

MEETING OF THE STATE BOARD OF ADMINISTRATION

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

FEBRUARY 10, 2009

AGENDA

ITEM 1. Request approval of the minutes of January 27, 2009.

(See Attachment 1)

ACTION REQUIRED

ITEM 2. Request approval of a Fiscal Sufficiency of an amount not exceeding \$250,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2007 Series E.

(See Attachment 2)

ACTION REQUIRED

ITEM 3. Report from the Florida Hurricane Catastrophe Fund's (FHCF) Financial Advisor regarding various financial product ideas explaining the approach used to solicit product ideas, as well as the review and evaluation of the various product ideas considered.

(See Attachment 3)

ITEM 4. The Florida Hurricane Catastrophe Fund requests approval to proceed with a marketing approach for pursuing the purchase of a financial product or products. This will result in the FHCF coming back to the SBA Trustees with a specific recommendation related to a product or product mix, a term sheet, and pricing options. The various products are as follows:

- (a) Cash capital markets products such as "pre-event financing" similar to the purchase of such products in the past.
- (b) Bank markets standby agreements to provide the FHCF with a liquidity bridge.
- (c) Contingent capital market products which include put options or similar agreements.
- (d) Traditional reinsurance.
- (e) Finite reinsurance.
- (f) Alternative risk transfer products such as catastrophe bonds or industry loss warranties.

Of the various product ideas listed above, only products (c), (d), or (e) are considered viable, given the financial market conditions and the needs of the FHCF. Of these, product (c) is potentially the most promising choice given its potential benefits and costs.

In addition, efforts have already begun to seek a private letter ruling from the Internal Revenue Service for the issuance of pre-event tax-exempt bonds, but this approach is not likely to result in benefits for the 2009/2010 contract year.

ACTION REQUIRED