

**MEETING OF THE STATE BOARD OF ADMINISTRATION**

**GOVERNOR CRIST AS CHAIRMAN  
CHIEF FINANCIAL OFFICER SINK AS TREASURER  
ATTORNEY GENERAL MCCOLLUM AS SECRETARY**

**JUNE 8, 2010**

To View Agenda Items, Click on the Following Link:  
[www.sbafla.com](http://www.sbafla.com)

**I. REQUEST APPROVAL OF MINUTES OF THE APRIL 13, 2010 MEETING.**

(See Attachment 1)

**ACTION REQUIRED**

**II. EXECUTIVE DIRECTOR/CIO UPDATE**

**III. INVESTMENT PERFORMANCE REPORTS**

- a. Florida Retirement System Pension Plan (DB)
- b. Florida Retirement System Investment Plan (DC)
- c. Florida PRIME (Local Government Surplus Funds Trust Fund) and Fund B
- d. Florida Hurricane Catastrophe Fund (FHCF)

(See Attachments 3-A, 3-B, 3-C, & 3-D)

**IV. STANDING REPORTS**

- a. Audit Committee – Bill Sweeney
- b. Participant Local Government Advisory Council – Patsy Heffner
- c. Investment Advisory Council – John Hill
- d. General Counsel – Maureen Hazen
- e. Inspector General – Bruce Meeks
- f. Corporate Governance – Mike McCauley
- g. Risk Management & Compliance – Eric Nelson
- h. Florida Hurricane Catastrophe Fund (FHCF) – Ash Williams & Anne Bert

(See Attachments 4-A, 4-B, 4-D, 4-E, 4-F, 4-G, & 4-H)

**V. MAJOR PROJECTS**

- a. Florida Growth Fund – Mario Giannini, Hamilton Lane
- b. Florida Retirement System Pension Plan (DB) Asset Liability and Asset Allocation Review – Rowland Davis, Mike Sebastian, Kristen Doyle, EnnisKnupp + Associates
- c. Florida Retirement System Pension Plan (DB) Business Plan Review – Ash Williams, SBA

(See Attachments 5-A, 5-B, & 5-C)

**VI. REQUEST APPROVAL OF CHANGES TO THE INVESTMENT POLICY STATEMENT FOR THE FLORIDA RETIREMENT SYSTEM PENSION PLAN (i.e., FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT (DB) PLAN), AS REQUIRED UNDER s. 215.475(2), F.S.**

Every three to five years, the State Board of Administration (SBA) staff and SBA investment consultants perform an in-depth analysis of the DB Plan's assets and liabilities or formal asset liability study. The purpose of the asset liability study is to reassess the DB Plan's investment policy in light of the latest actuarial study and capital market expectations. The Investment Policy Statement, required pursuant to s. 215.475, F.S., is the principal vehicle through which the Trustees establish an investment objective(s), asset allocation and address associated policy issues for the DB Plan. Prior to any recommended changes in the Investment Policy Statement being presented to the Trustees, the Executive Director of the Board must present such changes to the Investment Advisory Council for review. Results of the council's review must be presented to the Trustees before final approval of changes to the Investment Policy Statement. The last major investment policy/asset allocation revision for the DB Plan was approved by the Trustees on May 15, 2007.

(See Attachments for DRAFT versions of the FRS DB Plan Investment Policy Statement prior to Investment Advisory Council review. The draft versions of the Investment Policy Statement will be presented to the Investment Advisory Council for review on June 7, 2010. FINAL versions of the FRS DB Plan Investment Policy Statement for Trustees' review and approval will be provided at a later date.)

(See Attachments 6-A and 6-B)

**ACTION REQUIRED**

**VII. REQUEST APPROVAL FOR CERTIFICATION TO THE JOINT LEGISLATIVE AUDITING COMMITTEE THAT THE ITEM NOTED IN THE RECENT AUDITOR GENERAL'S ANNUAL FINANCIAL AUDIT (REPORT NO. 2010-127) OF THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS "FLORIDA PRIME") HAS BEEN ADDRESSED BY A CORRECTIVE ACTION PLAN.**

(See Attachments 7-A and 7-B)

**ACTION REQUIRED**

**VIII. 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 INVESTMENT POOL (NOW KNOWN AS "FLORIDA PRIME"), AS REQUIRED UNDER s. 218.405 (3), F.S.**

Lewis, Longman & Walker, P.A. independently performed the statutory compliance review and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 7, 2010.

Ennis, Knupp + Associates independently performed a comprehensive review of the various aspects of the Local Government Investment Pool to determine whether the management and operations are in line with best practices and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 7, 2010.

(See Attachments 8-A, 8-B, & 8-C)

**ACTION REQUIRED**

**IX. REQUEST PERMISSION TO FILE FOR NOTICE THE FOLLOWING AMENDED RULES. RULES 19-7.001 THROUGH 19-7.017 F.A.C. ARE DEVELOPED FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS “FLORIDA PRIME”), PURSUANT TO s. 218.409, F.S.**

**Rule 19-7.010 (Pooled Investment Accounts)**

Amended to provide correct reference to the Local Government Surplus Funds Trust Fund.

**Rule 19-7.011 (Rate of Return Calculation)**

Amended to provide that the rate of return calculation for the Local Government Surplus Funds Trust Fund will be calculated in accordance with the yield methodology set forth by the Securities and Exchange (SEC) Rule 2a-7 (17 CFR §270.2a-7) under the Investment Company Act of 1940 for money market funds; and to indicate how a copy of the SEC Rule can be obtained.

**Rule 19-7.012 (Pool Participation)**

Rule deleted as being unnecessary, as all rule provisions are now covered by statute.

**Rule 19-7.013 (Reporting Procedures)**

Amended to delete investment services charges, which no longer are imposed.

**Rule 19-7.015 (Allocation of Earnings)**

Amended to delete the investment service charge which no longer is imposed; amended to indicate that if the end of the month account balance of any participant falls below \$1,000, the account may be closed by the SBA and the residual balance will be returned to the participant.

**Rule 19-7.016 (Close of Business)**

Amended to provide that any requests for funds to be returned or notification of funds to be wired for investment after 1:00 pm EST (formerly 11:00 a.m.), may be included in the following day’s business.

**Rule 19-7.017 (Pooled Investment Account Reserve Fund)**

Rule deleted as being unnecessary, as all rule provisions are now covered by statute.

A rule development workshop was offered on April 26, 2010, but was not held as it was not requested. If the Trustees give permission to file the amended rules for notice, a rule hearing will be held on July 12, 2010, if requested.

(See Attachments 9-A and 9-B)

**ACTION REQUIRED**

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

The Investment Policy Guidelines for the Local Government Investment Pool 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 Investment Pool Investment Policy Guidelines by the Trustees was on July 28, 2009.

(See Attachments for *DRAFT* versions of the Local Government Investment Pool Investment Policy Statement and Fund B Surplus Funds Trust Fund Investment Policy Statement, respectively, prior to Investment Advisory Council and Participant Local Government Advisory Council reviews. Draft versions of the investment policy statements will be presented to the Investment Advisory Council and the Participant Local Government Advisory Council for review on June 7, 2010. *FINAL* versions of the Local Government Investment Pool Investment Policy Statement and Fund B Surplus Funds Trust Investment Policy for Trustee review and approval will be provided at a later date.)

(See Attachments 10-A, 10-B, 10-C, and 10-D)

**ACTION REQUIRED**

- XI. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$167,200,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY BOND, 2007 SERIES (TO BE DETERMINED).

(See Attachment 11)

**ACTION REQUIRED**

- XII. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$19,100,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY DORMITORY REVENUE BONDS, SERIES 2010A.

(See Attachment 12)

**ACTION REQUIRED**

- XIII. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$15,500,000 STATE OF FLORIDA BOARD OF GOVERNORS, FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY DORMITORY REVENUE BONDS, SERIES (TO BE DETERMINED).

(See Attachment 13)

**ACTION REQUIRED**

- XIV. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$14,500,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA AGRICULTURAL AND MECHANICAL UNIVERSITY DORMITORY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED).

(See Attachment 14)

**ACTION REQUIRED**

**XV. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR THE FIVE RULES LISTED BELOW. IF NO MEMBER OF THE PUBLIC REQUESTS A RULE HEARING, REQUEST APPROVAL TO FILE THESE RULES, ALONG WITH THE FORMS INCORPORATED THEREIN, FOR ADOPTION.**

- 19-8.010 Reimbursement Contract
- 19-8.012 Procedures to Determine Ineligibility for Participation in the Florida Hurricane Catastrophe Fund and to Determine Exemption from Participation in the Florida Hurricane Catastrophe Fund due to Limited Exposure
- 19-8.013 Revenue Bonds Issued Pursuant to Section 215.555(6), F.S.
- 19-8.029 Insurer Reporting Requirements
- 19-8.030 Insurer Responsibilities

(See Attachments 15 through 15-I)

**ACTION REQUIRED**

**XVI. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION'S PROPOSED BUDGETS FOR FISCAL YEAR 2010-2011: (1) STATE BOARD OF ADMINISTRATION; (2) PUBLIC EMPLOYEE OPTIONAL RETIREMENT PROGRAM; (3) FLORIDA HURRICANE CATASTROPHE FUND; (4) DIVISION OF BOND FINANCE; AND (5) FLORIDA PREPAID COLLEGE BOARD.**

(See Attachments 16-A, 16-B, 16-C, 16-D & 16-E)

**ACTION REQUIRED**