

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

JULY 29, 2008

AGENDA

ITEM 1. Request approval of the minutes of May 28, 2008, June 10, 2008, and July 2, 2008.

(See Attachments 1, 1-A and 1-B)

ACTION REQUIRED

ITEM 2. Request approval of a Fiscal Sufficiency of an amount not exceeding \$168,000,000 State of Florida, Department of Environmental Protection Florida Forever Bonds, Series (To Be Determined).

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Request approval of a Fiscal Sufficiency of an amount not exceeding \$28,200,000 State of Florida, Department of Education, Community College Capital Improvement Revenue Bonds, Series 2008A.

(See Attachment 3)

ACTION REQUIRED

ITEM 4. Request approval of a Fiscal Determination of an amount not exceeding \$9,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2008 Series (To Be Designated) (Charlotte Crossing Apartments).

(See Attachment 4)

ACTION REQUIRED

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- ITEM 5.** Request approval of a Fiscal Determination of an amount not exceeding \$5,800,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2008 Series (To Be Designated) (Timber Trace Apartments).

(See Attachment 5)

ACTION REQUIRED

- ITEM 6.** 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 6)

ACTION REQUIRED

- ITEM 7.** Request approval of the Lawton Chiles Endowment for Children and Elders Investment Policy Statement.

The Investment Advisory Council reviewed and unanimously approved the revised Investment Policy Statement for the Lawton Chiles Endowment Fund (LCEF) at a public meeting on April 17, 2008. The changes are largely housekeeping, with two exceptions. The housekeeping changes incorporate concepts and provisions that are already a part of the FRS Pension Plan Investment Policy Statement. These changes are formalities and not substantive in that the LCEF has been operating under them since inception. The two substantive changes are revisions to the target indices for the Foreign Equities and Cash asset classes. The former is broadened to include the current "gold standard" for non-U.S. stock investing, the MSCI Investable Market Index. This index was approved as the target for the FRS Pension Plan Foreign Equities asset class last spring. Compared to the current index it has broader small cap and emerging market coverage, thus affording greater diversification. The Cash asset class target index is changed from the average three month Treasury Bill rate to the S&P Rated Government Pool Index/All. This reflects a change in the portfolio guidelines for the underlying cash vehicle – the CAMP money market fund – which brings the fund into conformity with S&P's criteria for AAAM rated money market funds.

(See Attachment 7)

ACTION REQUIRED

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- ITEM 8.** Request approval of the updated Investment Policy Guidelines for the two Local Government Investment Pool (LGIP) trusts: Local Government Surplus Funds Trust Funds (formerly known as Fund A; see Attachment 8-A) and Fund B Surplus Funds Trust Fund (consisting of restructured and defaulted securities separated from the Pool in December 2007; see Attachment 8-B).

The proposed Investment Policy Guidelines have been developed to comply with new Florida statutory requirements set forth in CS/SB 2422 by Senator Alexander (Chapter 2008-59, Laws of Florida) and to codify investment practices in place since late 2007. The Investment Policy Guidelines were developed with input from Federated Investors and independent external investment consultants, EnnisKnupp and Associates and Wilshire Associates. The Local Government Investment Pool Participant Advisory Committee reviewed and re-drafted Investment Policy Guidelines on June 20, 2008. On June 26, 2008, the Investment Advisory Council reviewed Investment Policy Guidelines that included changes reflecting the Committee's input. The Investment Advisory Council did not provide any further suggested changes.

(See Attachments 8 and 8-A)

ACTION REQUIRED

- ITEM 9.** Request authority to file notice for rule hearing to be held on September 2, 2008, for six rules for the Florida Retirement System's (FRS) Investment Plan.

Rule 19-11.002 Beneficiary Designations

Rule 19-11.004 Excessive Trading

Rule 19-11.006 New Hires

Rule 19-11.007 Second Election

Rule 19-11.008 Forfeitures

Rule 19-11.009 Reemployment After Retirement

The changes in these rules reflect legislative activity, policy changes, and general rule clean-up changes. Following the rule hearing, a notice will be requested at the October 14, 2008, Trustees' Meeting to request permission to file for adoption.

(See Attachments 9 and 9-A)

ACTION REQUIRED

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- ITEM 10.** Request authorization for the Florida Hurricane Catastrophe Fund (FHCF) to file Rule 19-8.010, F.A.C. for adoption. The changes to this rule were necessitated by the 2008 legislation extending the \$10 million optional FHCF coverage for an additional contract year. Permission was granted on May 28, 2008, to file this rule for Notice of Proposed Rulemaking. No member of the public requested a rule hearing; thus, no rule hearing was held. This rule, as amended, is now ready for certification. No changes have been made to this rule or the incorporated form since the Trustees approved this rule and the incorporated form for Notice of Proposed Rulemaking on May 28, 2008.

(See Attachments 10 and 10-A)

ACTION REQUIRED

- ITEM 11.** Request approval of Put Option Agreement between the State Board of Administration, the Florida Hurricane Catastrophe Fund Corporation (Corporation), and Berkshire Hathaway Inc. On July 2, 2008, the Board authorized the FHCF and the Corporation to develop specific proposals to secure funding for the FHCF that would permit the FHCF to secure at least \$4 billion in bonds through a Put Option.

(See Attachment 11) – **BACKUP TO FOLLOW**

ACTION REQUIRED

- ITEM 12.** Request approval of the appointment of Randy Dumm, Ph.D., as Chair of Florida Commission on Hurricane Loss Projection Methodology, for the 2008-2009 year. Each year, the SBA is required to appoint a Commission member to serve as Chair, Section 627.0628(2)(d), F.S. During a regularly scheduled meeting on May 20, 2008, the Commission voted to recommend Dr. Dumm, Insurance Finance Expert, Florida State University, be reappointed as Chair for the 2008-2009 year. A copy of Dr. Dumm's curriculum vita is provided, along with a list of all the members of the Commission.

(See Attachments 12 and 12-A)

ACTION REQUIRED

- ITEM 13.** Request approval of Ash Williams as Executive Director of the State Board of Administration with the negotiated benefits and compensation package.

(See Attachment 13) – **BACKUP TO FOLLOW**

ACTION REQUIRED