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# eNOTICE

An INVESTMENT SERVICE for FLORIDA PUBLIC FUNDS

April 9, 2013

## NOTE ON RECENT FUND B ASSET SALES AND FUTURE FUND B RESOLUTION

The investment objective of Fund B continues to be to maximize the present value of distributions to participants, in an effort to return originally deposited principal. The SBA recently divested a portion of the portfolio and was able to secure in excess of \$61.5 million, which was applied to the outstanding principal balances of Fund B participants, bringing the proportion of original principal returned to more than 91 percent.

For more information, Fund B investors can review a copy of the recent presentation to the Participant Local Government Advisory Council (PLGAC) on March 27<sup>th</sup>. A copy of the presentation is available [here](#). Page 37 of the presentation describes how the estimated current market value of Fund B holdings exceeds the outstanding participant balances remaining in the fund. However, there is the potential that, if sold, the remaining securities may not draw current estimated values, resulting in participants receiving less than their remaining principal balances.

The SBA and Fund B's external investment manager, Apollo Capital Management, expect disciplined asset sales to continue. Any future sales will be governed by market conditions and the relative pricing of specific collateral assets at the time of divestiture.

Another issue discussed at the PLGAC meeting was regarding the final disposition of any assets remaining in Fund B after participant balances have been paid down to \$0. The final decision regarding any remaining funds has not been determined, however, pursuant to Section 218.421(2)(e), Florida Statutes, the SBA Board of Trustees, at their sole discretion, may direct that any reserve assets remaining in Fund B be transferred back to the trust fund (Florida PRIME) from which the assets were originally separated.

As well, the most recent Fund B Operational Audit, covering the 2011/12 fiscal year, recommended that the SBA seek participant input of their desired course of action. All Fund B participants will receive the SBA survey later this month seeking to gauge the liquidity preferences among investors. Once completed, all Fund B participants will be provided the survey results and the SBA will work with the fund manager to implement the most prudent strategy.

LEARN MORE ABOUT FLORIDA PRIME AT <https://www.sbafia.com/PRIME>

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.



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