

QUARTERLY MEETING OF THE STATE BOARD OF ADMINISTRATION

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

JUNE 16, 2011

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AGENDA - REVISED

- Item 1. REQUEST APPROVAL OF THE MINUTES OF THE APRIL 19, 2011, AND MAY 3, 2011, MEETINGS.**

(See Attachments 1-A and 1-B)

ACTION REQUIRED

- Item 2. REQUEST APPROVAL OF A FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$330,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2011 SERIES (TO BE DETERMINED).**

(See Attachment 2)

ACTION REQUIRED

- Item 3. REQUEST APPROVAL OF A FISCAL DETERMINATION OF AN AMOUNT NOT EXCEEDING \$8,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, (SERIES TO BE DESIGNATED) (SOLABELLA APARTMENTS).**

(See Attachment 3)

ACTION REQUIRED

- Item 4. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA'S INVESTMENTS ACT (PFIA).**

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

(See Attachment 4-A)

ACTION REQUIRED

- Item 5. REQUEST APPROVAL TO FILE FOR ADOPTION THREE RULES PERTAINING TO THE FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT PLAN.**

**Rule 19-11.002 (Beneficiary Designation for FRS Investment Plan)
Rule 19-11.003 (Distributions from FRS Investment Plan Accounts)
Rule 19-11.009 (Reemployment with an FRS-covered Employer after Retirement)**

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

ACTION REQUIRED

- Item 6. REQUEST APPROVAL TO FILE A NOTICE OF PROPOSED RULE FOR FOUR RULES PERTAINING TO THE FLORIDA RETIREMENT SYSTEM (FRS) INVESTMENT PLAN AND TO FILE THESE RULES, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING.**

**Rule 19-11.001 (Definitions)
Rule 19-11.006 (Enrollment Procedures for New Hires) and Rule 19-11.007 (Second Election Enrollment Procedures for the FRS Retirement Programs)
Rule 19-11.011 (Employer and Employee Contributions and Present Value Transfer Procedures)**

(See Attachments 6-A, 6-B, and 6-C)

ACTION REQUIRED

- Item 7. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, EMERGENCY RULE 19ER11-2, F.A.C., 19-8.010, REIMBURSEMENT CONTRACT, FOR ADOPTION.**

**See Jack Nicholson's Memo Detailing FHFC Items 7 and 8 (Attachment 7)
(See Attachments 7-A, 7-B, 7-C, and 7-D)**

ACTION REQUIRED

- ITEM 8. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR RULE 19-8.010, F.A.C., REIMBURSEMENT CONTRACT, AND TO FILE THIS RULE, ALONG WITH THE INCORPORATED FORMS, FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING.**

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

ACTION REQUIRED

Item 9. QUARTERLY REPORTS PURSUANT TO 215.44 (2)(e), FLORIDA STATUTES

- Executive Director/CIO Introductory Remarks – *Ash Williams*
- Investment Performance Reports as of March 31, 2011
 - Steve Cummings – 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)
- Standing Reports
 - Investment Advisory Council
 - Participant Local Government Advisory Council
 - Audit Committee
 - Executive Director/CIO

(See Attachments 9-A through 9-I)

INFORMATION/DISCUSSION ITEMS

Item 10. MAJOR PROJECTS

- Florida Retirement System Pension Plan (DB) Asset Liability and Asset Allocation Review – *Rowland Davis, Steve Cummings, and Kristen Doyle, Hewitt EnnisKnupp*
- Private Equity Investment Review and Update on Florida Growth Fund – *Erik Hirsch, CIO, Hamilton Lane*
- Other Major Projects - *Ash Williams, Executive Director/CIO*

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

INFORMATION/DISCUSSION ITEMS

Item 11. REQUEST APPROVAL OF 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.

The State Board of Administration (SBA) staff and SBA investment consultants performed an analysis of the DB Plan's assets and liabilities (asset liability study). The purpose of the asset liability study is to reassess the DB Plan's investment policy in light of 2011 pension benefit reforms and the latest 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 June 8, 2010.

FINAL version of the FRS DB Plan Investment Policy Statement for Trustees' review and approval will be provided after the Investment Advisory Council review on June 15, 2011.

(See Attachments 11-A and 11-B) – BACKUP TO FOLLOW

ACTION REQUIRED

- Item 12. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE FOR ANNUAL CERTIFICATION OF LEGAL COMPLIANCE AND BEST INVESTMENT PRACTICES FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS “FLORIDA PRIME”), AS REQUIRED UNDER s. 218.405 (3), F.S.**

Lewis, Longman & Walker, P.A. independently performed the statutory compliance review and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 15, 2011.

Hewitt EnnisKnupp independently performed a comprehensive review of the various aspects of the Local Government Investment Pool to determine whether the management and operations are in line with best practices and will present their findings to the Investment Advisory Council and Participant Local Government Advisory Council at their joint session on June 15, 2011.

(See Attachments 12-A, 12-B, and 12-C)

ACTION REQUIRED

- Item 13. REQUEST APPROVAL OF INVESTMENT POLICY STATEMENTS FOR THE LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (NOW KNOWN AS “FLORIDA PRIME”) AS REQUIRED UNDER s. 218.409(2)(d), F.S. AND FOR THE FUND B SURPLUS FUNDS TRUST FUND AS REQUIRED UNDER s. 218.421(2)(c), F.S.**

The Investment Policy Guidelines for the Local Government Surplus Funds Trust Fund must be annually reviewed by the Investment Advisory Council and the Participant Local Government Advisory Council, and reviewed and approved by the Trustees. The last review and approval of the Local Government Surplus Funds Trust Fund Investment Policy Guidelines by the Trustees was on June 8, 2010.

(See Attachments for DRAFT versions of the Local Government Surplus Funds Trust Fund 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. The 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 15, 2011. After Investment Advisory Council and Participant Local Government Advisory Council reviews, FINAL versions of the Local Government Surplus Funds Trust Fund Investment Policy Statement and Fund B Surplus Funds Trust Fund Investment Policy Statement for Trustee review and approval will be provided at a later date.)

(See Attachments 13-A, 13-B, and 13-C)

ACTION REQUIRED

- ITEM 14. REQUEST APPROVAL OF THE STATE BOARD OF ADMINISTRATION’S PROPOSED BUDGETS FOR FISCAL YEAR 2011-2012: (1) STATE BOARD OF ADMINISTRATION; (2) FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN; (3) FLORIDA HURRICANE CATASTROPHE FUND; (4) DIVISION OF BOND FINANCE; AND (5) FLORIDA PREPAID COLLEGE BOARD.**

(See Attachment 14-A)

ACTION REQUIRED