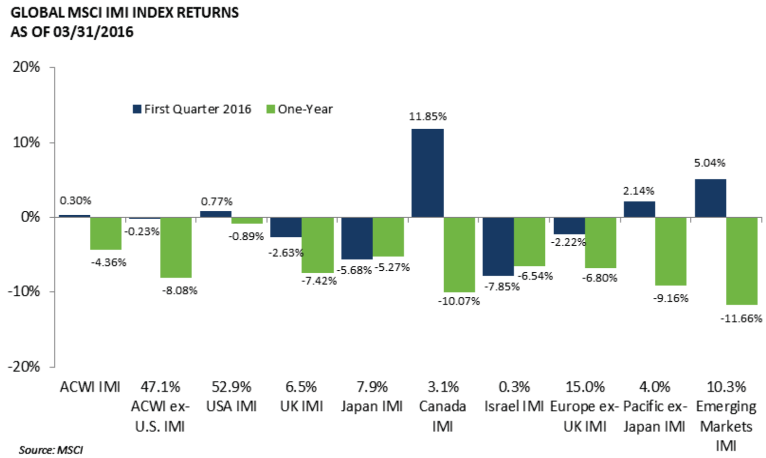
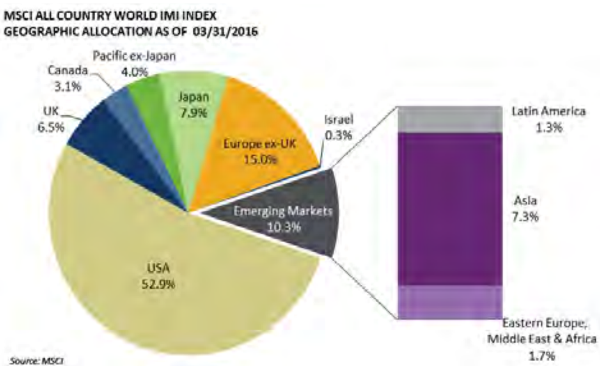
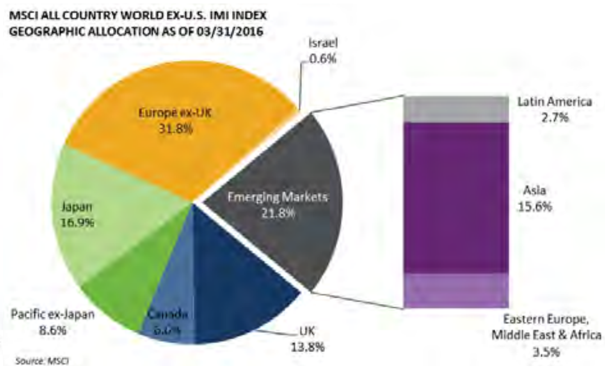
Global Equity Markets



- Global equities got off to a rocky start in 2016 as renewed concerns over subdued Chinese economic growth, deteriorating economic data globally and falling commodity prices spooked equity market investors. However, markets reversed their losses in the second-half of the quarter following rebound in energy prices. Further easing moves and dovish statements by the major central banks also helped. Global equity markets returned 0.30% in Q1 2016 with notable differences in regional returns.
- Canada was the best performer with a return of 11.85%. The stronger Canadian dollar pushed up the returns for US investors.

Global Equity Markets





- The two exhibits on this slide illustrate the percentage that each country/region represents of the global equity market as measured by the MSCI All Country World IMI Index and the MSCI All Country World ex-U.S. IMI Index.

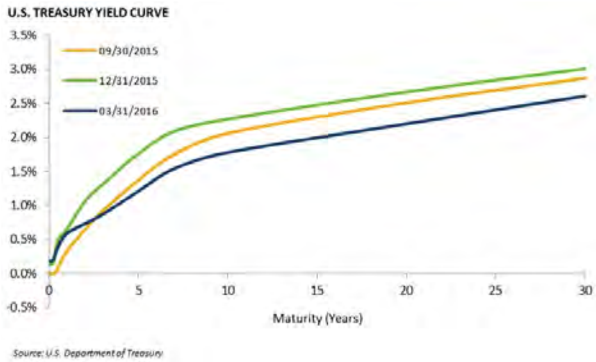
U.S. Equity Markets

- The Russell 3000 Index returned 0.97% during the first quarter and returned -0.34% over the one-year period.
- During the first quarter, Utilities was the strongest performer, posting returns of 15.23%. The Healthcare and Financial Services sectors were the weakest performers, producing returns of -7.05% and -3.30% respectively.
- Performance across the market capitalization spectrum was positive over the quarter except for the Small cap growth stocks. Medium cap stocks outperformed both the larger and smaller segments of the markets. Value stocks outperformed Growth stocks across the capitalizations except for the larger segment.

U.S. Fixed Income Markets

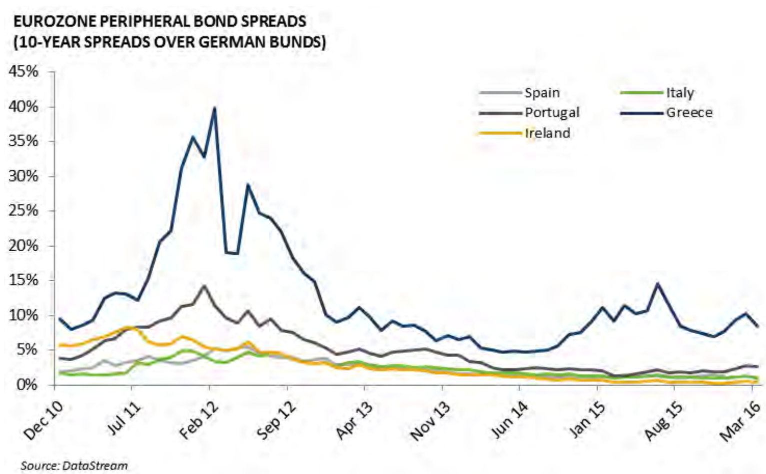
- The Barclays Aggregate Bond Index returned 3.03% in the first quarter. Corporate bonds were the strongest performing index segment, returning the most at 3.97%.
- Medium credit quality investment grade corporate bonds outperformed High yield bonds.
- Longer duration bonds outperformed shorter duration bonds.

U.S. Fixed Income Markets



- The Treasury yield curve flattened over the first quarter with yield spreads narrowing between shorter and medium maturities and spreads widening between medium and longer maturities. However, yields rose at the shortest maturities.
- The 10-year U.S. Treasury yield ended the quarter at 1.78%, 49 basis points lower than its level at the beginning of the quarter.
- The 10-year TIPS yield fell by 57 basis points over the quarter and ended the period at 0.16%.

European Fixed Income Markets



- In the Eurozone, bond spreads widened during the first quarter of 2016 with the core bond yields falling and the peripheral bond yields being mixed. European government bond yields (except Portugal and Greece) fell over the quarter due to additional monetary stimulus from the European Central Bank (ECB) and dovish statement by the US Federal Reserve (Fed).
- Portuguese government bond yields had a volatile quarter with yields rising sharply in February on the back of concerns of uncertain fiscal outlook, political instability, health of banking system and chances of the country losing its last investment grade credit rating. Greek bond yields rose over the uncertainty for a third financial bailout.

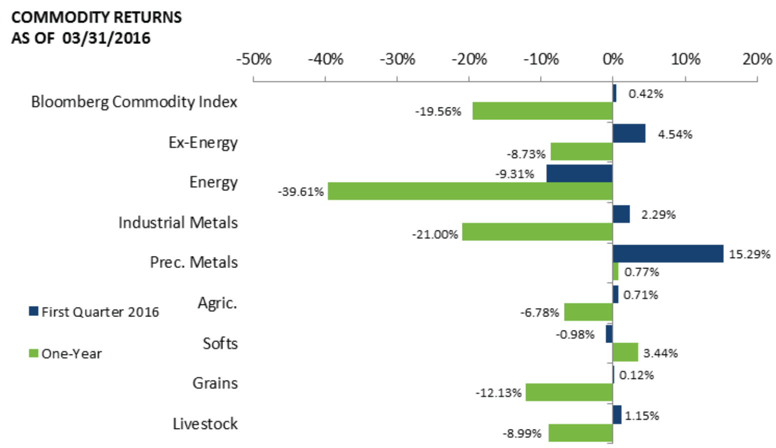
Credit Spreads

Spread (bps)	03/31/2016	12/31/2015	03/31/2015	Quarterly Change (bps)	1-Year Change (bps)
U.S. Aggregate	56	56	46	0	10
Long Gov't	4	4	3	0	1
Long Credit	223	225	187	-2	36
Long Gov't/Credit	136	138	118	-2	18
MBS	22	24	20	-2	2
CMBS	109	121	95	-12	14
ABS	74	72	62	2	12
Corporate	163	165	129	-2	34
High Yield	656	660	466	-4	190
Global Emerging Markets	382	389	354	-7	28

Source: Barclays Live

- During the first quarter, credit spreads were mixed across all areas of the bond market.
- CMBS spreads (-12 basis points) fell by the most over the quarter, followed by Global Emerging Markets spreads (-7 basis points) and High Yield spreads (-4 basis points). ABS spreads was the only bond to rise by 2 basis points

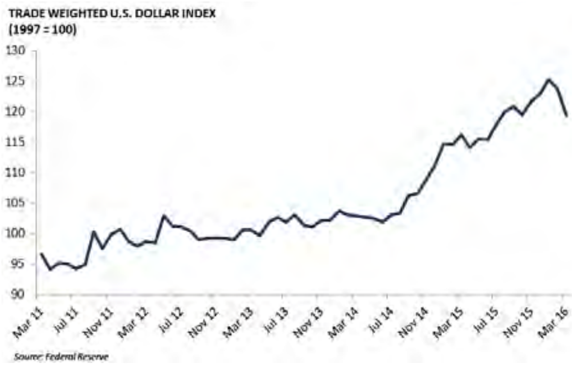
Commodities



Source: Dow Jones-UBS

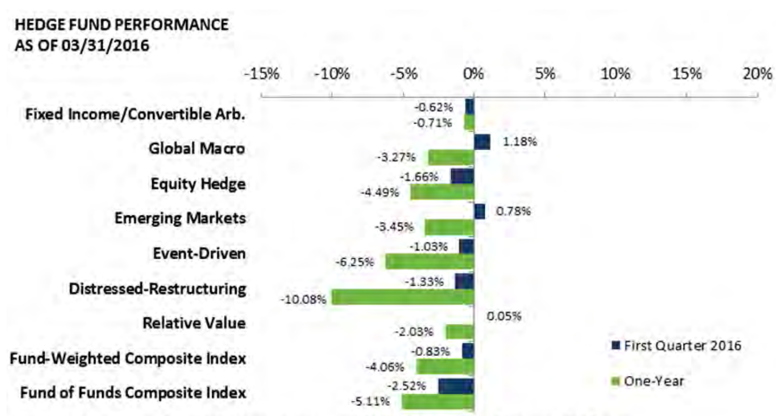
- The Bloomberg Commodity Index rose during the first quarter returning 0.42%.
- Over the quarter, the best performing segment was Precious Metals with a return 15.29%.
- Energy was the worst performing sector of the market during the quarter with a return of -9.31%.

Currency



- As measured through the broad trade weighted U.S. dollar index, the U.S. dollar weakened during the quarter.
- The US dollar depreciated sharply against the euro and the yen but appreciated against the pound. The pound weakened due to uncertainty over the Brexit and downgrade of economic growth forecasts. Despite the Bank of Japan's easing measures, the yen appreciated sharply against the dollar.

Hedge Fund

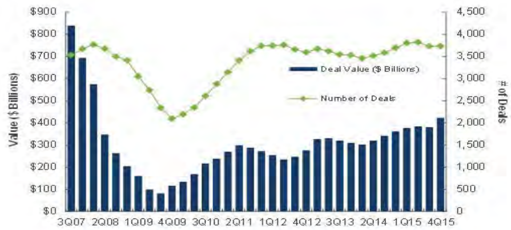


Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

- Hedge fund performance was mixed over the quarter.
- The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of -0.83% and -2.52%, respectively, during the quarter.
- Global Macro was the best performer, with a return of 1.18% in the first quarter.

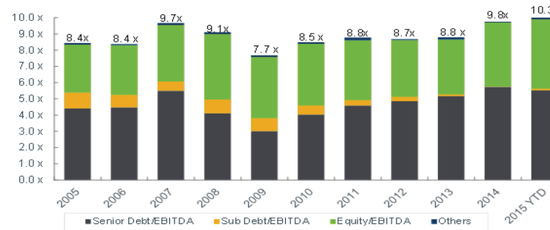
Private Equity Market Overview – Fourth Quarter 2015

LTM Global Private Equity-Backed Buyout Deal Volume



Source: Preqin

Purchase Price Multiples



Source: S&P

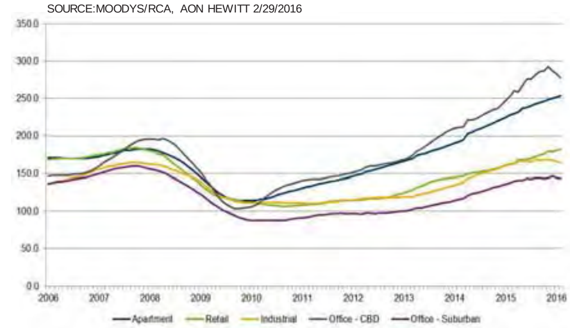
- **Fundraising:** In 2015, $441.2 billion was raised by 965 funds, which was flat with the prior year, but up 26.9% over the five year average. Fourth quarter fundraising totaled $112.1 billion across 222 funds, compared to $112.3 billion raised by 199 partnerships in 3Q 2015. Dry powder was down 2.5% compared to 3Q 2015's peak of $1.1 trillion, but remained well above the five year average level of $861.6 billion [1].
- **Buyout:** Global private equity-backed buyout deals totaled $137.6 billion in the fourth quarter, which was up 60.6% over the prior quarter and represented the highest quarterly volume since 2Q 2007. 3,776 deals were completed in 2015 for an aggregate deal value of $423.1 billion compared to 3,890 transactions totaling $362.3 billion in 2014 [1]. Despite quarterly purchase price multiples for total, large cap, and middle market transactions each decreasing compared to 3Q, annual average purchase price multiples for all transaction sizes in 2015 remained above record levels [2]. The average purchase price multiple across all European transaction sizes fell from 9.8x in 2014 to 9.2x. Purchase prices for both transactions of €1.0 billion or more, as well as transactions between €500.0 million and €1.0 billion remained flat year over year, standing at 10.4x and 10.2x, respectively [2]. Globally, exit value totaled $423.9 billion on 1,757 deals in 2015, down 9.7% and 5.1%, respectively, from 2014 [1].
- **Venture:** 2015 deployment increased 15.7% year over year to $58.8 billion, up 81.3% compared to the five year average [3]. This marked the second largest annual total in the last 20 years, but remained well below the peak level of $105.0 billion observed in 2000. There were 16 venture-backed initial public offerings in 4Q 2015, bringing 2015's full year total to 77, which represented a decrease of 34.2% from 2014. The number of M&A transactions totaled 91 deals in 4Q and 372 deals in all of 2015, down 19.5% and 23.3% from the prior quarter and year, respectively [4].
- **Mezzanine:** In 2015, 40 funds closed on $20.1 billion in capital, which was up considerably compared to the prior year and five year average levels of $9.6 billion and $12.9 billion, respectively. Estimated dry powder was $43.8 billion at the end of 2015, down 3.3% over 3Q 2015 [1]. Fundraising has seen a strong comeback over the past 12 months despite competition from private lending platforms and business development companies (BDCs). We expect to see continued interest in mezzanine funds during 2016.
- **Distressed Debt:** The LTM U.S. high-yield default rate was 3.4% at year end 2015 compared to 2.9% in 3Q 2015 [5]. Default rates are expected to rise further in 2016 due to ongoing developments and challenges in the energy and mining/minerals sectors [6]. Distressed debt and bankruptcy restructuring activity in 2015 decreased substantially compared to 2014 on both a number of deals and deal value basis [6].
- **Secondaries:** Six funds raised $8.1 billion during the fourth quarter, up from $1.1 billion by three funds in 3Q 2015. On a full year basis, secondary capital raised totaled $20.4 billion, up from the $19.4 billion five year average, but below 2014's full year total of $29.7 billion [1]. In 2015, transaction volume totaled $33.0 billion, representing a decrease of 12.0% from the record level observed in 2014. The average discount rate for all private equity sectors increased slightly quarter over quarter from 8.4% to 8.5%, but remains very favorable for potential sellers [7].
- **Infrastructure:** $36.0 billion of capital was raised by 46 funds in 2015 compared to $43.4 billion of capital closed on by 54 partnerships during 2014. The average fund size in 2015 increased to $858.0 million, marking a new record level [1]. At the end of 2015, dry powder stood at $108.0 billion, down slightly from last quarter's total of $115.0 billion. Infrastructure managers completed 661 deals with an estimated aggregate deal value of $349.0 billion in 2015 compared to 914 deals totaling $444.0 billion in 2014 [1].
- **Natural Resources:** During 2015, 35 funds closed on $38.1 billion compared to 41 funds totaling $24.3 billion in 2014. Energy and utilities industry managers completed 148 deals totaling a reported $23.3 billion during 2015, down from 255 deals in 2014 for a total reported value of $33.5 billion [1].

Sources: [1] Preqin [2] UBS [3] Standard & Poor's [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.

Empower Results®

U.S. Commercial Real Estate Markets

RETURN INDEX CPPI BY PROPERTY SECTOR
SOURCE:MOODYS/RCA, AON HEWITT 2/29/2016



- ***2016 Theme***: The U.S. property cycle is mature, with expectations of moderating, albeit still healthy—and relatively attractive—returns. Expect more volatile quarter-to-quarter movements in market indicators, however, as the cycle is now more susceptible to bumps along the road, from economic, capital markets, or political factors. At this point in the cycle, appropriate risk mitigation measures should be a staple in all real estate investment portfolios.
- In the first quarter, U.S. Core real estate returns moderated to 2.2%*, which is 71 bps lower than the fourth quarter and down 119 bps on a year-over-year basis. This quarter's performance is more closely aligned with the sector's long run average, and marks the first time in 3 years that the income return (1.12%) outpaced appreciation (1.09%), illustrating our expectation that net income growth will be a larger driver of returns as the cycle matures further.
- U.S. property sales also moderated in the first quarter, with preliminary data showing deal volume down 27% from a year earlier. Pricing, however, appeared to hold fairly steady, with cap rates generally in line with 1Q15 levels. The slowing in volume suggests the continuation of elevated market uncertainty that was present in 2H15, with buyers and sellers moving apart on pricing expectations.
- The U.S. REIT market continued to display market volatility over the quarter, rallying in March, after declining more than 10% through mid-February, to end the quarter up 6.0%. Fears of weaker economic growth and credit markets plagued the sector, and broader equities in general, during the first half of the quarter. Additionally, concerns that asset pricing may have peaked or are even poised to decline after significant appreciation also attributed to the sector's volatility. REITs, meanwhile, outperformed the broader equity market during the quarter, which gained 1.4% (S&P 500). Despite all the public market volatility, U.S. REITs ended the quarter trading at approximately 5% premium to private market net asset values. Income from real estate remains attractive, especially versus other asset classes, helping to continue to drive robust capital flows to the sector. REITs' dividends of 3.8% are 203 bps over the 10-Year U.S. Treasury yield.
- Strong underlying sector fundamentals, meanwhile, are expected to support healthy income growth and high occupancies across most property types in 2016. This solid foundation should help real estate offset rising interest rates, though the offset is not expected to be complete. At this point in the cycle it is important to focus on going forward underwriting assumptions, especially rent growth expectations, new supply impacts, and exit cap rate, as well as monitor use of leverage. Preferred equity and debt structures are also important considerations to help mitigate medium term cyclical risks.

*Indicates preliminary NFI-ODCE data gross of fees

Empower Results®

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Total Fund

As of March 31, 2016

Highlights

Executive Summary

- Performance of the Pension Plan, when measured against the Performance Benchmark, has been strong over short- and long-term time periods.
- Performance relative to peers is also competitive over short- and long-term time periods.
- The Pension Plan is well-diversified across six broad asset classes, and each asset class is also well-diversified.
- Public market asset class investments do not significantly deviate from their broad market based benchmarks, e.g., sectors, market capitalizations, global regions, credit quality, duration, and security types.
- Private market asset classes are well-diversified by vintage year, geography, property type, sectors, investment vehicle/asset type, or investment strategy.
- Asset allocation is monitored on a daily basis to ensure the actual asset allocation of the plan remains close to the long-term policy targets set forth in the Investment Policy Statement.
- Aon Hewitt Investment Consulting and SBA staff revisit the plan design annually through informal and formal asset allocation and asset liability reviews.
- Adequate liquidity exists within the asset allocation to pay the monthly obligations of the Pension Plan consistently and on a timely basis.

Performance Highlights

- During the first quarter, the Total Fund underperformed the Performance Benchmark. Over the trailing one-, three-, five-, and ten-year periods, the Total Fund outperformed the Performance Benchmark.

Asset Allocation

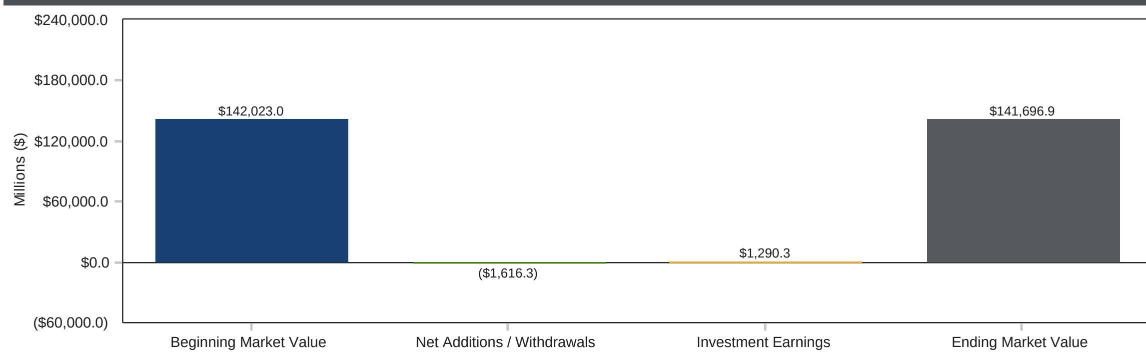
- The Fund assets total $141.7 billion as of March 31, 2016, which represents a $0.3 billion decrease since last quarter.
- Actual allocations for all asset classes were within their respective policy ranges at quarter-end.
- The Fund was overweight to global equity, with corresponding underweights to fixed income, private equity, real estate, strategic investments and cash.

Total Fund

As of March 31, 2016

Total Plan Asset Summary

Change in Market Value
From January 1, 2016 to March 31, 2016



Summary of Cash Flow

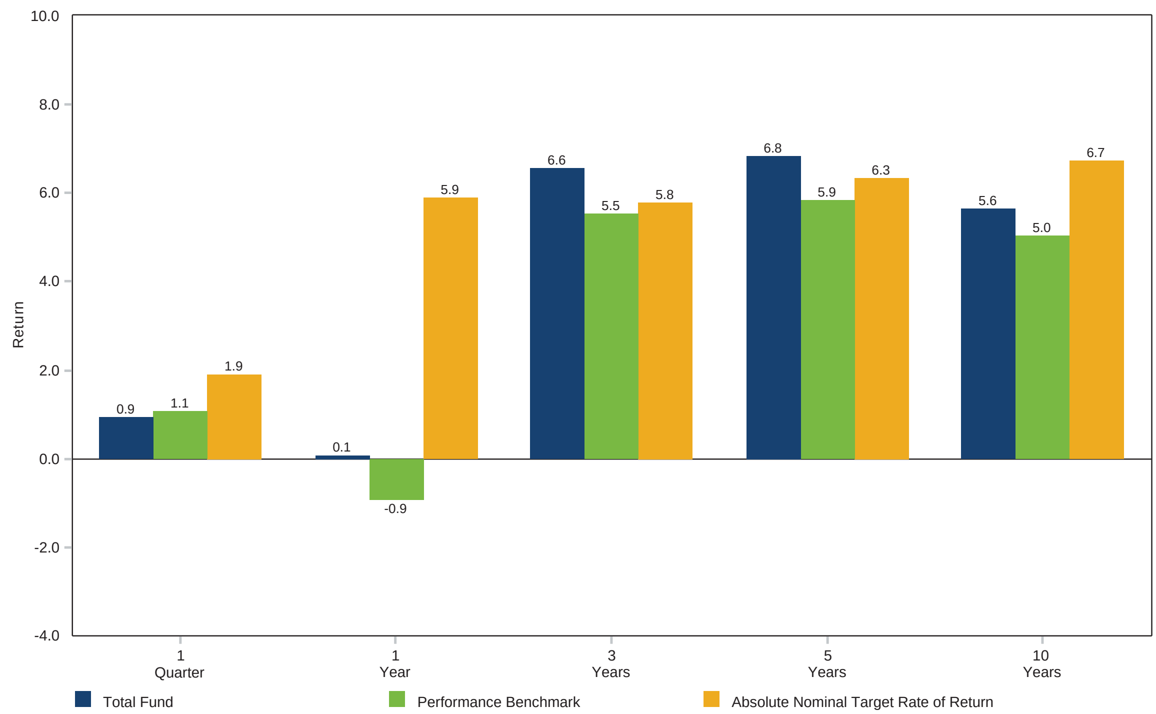
	1 Quarter	Fiscal YTD*
Total Fund		
Beginning Market Value	142,022,952,464	147,972,946,329
+ Additions / Withdrawals	-1,616,290,589	-5,118,933,675
+ Investment Earnings	1,290,263,163	-1,157,087,615
= Ending Market Value	141,696,925,039	141,696,925,039

*Period July 2015 - March 2016

Total Fund As of March 31, 2016

Total Plan Performance Summary

Return Summary



As of March 31, 2016

Asset Allocation & Performance

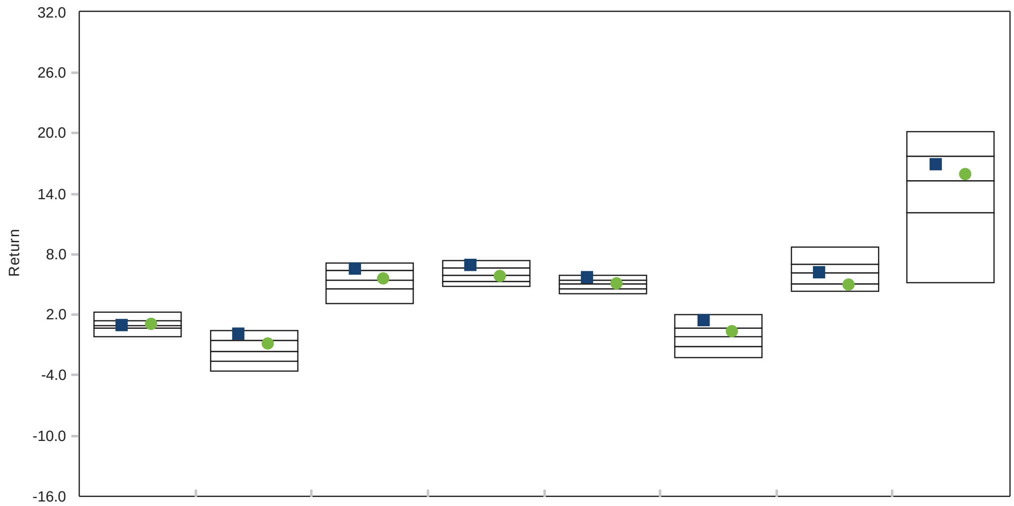
	Allocation			Performance(%)				
	Market Value ($)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	10 Years
Total Fund	141,696,925,039	100.0	100.0	0.9 (50)	0.1 (10)	6.6 (15)	6.8 (17)	5.6 (17)
Performance Benchmark				1.1 (40)	-0.9 (40)	5.5 (47)	5.9 (55)	5.0 (53)
Absolute Nominal Target Rate of Return				1.9 (13)	5.9 (1)	5.8 (38)	6.3 (35)	6.7 (1)
Global Equity*	80,442,009,938	56.8	55.6	0.2	-3.6	6.5	6.5	4.8
Asset Class Target				0.3	-4.3	5.7	5.3	4.1
Domestic Equities	37,906,480,453	26.8		0.5 (72)	-0.8 (26)	11.1 (17)	11.0 (12)	6.9 (15)
Asset Class Target				1.0 (31)	-0.3 (19)	11.1 (17)	11.0 (13)	6.9 (16)
Foreign Equities	34,170,824,149	24.1		-0.3 (45)	-6.9 (32)	1.7 (48)	2.1 (35)	3.4 (13)
Asset Class Target				-0.3 (46)	-8.0 (62)	0.9 (75)	0.7 (83)	2.3 (47)
Global Equities	7,121,742,339	5.0		0.9	-1.5	7.3	6.8	4.4
Benchmark				-0.2	-3.7	6.4	6.1	4.5
Fixed Income	26,569,274,129	18.8	19.1	2.2 (87)	2.0 (7)	2.0 (59)	3.8 (79)	5.1 (47)
Asset Class Target				2.3 (87)	2.2 (6)	1.9 (63)	3.4 (92)	4.7 (66)
Private Equity	8,893,094,097	6.3	6.4	1.7	12.8	15.4	13.0	9.2
Asset Class Target				1.6	-1.3	10.3	11.7	9.5
Real Estate	13,303,535,492	9.4	9.6	3.5 (11)	12.0 (37)	13.3 (19)	13.6 (15)	7.3
Asset Class Target				3.4 (11)	12.8 (26)	12.2 (55)	12.3 (42)	5.2
Strategic Investments	11,370,497,378	8.0	8.2	-0.2	0.9	8.2	8.6	
Short-Term Target				-0.2	0.2	5.3	5.9	
Cash	1,118,514,006	0.8	1.0	0.1	0.3	0.2	0.3	0.5
iMoneyNet First Tier Institutional Money Market Funds Net Index				0.1	0.1	0.0	0.1	1.3

Benchmark and universe descriptions can be found in the Appendix.
* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

As of March 31, 2016

Plan Sponsor Peer Group Analysis

All Public Plans > $1B-Total Fund



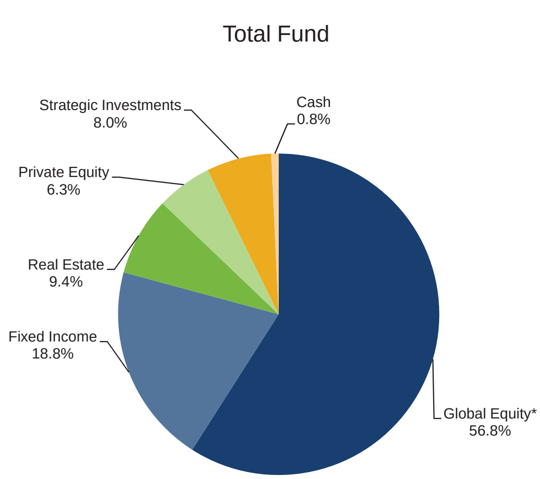
	1 Quarter	1 Year	3 Years	5 Years	10 Years	2015	2014	2013
■ Total Fund	0.9 (50)	0.1 (10)	6.6 (15)	6.8 (17)	5.6 (17)	1.5 (12)	6.2 (48)	16.9 (33)
● Performance Benchmark	1.1 (40)	-0.9 (40)	5.5 (47)	5.9 (55)	5.0 (53)	0.3 (33)	4.9 (80)	15.9 (41)
5th Percentile	2.3	0.5	7.2	7.4	5.9	2.0	8.7	20.2
1st Quartile	1.4	-0.5	6.4	6.7	5.5	0.7	7.0	17.7
Median	0.9	-1.6	5.5	6.0	5.1	-0.2	6.2	15.3
3rd Quartile	0.7	-2.6	4.5	5.4	4.6	-1.1	5.0	12.1
95th Percentile	-0.1	-3.6	3.1	4.8	4.1	-2.2	4.3	5.2
Population	76	74	73	72	67	92	75	65

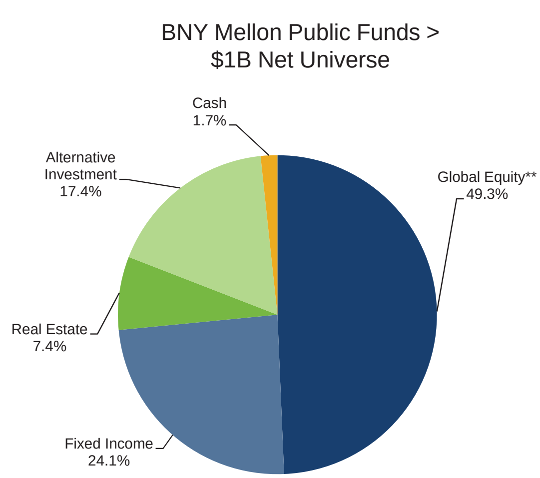
Parentheses contain percentile rankings.

AON Empower Results

Total Fund **As of March 31, 2016**

Universe Asset Allocation Comparison





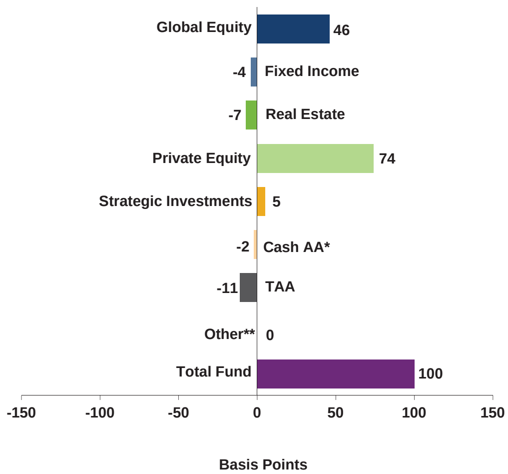
*Global Equity Allocation: 26.8% Domestic Equities; 24.1% Foreign Equities; 5.0% Global Equities; 0.9% Global Equity Liquidity Account. Percentages are of the Total FRS Fund.

**Global Equity Allocation: 29.7% Domestic Equities; 19.6% Foreign Equities.

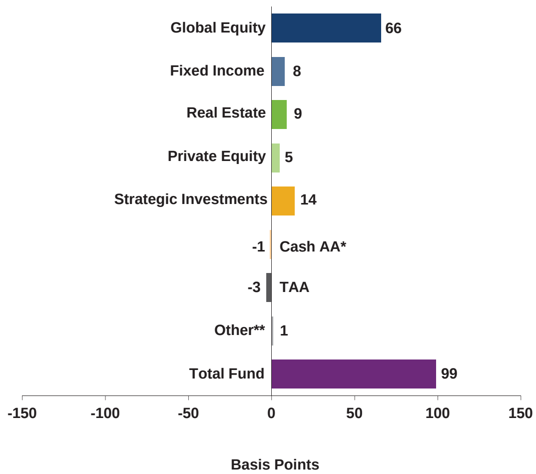
AON Empower Results

Total Fund As of March 31, 2016

Attribution



1-Year Ending 3/31/2016



5-Year Ending 3/31/2016

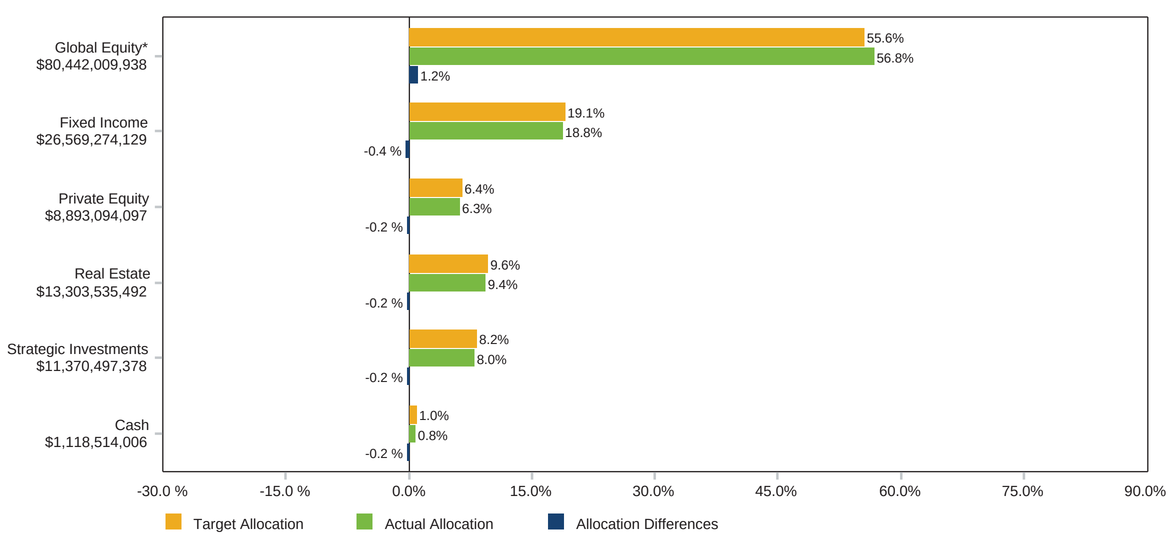
*Cash AA includes Cash and Central Custody, Securities Lending Account income from 12/2009 to 3/2013 and unrealized gains and losses on securities lending collateral beginning June 2013, TF STIPFRS NAV Adjustment Account, and the Cash Expense Account.

**Other includes legacy accounts and unexplained differences due to methodology.

Total Fund As of March 31, 2016

Asset Allocation Compliance

	Market Value ($)	Current Allocation (%)	Target Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)
Total Fund	141,696,925,039	100.0	100.0		
Global Equity*	80,442,009,938	56.8	55.6	45.0	70.0
Fixed Income	26,569,274,129	18.8	19.1	10.0	26.0
Private Equity	8,893,094,097	6.3	6.4	2.0	9.0
Real Estate	13,303,535,492	9.4	9.6	4.0	16.0
Strategic Investments	11,370,497,378	8.0	8.2	0.0	16.0
Cash	1,118,514,006	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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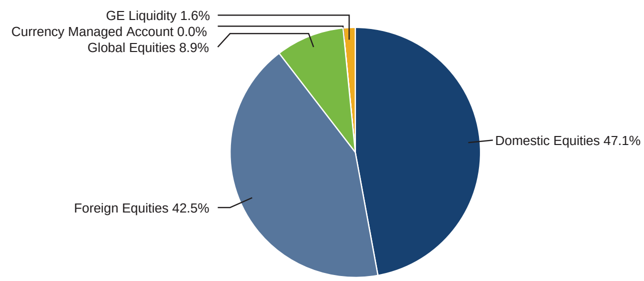
Global Equity

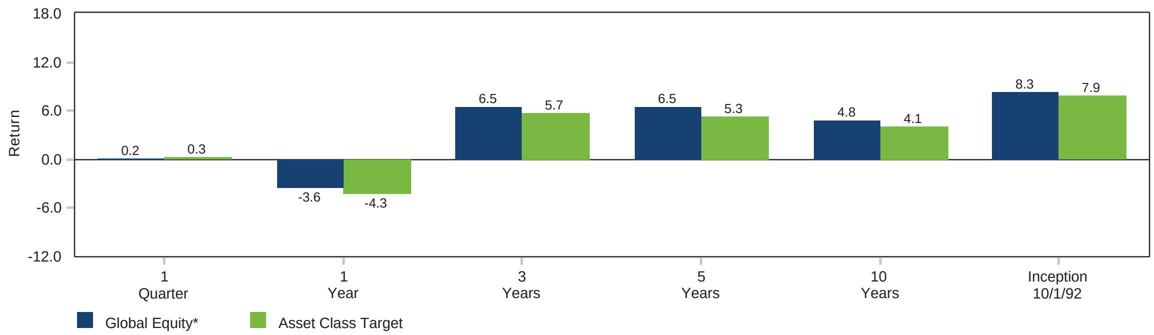
Global Equity* Portfolio Overview

Current Allocation

March 31, 2016 : $80,442M



Return Summary



* Global Equity became an asset class in July 2010. The historical return series prior to July 2010 was derived from the underlying Domestic Equities, Foreign Equities, and Global Equities components.

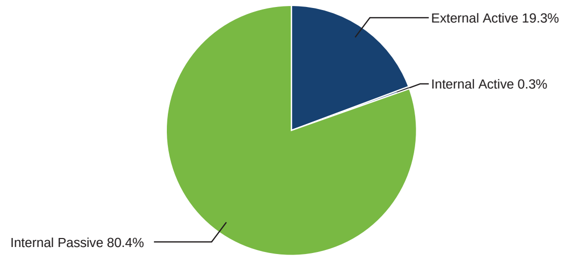
Domestic Equities

As of March 31, 2016

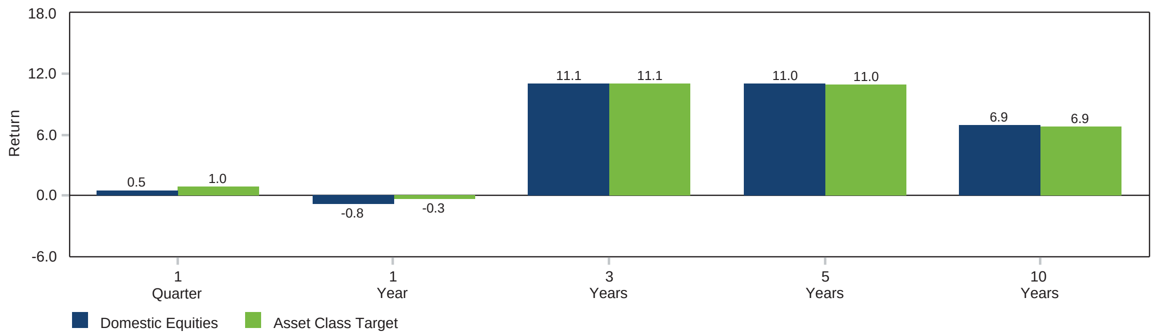
Domestic Equities Portfolio Overview

Current Allocation

March 31, 2016 : $37,906M



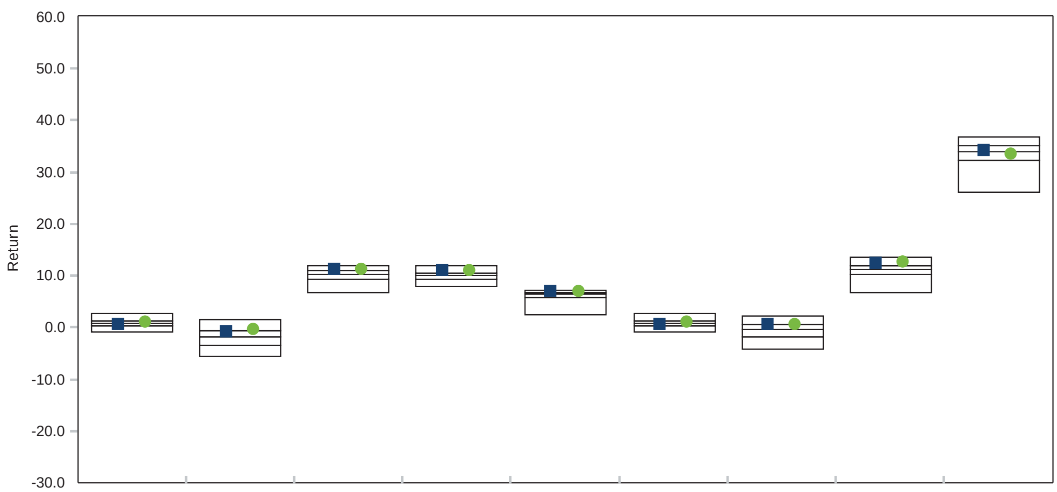
Return Summary



As of March 31, 2016

Plan Sponsor Peer Group Analysis

All Public Plans > $1B-US Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2015	2014	2013
■ Domestic Equities	0.5 (72)	-0.8 (26)	11.1 (17)	11.0 (12)	6.9 (15)	0.5 (72)	0.6 (24)	12.4 (18)	34.1 (50)
● Asset Class Target	1.0 (31)	-0.3 (19)	11.1 (17)	11.0 (13)	6.9 (16)	1.0 (31)	0.5 (27)	12.6 (18)	33.6 (52)
5th Percentile	2.6	1.5	11.9	12.0	7.2	2.6	2.3	13.6	36.9
1st Quartile	1.2	-0.7	10.9	10.5	6.7	1.2	0.5	12.0	35.1
Median	0.7	-1.7	10.3	10.0	6.5	0.7	-0.3	11.1	34.0
3rd Quartile	0.3	-3.5	9.2	9.4	5.8	0.3	-1.8	10.1	32.3
95th Percentile	-0.9	-5.5	6.8	7.9	2.5	-0.9	-4.2	6.8	26.1
Population	67	65	58	50	28	67	63	39	34

Parentheses contain percentile rankings.

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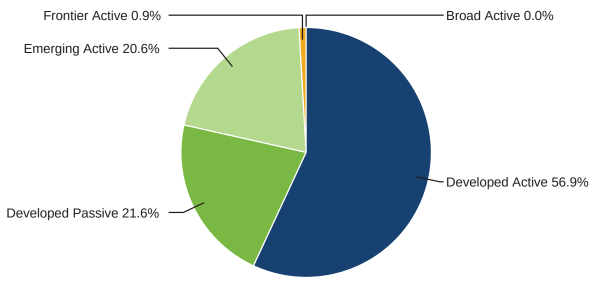
Foreign Equities

Foreign Equities As of March 31, 2016

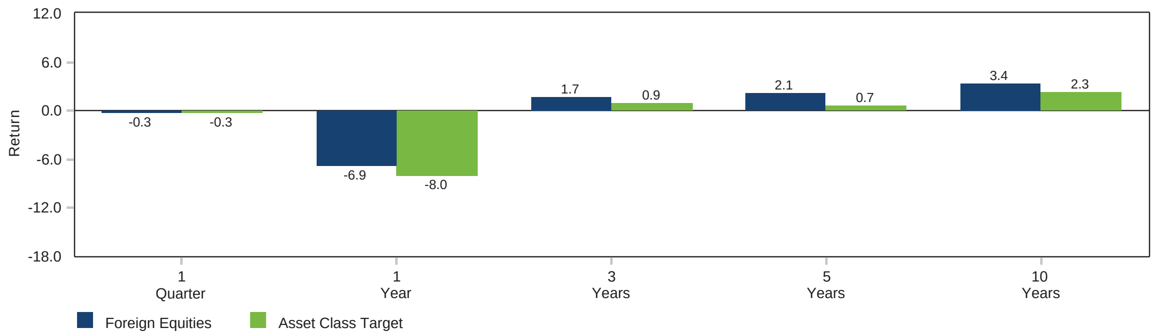
Foreign Equities Portfolio Overview

Current Allocation

March 31, 2016 : $34,171M



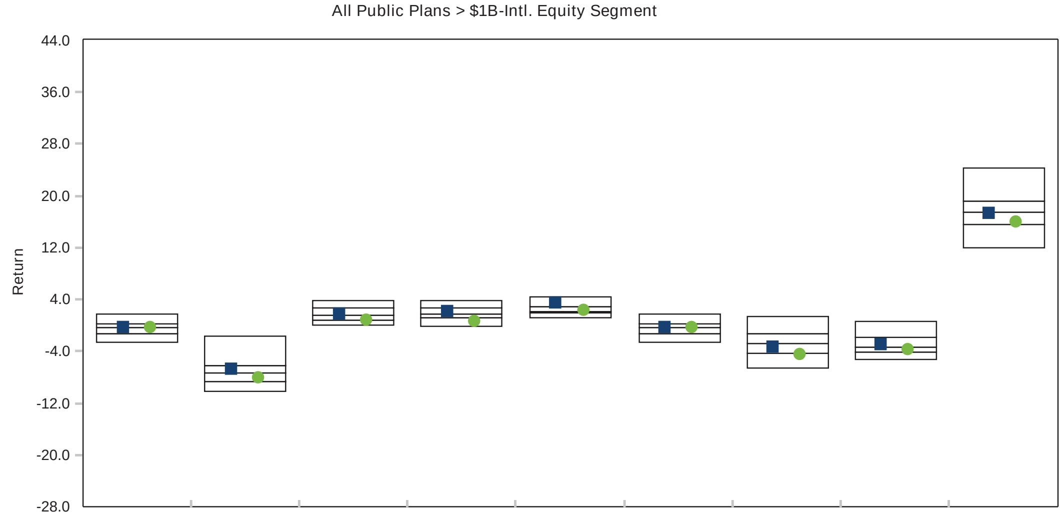
Return Summary



As of March 31, 2016

Plan Sponsor Peer Group Analysis

All Public Plans > $1B-Intl. Equity Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2015	2014	2013
■ Foreign Equities	-0.3 (45)	-6.9 (32)	1.7 (48)	2.1 (35)	3.4 (13)	-0.3 (45)	-3.4 (57)	-3.0 (39)	17.4 (55)
● Asset Class Target	-0.3 (46)	-8.0 (62)	0.9 (75)	0.7 (83)	2.3 (47)	-0.3 (46)	-4.5 (79)	-3.7 (68)	16.0 (74)
5th Percentile	1.7	-1.8	3.8	3.8	4.4	1.7	1.3	0.7	24.2
1st Quartile	0.3	-6.2	2.7	2.8	2.9	0.3	-1.3	-1.9	19.2
Median	-0.4	-7.4	1.5	1.8	2.2	-0.4	-2.8	-3.4	17.4
3rd Quartile	-1.2	-8.7	0.9	1.2	1.9	-1.2	-4.3	-4.1	15.6
95th Percentile	-2.5	-10.1	0.1	-0.1	1.2	-2.5	-6.6	-5.2	12.0
Population	65	62	54	45	27	65	59	38	33

Parentheses contain percentile rankings.

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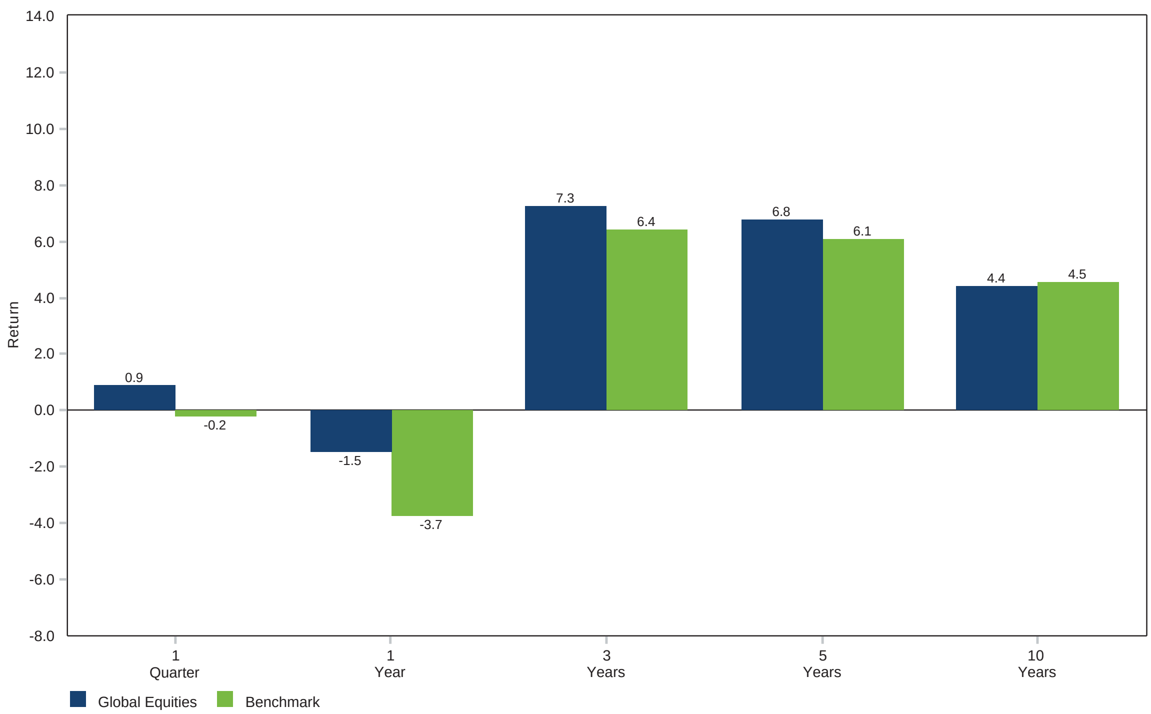
Global Equities

Global Equities As of March 31, 2016

Global Equities Performance Summary

Return Summary

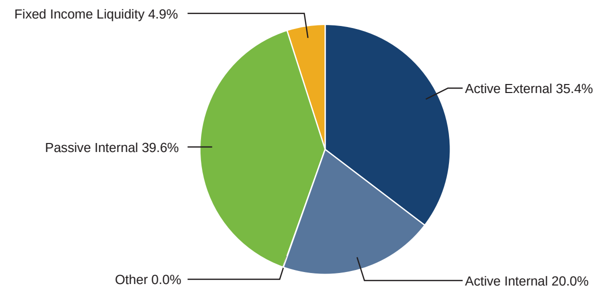


Fixed Income

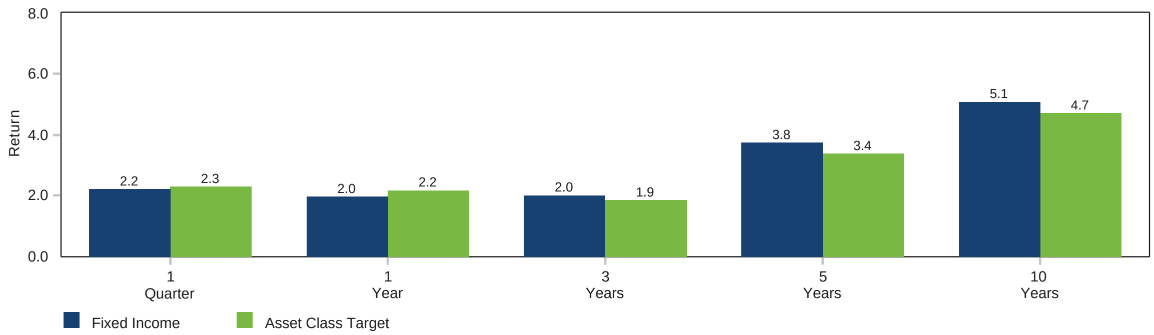
Fixed Income Portfolio Overview

Current Allocation

March 31, 2016 : $26,569M

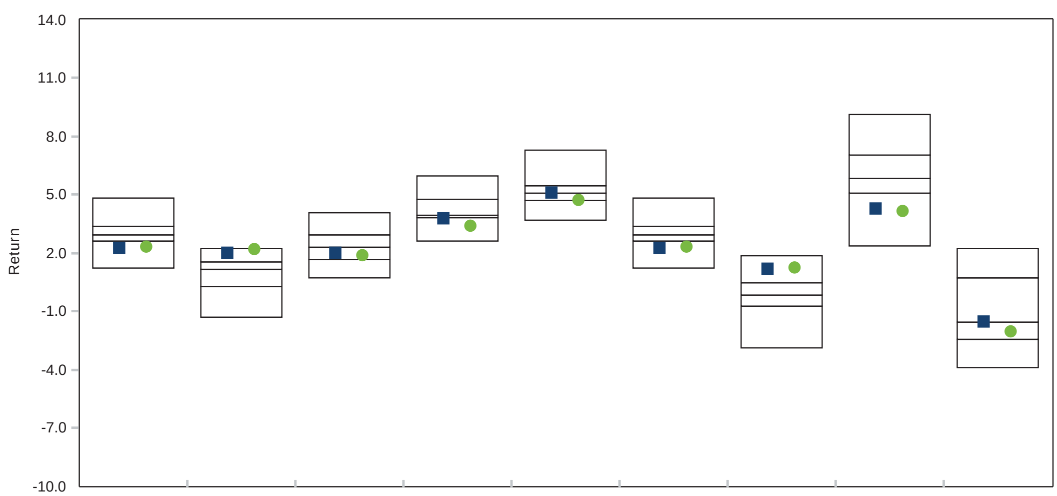


Return Summary



Plan Sponsor Peer Group Analysis

All Public Plans > $1B-US Fixed Income Segment



	1 Quarter	1 Year	3 Years	5 Years	10 Years	Year To Date	2015	2014	2013
■ Fixed Income	2.2 (87)	2.0 (7)	2.0 (59)	3.8 (79)	5.1 (47)	2.2 (87)	1.2 (9)	4.3 (85)	-1.5 (50)
● Asset Class Target	2.3 (87)	2.2 (6)	1.9 (63)	3.4 (92)	4.7 (66)	2.3 (87)	1.2 (9)	4.1 (86)	-2.1 (67)
5th Percentile	4.9	2.2	4.1	6.0	7.3	4.9	1.8	9.1	2.3
1st Quartile	3.4	1.5	2.9	4.8	5.4	3.4	0.5	7.1	0.7
Median	3.0	1.2	2.3	4.0	5.1	3.0	-0.1	5.8	-1.5
3rd Quartile	2.6	0.3	1.7	3.8	4.7	2.6	-0.7	5.1	-2.4
95th Percentile	1.3	-1.3	0.7	2.7	3.7	1.3	-2.9	2.4	-3.9
Population	58	58	52	45	27	58	55	38	36

Parentheses contain percentile rankings.

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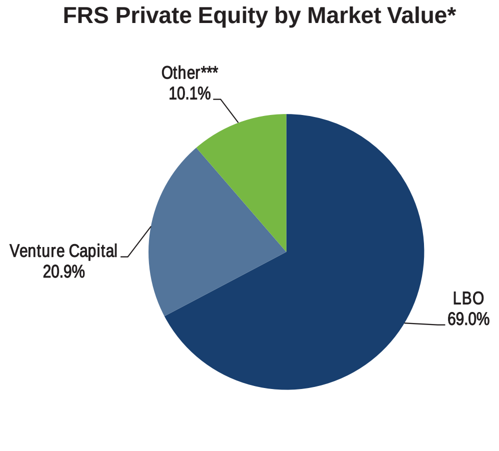
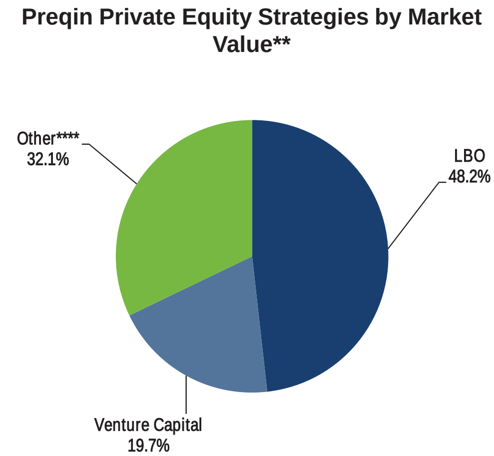
Private Equity

Private Equity | As of March 31, 2016

Overview

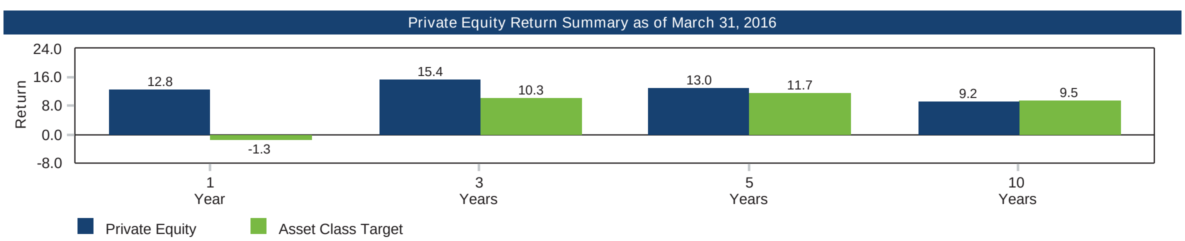


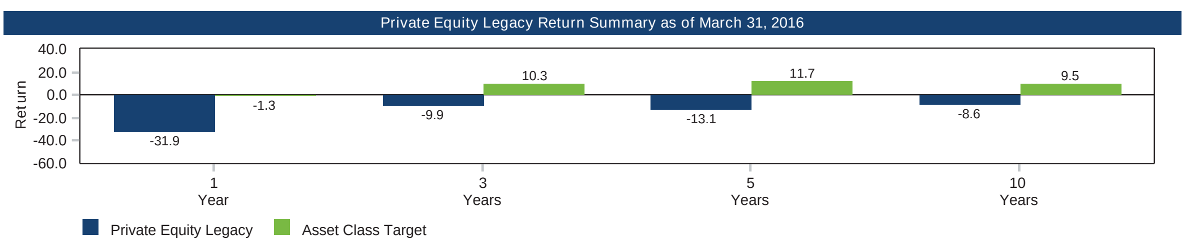


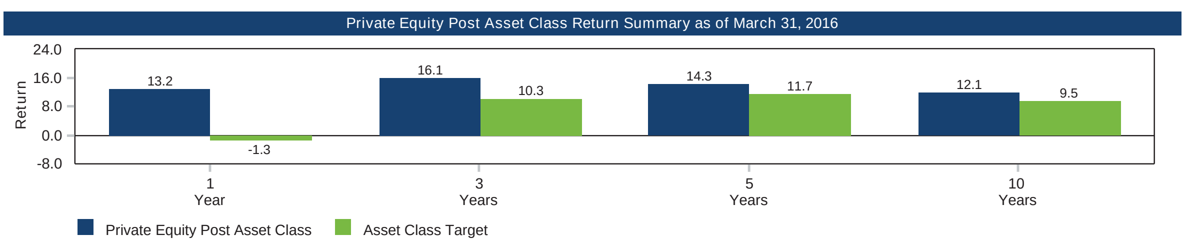
*Allocation data is as of March 31, 2016.
**Allocation data is as of June 30, 2014, from the Preqin database.
***Other for the FRS Private Equity consists of Growth Capital, Secondary, PE Cash, and PE Transition.
****Other for the Preqin data consists of Distressed PE, Growth, Mezzanine, and other Private Equity/Special Situations.
Preqin universe is comprised of 10,000 private equity funds representing $3.8 trillion.

Private Equity

Time-Weighted Investment Results





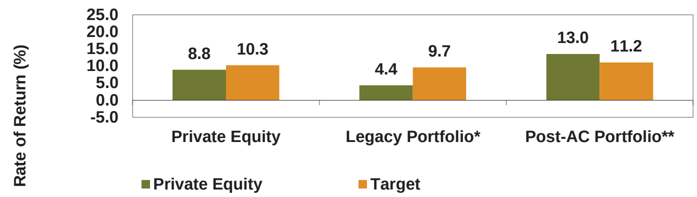


Private Equity

Dollar-Weighted Investment Results

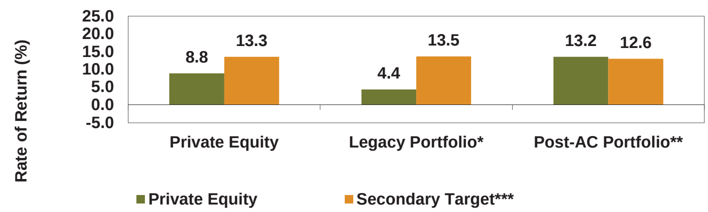
As of March 31, 2016

Since Inception



As of December 31, 2015

Since Inception



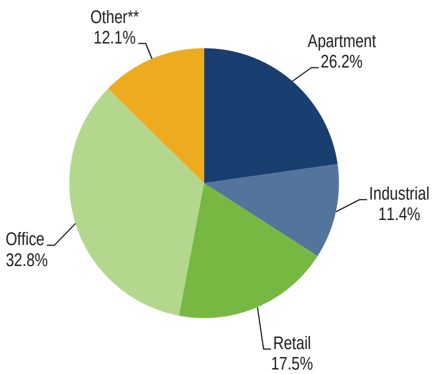
*The Inception Date for the Legacy Portfolio is January 1989.
**The Inception Date for the Post-AC Portfolio is September 2000.
***The Secondary Target is a blend of the Cambridge Associates Private Equity Index and the Cambridge Associates Venture Capital Index based on actual ABAL weights. Secondary Target data is on a quarterly lag.

Real Estate

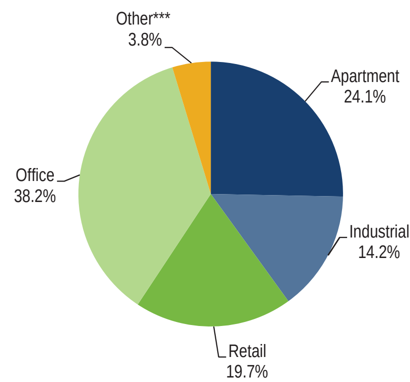
Real Estate As of March 31, 2016

Overview

FRS*



NFI-ODCE Index*



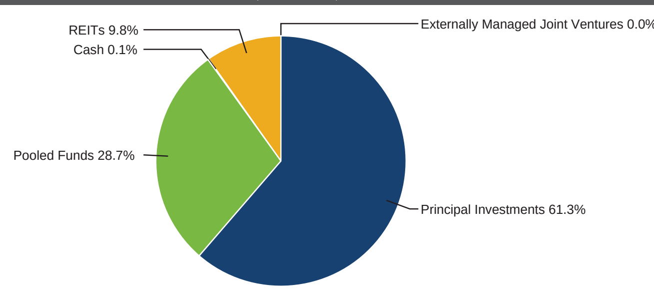
*Property Allocation data is as of March 31, 2016. The FRS chart includes only the FRS private real estate assets. Property type information for the REIT portfolios is not included.
**Other for the FRS consists of Hotel, Land, Preferred Equity, Agriculture, Self-Storage and Senior Housing.
***Other for the NFI-ODCE Index consists of Hotel, Senior Living, Health Care, Mixed Use, Single Family Residential, Parking, Timber/Agriculture, Land and Infrastructure.

Real Estate As of March 31, 2016

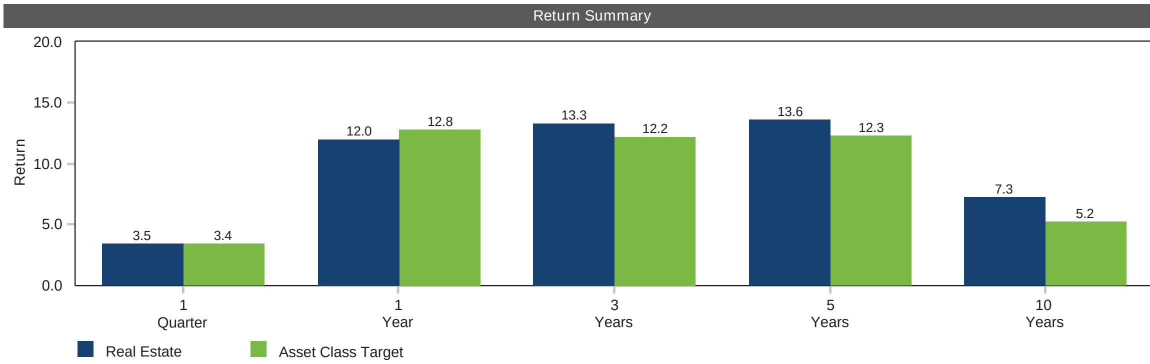
Real Estate Portfolio Overview

Current Allocation

March 31, 2016 : $13,304M

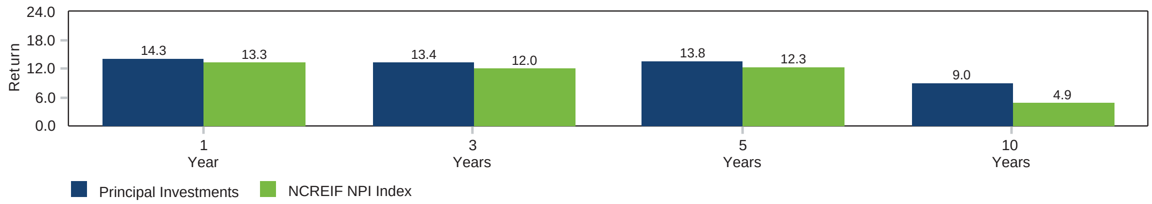


Return Summary

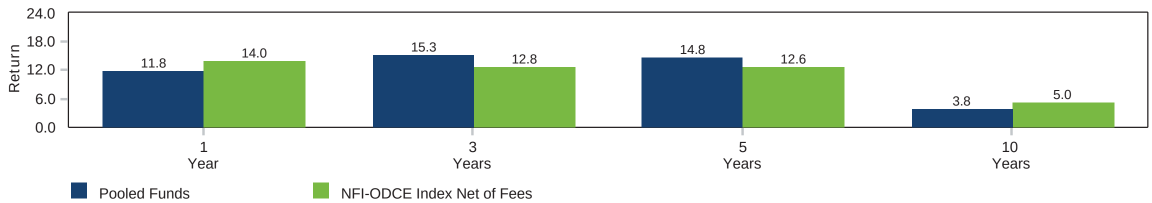


Real Estate

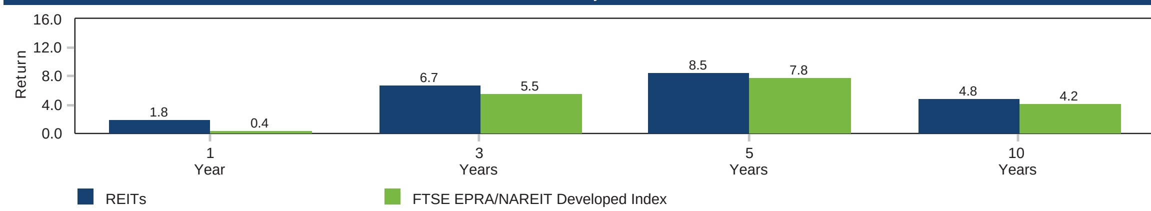
Principal Investments Return Summary as of March 31, 2016



Pooled Funds Return Summary as of March 31, 2016



REITS Return Summary as of March 31, 2016

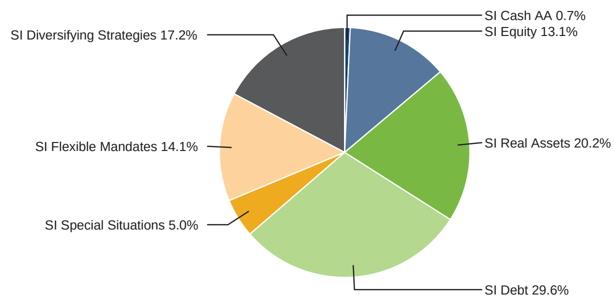


Strategic Investments

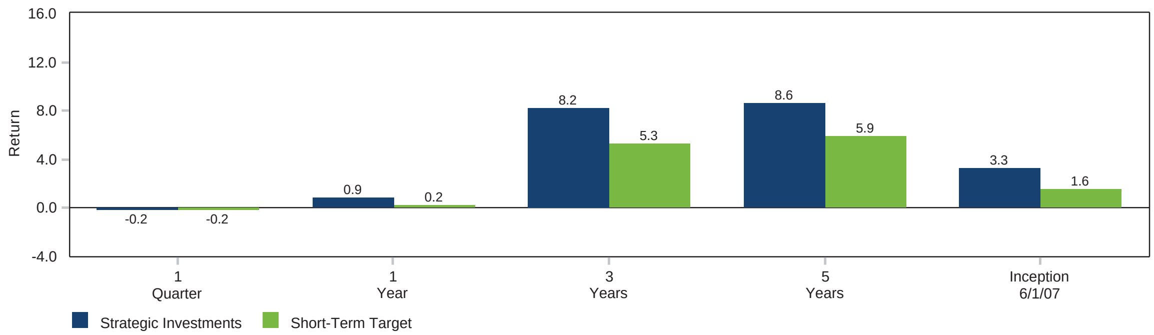
Strategic Investments Portfolio Overview

Current Allocation

March 31, 2016 : $11,370M



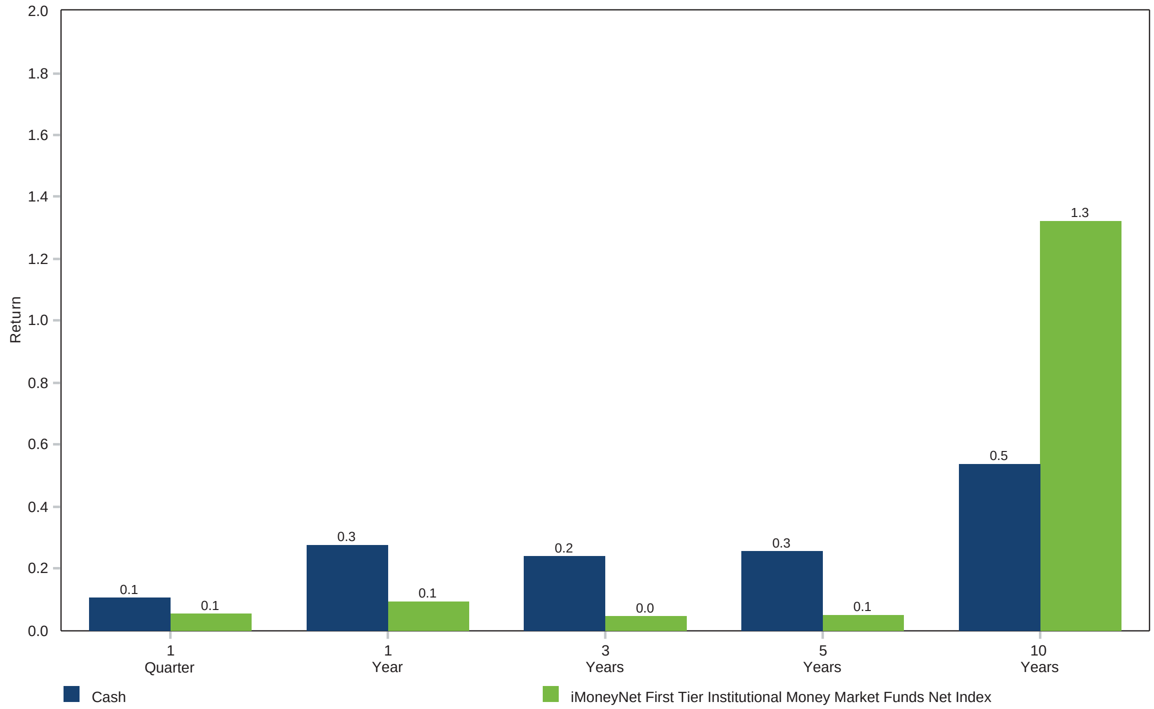
Return Summary



Cash

Cash Performance Summary

Return Summary



Appendix

Total FRS Assets

Performance Benchmark - A combination of the Global Equity Target, the Barclays Capital U.S. Intermediate Aggregate Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Please refer to section VII. Performance Measurement in the FRS Defined Benefit Plan Investment Policy Statement for more details on the calculation of the Performance Benchmark. Prior to October 1, 2013, the Performance benchmark was a combination of the Global Equity Target, the Barclays Aggregate Bond Index, the Private Equity Target Index, the Real Estate Investments Target Index, the Strategic Investments Target Benchmark, and the iMoneyNet First Tier Institutional Money Market Funds Net Index. The short-term target policy allocations to the Strategic Investments, Real Estate and Private Equity asset classes are floating and based on the actual average monthly balance of the Global Equity asset class. Prior to July 2010, the Performance Benchmark was a combination of the Russell 3000 Index, the Foreign Equity Target Index, the Strategic Investments Target Benchmark, the Barclays Aggregate Bond Index, the Real Estate Investments Target Index, the Private Equity Target Index, the Barclays U.S. High Yield Ba/B 2% Issuer Capped Index, and the iMoneyNet First Tier Institutional Money Market Funds Gross Index. During this time, the short-term target policy allocations to Strategic Investments, Real Estate and Private Equity asset classes were floating and based on the actual average monthly balance of the Strategic Investments, Real Estate and Private Equity asset classes. The target weights shown for Real Estate and Private Equity were the allocations that the asset classes were centered around. The actual target weight floated around this target month to month based on changes in asset values.

Total Global Equity

Performance Benchmark - A custom version of the MSCI All Country World Investable Market Index, adjusted to exclude companies divested under the provisions of the Protecting Florida's Investments Act (PFIA). Prior to July 2010, the asset class benchmark is a weighted average of the underlying Domestic Equities, Foreign Equities and Global Equities historical benchmarks.

Total Domestic Equities

Performance Benchmark - The Russell 3000 Index. Prior to July 1, 2002, the benchmark was the Wilshire 2500 Stock Index. Prior to January 1, 2001, the benchmark was the Wilshire 2500 Stock Index ex-Tobacco. Prior to May 1, 1997, the benchmark was the Wilshire 2500 Stock Index. Prior to September 1, 1994, the benchmark was the S&P 500 Stock Index.

Total Foreign Equities

Performance Benchmark - A custom version of the MSCI ACWI ex-U.S. Investable Market Index adjusted to exclude companies divested under the PFIA. Prior to April 1, 2008, it was the MSCI All Country World Index ex-U.S. Investable Market Index. Prior to September 24, 2007, the target was the MSCI All Country World ex-U.S. Free Index. Prior to November 1, 1999, the benchmark was 85% MSCI Europe, Australasia and Far East (EAFE) Foreign Stock Index and 15% IFCI Emerging Markets Index with a half weight in Malaysia. Prior to March 31, 1995, the benchmark was the EAFE Index.

Total Global Equities

Performance Benchmark - Aggregated based on each underlying manager's individual benchmark. The calculation accounts for the actual weight and the benchmark return. The benchmarks used for the underlying managers include both the MSCI FSB All Country World ex-Sudan ex-Iran Net Index and MSCI FSB All Country World ex-Sudan ex-Iran Net Investable Market Index (IMI).

Total Fixed Income

Performance Benchmark - The Barclays Capital U.S. Intermediate Aggregate Index. Prior to October 1, 2013, it was the Barclays U.S. Aggregate Bond Index. Prior to June 1, 2007, it was the Fixed Income Management Aggregate (FIMA). Prior to July 1, 1999, the benchmark was the Florida High Yield Extended Duration Index. Prior to July 31, 1997, the benchmark was the Florida Extended Duration Index. Prior to July 1, 1989, the Salomon Brothers Broad Investment-Grade Bond Index was the benchmark. For calendar year 1985, the performance benchmark was 70% Shearson Lehman Extended Duration and 30% Salomon Brothers Mortgage Index.

Total Private Equity

Performance Benchmark - The MSCI All Country World Investable Market Index (ACWI IMI), adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2014, the benchmark was the domestic equities target index return (Russell 3000 Index) plus a fixed premium return of 300 basis points per annum. Prior to July 1, 2010, it was the domestic equities target index return plus a fixed premium return of 450 basis points per annum. Prior to November 1, 1999, Private Equities was part of the Domestic Equities asset class and its benchmark was the domestic equities target index return plus 750 basis points.

Total Real Estate

Performance Benchmark - The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index- Open-ended Diversified Core Equity, net of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10%. Prior to July 1, 2014, the benchmark was a combination of 90% NCREIF ODCE Index, net of fees, and 10% FTSE EPRA/NAREIT Developed Index, net of fees. Prior to July 1, 2010, it was a combination of 90% NCREIF ODCE Index, gross of fees, and 10% Dow Jones U.S. Select RESI. Prior to June 1, 2007, it was the Consumer Price Index plus 450 basis points annually. Prior to July 1, 2003, the benchmark was the Dow Jones U.S. Select Real Estate Securities Index Un-Levered. Prior to November 1, 1999, the benchmark was the Russell-NCREIF Property Index.

Total Strategic Investments

Performance Benchmark - Long-term, 5% plus the contemporaneous rate of inflation or CPI. Short-term, a weighted aggregation of individual portfolio level benchmarks.

Total Cash

Performance Benchmark - The iMoneyNet First Tier Institutional Money Market Funds Net Index. Prior to July 1, 2010, it was the iMoneyNet First Tier Institutional Money Market Funds Gross Index. Prior to June 1, 2007, it was the return of the Merrill Lynch 90-Day (Auction Average) Treasury Bill Yield Index.

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, disposure 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 77 total fund portfolio returns, net of fees, of public defined benefit plans calculated and provided by BNY Mellon Performance & Risk Analytics and Investment Metrics. Aggregate assets in the universe comprised $1.2 trillion as of quarter-end and the average market value was $15.4 billion.

Domestic Equity - A universe comprised of 67 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 $278.6 billion as of quarter-end and the average market value was $3.7 billion.

Foreign Equity - A universe comprised of 65 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 $215.8 billion as of quarter-end and the average market value was $2.8 billion.

Fixed Income - A universe comprised of 58 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 $274.4 billion as of quarter-end and the average market value was $3.6 billion.

Real Estate - A universe comprised of 46 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 $76.8 billion as of quarter-end and the average market value was $997.0 million.

Private Equity - An appropriate universe for private equity is unavailable.

Strategic Investments - An appropriate universe for strategic investments is unavailable.

Appendix

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

Notes and Disclaimers

Disclaimers:

- Please review this report and notify Aon Hewitt Investment Consulting (AHIC) with any issues or questions you may have with respect to investment performance or any other matter set forth herein.
- The client portfolio market value data presented in this report have been obtained from the custodian. AHIC believes the information to be accurate but has not conducted any type of additional audits to ensure the information's accuracy and cannot warrant its accuracy or completeness.
- The mutual fund information found in this report is provided by Lipper Inc. and AHIC cannot warrant its accuracy or timeliness.
- Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

Notes:

- The rates of return contained in this report are shown on a net-of-fees basis unless otherwise noted. Returns for periods longer than one year are annualized.
- Universe percentiles are based upon an ordering system in which 1 is the best ranking and 100 is the worst ranking.
- Due to rounding throughout the report, percentage totals displayed may not sum up to 100.0%. Additionally, individual fund totals in dollar terms may not sum up to the plan totals.

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FRS Investment Plan | First Quarter 2016

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

Empower Results®

As of March 31, 2016

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
FRS Investment Plan	8,778,390,011	100.0	0.8	0.8	-2.6	4.9	5.3	4.6
Total Plan Aggregate Benchmark			1.2	1.2	-2.2	4.7	5.1	4.2
Retirement Date	3,716,795,331	42.3						
FRS Retirement Income Fund	364,449,091	4.2	2.3 (1)	2.3 (1)	-2.3 (88)	1.7 (99)	3.7 (79)	-
Retirement Income Custom Index			2.4 (1)	2.4 (1)	-1.1 (33)	1.9 (98)	3.6 (80)	-
FRS 2015 Retirement Date Fund	355,077,178	4.0	2.2 (16)	2.2 (16)	-2.4 (90)	2.1 (98)	3.9 (96)	-
2015 Retirement Custom Index			2.3 (15)	2.3 (15)	-1.3 (51)	2.4 (93)	3.8 (96)	-
FRS 2020 Retirement Date Fund	558,325,445	6.4	1.9 (29)	1.9 (29)	-2.5 (71)	3.2 (81)	4.5 (73)	-
2020 Retirement Custom Index			1.9 (28)	1.9 (28)	-1.7 (53)	3.3 (80)	4.4 (79)	-
FRS 2025 Retirement Date Fund	554,877,529	6.3	1.7 (32)	1.7 (32)	-2.4 (62)	4.3 (83)	5.2 (76)	-
2025 Retirement Custom Index			1.6 (40)	1.6 (40)	-2.1 (49)	4.3 (83)	5.1 (92)	-
FRS 2030 Retirement Date Fund	489,830,153	5.6	1.5 (25)	1.5 (25)	-2.4 (39)	5.4 (61)	5.9 (44)	-
2030 Retirement Custom Index			1.4 (35)	1.4 (35)	-2.5 (41)	5.2 (67)	5.7 (46)	-
FRS 2035 Retirement Date Fund	442,482,913	5.0	1.3 (27)	1.3 (27)	-2.9 (39)	6.1 (48)	6.4 (50)	-
2035 Retirement Custom Index			1.1 (36)	1.1 (36)	-3.1 (48)	5.9 (59)	6.2 (53)	-
FRS 2040 Retirement Date Fund	373,709,047	4.3	1.2 (25)	1.2 (25)	-3.1 (31)	6.1 (59)	6.4 (45)	-
2040 Retirement Custom Index			0.9 (29)	0.9 (29)	-3.3 (36)	5.9 (63)	6.2 (47)	-
FRS 2045 Retirement Date Fund	349,442,152	4.0	1.2 (22)	1.2 (22)	-3.1 (27)	6.1 (60)	6.4 (48)	-
2045 Retirement Custom Index			0.9 (36)	0.9 (36)	-3.4 (32)	5.8 (71)	6.2 (58)	-
FRS 2050 Retirement Date Fund	178,258,298	2.0	1.3 (20)	1.3 (20)	-3.1 (27)	6.1 (56)	6.4 (38)	-
2050 Retirement Custom Index			0.9 (33)	0.9 (33)	-3.4 (31)	5.8 (73)	6.2 (46)	-
FRS 2055 Retirement Date Fund	50,343,526	0.6	1.2 (22)	1.2 (22)	-3.1 (22)	6.1 (60)	-	-
2055 Retirement Custom Index			0.9 (30)	0.9 (30)	-3.4 (33)	5.8 (81)	-	-

As of March 31, 2016

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
Cash	981,389,945	11.2	0.1 (1)	0.1 (1)	0.3 (1)	0.2 (1)	0.2 (1)	1.3 (5)
FRS Money Market Fund	981,389,945	11.2	0.1 (1)	0.1 (1)	0.3 (1)	0.2 (1)	0.2 (1)	1.3 (5)
iMoneyNet 1st Tier Institutional Net Index			0.1 (30)	0.1 (30)	0.1 (27)	0.0 (24)	0.1 (23)	1.3 (5)
Real Assets	90,016,377	1.0						
FRS Real Assets Fund	90,016,377	1.0	2.0	2.0	-7.3	-4.2	0.1	-
FRS Custom Real Assets Index			2.8	2.8	-3.0	-3.2	-0.4	-
Fixed Income	686,412,146	7.8	3.0 (1)	3.0 (1)	1.5 (35)	2.2 (8)	3.7 (3)	5.2 (9)
Total Bond Index			2.9 (1)	2.9 (1)	1.3 (52)	2.2 (8)	3.6 (13)	4.8 (14)
FRS U.S. Bond Enhanced Index Fund	241,738,749	2.8	3.0 (54)	3.0 (54)	2.1 (50)	2.6 (32)	3.9 (40)	5.1 (42)
Barclays Aggregate Index			3.0 (54)	3.0 (54)	2.0 (52)	2.5 (33)	3.8 (43)	4.9 (48)
FIAM Intermediate Duration Pool Fund	121,593,997	1.4	2.5 (4)	2.5 (4)	1.9 (6)	2.0 (10)	3.3 (16)	4.5 (22)
Barclays Intermediate Aggregate			2.3 (12)	2.3 (12)	2.2 (1)	2.1 (8)	3.1 (23)	4.5 (20)
FRS Core Plus Fixed Income Fund	323,079,400	3.7	3.2 (19)	3.2 (19)	1.2 (42)	2.5 (39)	4.5 (35)	-
FRS Custom Core-Plus Fixed Income Index			3.1 (25)	3.1 (25)	1.2 (43)	2.8 (19)	4.6 (26)	-
Domestic Equity	2,337,451,829	26.6	0.3 (47)	0.3 (47)	-1.7 (31)	11.0 (33)	10.6 (29)	7.3 (20)
Total U.S. Equities Index			1.2 (31)	1.2 (31)	-1.8 (31)	10.4 (41)	10.3 (34)	6.7 (34)
FRS U.S. Stock Market Index Fund	721,998,538	8.2	1.0 (31)	1.0 (31)	-0.2 (38)	11.2 (38)	11.1 (32)	7.0 (32)
Russell 3000 Index			1.0 (32)	1.0 (32)	-0.3 (40)	11.1 (39)	11.0 (34)	6.9 (34)
FRS U.S. Large Cap Equity Fund	845,063,416	9.6	-2.5 (84)	-2.5 (84)	-2.2 (60)	11.9 (28)	11.2 (33)	-
Russell 1000 Index			1.2 (31)	1.2 (31)	0.5 (30)	11.5 (34)	11.4 (30)	-
FRS U.S. Small/Mid Cap Equity Fund	770,389,874	8.8	1.5 (41)	1.5 (41)	-4.3 (32)	9.6 (29)	9.8 (23)	-
FRS Custom Small/Mid Cap Index			1.7 (38)	1.7 (38)	-6.5 (48)	5.4 (87)	6.9 (76)	-

As of March 31, 2016

Asset Allocation & Performance

	Allocation		Performance(%)					
	Market Value ($)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	10 Years
International/Global Equity	627,953,354	7.2	-0.3 (50)	-0.3 (50)	-7.0 (37)	3.2 (31)	3.0 (29)	3.3 (31)
Total Foreign and Global Equities Index			-0.2 (49)	-0.2 (49)	-7.6 (42)	2.2 (43)	2.2 (38)	2.1 (50)
FRS Foreign Stock Index Fund	231,942,503	2.6	0.4 (44)	0.4 (44)	-7.9 (44)	2.0 (44)	2.0 (41)	2.1 (50)
MSCI All Country World ex-U.S. IMI Index			-0.2 (50)	-0.2 (50)	-8.1 (46)	1.8 (48)	1.7 (45)	1.8 (59)
American Funds New Perspective Fund	238,539,342	2.7	-2.4 (77)	-2.4 (77)	-1.5 (24)	8.5 (20)	7.9 (17)	6.9 (16)
MSCI All Country World Index Net			0.2 (50)	0.2 (50)	-4.3 (44)	5.5 (58)	5.6 (49)	3.8 (55)
American Funds Euro-Pacific Growth Fund	157,471,510	1.8	-2.3 (49)	-2.3 (49)	-8.3 (29)	3.6 (3)	2.8 (5)	3.9 (3)
MSCI All Country World ex-U.S. Index			-0.3 (21)	-0.3 (21)	-8.8 (37)	0.8 (62)	0.8 (75)	1.6 (54)
FRS Self-Dir Brokerage Acct	338,371,029	3.9						

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, 2016

Asset Allocation & Performance

	Performance(%)								
	2015	2014	2013	2012	2011	2010	2009	2008	2007
FRS Investment Plan	-0.9	4.9	15.2	10.5	0.7	10.6	18.4	-23.2	7.8
Total Plan Aggregate Benchmark	-1.3	4.9	14.6	9.7	0.9	10.2	16.8	-23.4	6.1
Retirement Date									
FRS Retirement Income Fund	-2.6 (100)	4.4 (87)	3.5 (96)	10.7 (56)	3.4 (9)	11.5 (52)	20.0 (82)	-	-
Retirement Income Custom Index	-1.8 (100)	3.6 (92)	3.4 (96)	8.5 (74)	5.0 (1)	9.9 (80)	19.1 (84)	-	-
FRS 2015 Retirement Date Fund	-2.5 (98)	4.4 (72)	5.5 (86)	11.3 (46)	2.1 (19)	11.5 (60)	21.8 (70)	-	-
2015 Retirement Custom Index	-1.8 (90)	3.7 (90)	5.7 (86)	9.6 (88)	3.2 (1)	10.4 (86)	22.2 (67)	-	-
FRS 2020 Retirement Date Fund	-2.1 (91)	4.4 (77)	9.6 (75)	12.4 (37)	0.6 (37)	12.2 (62)	24.5 (57)	-	-
2020 Retirement Custom Index	-1.6 (81)	3.9 (88)	9.7 (75)	11.0 (75)	1.5 (20)	11.2 (87)	24.2 (60)	-	-
FRS 2025 Retirement Date Fund	-1.7 (80)	4.5 (86)	13.7 (74)	13.5 (43)	-0.7 (35)	12.5 (88)	26.4 (64)	-	-
2025 Retirement Custom Index	-1.5 (75)	4.2 (91)	13.8 (74)	12.4 (73)	-0.3 (26)	11.8 (93)	26.3 (65)	-	-
FRS 2030 Retirement Date Fund	-1.3 (61)	4.5 (83)	18.1 (55)	14.6 (33)	-2.1 (48)	13.0 (86)	29.0 (46)	-	-
2030 Retirement Custom Index	-1.5 (64)	4.4 (84)	18.2 (54)	13.8 (52)	-2.0 (47)	12.5 (92)	29.2 (45)	-	-
FRS 2035 Retirement Date Fund	-1.4 (46)	4.4 (84)	22.0 (38)	15.8 (23)	-3.0 (46)	13.7 (80)	29.8 (58)	-	-
2035 Retirement Custom Index	-1.7 (63)	4.3 (85)	22.0 (38)	15.2 (46)	-3.1 (47)	13.3 (89)	30.1 (57)	-	-
FRS 2040 Retirement Date Fund	-1.4 (52)	4.4 (83)	22.3 (48)	15.8 (36)	-3.0 (38)	13.7 (79)	29.8 (54)	-	-
2040 Retirement Custom Index	-1.7 (66)	4.3 (84)	22.4 (48)	15.2 (50)	-3.1 (38)	13.3 (85)	30.1 (53)	-	-
FRS 2045 Retirement Date Fund	-1.5 (48)	4.4 (82)	22.3 (60)	15.8 (38)	-3.0 (26)	13.7 (86)	29.8 (65)	-	-
2045 Retirement Custom Index	-1.7 (59)	4.3 (83)	22.4 (60)	15.2 (68)	-3.1 (26)	13.3 (89)	30.1 (63)	-	-
FRS 2050 Retirement Date Fund	-1.5 (55)	4.4 (82)	22.3 (53)	15.8 (36)	-3.0 (20)	13.7 (84)	29.8 (73)	-	-
2050 Retirement Custom Index	-1.7 (62)	4.3 (82)	22.4 (53)	15.2 (58)	-3.1 (20)	13.3 (87)	30.1 (70)	-	-
FRS 2055 Retirement Date Fund	-1.4 (54)	4.4 (80)	22.3 (73)	15.8 (45)	-	-	-	-	-
2055 Retirement Custom Index	-1.7 (68)	4.3 (80)	22.4 (72)	15.2 (75)	-	-	-	-	-

As of March 31, 2016

Asset Allocation & Performance

	Performance(%) 2015	2014	2013	2012	2011	2010	2009	2008	2007
Cash	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)	5.4 (1)
FRS Money Market Fund	0.2 (4)	0.1 (1)	0.2 (1)	0.3 (1)	0.2 (1)	0.3 (2)	0.3 (34)	2.4 (41)	5.4 (1)
iMoneyNet 1st Tier Institutional Net Index	0.0 (26)	0.0 (23)	0.0 (23)	0.1 (23)	0.1 (23)	0.2 (7)	0.7 (3)	3.0 (5)	5.4 (1)
Real Assets									
FRS Real Assets Fund	-7.9	3.2	-9.1	9.1	7.4	11.7	16.0	-	-
FRS Custom Real Assets Index	-5.0	1.8	-8.9	6.6	4.6	13.0	17.2	-	-
Fixed Income	0.3 (77)	4.7 (3)	-1.1 (86)	6.0 (41)	6.7 (1)	7.6 (32)	11.7 (60)	1.4 (47)	6.9 (14)
Total Bond Index	0.1 (85)	4.9 (2)	-1.2 (88)	4.8 (66)	7.4 (1)	7.0 (39)	8.9 (82)	1.9 (45)	6.5 (22)
FRS U.S. Bond Enhanced Index Fund	0.7 (33)	6.2 (35)	-2.0 (16)	4.4 (14)	7.9 (67)	6.7 (48)	6.5 (6)	5.9 (87)	7.2 (64)
Barclays Aggregate Index	0.5 (43)	6.0 (36)	-2.0 (17)	4.2 (15)	7.8 (67)	6.5 (49)	5.9 (7)	5.2 (89)	7.0 (67)
FIAM Intermediate Duration Pool Fund	0.9 (33)	3.4 (22)	-0.5 (63)	4.9 (63)	5.9 (12)	7.0 (38)	11.9 (59)	-1.7 (52)	6.0 (35)
Barclays Intermediate Aggregate	1.2 (19)	4.1 (6)	-1.0 (84)	3.6 (83)	6.0 (11)	6.1 (53)	6.5 (90)	4.9 (7)	7.0 (13)
FRS Core Plus Fixed Income Fund	0.1 (47)	4.6 (88)	0.8 (20)	11.1 (15)	4.6 (89)	10.1 (28)	21.6 (20)	-	-
FRS Custom Core-Plus Fixed Income Index	0.2 (42)	5.1 (79)	0.8 (19)	7.8 (51)	7.6 (32)	9.1 (42)	18.7 (32)	-	-
Domestic Equity	0.7 (34)	11.5 (42)	35.2 (44)	16.9 (33)	0.3 (36)	20.4 (25)	30.9 (53)	-36.5 (32)	5.2 (59)
Total U.S. Equities Index	-0.5 (45)	11.1 (46)	34.0 (54)	16.5 (36)	-0.1 (38)	19.3 (31)	28.4 (65)	-36.5 (32)	3.3 (70)
FRS U.S. Stock Market Index Fund	0.6 (49)	12.6 (34)	33.6 (41)	16.5 (39)	1.0 (40)	17.1 (16)	28.6 (50)	-37.2 (51)	5.2 (65)
Russell 3000 Index	0.5 (49)	12.6 (35)	33.6 (41)	16.4 (40)	1.0 (40)	16.9 (18)	28.3 (51)	-37.3 (53)	5.1 (66)
FRS U.S. Large Cap Equity Fund	2.7 (30)	12.8 (42)	36.4 (22)	17.2 (24)	1.2 (45)	17.8 (19)	30.5 (36)	-	-
Russell 1000 Index	0.9 (43)	13.2 (33)	33.1 (47)	16.4 (32)	1.5 (41)	16.1 (31)	28.4 (43)	-	-
FRS U.S. Small/Mid Cap Equity Fund	-1.1 (37)	8.6 (29)	37.1 (44)	18.7 (26)	-0.9 (37)	29.6 (25)	37.0 (42)	-	-
FRS Custom Small/Mid Cap Index	-4.2 (71)	7.7 (35)	22.0 (98)	15.3 (52)	1.1 (21)	21.3 (86)	26.4 (86)	-	-

As of March 31, 2016

Asset Allocation & Performance

	Performance(%) 2015	2014	2013	2012	2011	2010	2009	2008	2007
International/Global Equity	-2.6 (48)	-3.2 (42)	21.6 (33)	18.6 (53)	-11.3 (23)	10.1 (73)	34.8 (63)	-40.9 (19)	15.0 (47)
Total Foreign and Global Equities Index	-4.4 (55)	-3.0 (40)	20.6 (39)	16.6 (72)	-11.3 (22)	10.1 (73)	32.4 (69)	-42.8 (30)	11.3 (65)
FRS Foreign Stock Index Fund	-4.4 (55)	-4.5 (54)	20.5 (39)	17.6 (63)	-11.8 (27)	9.2 (77)	32.3 (70)	-42.5 (28)	12.7 (57)
MSCI All Country World ex-U.S. IMI Index	-4.6 (56)	-4.2 (50)	21.0 (36)	16.4 (72)	-12.2 (30)	8.9 (78)	33.7 (67)	-43.6 (35)	12.4 (59)
American Funds New Perspective Fund	5.6 (12)	3.7 (42)	27.1 (41)	21.0 (15)	-7.4 (45)	13.0 (55)	37.7 (44)	-37.7 (30)	16.3 (34)
MSCI All Country World Index Net	-2.4 (54)	4.2 (38)	22.8 (61)	16.3 (39)	-5.5 (34)	11.8 (60)	30.0 (65)	-40.7 (43)	9.0 (56)
American Funds Euro-Pacific Growth Fund	-0.5 (17)	-2.3 (8)	20.6 (43)	19.6 (25)	-13.3 (65)	9.8 (33)	39.6 (11)	-40.3 (16)	19.3 (5)
MSCI All Country World ex-U.S. Index	-5.3 (81)	-3.4 (11)	15.8 (71)	17.4 (56)	-13.3 (66)	11.6 (13)	32.5 (37)	-43.1 (70)	11.6 (59)
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, 2016**

Asset Allocation

Asset Allocation as of 3/31/2016	U.S. Equity	Non-U.S. Equity	U.S. Fixed Income	Real Assets	Cash	Brokerage	Total	% of Total
FRS Retirement Income Fund	57,947,405	52,116,220	131,201,673	123,183,793			364,449,091	4.2%
FRS 2015 Retirement Date Fund	68,529,895	59,652,966	118,950,855	107,943,462			355,077,178	4.0%
FRS 2020 Retirement Date Fund	143,489,639	126,739,876	176,430,841	111,665,089			558,325,445	6.4%
FRS 2025 Retirement Date Fund	174,231,544	153,701,075	158,140,096	68,804,814			554,877,529	6.3%
FRS 2030 Retirement Date Fund	178,298,176	155,765,989	120,008,387	35,757,601			489,830,153	5.6%
FRS 2035 Retirement Date Fund	177,878,131	157,081,434	88,939,065	18,584,282			442,482,913	5.0%
FRS 2040 Retirement Date Fund	162,563,435	144,625,401	58,672,320	7,847,890			373,709,047	4.3%
FRS 2045 Retirement Date Fund	159,345,621	140,475,745	41,234,174	8,386,612			349,442,152	4.0%
FRS 2050 Retirement Date Fund	81,285,784	71,659,836	21,034,479	4,278,199			178,258,298	2.0%
FRS 2055 Retirement Date Fund	22,956,648	20,238,097	5,940,536	1,208,245			50,343,526	0.6%
Total Retirement Date Funds	**$ 1,226,526,279**	**$ 1,082,056,639**	**$ 920,552,426**	**$ 487,659,986**	**$ -**	**$ -**	**$ 3,716,795,331**	**42.3%**
FRS Money Market Fund					981,389,945		981,389,945	11.2%
Total Cash	**$ -**	**$ -**	**$ -**	**$ -**	**$ 981,389,945**	**$ -**	**$ 981,389,945**	**11.2%**
FRS Real Assets Fund				90,016,377	-		90,016,377	1.0%
Total Real Assets	**$ -**	**$ -**	**$ -**	**$ 90,016,377**	**$ -**	**$ -**	**$ 90,016,377**	**1.0%**
FRS U.S. Bond Enhanced Index Fund			241,738,749				241,738,749	2.8%
FIAM Intermediate Duration Pool Fund			121,593,997				121,593,997	1.4%
FRS Core Plus Fixed Income Fund			323,079,400				323,079,400	3.7%
Total Fixed Income	**$ -**	**$ -**	**$ 686,412,146**	**$ -**	**$ -**	**$ -**	**$ 686,412,146**	**7.8%**
FRS U.S. Stock Market Index Fund	721,998,538						721,998,538	8.2%
FRS U.S. Large Cap Equity Fund	845,063,416						845,063,416	9.6%
FRS U.S. Small/Mid Cap Equity Fund	770,389,874						770,389,874	8.8%
Total Domestic Equity	**$ 2,337,451,829**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,337,451,829**	**26.6%**
FRS Foreign Stock Index Fund		231,942,503					231,942,503	2.6%
American Funds New Perspective Fund		238,539,342					238,539,342	2.7%
American Funds Euro-Pacific Growth Fund		157,471,510					157,471,510	1.8%
Total International/Global Equity	**$ -**	**$ 627,953,354**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 627,953,354**	**7.2%**
FRS Self-Dir Brokerage Acct						338,371,029	338,371,029	3.9%
Total Self-Dir Brokerage Acct						**$ 338,371,029**	**$ 338,371,029**	**3.9%**
Total Portfolio	**$ 3,563,978,108**	**$ 1,710,009,994**	**$ 1,606,964,572**	**$ 577,676,363**	**$ 981,389,945**	**$ 338,371,029**	**$ 8,778,390,011**	**100.0%**
Percent of Total	**40.60%**	**19.48%**	**18.31%**	**6.58%**	**11.18%**	**3.85%**	**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, 2016

Multi Timeperiod Statistics

	3 Years Return	3 Years Standard Deviation	3 Years Sharpe Ratio	3 Years Tracking Error	3 Years Information Ratio	3 Years Up Market Capture	3 Years Down Market Capture
FRS Investment Plan	4.89	7.75	0.65	0.44	0.50	100.80	98.59
FRS Retirement Income Fund	1.66	5.74	0.30	1.57	-0.13	108.56	114.59
FRS 2015 Retirement Date Fund	2.13	6.11	0.36	1.33	-0.17	105.69	111.33
FRS 2020 Retirement Date Fund	3.22	6.94	0.48	0.97	-0.09	103.92	106.85
FRS 2025 Retirement Date Fund	4.29	7.75	0.57	0.65	0.07	100.97	100.93
FRS 2030 Retirement Date Fund	5.37	8.67	0.64	0.44	0.31	100.56	99.41
FRS 2035 Retirement Date Fund	6.07	9.78	0.64	0.46	0.43	100.68	99.17
FRS 2040 Retirement Date Fund	6.11	10.11	0.63	0.51	0.43	100.43	98.65
FRS 2045 Retirement Date Fund	6.11	10.19	0.63	0.62	0.43	100.06	97.76
FRS 2050 Retirement Date Fund	6.11	10.20	0.63	0.60	0.44	100.13	97.86
FRS 2055 Retirement Date Fund	6.11	10.20	0.63	0.60	0.44	100.13	97.86
FRS Money Market Fund	0.22	0.03	5.43	0.02	9.95	450.00	N/A
FRS Real Assets Fund	-4.21	7.26	-0.57	2.01	-0.49	117.21	121.77
FRS U.S. Bond Enhanced Index Fund	2.62	3.04	0.84	0.11	1.02	102.22	100.34
FIAM Intermediate Duration Pool Fund	1.97	2.33	0.82	0.63	-0.25	100.49	108.16
FRS Core Plus Fixed Income Fund	2.50	3.52	0.70	0.71	-0.39	106.61	121.34
FRS U.S. Stock Market Index Fund	11.23	11.56	0.97	0.04	1.76	100.22	99.75
FRS U.S. Large Cap Equity Fund	11.91	12.65	0.95	2.97	0.17	105.55	106.91
FRS U.S. Small/Mid Cap Equity Fund	9.61	13.39	0.75	2.63	1.53	116.23	96.16
FRS Foreign Stock Index Fund	2.04	13.39	0.21	1.46	0.17	99.17	97.60
American Funds New Perspective Fund	8.50	11.90	0.74	2.92	0.95	102.24	83.03
American Funds Euro-Pacific Growth Fund	3.63	12.03	0.35	3.99	0.65	91.94	76.36

The returns for the Retirement Date Funds, Real Assets Fund, Core Plus Fixed Income Fund, U.S. Large Cap Equity Fund, and U.S. Small/Mid Cap Equity Fund use prehire data for all months prior to 7/1/2014, actual live data is used thereafter.

As of March 31, 2016

Multi Timeperiod Statistics

	5 Years Return	5 Years Standard Deviation	5 Years Sharpe Ratio	5 Years Tracking Error	5 Years Information Ratio	5 Years Up Market Capture	5 Years Down Market Capture
FRS Investment Plan	5.33	7.72	0.70	0.45	0.43	101.41	99.91
FRS Retirement Income Fund	3.68	6.01	0.62	2.71	0.07	113.88	120.43
FRS 2015 Retirement Date Fund	3.86	6.57	0.60	2.02	0.06	108.48	112.16
FRS 2020 Retirement Date Fund	4.52	7.63	0.61	1.39	0.09	107.24	110.05
FRS 2025 Retirement Date Fund	5.20	8.68	0.62	0.77	0.21	102.77	102.56
FRS 2030 Retirement Date Fund	5.85	9.89	0.62	0.54	0.30	100.37	99.01
FRS 2035 Retirement Date Fund	6.41	11.13	0.61	0.60	0.28	99.98	98.52
FRS 2040 Retirement Date Fund	6.43	11.31	0.60	0.63	0.29	99.85	98.25
FRS 2045 Retirement Date Fund	6.44	11.34	0.60	0.68	0.31	99.65	97.77
FRS 2050 Retirement Date Fund	6.43	11.35	0.60	0.67	0.31	99.69	97.82
FRS 2055 Retirement Date Fund	N/A	N/A	N/A	N/A	N/A	N/A	N/A
FRS Money Market Fund	0.23	0.02	5.79	0.01	12.52	452.96	N/A
FRS Real Assets Fund	0.07	7.11	0.03	2.28	0.22	104.33	99.14
FRS U.S. Bond Enhanced Index Fund	3.92	2.79	1.36	0.14	1.04	102.00	98.99
FIAM Intermediate Duration Pool Fund	3.32	2.22	1.45	0.61	0.35	110.03	116.57
FRS Core Plus Fixed Income Fund	4.45	3.66	1.19	1.37	-0.07	112.65	142.12
FRS U.S. Stock Market Index Fund	11.09	12.68	0.89	0.05	1.33	100.19	99.80
FRS U.S. Large Cap Equity Fund	11.17	13.70	0.84	2.87	0.00	105.26	110.34
FRS U.S. Small/Mid Cap Equity Fund	9.84	15.61	0.67	4.17	0.74	124.36	115.29
FRS Foreign Stock Index Fund	1.99	14.99	0.20	1.77	0.15	98.13	96.49
American Funds New Perspective Fund	7.87	13.18	0.64	2.68	0.80	102.44	89.26
American Funds Euro-Pacific Growth Fund	2.79	14.49	0.26	3.63	0.50	93.72	83.96

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.

Appendix

Benchmark Descriptions

Retirement Date Benchmarks - A weighted average composite of the underlying components' benchmarks for each fund.

iMoneyNet 1st Tier Institutional Net Index - An index made up of the entire universe of money market mutual funds. The index currently represents over 1,300 funds, or approximately 99 percent of all money fund assets.

FRS Custom Real Assets Index - A monthly weighted composite of underlying indices for each TIPS and Real Assets fund. These indices include Barclays U.S. TIPS Index, MSCI World-AC World Index and the Bloomberg Commodity Index, Total Return Index.

Total Bond Index - A weighted average composite of the underlying benchmarks for each bond fund.

Barclays Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of $250 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Intermediate Aggregate Bond Index - A market value-weighted index consisting of U.S. Treasury securities, corporate bonds and mortgage-related and asset-backed securities with one to ten years to maturity and an outstanding par value of $250 million or greater.

FRS Custom Core-Plus Fixed Income Index - A monthly rebalanced blend of 80% Barclays U.S. Aggregate Bond Index and 20% Barclays U.S. High Yield Ba/B 1% Issuer Constrained Index.

Total U.S. Equities Index - A weighted average composite of the underlying benchmarks for each domestic equity fund.

Russell 3000 Index - A capitalization-weighted index consisting of the 3,000 largest publicly traded U.S. stocks by capitalization. This index is a broad measure of the performance of the aggregate domestic equity market.

Russell 1000 Index - An index that measures the performance of the largest 1,000 stocks contained in the Russell 3000 Index.

FRS Custom Small/Mid Cap Index - A monthly rebalanced blend of 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.

FIAM Intermediate Duration Pool Fund - A broad intermediate-term fixed income universe calculated and provided by Lipper.

FRS Core Plus Fixed Income Fund - A core plus bond fixed income universe calculated and provided by Lipper.

FRS U.S. Stock Market Index Fund - A large cap blend universe calculated and provided by Lipper.

FRS U.S. Large Cap Equity Fund - A large cap universe calculated and provided by Lipper.

FRS U.S. Small/Mid Cap Equity Fund - A small/mid cap universe calculated and provided by Lipper.

FRS Foreign Stock Index Fund - A foreign blend universe calculated and provided by Lipper.

American Funds New Perspective Fund - A global stock universe calculated and provided by Lipper.

American Funds Euro-Pacific Growth Fund - A foreign large blend universe calculated and provided by Lipper.

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- Due to rounding throughout the report, percentage totals displayed may not sum up to 100.0%. Additionally, individual fund totals in dollar terms may not sum up to the plan totals.

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Lawton Chiles Endowment Fund | First Quarter 2016

Quarterly Investment Review

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Empower Results®

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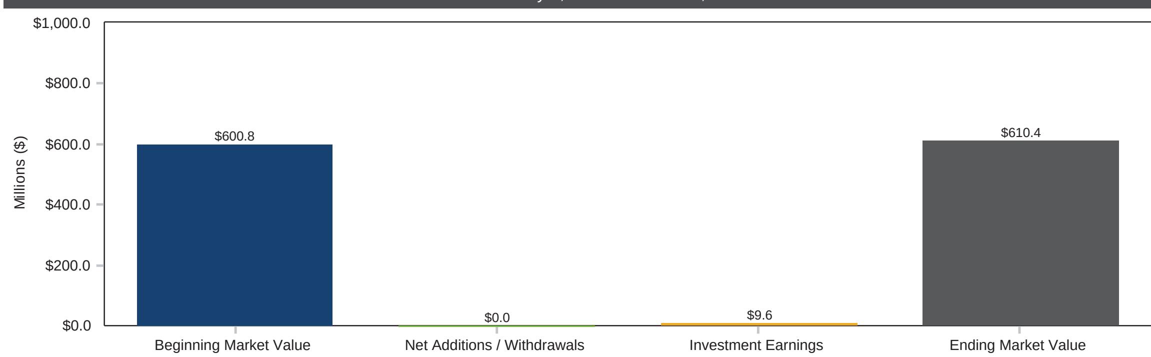
LCEF Total Fund

Total Plan Asset Summary

Change in Market Value
From January 1, 2016 to March 31, 2016



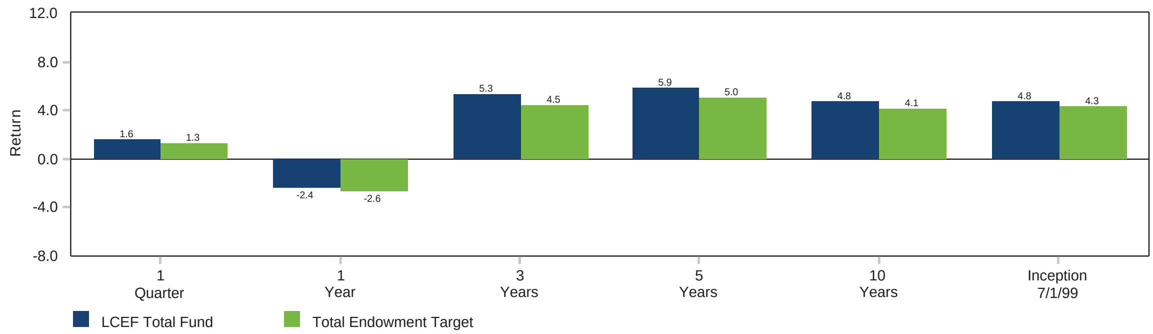
Summary of Cash Flow

	1 Quarter	Fiscal YTD*
LCEF Total Fund		
Beginning Market Value	600,814,931	625,706,661
+ Additions / Withdrawals	-	-
+ Investment Earnings	9,614,920	-15,276,809
= Ending Market Value	610,429,851	610,429,851

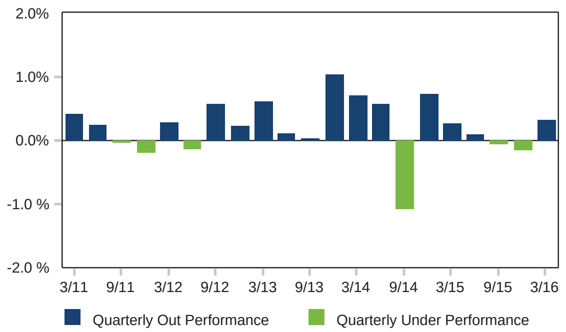
*Period July 2015 - March 2016

Total Plan Performance Summary

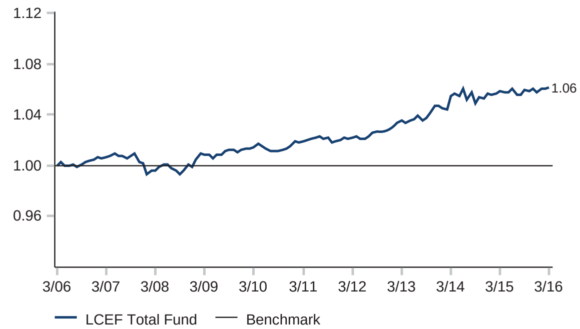
Return Summary



Quarterly Excess Performance



Ratio of Cumulative Wealth - 10 Years



As of March 31, 2016

Asset Allocation & Performance

	Allocation			Performance(%)				
	Market Value ($)	%	Policy(%)	1 Quarter	1 Year	3 Years	5 Years	10 Years
LCEF Total Fund	610,429,851	100.0	100.0	1.6 (9)	-2.4 (51)	5.3 (43)	5.9 (42)	4.8 (49)
Total Endowment Target				1.3 (20)	-2.6 (56)	4.5 (67)	5.0 (68)	4.1 (75)
Global Equity*	438,490,273	71.8	71.0	0.9	-3.9	7.0	8.3	5.6
Global Equity Target				0.3	-4.6	5.7	6.9	4.9
Fixed Income	101,238,962	16.6	17.0	3.1 (27)	2.0 (13)	2.6 (30)	3.9 (47)	5.0 (60)
Barclays Aggregate Index				3.0 (27)	2.0 (15)	2.5 (31)	3.8 (48)	4.9 (61)
TIPS	62,559,757	10.2	11.0	4.5	1.6	-0.7	3.1	4.9
Barclays U.S. TIPS				4.5	1.5	-0.7	3.0	4.6
Cash Equivalents	8,140,860	1.3	1.0	0.1	0.3	0.3	0.4	1.7
S&P US AAA & AA Rated GIP 30D Net Yield Index				0.1	0.1	0.1	0.1	1.2

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, 2016

Calendar Year Performance

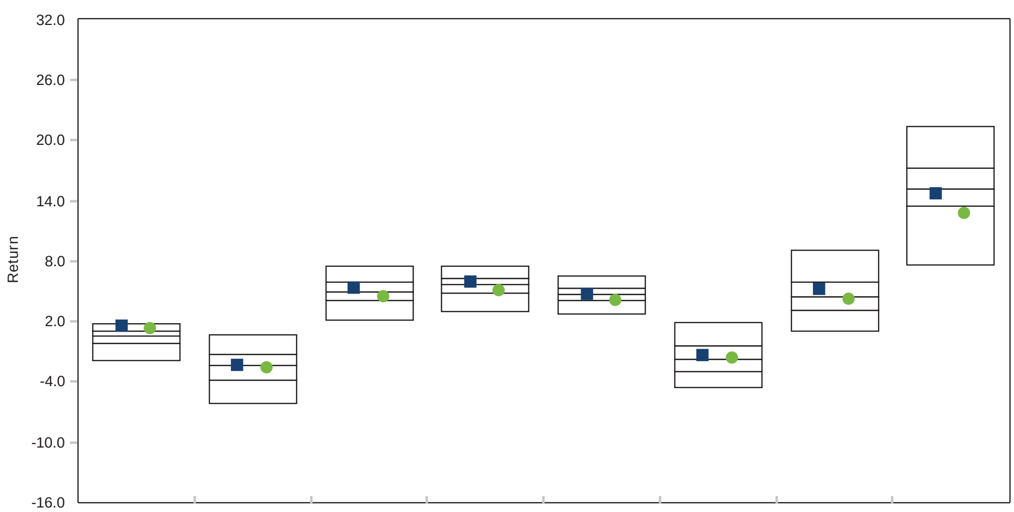
	Performance(%)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
LCEF Total Fund	-1.4 (44)	5.2 (39)	14.7 (54)	13.2 (21)	1.9 (14)	14.0 (13)	21.2 (49)	-29.2 (75)	6.3 (84)	15.0 (18)
Total Endowment Target	-1.6 (47)	4.3 (53)	12.8 (78)	12.2 (47)	1.5 (17)	13.7 (16)	19.6 (60)	-28.9 (73)	6.5 (80)	14.0 (31)
Global Equity*	-1.9	5.3	27.1	20.4	-1.1	17.0	30.8	-39.6	6.8	17.4
Global Equity Target	-2.4	3.9	24.1	19.4	-2.2	16.1	30.5	-39.2	7.2	17.8
Fixed Income	0.6 (33)	6.0 (24)	-1.8 (73)	4.6 (83)	7.6 (37)	7.0 (74)	4.6 (96)	5.8 (5)	7.3 (40)	4.4 (33)
Barclays Aggregate Index	0.5 (34)	6.0 (25)	-2.0 (75)	4.2 (89)	7.8 (35)	6.5 (77)	5.9 (87)	5.2 (15)	7.0 (51)	4.3 (35)
TIPS	-1.2	3.5	-8.7	7.2	13.6	6.1	13.3	-2.0	12.4	0.8
Barclays U.S. TIPS	-1.4	3.6	-8.6	7.0	13.6	6.3	11.4	-2.4	11.6	0.4
Cash Equivalents	0.5	0.2	0.2	1.3	0.1	2.0	2.6	0.5	5.4	5.2
S&P US AAA & AA Rated GIP 30D Net Yield Index	0.1	0.0	0.1	0.1	0.2	0.3	0.7	2.3	4.7	5.1

*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, 2016

Plan Sponsor Peer Group Analysis

All Endowments-Total Fund

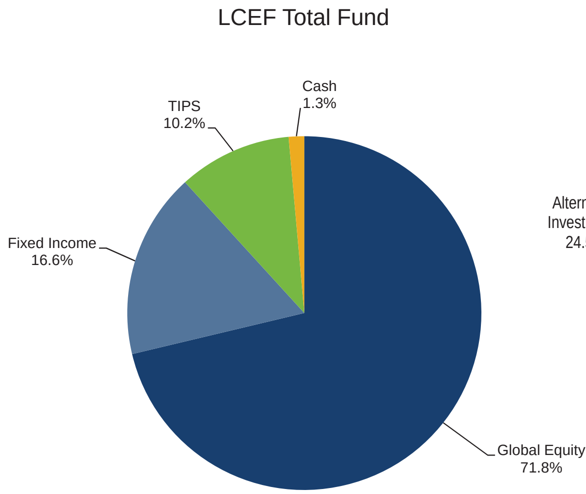


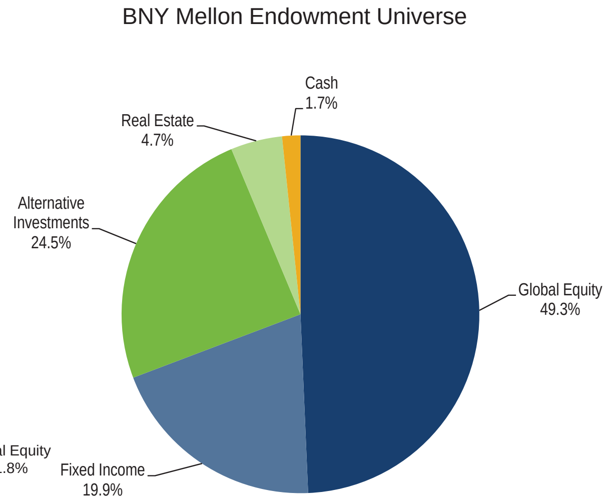
	1 Quarter	1 Year	3 Years	5 Years	10 Years	2015	2014	2013
■ LCEF Total Fund	1.6 (9)	-2.4 (51)	5.3 (43)	5.9 (42)	4.8 (49)	-1.4 (44)	5.2 (39)	14.7 (54)
● Total Endowment Target	1.3 (20)	-2.6 (56)	4.5 (67)	5.0 (68)	4.1 (75)	-1.6 (47)	4.3 (53)	12.8 (78)
5th Percentile	1.8	0.7	7.5	7.5	6.5	2.0	9.1	21.3
1st Quartile	1.1	-1.3	6.0	6.3	5.3	-0.3	5.9	17.2
Median	0.6	-2.4	5.0	5.6	4.7	-1.7	4.4	15.1
3rd Quartile	-0.2	-3.9	4.0	4.8	4.1	-3.0	3.1	13.4
95th Percentile	-1.8	-6.1	2.2	3.0	2.8	-4.6	1.1	7.7
Population	164	158	148	136	103	313	301	296

Parentheses contain percentile rankings.

LCEF Total Fund **As of March 31, 2016**

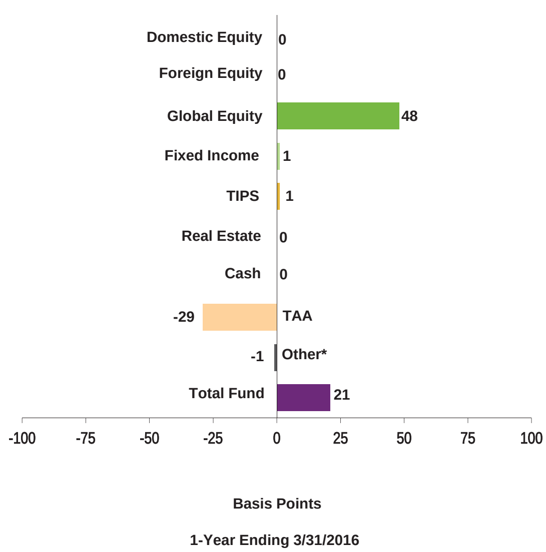
Universe Asset Allocation Comparison

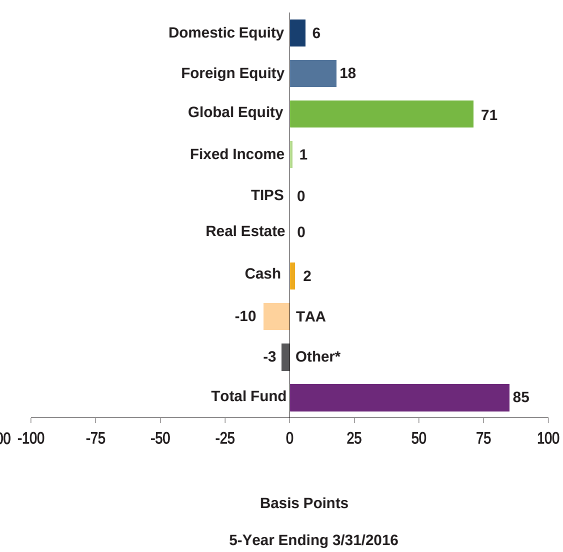




LCEF Total Fund **As of March 31, 2016**

Attribution





*Other includes differences between official performance value added due to methodology and extraordinary payouts.

Appendix

As of March 31, 2016

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.

Universe Descriptions

LCEF Total Fund
A universe comprised of 146 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 $401.2 billion as of quarter-end and the average market value was $1.1 billion.

Total Fixed Income
A universe comprised of 49 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 $30.2 billion as of quarter-end and the average market value was $87.6 million.

Explanation of Exhibits

Quarterly and Cumulative Excess Performance - The vertical axis, excess return, is a measure of fund performance less the return of the primary benchmark. The horizontal axis represents the time series. The quarterly bars represent the underlying funds' relative performance for the quarter.

Ratio of Cumulative Wealth Graph - An illustration of a portfolio's cumulative, un-annualized performance relative to that of its benchmark. An upward-sloping line indicates superior fund performance versus its benchmark. Conversely, a downward-sloping line indicates underperformance by the fund. A flat line is indicative of benchmark-like performance.

Performance Comparison - Plan Sponsor Peer Group Analysis - An illustration of the distribution of returns for a particular asset class. The component's return is indicated by the circle and its performance benchmark by the triangle. The top and bottom borders represent the 5th and 95th percentiles, respectively. The solid line indicates the median while the dotted lines represent the 25th and 75th percentiles.

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