MEETING OF THE STATE BOARD OF ADMINISTRATION

GOVERNOR DESANTIS AS CHAIR
CHIEF FINANCIAL OFFICER PATRONIS
ATTORNEY GENERAL MOODY

December 3, 2019

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AGENDA

ITEM 1. APPROVAL OF SEPTEMBER 24, 2019 MEETING MINUTES

(See Attachment 1)

ACTION REQUIRED

ITEM 2. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $24,500,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED)

(See Attachment 2)

ACTION REQUIRED

ITEM 3. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $555,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED)

(See Attachment 3)

ACTION REQUIRED

ITEM 4. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $215,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2020 (TO BE DETERMINED)

(See Attachment 4)

ACTION REQUIRED

ITEM 5. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $14,250,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WATER'S EDGE APARTMENTS)

(See Attachment 5)

ACTION REQUIRED

ITEM 6. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $20,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WOODLAND GROVE)

(See Attachment 6)

ACTION REQUIRED

ITEM 7. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $7,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (LAKE WALES GARDENS)

(See Attachment 7)

ACTION REQUIRED

ITEM 8. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $25,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (BOULEVARD TOWER 2)

(See Attachment 8)

ACTION REQUIRED

ITEM 9. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $450,000,000 FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, 2020 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED)

(See Attachment 9)

ACTION REQUIRED

ITEM 10. REQUEST APPROVAL OF A DRAFT LETTER TO THE JOINT LEGISLATIVE AUDITING COMMITTEE AFFIRMING "THE SBA TRUSTEES HAVE REVIEWED AND APPROVED THE AUDITOR GENERAL'S ANNUAL FINANCIAL AUDIT OF LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME) Report No. 2019-067 AND ACTIONS TAKEN, IF ANY, TO ADDRESS ANY IMPACTS." (SECTION 218.409(6)(a)1, F.S.)

(See Attachment 10)

ACTION REQUIRED

ITEM 11. REQUEST APPROVAL OF, AND AUTHORITY TO FILE, A NOTICE OF PROPOSED RULE FOR FLORIDA HURRICANE CATASTROPHE FUND RULE 19-8.029, F.A.C., INSURER REPORTING REQUIREMENTS AND RESPONSIBILITIES, AND TO FILE THIS RULE FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING OR IF A HEARING IS REQUESTED AND NO NOTICE OF CHANGE IS NEEDED.

(See Attachment 11)

ACTION REQUIRED

ITEM 12. REQUEST APPOINTMENT OF THE CHAIR FOR THE FLORIDA COMMISSION ON HURRICANE LOSS PROJECTION METHODOLOGY.

Each year, the SBA is required by Section 627.0628(2)(d), F.S., to appoint a Commission member to serve as Chair. It is recommended that Floyd Yager be reappointed to serve as Chair.

A copy of Mr. Yager's biography and a list of all Commission members are provided.

(See Attachment 12)

ACTION REQUIRED

ITEM 13. REQUEST APPROVAL OF SBA QUARTERLY REPORT REQUIRED BY THE PROTECTING FLORIDA'S INVESTMENTS ACT (PFIA).

Pursuant to sections 215.442, 215.473, 215.4725, 215.4702, and 215.471 Florida Statutes, the SBA is required to submit a quarterly report that includes lists of "continued examination" and "scrutinized companies" with activities in Sudan and Iran, Anti-BDS, Northern Ireland, Cuba and Syria, and Venezuela.

(See Attachment 13)

ACTION REQUIRED

ITEM 14. EVALUATION AND REAFFIRMATION OF THE EXECUTIVE DIRECTOR

F.S. 215.441 provides that the State Board of Administration's Executive Director must be reaffirmed annually by the Board of Trustees following the original appointment. Mr. Williams was appointed Executive Director and Chief Investment Officer in 2008.

(See Attachment 14)

ACTION REQUIRED

STATE OF FLORIDA

IN RE: MEETING OF THE GOVERNOR AND CABINET
______________________________________/

CABINET MEMBERS: GOVERNOR RON DESANTIS
ATTORNEY GENERAL ASHLEY MOODY
CHIEF FINANCIAL OFFICER JIMMY PATRONIS
COMMISSIONER OF AGRICULTURE NIKKI FRIED

DATE: TUESDAY, SEPTEMBER 24, 2019

LOCATION: CABINET MEETING ROOM
LOWER LEVEL, THE CAPITOL
TALLAHASSEE, FLORIDA

REPORTED BY: NANCY S. METZKE, RPR, FPR
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STATE BOARD OF ADMINISTRATION

GOVERNOR DESANTIS: State Board of Administration. Ash Williams, are you here?

EXECUTIVE DIRECTOR WILLIAMS: Good morning, Governor, Cabinet members, Trustees.

GOVERNOR DESANTIS: Good morning.

EXECUTIVE DIRECTOR WILLIAMS: By way of update, as of last night's close, the Florida Retirement System Trust Fund is up 11.97 percent calendar year to date. That's 78 basis points behind target. The balance stands at $150.6 billion. That's 13.2 billion higher than we started the year.

And as I mentioned at our last meeting, the 78 basis points behind target is very unusual, and that is a function of the fact that you've seen very dramatic increases in liquid equity markets and also returns in fixed income. And a substantial part of our portfolio is private markets, meaning it's only priced quarterly; or in the case of real estate, annually.

So there's embedded value in the portfolio that's not showing. I think by the end of the year when we have audited numbers, we'll be at target.

I wouldn't be concerned about that.

Item 1, request approval of the July 25 meeting minutes.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 2.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

We a series of resolutions here. This is a fiscal sufficiency for an amount not exceeding $300 million, Florida DOT Turnpike revenue bonds.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

ATTORNEY GENERAL MOODY: Second.

CFO PATRONIS: Second.

GOVERNOR DESANTIS: No objections, the motion carries.

Item 3.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 3 is a resolution of a fiscal

determination on the behalf of Florida Housing Finance Corporation in an amount not exceeding $40,030,000. This is for acquisition and rehab of 216 units of affordable housing in Palm Beach County.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

ATTORNEY GENERAL MOODY: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Okay. Hearing none, the motion carries.

Item 4.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 4 is another resolution, the fiscal determination, again Florida Housing Finance Corporation, not to exceed $19,500,000. This is for new construction of multi-family affordable housing in Miami-Dade County.

Request approval.

GOVERNOR DESANTIS: Okay. Recommend -- I move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 5.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 5 is a resolution of fiscal determination in an amount not exceeding 27,400,000, Florida Housing Finance Corporation multi-family mortgage revenue notes. This is for acquisition and rehab of 266 units of affordable housing, the Jordan Park Project in Pinellas County, Florida.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: No objections, the motion carries.

Item 6.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 6, another resolution, another fiscal determination. This in an issuance amount not to exceed $12 million, Florida Housing Finance Corporation new construction, 139 units of affordable senior housing in Polk County.

Request approval.
GOVERNOR DESANTIS: Move to approve.
Is there a second?
ATTORNEY GENERAL MOODY: Second.
GOVERNOR DESANTIS: No objection, the motion carries.
Item 7.
EXECUTIVE DIRECTOR WILLIAMS: Thank you.
Item 7 is a resolution of the State Board, another fiscal determination, Florida Housing Finance Corporation. This is acquisition and construction of 116 units of affordable housing in Broward County.
Request approval.
GOVERNOR DESANTIS: Move to approve.
Is there a second?
CFO PATRONIS: Second.
GOVERNOR DESANTIS: No objections, the motion carries.
Item 8.
EXECUTIVE DIRECTOR WILLIAMS: Thank you.
Item 8 is a resolution of the SBA, a fiscal determination for the Florida Housing Finance Corporation not to exceed $12,100,000. New construction, 132 units of affordable housing in

Polk County.
Request approval.
GOVERNOR DESANTIS: Move to approve.
Is there a second?
CFO PATRONIS: Second.
GOVERNOR DESANTIS: Any objections?
(NO RESPONSE). Hearing none, the motion carries.
Item 9.
EXECUTIVE DIRECTOR WILLIAMS: Thank you.
Item 9, another resolution -- another fiscal determination for the Florida Housing Finance Corporation in an amount not to exceed $14,250,000. This is for new construction of 128 units of affordable housing in Miami-Dade.
Request approval.
GOVERNOR DESANTIS: Move to approve.
Is there a second?
CFO PATRONIS: Second.
ATTORNEY GENERAL MOODY: Second.
GOVERNOR DESANTIS: Any objection?
(NO RESPONSE).
GOVERNOR DESANTIS: Hearing none, the motion carries.
Item 10.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 10 is a resolution of the State Board approving fiscal sufficiency of an amount not exceeding 8,200,000, State of Florida, Board of Governors, University of Central Florida parking facility revenue bonds.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 11.

EXECUTIVE DIRECTOR WILLIAMS: Item 11 is another resolution of fiscal determination in connection with the Florida Housing Finance Corporation not to exceed $39,050,000. This is for acquisition and rehab and permanent financing of 161 units of affordable housing.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 12.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 12 is a resolution for a fiscal determination, Florida Housing Finance Corporation, not to exceed $28,245,000, acquisition and rehabilitation of 114 units of affordable housing in Miami-Dade.

Request approval.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objection?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 13.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 13 is a request for approval of updates to the Comprehensive Investment Plan for the Florida Prepaid College Board.

These are changes that would allow them to invest in bank loans and real estate in certain of their funds. They have been reviewed by Aon, the same financial advisory firm that advises the SBA. They've been aired in public meeting of the Prepaid Board, and our staff has reviewed them as well.

Recommend adoption.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objection?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Item 14.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 14 is a request for approval an authority to -- approval of an authority to file a notice of proposed rulemaking for the Hurricane Catastrophe Fund.

We're actually looking ahead. This is the contract for the 2021 storm season. We need to have that finished and in place by February by law, so we're starting the process now.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Hearing none -- no objections, the motion carries.

Next.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 15, request approval of the appointment of Mayor Brian Nelson as the consumer member of the Florida Hurricane Catastrophe Fund Advisory Council. This fills a vacancy currently on the Council.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Any objections?

(NO RESPONSE).

GOVERNOR DESANTIS: Hearing none, the motion carries.

Sixteen.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 16, requests the annual approval of the charter of the Audit Committee of the State Board of Administration. We didn't make any changes in the audit document.

GOVERNOR DESANTIS: Move to approve.

Is there a second?

ATTORNEY GENERAL MOODY: Second.

CFO PATRONIS: Second.

GOVERNOR DESANTIS: All right. The motion carries.

Next.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 17, request approval of draft letters to the Joint Legislative Auditing Committee affirming that the SBA trustees have reviewed and approved the monthly Florida Primary summary reports and actions taken, if any, to address any impacts for the fourth quarter of 2018 and the first and second quarters of 2019.

There were no impacts. There were no associated actions of course. And I would say, we are slightly behind the curve. We normally get these approved timely. We got behind. That's why you're seeing three of these at once. That won't happen in the future.

Request approval.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: All right. Motion carries.

18.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 18, we request approval of the quarterly report of the Protecting Florida's Investments Act. This is the omnibus act that covers things relating to Iran, Sudan, the anti-boycott divest in sanction issue, Cuba, et cetera.

And in this case, we have added six companies to the scrutinized list with regard to Sudan. We've removed one.

With regard to Iran, we've added one and taken two away. There was no change in the continued exam list.

And there was no activity in this period relating to Cuba or BDS.

GOVERNOR DESANTIS: All right. I move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: All right. The motion carries.

Nineteen.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 19 -- Items 19 and 20 are two appointments to the Investment Advisory Council. The first in Item 19 is Mr. John Goetz. Mr. Goetz was one of the founders of a very successful institutional asset management firm called Pzena. He previously served at Amoco and at Northern Trust; is a Florida resident and will soon be down here full time as he retires from Pzena.

He's eminently qualified, and I recommend approval.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: All right. The motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 12 (sic) is another IAC appointment, this for Ms. Teresa Alvarez Canida. Tere Canida was one of the founders of a firm called Taplin Canida Hambrecht (sic) -- Habacht, which the State Board first started investing with back when I was here the first time in the '90s.

It became a very large, very well-regarded

firm. And she has since sold her interest and retired from the firm and is managing a multi-family office, primarily her own family's capital.

But Tere Canada is a super well known and highly regarded investor known all over the world and a native Florida, and I believe will be our first Hispanic female on the IAC.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

ATTORNEY GENERAL MOODY: Second.

CFO PATRONIS: Second.

GOVERNOR DESANTIS: Okay. The motion carries.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

Item 21 is the quarterly reports for the Florida State Board. I'm going to divide these into two sections and hit them very quickly.

The first will be controls. We have the quarterly reports in here from our Audit Committee, our Inspector General, and our Chief Risk and Compliance Officer. There are no exceptions or material issues of any kind in any of the reports, so all good on the control side.

On the investment performance, if we look at the pension plan, it's ahead of its portfolio benchmarks for 1, 3, 5, 10, 15, 20, 25 and 30-year periods. The investment plan is on its benchmark for a one-year and ahead for 3, 5, and 10-year periods.

The Cat Fund and Lawton Chiles' endowment are ahead of target for significant periods, and all funds are properly diversified and have been reviewed by Aon and deemed to be in keeping with best practice, so recommend adoption.

GOVERNOR DESANTIS: All right. Move to approve.

Is there a second?

CFO PATRONIS: Second.

GOVERNOR DESANTIS: All right. No objection, the motion carries.

CFO PATRONIS: I have a question.

GOVERNOR DESANTIS: One question?

CFO PATRONIS: Yes, sir.

Ash, thank you for your presentation. Last week we got a memo from Bobby Jones, the chair of the Investment Advisory Council that was sent to the Trustees. It questioned the long-term sustainability regarding the pension plan's actual investment return assumptions.

Enlighten me on that.

EXECUTIVE DIRECTOR WILLIAMS: Sure.

Florida law -- when the Florida Retirement System was created in 1970, it was an act that was well ahead of its time. We've all heard about national pension debt and the problems that poses to the solvency of local and state governments across the country. Florida addressed that issue back in 1970, when nobody else even knew it existed.

And the way they did it was to take a broad array of pension funds that operated at the state level for a range of different public employees. There used to be different funds for different agencies, employees, et cetera.

The common traits among these funds, unfortunately, were that they were in most cases acutely and chronically underfunded. So the Legislature rather than letting those all collapse into a massive financial failure that would be disruptive to the state's finances and to the lives of the individuals affected, bundled them all together in 1970 into what was called the Florida Retirement System.

The collective funding of that entity at the time was 40 percent, 4-0. As we all know, health and pension funds is generally seen as a funding ratio of 80 or more. So you could argue, good Lord, 40 percent? Is that viable? Should we just call it done, file bankruptcy, and close these things?

But the Legislature in its wisdom set up a series of laws to calm this problem down, cure it, and get it on a steady footing. A key element of that is that the Legislature requires every year for there to be a third party actuarial assessment of the Florida Retirement System Trust Fund. And the variables used as inputs for that actuarial assessment are determined in a public meeting so that everybody can see them and there's no hiding the ball on what the inputs are.

And the inputs would, for example, include things like how long people are living, which affects how many years you're going to be paying them benefits; how many new people are coming into the system; has the amount they're paid been an up trend, flat, or down trend. And the one that's relevant to the State Board of Administration is: What should we assume the return on our investments will be in the pension portfolio over the midterm?

15 years plus say for that.

And that number has been a number of some conjecture in recent years. The State Board does an independent review every year using Aon, our financial advisor; and the number has for the past couple of years -- last year it was 6.4 by their analysis. This year it's up a little bit to 6.59.

And we all know we're in a unique low interest rate environment, and we have been for ten years. If you went back 15 years, you could take a portfolio of 60 percent equities/40 percent bonds and pretty comfortably hit a seven and a half to eight-ish kind return. With zero returns on bonds, that's a big hole in the return picture.

And we also all know that equities are near all-time highs. We're very late in one of the longest bull markets in U.S. history.

So the expectation for equities to continue rising at the rate they have over the past ten years has diminished, and the likelihood of bond returns going up dramatically not great either. Between the two, the sense is the more prudent course is to reduce that return assumption.

The State Board itself in June of 2018 changed the real return, which is the number that we use for setting investment strategy, to four percent. So that real means less inflation.

So depending on what your view of inflation is, currently somewhere in the ballpark of one and a half, two, two and a half percent at the most, we're at a nominal return, which would be real, plus inflation of six or less, which is -- and the trustees of the Board adopted that in June of '18; so that's how we've been managing the money. But the actuarial investment return assumption is used in the valuation of the fund, which in turn drives the Legislature's funding.

So here is where the shoe potentially begins to pinch a bit, because to the extent the return assumption is lower, that means the net present value of liabilities is a bit lower and you're assuming -- it just leads to lower funding is the problem.

So here is where we are: Remember we started with the FRS in 1970 at a funded ratio of 40 percent? It climbed up over a period of years with the leadership of the Trustees, the responsible funding from the Legislature, and prudent investing on the part of the State Board staff to being fully funded in 1998, went all the

way up to being overfunded to 118 percent of liabilities in the early 2000s; and then trended down, leveled off at 107 percent. And when the financial crisis came in 2008, the funding dropped to an underfunding level in the ballpark of about 86.7 or so percent, as I recall.

Over the ensuing ten years, since the crisis, as you well know, because you've heard me present on it, the investment performance has been extremely strong. We've added terrific amounts of money to the Fund through investment performance. There was benefit reform done in 2011 that substantially reduced liability costs by eliminating cost of living adjustments, making the plan contributory, and increasing vesting requirements. So those three things were done.

The third variable is the funding. And the persistently somewhat low investment return assumption has kept a damper on funding. And so during this period of very strong markets and with benefit reform, we've still been in flat to down trend on our funding ratio.

So the concern that the IAC voiced in their memo to the Trustees, was: Look, if we came into the last financial crisis funded at 108 percent --

or 107 percent, sorry -- and we ended up going down into the 90s when the market collapsed -- or the 80s, I should say, 87-ish -- think where we are this time. If we hit another major air pocket in the markets, we don't have anywhere near that cushion of over funding. And by virtue of being in this down trend, we're on risky ground.

And if you look at the states where debt of the states is a major problem, New Jersey, Pennsylvania, Connecticut, et cetera, one of the major problems is pension plan underfunding. And the reason it's a tricky problem is it's an expensive thing to fix, and the short-term rewards of doing it are not very appealing broadly. But longer term, if you don't fix it, because of the power compounding, it magnifies dramatically.

I'll give you an example. In the immediate wake of the financial crisis, the Legislature did its usual good job of funding the pension fund, which is very unusual for legislatures to fully fund pension funds. And the Florida's Legislature has done that over most of the life of the FRS.

There was one three-year period where they fully funded what's called the normal cost, and they slightly underfunded by an aggregate amount of

$3 billion over a three-year period. This is the only place where $3 billion is a slight number. They slightly underfunded.

We mapped what would have happened if that three billion would have come into the Fund against our actual returns and the actual time periods when the money would have come in and when the returns were realized. Just going back to the period of 2008, 9 and 10, that $3 billion from those three years if it had been in the Fund, would be six billion today. That's the power of underfunding, and the converse of that is the power of funding.

So that's the issue the IAC brought up. Recognizing this is an unexciting, highly arcane issue, it's an important issue. So they're just saying: Look, our job is to independently advise you as fiduciaries, and their judgment was that the return assumption number is a bit high.

GOVERNOR DESANTIS: Anything else?

CFO PATRONIS: No.

GOVERNOR DESANTIS: All right. Well, thank you for that.

EXECUTIVE DIRECTOR WILLIAMS: Thank you.

GOVERNOR DESANTIS: Appreciate it.

EXECUTIVE DIRECTOR WILLIAMS: Sorry for the long answer.

GOVERNOR DESANTIS: No, no, no, it's important.

* * * *

STATE BOARD OF ADMINISTRATION OF FLORIDA
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: November 15, 2019

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $24,500,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED):

The State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $24,500,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2020 Series (to be determined) (the "Bonds") for the purpose of refunding the outstanding State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2010 Series A, and to pay costs associated with the issuance and sale of the proposed Bonds.

The State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State.

The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, and the Thirty-second Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on November 15, 2019.

The State Board of Education of Florida has heretofore issued State of Florida, Full Faith and Credit, State Board of Education Capital Outlay and Capital Outlay Refunding Bonds, 2011 Series A through 2019 Series A (the "Previous Bonds"). The proposed Bonds shall rank equally and be on a parity in all respects with the Previous Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $24,500,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED)

WHEREAS, the State Board of Education of Florida has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $24,500,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2020 Series (to be determined) (the "Bonds") for the purpose of refunding the outstanding State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Bonds, 2010 Series A, and to pay costs associated with the issuance and sale of the proposed Bonds; and,

WHEREAS, the State Board of Education is authorized to issue bonds pledging the full faith and credit of the State payable primarily from funds provided in Subsection (d) of Section 9 of Article XII of the Constitution of Florida, as amended (the "School Capital Outlay Amendment"), for the purpose of providing funds to finance or refinance capital outlay projects for school purposes in the manner provided therein, upon the application of the School Boards of the School Districts of the State, and the Boards of Trustees of the Community College Districts of the State; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, and the Thirty-second Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on November 15, 2019; and,

WHEREAS, the State Board of Education of Florida has heretofore issued State of Florida, Full Faith and Credit, State Board of Education Capital Outlay and Capital Outlay Refunding Bonds, 2011 Series A through 2019 Series A (the "Previous Bonds"); and,

WHEREAS, the proposed Bonds shall rank equally and be on a parity in all respects with the Previous Bonds as to lien on and source and security for payment from the State Motor Vehicle License Taxes distributable for the account of certain School Districts and Community College Districts in Florida, under the provisions of said School Capital Outlay Amendment; and,

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the State Board of Education has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the State Board of Education of Florida to issue an amount not exceeding $24,500,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2020 Series (to be determined) is hereby approved as to fiscal sufficiency.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, approving the fiscal sufficiency of an amount not exceeding $24,500,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2020 Series (to be determined).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE

November 8, 2019

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $24,500,000 State of Florida, Full Faith and Credit, State Board of Education Capital Outlay Refunding Bonds, 2020 Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting on December 3, 2019.

The bonds will be payable primarily from a first lien on motor vehicle license taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be issued on a parity with the Capital Outlay Bonds, 2011 Series A through 2019 Series A.

The bonds will be issued to refund the outstanding Capital Outlay Bonds 2010 Series A, and to pay costs associated with the issuance and sale of the bonds. The proposed refunding bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on February 4, 1992, and the Thirty-Second Supplemental Authorizing Resolution and the sale resolution anticipated to be adopted by the State Board of Education on November 15, 2019.

The following documents are enclosed for your consideration:

Enclosure 1: an estimated coverage table based upon the motor vehicle tax revenues provided by the Department of Highway Safety and Motor Vehicles. Coverage is based upon existing program debt service without consideration of the potential savings from the proposed refunding bonds;

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds;

Enclosure 3: the projected motor vehicle license tax revenues as provided by the Department of Highway Safety and Motor Vehicles. This information was used in the preparation of the coverage table provided as Enclosure 1; and

Enclosure 4: a draft copy of the Thirty-Second Supplemental Authorizing Resolution and the sale resolution anticipated to be adopted by the State Board of Education on November 15, 2019.

A draft of the fiscal sufficiency resolution should be sent to Ryan Dugan and Kelsey Manno of this office for review. Should you have any questions, please contact either myself or Kelsey Manno at 488-4782. Your consideration of this matter is appreciated.

Very truly yours,

Kimberly Nichols for

J. Ben Watkins III
Director

JBW/km

Enclosures

cc: Robert Copeland
Janie Knight
Sharon Vice
Alex Nottingham

STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION
CAPITAL OUTLAY REFUNDING BONDS [series to be determined]
FISCAL SUFFICIENCY REQUEST FOR $24,500,000
SCHEDULE OF ESTIMATED COVERAGE ON OUTSTANDING BONDS

Fiscal Year	Total Motor Vehicle License Tax Revenue[1]	Parity Bonds Debt Service	Estimated Debt Service Coverage[2]
Historical			
2015	$690,488,346	$91,372,230	7.56x
2016	711,390,294	83,194,671	8.55x
2017	733,751,336	61,965,794	11.84x
2018	768,933,384	47,683,006	16.13x
2019	787,083,331	24,947,447	31.55x
Projected			
2020	802,968,539	20,497,275	39.17x
2021	822,944,002	17,495,275	47.04x
2022	824,382,774	16,893,950	48.80x
2023	842,833,914	14,941,600	56.41x
2024	853,390,289	11,280,450	75.65x
2025	853,390,289	9,714,800	87.84x
2026	853,390,289	8,343,925	102.28x
2027	853,390,289	7,116,325	119.92x
2028	853,390,289	7,317,700	116.62x
2029	853,390,289	3,557,125	239.91x
2030	853,390,289	2,238,900	381.16x

[1] Source: Department of Highway Safety and Motor Vehicles. Projections for 2020 through 2024 are based on results from the July 2019 Revenue Estimating Conference. The projections for Fiscal Year 2024 are held constant thereafter. No assurance can be given that material differences between such projections and actual results will not occur.

[2] Under the Florida Constitution, revenue accruing to the Department of Education comes from the first collections of the Motor Vehicle License Tax Revenue. Capital Outlay Bond debt service for the fiscal year may not exceed 90% of the total Motor Vehicle License Tax Revenue for such fiscal year. The maximum debt service limit of 90% provides a minimum annual coverage of 1.11x to comply with the Constitutional provisions. Debt Service Coverage is shown by dividing Total Motor Vehicle License Tax Revenue by Total Debt Service and demonstrates annual coverage exceeding the 1.11x minimum.

Enclosure 2

Year	Projected Total Base Tax Revenue	Plus IRP	Less Total To Be Excluded	Projected Net MVLT Pledged to Capital Outlay
2019-20	$ 802,036,135	$ 37,210,246	$36,277,842	$ 802,968,539
2020-21	$ 822,296,435	$ 37,357,554	$36,709,987	$ 822,944,002
2021-22	$ 823,524,526	$ 37,601,513	$36,743,264	$ 824,382,774
2022-23	$ 841,784,943	$ 37,857,907	$36,808,937	$ 842,833,914
2023-24	$ 852,101,263	$ 38,124,761	$36,835,735	$ 853,390,289

Source: Department of Highway Safety and Motor Vehicles.

Enclosure 3

SAVINGS

State of Florida, Full Faith and Credit
State Board of Education
Capital Outlay Refunding Bonds, 2020 Series A
Preliminary Numbers

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 01/02/2020 @ 1.6477631%
01/01/2021	5,587,900.00	5,035,412.03	552,487.97	543,521.66
01/01/2022	4,614,650.00	4,157,750.00	456,900.00	442,036.04
01/01/2023	2,268,650.00	2,046,250.00	222,400.00	211,500.07
01/01/2024	2,262,050.00	2,037,000.00	225,050.00	210,549.62
01/01/2025	2,263,050.00	2,039,750.00	223,300.00	205,522.79
01/01/2026	2,276,250.00	2,048,750.00	227,500.00	205,999.68
01/01/2027	2,271,050.00	2,043,500.00	227,550.00	202,709.91
01/01/2028	2,267,800.00	2,044,500.00	223,300.00	195,740.16
01/01/2029	2,282,200.00	2,056,250.00	225,950.00	194,867.69
01/01/2030	2,282,800.00	2,058,000.00	224,800.00	190,750.93
	28,376,400.00	25,567,162.03	2,809,237.97	2,603,198.54

Savings Summary

PV of savings from cash flow	2,603,198.54
Plus: Refunding funds on hand	930.35
Net PV Savings	2,604,128.89

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: November 15, 2019

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $555,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State Board of Education, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $555,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2020 Series (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds 2007 Series H, 2008 Series E, 2010 Series A, 2011 Series A and 2011 Series B, and to pay certain costs of issuance; provided, however, that none of the said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended. The Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-eighth Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on September 20, 2019.

The State Board of Education has heretofore issued State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2019 Series D ("the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $640,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2019 Series (to be determined) (the "2019 Series Bonds") at its April 2, 2019, meeting, of which $101,555,000 remains unissued. The Division has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the 2019 Series Bonds. The proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $555,000,000 STATE OF FLORIDA, FULL FAITH AND CREDIT, STATE BOARD OF EDUCATION PUBLIC EDUCATION CAPITAL OUTLAY REFUNDING BONDS, 2020 SERIES (TO BE DETERMINED)

WHEREAS, the State Board of Education of Florida proposes to issue an amount not exceeding $555,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2020 Series (to be determined) (the “Bonds") for the purpose of refunding all or a portion of the outstanding State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds 2007 Series H, 2008 Series E, 2010 Series A, 2011 Series A, and 2011 Series B, and to pay certain costs of issuance; provided, however, that none of said Bonds shall be issued in excess of the amount which can be issued in full compliance with the State Bond Act and other applicable provisions of law, and pursuant to Section 9(a)(2), Article XII of the Constitution of Florida, as amended; and,

WHEREAS, the Bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-eighth Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on September 20, 2019; and,

WHEREAS, the proposed Bonds shall be secured by a lien upon the Gross Receipts Taxes which are required to be deposited in the Public Education Capital Outlay and Debt Service Trust Fund administered by the State Board of Education of Florida (the "Gross Receipts Taxes"), and the Bonds are additionally secured by a pledge of the full faith and credit of the State of Florida; and,

WHEREAS, the State Board of Education has heretofore issued State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay and Public Education Capital Outlay Refunding Bonds, 1999 Series D through 2019 Series D (the “Outstanding Bonds”); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $640,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2019 Series (to be determined) (the “2019 Series Bonds”) at its April 2, 2019, meeting, of which $101,555,000 remains unissued; and,

WHEREAS, the Division of Bond Finance of the State Board of Administration has requested the State Board of Administration to rescind its approval of fiscal sufficiency with respect to the unissued portion of the 2019 Series Bonds; and

WHEREAS, the proposed Bonds shall be issued on a parity as to lien on and source and security for payment from the Gross Receipts Taxes with the Outstanding Bonds; and,

WHEREAS, the Division of Bond Finance has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body as described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, that the proposal of the State Board of Education of Florida to issue an amount not exceeding $555,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2020 Series (to be determined), is hereby approved as to fiscal sufficiency. In addition, the approval of fiscal sufficiency with respect to the $101,555,000 unissued portion of the $640,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2019 Series (to be determined) approved on April 2, 2019, is hereby rescinded.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, approving the fiscal sufficiency of an amount not exceeding $555,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2020 Series (to be determined), and rescinding the approval of fiscal sufficiency with respect to the $101,555,000 unissued portion of the $640,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Bonds, 2019 Series (to be determined) approved on April 2, 2019.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE

November 8, 2019

Mr. Ashbel C. Williams
Executive Director
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $555,000,000 State of Florida, Full Faith and Credit, State Board of Education Public Education Capital Outlay Refunding Bonds, 2020 Series (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request fiscal sufficiency approval at your board meeting of December 3, 2019.

The bonds will be payable from gross receipts taxes and are additionally secured by the full faith and credit of the State of Florida. The bonds will be on a parity with the previously issued 1999 Series D through 2019 Series D Bonds. The $101,555,000 balance of the $640,000,000 fiscal sufficiency approval for 2019 Series (to be determined) Bonds received on April 2, 2019, should be rescinded.

The bonds will be issued to refund all or a portion of the outstanding Public Education Capital Outlay Bonds 2007 Series H, 2008 Series E, 2010 Series A, 2011 Series A, and 2011 Series B and to pay costs associated with the issuance and sale of the bonds. The bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to an authorizing resolution adopted by the State Board of Education on July 21, 1992, and the Sixty-eighth Supplemental Authorizing Resolution and the sale resolution adopted by the State Board of Education on September 20, 2019.

The following documents are enclosed for your consideration:

Enclosure 1: an estimated coverage table for the program based on outstanding debt service without consideration of the potential savings from the proposed refunding bonds and using the projected gross receipts tax revenues from the July 31, 2019, Revenue Estimating Conference;

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds;

Enclosure 3: the gross receipts tax estimates from the July 31, 2019, Revenue Estimating Conference; and

Enclosure 4: a copy of the Sixty-eighth Supplemental Authorizing Resolution and the Sale Resolution adopted by the State Board of Education on September 20, 2019.

A draft of the fiscal sufficiency resolution should be sent to Ryan Dugan and Kelsey Manno of this office for review. Should you have any questions, please contact either myself or Kelsey Manno at 488-4782. Your consideration in this matter is appreciated.

Very truly yours,

Kimberley J Nichols for

J. Ben Watkins III
Director

JBW:km

Enclosures

cc: Robert Copeland
Janie Knight
Sharon Vice
Alex Nottingham

Enclosure 1

State of Florida, Full Faith and Credit
State Board of Education Public Education Capital Outlay Bonds

Estimated Coverage Table

Fiscal Year	Gross Receipts Taxes[1]	Debt Service on Outstanding PECO Bonds[2]	Subsidy[3]	Net Debt Service	Debt Service Coverage[4]
Historical					
2015	$ 1,152,382,082	$ 897,845,110	$ (11,751,076)	$ 886,094,034	1.30x
2016	1,157,727,036	877,016,703	(11,770,715)	865,245,988	1.34x
2017 [5]	1,111,599,286	866,531,343	(11,708,982)	854,822,361	1.30x
2018	1,153,724,902	841,741,455	(11,690,472)	830,050,983	1.39x
2019	1,148,877,072	854,215,781	(11,605,600)	842,610,181	1.36x
Projected					
2020	1,157,640,000	826,612,875	(2,425,112)	824,187,763	1.40x
2021	1,165,140,000	843,448,799		843,448,799	1.38x
2022	1,174,380,000	850,174,699		850,174,699	1.38x
2023	1,187,900,000	824,213,649		824,213,649	1.44x
2024	1,202,380,000	742,471,599		742,471,599	1.62x
2025	1,216,660,000	684,145,474		684,145,474	1.78x
2026	1,230,810,000	538,583,574		538,583,574	2.29x
2027	1,246,560,000	511,057,174		511,057,174	2.44x
2028	1,261,850,000	485,921,376		485,921,376	2.60x
2029	1,277,080,000	459,872,556		459,872,556	2.78x
2030	1,277,080,000	439,704,419		439,704,419	2.90x
2031	1,277,080,000	418,658,025		418,658,025	3.05x
2032	1,277,080,000	398,532,306		398,532,306	3.20x
2033	1,277,080,000	355,617,944		355,617,944	3.59x
2034	1,277,080,000	316,226,400		316,226,400	4.04x
2035	1,277,080,000	293,580,725		293,580,725	4.35x
2036	1,277,080,000	259,388,500		259,388,500	4.92x
2037	1,277,080,000	218,146,238		218,146,238	5.85x
2038	1,277,080,000	144,407,450		144,407,450	8.84x
2039	1,277,080,000	91,158,600		91,158,600	14.01x
2040	1,277,080,000	51,774,063		51,774,063	24.67x
2041	1,277,080,000	19,251,113		19,251,113	66.34x
2042	1,277,080,000	14,607,050		14,607,050	87.43x
2043	1,277,080,000	14,612,750		14,612,750	87.39x
2044	1,277,080,000	14,611,300		14,611,300	87.40x
2045	1,277,080,000	14,607,300		14,607,300	87.43x
2046	1,277,080,000	14,610,200		14,610,200	87.41x
2047	1,277,080,000	12,139,000		12,139,000	105.20x
2048	1,277,080,000	6,817,200		6,817,200	187.33x

[1] Estimates of gross receipts tax collections for Fiscal Years 2020 through 2029 as adopted by the Florida Revenue Estimating Conference held on July 31, 2019. The projections for Fiscal Year 2029 have been held constant for future years; however, no representation is made that the amounts shown will be collected.

[2] Includes debt service through 2019 Series D Refunding Bonds.

[3] Fiscal Years 2015 through 2020 include federal subsidy payments for Build America Bonds 2006 Series G, 2007 Series G, 2008 Series D and 2009 Series F. All Build America Bonds have been refunded and no future subsidy payments are expected.

[4] Coverage is based on Net Debt Service.

[5] Gross receipt tax collections in 2017 are incorrectly reported by EDR as $1,111.61 million. The correct collections are reflected in this table.

Enclosure 2

SAVINGS

State of Florida, Full Faith and Credit
State Board of Education Public Education
Refunding Bonds, 2020 Series TBD

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 03/01/2020 @ 2.4395574%
06/01/2020	12,919,739.90	5,721,562.50	7,198,177.40	7,154,674.06
06/01/2021	101,019,556.25	87,611,250.00	13,408,306.25	13,025,472.62
06/01/2022	80,940,556.25	70,200,000.00	10,740,556.25	10,184,308.59
06/01/2023	61,677,756.25	53,492,500.00	8,185,256.25	7,577,543.09
06/01/2024	38,036,506.25	32,989,000.00	5,047,506.25	4,563,878.35
06/01/2025	38,041,506.25	32,994,750.00	5,046,756.25	4,453,047.70
06/01/2026	38,034,256.25	32,986,000.00	5,048,256.25	4,346,800.97
06/01/2027	38,042,756.25	32,991,250.00	5,051,506.25	4,244,514.86
06/01/2028	38,038,018.75	32,987,500.00	5,050,518.75	4,141,269.34
06/01/2029	38,041,168.75	32,992,750.00	5,048,418.75	4,039,615.88
06/01/2030	38,037,593.75	32,989,000.00	5,048,593.75	3,942,550.57
06/01/2031	28,063,150.00	24,339,000.00	3,724,150.00	2,839,402.90
06/01/2032	23,657,900.00	20,517,250.00	3,140,650.00	2,337,702.20
06/01/2033	23,661,300.00	20,521,000.00	3,140,300.00	2,281,267.05
06/01/2034	23,662,300.00	20,521,500.00	3,140,800.00	2,226,799.58
06/01/2035	23,659,500.00	20,517,250.00	3,142,250.00	2,174,292.90
06/01/2036	23,656,750.00	20,516,750.00	3,140,000.00	2,120,205.28
06/01/2037	23,660,000.00	20,518,000.00	3,142,000.00	2,070,235.48
06/01/2038	23,661,750.00	20,519,000.00	3,142,750.00	2,020,615.57
06/01/2039	23,659,750.00	20,517,750.00	3,142,000.00	1,971,219.56
06/01/2040	23,661,750.00	20,522,250.00	3,139,500.00	1,921,934.42
	763,833,564.90	656,965,312.50	106,868,252.40	89,637,350.96

Savings Summary

PV of savings from cash flow	89,637,350.96
Plus: Refunding funds on hand	1,706.76
Net PV Savings	89,639,057.72

Enclosure 3

Gross Receipts Tax
Forecast Comparison
July 31, 2019

Total Collections

	Old Forecast		Legislative Forecast			FEA Forecast			DOR Forecast			New Forecast		
YEAR	$ Millions	% Change	$ Millions	% Change	Difference	$ Millions	% Change	Difference	$ Millions	% Change	Difference	$ Millions	% Change	Difference
FY 95-96	543.13													
FY 96-97	572.11	5.34%												
FY 97-98	593.39	3.72%												
FY 98-99	639.27	7.73%												
FY 99-00	669.18	4.68%												
FY 00-01	722.91	8.03%												
FY 01-02	779.49	7.83%												
FY 02-03	786.03	0.84%												
FY 03-04	826.59	5.16%												
FY 04-05	882.15	6.72%												
FY 05-06	975.79	10.61%												
FY 06-07	1067.60	9.41%												
FY 07-08	1125.97	5.47%												
FY 08-09	1126.22	0.02%												
FY 09-10	1097.66	-2.54%												
FY 10-11	1071.45	-2.39%												
FY 11-12	1033.88	-3.51%												
FY 12-13	1003.04	-2.98%												
FY 13-14	1005.36	0.23%												
FY 14-15	1152.38	14.62%												
FY 15-16	1157.73	0.46%												
FY 16-17	1111.61	-3.98%												
FY 17-18	1153.72	3.79%												
FY 18-19	1148.88	-0.42%												
FY 19-20	1148.86	0.00%	1184.21	3.08%	35.35	1141.54	-0.64%	-7.31	1153.65	0.42%	4.79	1157.64	0.76%	8.78
FY 20-21	1159.22	0.90%	1215.93	2.68%	56.71	1147.02	0.48%	-12.20	1160.06	0.56%	0.84	1165.14	0.65%	5.92
FY 21-22	1169.72	0.91%	1255.79	3.28%	86.07	1152.62	0.49%	-17.10	1170.37	0.89%	0.65	1174.38	0.79%	4.66
FY 22-23	1183.18	1.15%	1296.68	3.26%	113.51	1162.21	0.83%	-20.97	1185.99	1.33%	2.81	1187.90	1.15%	4.73
FY 23-24	1198.36	1.28%	1338.21	3.20%	139.85	1172.52	0.89%	-25.84	1203.09	1.44%	4.72	1202.38	1.22%	4.01
FY 24-25	1215.59	1.44%	1386.29	3.59%	170.70	1183.97	0.98%	-31.61	1219.95	1.40%	4.37	1216.66	1.19%	1.07
FY 25-26	1230.81	1.25%	1432.97	3.37%	202.16	1196.04	1.02%	-34.77	1236.42	1.35%	5.61	1230.81	1.16%	0.00
FY 26-27	1247.39	1.35%	1474.89	2.92%	227.50	1209.05	1.09%	-38.34	1254.23	1.44%	6.84	1246.56	1.28%	-0.83
FY 27-28	1263.70	1.31%	1516.90	2.85%	253.20	1222.27	1.09%	-41.43	1271.65	1.39%	7.95	1261.85	1.23%	-1.85
FY 28-29	128.63	-89.82%	1561.70	2.95%	1433.07	1235.89	1.11%	1107.26	1289.12	1.37%	1160.50	1277.08	1.21%	1148.46

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Sufficiency
DATE: November 15, 2019

APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $215,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2020 (TO BE DETERMINED):

The Division of Bond Finance of the State Board of Administration (the "Division"), on behalf of the State of Florida Department of Transportation, has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding $215,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2020 (to be determined) (the "Bonds") for the purpose of refunding all or a portion of the outstanding Series 2010B Bonds. The Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fifty-first Supplemental Turnpike Revenue Bond Resolution expected to be adopted by the Governor and Cabinet on December 3, 2019.

The Division, on behalf of the Department of Transportation, has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2019A (the "Outstanding Bonds"). The State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $300,000,000 Turnpike Revenue Bonds, Series 2019 (to be determined) (the "New Money Bonds") at its September 24, 2019, meeting. The Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds, and when and if issued, the New Money Bonds. The Bonds shall not be secured by a pledge of the full faith and credit or the taxing power of the State of Florida or any political subdivision thereof.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

RECOMMENDATION: It is recommended that the Board approve the proposal outlined above.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING $215,000,000 STATE OF FLORIDA, DEPARTMENT OF TRANSPORTATION TURNPIKE REVENUE REFUNDING BONDS, SERIES 2020 (TO BE DETERMINED)

WHEREAS, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding $215,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2020 (to be determined) (the “Bonds”), on behalf of the State of Florida Department of Transportation, for the purpose of refunding all or a portion of the outstanding Series 2010B Bonds and to pay costs associated with the issuance and sale of the proposed Bonds; and,

WHEREAS, the Bonds will be issued pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fifty-first Supplemental Turnpike Revenue Bond Resolution expected to be adopted by the Governor and Cabinet on December 3, 2019, (together, the “Resolution”); and,

WHEREAS, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed bond issue as required by Section 215.73, Florida Statutes; and,

WHEREAS, the Division, on behalf of the Department of Transportation has heretofore issued Turnpike Revenue and Revenue Refunding Bonds, Series 2006A through 2019A (the “Outstanding Bonds”); and,

WHEREAS, the State Board of Administration has approved the fiscal sufficiency of an amount not exceeding $300,000,000 Turnpike Revenue Bonds, Series 2019 (to be determined) (the “New Money Bonds”) at its September 24, 2019, meeting, and;

WHEREAS, the proposed Bonds shall be issued on a parity as to source and security for payment with the Outstanding Bonds, and when and if issued, the New Money Bonds; and,

WHEREAS, the proposed Bonds shall be secured by a first lien upon Net Revenues of the Turnpike System, which consists of all tolls, revenues, rates, fees, charges, receipts, rents or other income derived from, or in connection with, the operation of the Florida Turnpike, less any necessary contribution to fund the Cost of Maintenance and Cost of Operation after taking into account other sources of funds available to fund the Cost of Maintenance and Cost of Operation; and,

WHEREAS, the Florida Department of Transportation has covenanted to pay the Cost of Maintenance and Cost of Operation of the Turnpike System from moneys in the State Transportation Trust Fund; and,

WHEREAS, tolls are required to be fixed, and adjusted if necessary, so that gross revenues shall be sufficient to pay at least (i) 100% of Operation and Maintenance costs; (ii) 120% of the Annual Debt Service Requirement; and (iii) 100% of all other payments required by the Resolution; and;

WHEREAS, an examination of this plan of financing indicated that the same will be executed pursuant to the applicable provisions of law, and that the revenue to be used in servicing and liquidating the indebtedness to be created thereby may be reasonably expected to accrue in amounts sufficient to accomplish this purpose; and,

WHEREAS, the estimate of toll revenues available indicates that sufficient moneys can be pledged to exceed the debt service requirements of the proposed issue and that in no State fiscal year will the moneys pledged for the debt service requirement of the proposed issue be less than the required coverage amount; and,

WHEREAS, the Division has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

WHEREAS, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body created by Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding $215,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2020 (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, approving the fiscal sufficiency of an amount not exceeding $215,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2020 (to be determined).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

J. BEN WATKINS III
DIRECTOR

STATE OF FLORIDA
DIVISION OF BOND FINANCE

November 18, 2019

Mr. Ashbel C. Williams
Executive Director & CIO
State Board of Administration
Post Office Box 13300
Tallahassee, Florida 32317-3300

RE: Not Exceeding $215,000,000 State of Florida, Department of Transportation Turnpike Revenue Refunding Bonds, Series 2020 (to be determined)

Dear Mr. Williams:

In compliance with Section 215.73, Florida Statutes, the Division of Bond Finance requests State Board of Administration approval as to fiscal sufficiency for the above referenced bond issue. We request such approval at your board meeting of December 3, 2019.

The bonds will be payable from the net revenues of the turnpike system on a parity with the outstanding Series 2006A through 2019A Bonds and the not exceeding $300,000,000 Series 2019 (to be determined) for which fiscal sufficiency was approved on September 24, 2019, when and if issued.

The proposed bonds will be issued for the purpose of refunding all or a portion of the outstanding Turnpike Revenue Bonds, Series 2010B and to pay costs associated with the issuance and sale of the bonds. The bonds will only be issued if there is a savings.

The bonds will be issued in one or more series pursuant to the Original Resolution adopted on October 25, 1988, as amended and restated on May 17, 2005, and the Fifty-First Supplemental Turnpike Revenue Bond Resolution expected to be adopted by the Governor and Cabinet on December 3, 2019.

The following documents are enclosed for your consideration:

Enclosure 1: an estimated coverage table for the program including the issuance of the not to exceed $300,000,000 of bonds for which fiscal sufficiency was approved on September 24, 2019, and without consideration of the potential savings from the proposed refunding bonds;

Enclosure 2: an estimated debt service and savings schedule from a recent sizing of the proposed refunding bonds; and

Enclosure 3: a draft copy of the Fifty-First Supplemental Resolution, which is expected to be adopted on December 3, 2019.

A draft of the fiscal sufficiency resolution should be sent to Whitney Langston and Charlie Yadon of this office for review. Should you have any questions, please contact either myself or Charlie Yadon at 488-4782. Your consideration of this matter is appreciated.

Very truly yours,

Kimberly J Nichols for

J. Ben Watkins III
Director

JBW:cy

Enclosures

cc: Robert Copeland
Janie Knight
Sharon Vice
Alex Nottingham

NOT EXCEEDING $215,000,000
STATE OF FLORIDA
DEPARTMENT OF TRANSPORTATION
TURNPIKE REVENUE REFUNDING BONDS

ESTIMATED COVERAGE TABLE

FISCAL YEAR ENDING JUNE 30	HISTORICAL/PROJECTED PLEDGED REVENUES[1] TURNPIKE SYSTEM REVENUES	OPERATIONS & MAINTENANCE EXPENSES[2]	NET REVENUE	OUTSTANDING DEBT SERVICE	Estimated $300,000,000 Debt Service[3] Principal	Interest	Total	TOTAL DEBT SERVICE	LESS FEDERAL SUBSIDY[4]	NET DEBT SERVICE	NET DEBT SERVICE COVERAGE
Historical											
2015	$ 894,589,000	$ 177,160,000	$ 717,429,000	$ 259,490,034				$ 259,490,034	$ (5,509,162)	$ 253,980,872	2.82 x
2016	987,149,000	192,458,000	794,691,000	266,964,090				266,964,090	(5,538,877)	261,425,213	3.04 x
2017	1,044,530,000	208,198,000	836,332,000	262,926,889				262,926,889	(5,532,934)	257,393,955	3.25 x
2018	1,063,729,000	233,020,000	830,709,000	262,065,250				262,065,250	(5,550,763)	256,514,487	3.24 x
2019	1,078,094,000	238,344,000	839,750,000	262,541,720				262,541,720	(3,561,256)	258,980,464	3.24 x
Projected											
2020	$ 1,098,635,000	$ 262,061,000	$ 836,574,000	$ 247,480,921	$ 3,330,000	$ 10,875,000	$ 14,205,000	$ 261,685,921		$ 261,685,921	3.20 x
2021	1,147,913,000	262,784,000	885,129,000	247,450,921	4,760,000	14,833,500	19,593,500	267,044,421		267,044,421	3.31 x
2022	1,186,755,000	266,244,000	920,511,000	229,011,921	5,000,000	14,595,500	19,595,500	248,607,421		248,607,421	3.70 x
2023	1,229,586,000	272,977,000	956,609,000	220,659,484	5,250,000	14,345,500	19,595,500	240,254,984		240,254,984	3.98 x
2024	1,270,541,000	279,874,000	990,667,000	220,761,484	5,510,000	14,083,000	19,593,000	240,354,484		240,354,484	4.12 x
2025	1,308,841,000	286,940,000	1,021,901,000	220,780,734	5,785,000	13,807,500	19,592,500	240,373,234		240,373,234	4.25 x
2026	1,349,775,000	294,179,000	1,055,596,000	200,036,921	6,075,000	13,518,250	19,593,250	219,630,171		219,630,171	4.81 x
2027	1,393,851,000	301,592,000	1,092,259,000	199,140,671	6,380,000	13,214,500	19,594,500	218,735,171		218,735,171	4.99 x
2028	1,437,185,000	309,186,000	1,127,999,000	174,655,963	6,700,000	12,895,500	19,595,500	194,251,463		194,251,463	5.81 x
2029	1,476,103,000	316,966,000	1,159,137,000	168,624,013	7,035,000	12,560,500	19,595,500	188,219,513		188,219,513	6.16 x
2030	1,515,384,000	324,820,000	1,190,564,000	161,407,944	7,385,000	12,208,750	19,593,750	181,001,694		181,001,694	6.58 x
2031	1,515,384,000	324,820,000	1,190,564,000	158,923,994	7,755,000	11,839,500	19,594,500	178,518,494		178,518,494	6.67 x
2032	1,515,384,000	324,820,000	1,190,564,000	158,910,619	8,140,000	11,451,750	19,591,750	178,502,369		178,502,369	6.67 x
2033	1,515,384,000	324,820,000	1,190,564,000	158,924,169	8,550,000	11,044,750	19,594,750	178,518,919		178,518,919	6.67 x
2034	1,515,384,000	324,820,000	1,190,564,000	147,979,988	8,975,000	10,617,250	19,592,250	167,572,238		167,572,238	7.10 x
2035	1,515,384,000	324,820,000	1,190,564,000	132,474,338	9,425,000	10,168,500	19,593,500	152,067,838		152,067,838	7.83 x
2036	1,515,384,000	324,820,000	1,190,564,000	132,477,675	9,895,000	9,697,250	19,592,250	152,069,925		152,069,925	7.83 x
2037	1,515,384,000	324,820,000	1,190,564,000	102,775,325	10,390,000	9,202,500	19,592,500	122,367,825		122,367,825	9.73 x
2038	1,515,384,000	324,820,000	1,190,564,000	91,803,006	10,910,000	8,683,000	19,593,000	111,396,006		111,396,006	10.69 x
2039	1,515,384,000	324,820,000	1,190,564,000	91,720,469	11,455,000	8,137,500	19,592,500	111,312,969		111,312,969	10.70 x
2040	1,515,384,000	324,820,000	1,190,564,000	74,603,175	12,030,000	7,564,750	19,594,750	94,197,925		94,197,925	12.64 x
2041	1,515,384,000	324,820,000	1,190,564,000	58,424,150	12,630,000	6,963,250	19,593,250	78,017,400		78,017,400	15.26 x
2042	1,515,384,000	324,820,000	1,190,564,000	51,653,550	13,260,000	6,331,750	19,591,750	71,245,300		71,245,300	16.71 x
2043	1,515,384,000	324,820,000	1,190,564,000	45,346,075	13,925,000	5,668,750	19,593,750	64,939,825		64,939,825	18.33 x
2044	1,515,384,000	324,820,000	1,190,564,000	34,922,200	14,620,000	4,972,500	19,592,500	54,514,700		54,514,700	21.84 x
2045	1,515,384,000	324,820,000	1,190,564,000	28,145,000	15,355,000	4,241,500	19,596,500	47,741,500		47,741,500	24.94 x
2046	1,515,384,000	324,820,000	1,190,564,000	18,104,800	16,120,000	3,473,750	19,593,750	37,698,550		37,698,550	31.58 x
2047	1,515,384,000	324,820,000	1,190,564,000	18,106,000	16,925,000	2,667,750	19,592,750	37,698,750		37,698,750	31.58 x
2048	1,515,384,000	324,820,000	1,190,564,000	18,106,400	17,770,000	1,821,500	19,591,500	37,697,900		37,697,900	31.58 x
2049	1,515,384,000	324,820,000	1,190,564,000	-	18,660,000	933,000	19,593,000	19,593,000		19,593,000	60.76 x
				$ 3,813,411,908	$ 300,000,000	$ 282,418,000	$ 582,418,000	$ 4,395,829,908	$ -	$ 4,395,829,908	

[1] Numbers are rounded to nearest thousand dollars. Fiscal Years 2015 through 2019 represent audited financial results. Projected revenues and expenses for fiscal year 2020 through fiscal year 2030 have been provided by the Turnpike's traffic and revenue consultant. For fiscal years 2030 and thereafter, revenue and expense projections have been held constant. **No representation is made that the amounts shown in any projected fiscal year will be collected.**

[2] The operations and maintenance expenses are paid by the Department of Transportation under an operations agreement and then reimbursed by the Turnpike after debt service. The operations agreement is enforcable by bondholders.

[3] Estimated debt service for $300 million of Turnpike Revenue Bonds which were approved on September 24, 2019. Estimated interest is calculated at 5%.

[4] Federal subsidy payments on Build America Bonds Series 2009B, adjusted for actual impact for Sequestration through 2019. The Build America Bonds Series 2009B were called and redeemed on July 1, 2019.

Enclosure 2

SAVINGS

State of Florida
Department of Transportation
Turnpike Revenue Refunding Bonds, Series 2020 (to be determined)

Refunding of Series 2010B Bonds

Date	Prior Debt Service	Sinking Fund Transfer	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/01/2020 @ 2.5824852%
07/01/2020	5,012,437.50	2,506,218.75	2,506,218.75	1,949,350.00	556,868.75	537,282.28
07/01/2021	16,184,875.00	-	16,184,875.00	13,322,400.00	2,862,475.00	2,786,046.65
07/01/2022	16,181,875.00	-	16,181,875.00	13,321,150.00	2,860,725.00	2,713,622.05
07/01/2023	16,183,625.00	-	16,183,625.00	13,326,150.00	2,857,475.00	2,641,690.04
07/01/2024	16,184,125.00	-	16,184,125.00	13,326,400.00	2,857,725.00	2,574,790.75
07/01/2025	16,182,625.00	-	16,182,625.00	13,321,400.00	2,861,225.00	2,512,416.16
07/01/2026	16,183,375.00	-	16,183,375.00	13,325,650.00	2,857,725.00	2,445,575.66
07/01/2027	16,180,375.00	-	16,180,375.00	13,322,900.00	2,857,475.00	2,383,198.25
07/01/2028	16,182,875.00	-	16,182,875.00	13,322,650.00	2,860,225.00	2,324,828.97
07/01/2029	16,179,625.00	-	16,179,625.00	13,318,900.00	2,860,725.00	2,266,101.53
07/01/2030	16,179,875.00	-	16,179,875.00	13,320,900.00	2,858,975.00	2,207,116.76
07/01/2031	16,182,375.00	-	16,182,375.00	13,322,400.00	2,859,975.00	2,151,715.80
07/01/2032	16,180,875.00	-	16,180,875.00	13,322,400.00	2,858,475.00	2,095,443.53
07/01/2033	16,184,375.00	-	16,184,375.00	13,323,000.00	2,861,375.00	2,043,724.58
07/01/2034	16,181,375.00	-	16,181,375.00	13,323,600.00	2,857,775.00	1,988,720.38
07/01/2035	16,180,875.00	-	16,180,875.00	13,323,600.00	2,857,275.00	1,937,235.63
07/01/2036	16,181,375.00	-	16,181,375.00	13,322,400.00	2,858,975.00	1,888,478.55
07/01/2037	16,180,375.00	-	16,180,375.00	13,319,400.00	2,860,975.00	1,841,349.86
07/01/2038	16,183,500.00	-	16,183,500.00	13,324,000.00	2,859,500.00	1,793,187.17
07/01/2039	16,184,500.00	-	16,184,500.00	13,325,200.00	2,859,300.00	1,746,750.86
07/01/2040	16,180,500.00	-	16,180,500.00	13,322,400.00	2,858,100.00	1,700,860.31
	328,655,812.50	**2,506,218.75**	**326,149,593.75**	**268,406,250.00**	**57,743,343.75**	**44,580,135.77**

Savings Summary

PV of savings from cash flow	44,580,135.77
Plus: Refunding funds on hand	1,813.43
Net PV Savings	44,581,949.20

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: November 15, 2019

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $14,250,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WATER'S EDGE APARTMENTS)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a revised proposal to issue an amount not exceeding $14,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 128-unit affordable housing community located in Miami-Dade County, Florida (Water's Edge Apartments). This proposal replaces that which was approved for the same bond issue at the September 24, 2019, cabinet meeting. The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $14,250,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WATER'S EDGE APARTMENTS)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $14,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (the "Bonds") for the purpose of financing the new construction of a 128-unit affordable housing community located in Miami-Dade County, Florida (Water's Edge Apartments); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the "Board") to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the State Board of Administration previously made a fiscal determination for an amount not exceeding $14,250,000 Florida Housing Finance Corporation Multifamily Revenue Bonds, 2019 (Series to be designated) for Water's Edge Apartments ("Water's Edge"), which was approved at the September 24, 2019, cabinet meeting, and;

WHEREAS, the Corporation has revised the cash flow analysis for Water's Edge and has requested the State Board of Administration to make the fiscal determination with respect to the revised analysis for the Water's Edge bond issue; and

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the revised cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (Water's Edge Apartments), in an amount not exceeding $14,250,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, making the fiscal determination in connection with the issuance of an amount not exceeding $14,250,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (Water's Edge Apartments).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

we make housing affordable™
Florida Housing
Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

October 14, 2019

VIA EMAIL

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed $14,250,000 Tax-Exempt Bonds
Water's Edge Apartments

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's November 5, 2019 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,

Tim Kennedy

Tim Kennedy
Assistant Director of Multifamily Programs

TK/rg

$9,150,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds

`

Water's Edge Apartments

Combined Debt Coverage Table

	Revenue	**Bond Payments** (3) (4)		**Subordinate Loan Payments** (5)	**Bond Fee Payments**		**Total Debt Service**	**Debt Service Coverage**		**Bond Balance**
	Net Operating Income (1)	Principal (2)	Interest 3.61%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Trustee Fees		Bond Debt Service DCR	Total DCR with Fees	
										$ 9,150,000
YR 1	$ 714,295	$ 132,685	$ 328,134	$ 77,193	$ 3,334	$ 29,052	$ 570,398	1.55	1.25	$ 9,017,315
YR 2	722,606	$ 137,555	$ 323,264	$ 77,193	$ 3,434	$ 28,734	$ 570,179	1.57	1.27	$ 8,879,761
YR 3	730,881	$ 142,603	$ 318,215	$ 77,193	$ 3,537	$ 28,403	$ 569,952	1.59	1.28	$ 8,737,157
YR 4	739,112	$ 147,837	$ 312,981	$ 77,193	$ 3,643	$ 28,061	$ 569,716	1.60	1.30	$ 8,589,320
YR 5	747,294	$ 153,264	$ 307,555	$ 77,193	$ 3,752	$ 27,706	$ 569,471	1.62	1.31	$ 8,436,056
YR 6	755,419	$ 158,889	$ 301,930	$ 77,193	$ 3,865	$ 27,339	$ 569,215	1.64	1.33	$ 8,277,167
YR 7	763,478	$ 164,721	$ 296,098	$ 77,193	$ 3,981	$ 26,957	$ 568,950	1.66	1.34	$ 8,112,446
YR 8	771,464	$ 170,766	$ 290,052	$ 77,193	$ 4,100	$ 26,562	$ 568,674	1.67	1.36	$ 7,941,680
YR 9	779,369	$ 177,034	$ 283,785	$ 77,193	$ 4,223	$ 26,152	$ 568,387	1.69	1.37	$ 7,764,646
YR 10	787,182	$ 183,532	$ 277,287	$ 77,193	$ 4,350	$ 25,727	$ 568,089	1.71	1.39	$ 7,581,114
YR 11	793,744	$ 190,268	$ 270,551	$ 77,193	$ 4,481	$ 25,287	$ 567,779	1.72	1.40	$ 7,390,846
YR 12	800,161	$ 197,252	$ 263,567	$ 77,193	$ 4,615	$ 24,830	$ 567,457	1.74	1.41	$ 7,193,594
YR 13	806,423	$ 204,491	$ 256,327	$ 77,193	$ 4,753	$ 24,357	$ 567,122	1.75	1.42	$ 6,989,103
YR 14	812,518	$ 211,997	$ 248,822	$ 77,193	$ 4,896	$ 23,866	$ 566,774	1.76	1.43	$ 6,777,106
YR 15	7,595,539	$ 6,777,106	$ 241,041	$ 77,193	$ 5,043	$ 23,357	$ 7,123,740	1.08	1.07	$ -

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated Bond sinking fund schedule.

(3) The Bond Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 3.61% which includes a 25 bps underwriting cushion.

(4) The Bonds have a 15 year term with amortizing debt service based on a 35 year schedule. Upon the maturity date in 15 years, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Bond holder will present the Bonds to the Trustee for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In the final year, the Net Operating Income includes an amount to fully repay the Bonds.

(5) The Subordinate Loan payments include SAIL, ELI, Surtax, Surtax Match, and HOME Loans. The Subordinate Mortgage debt service repayments are all contingent upon available cash flow after all other fees, expenses and senior mortgage debt service payments.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: November 15, 2019

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $20,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WOODLAND GROVE)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $20,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (the “Bonds") for the purpose of financing the new construction of a 190-unit affordable housing community located in Miami-Dade County, Florida (Woodland Grove). The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $20,000,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE BONDS, 2019 (SERIES TO BE DESIGNATED) (WOODLAND GROVE)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $20,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (the “Bonds") for the purpose of financing the new construction of a 190-unit affordable housing community located in Miami-Dade County, Florida (Woodland Grove); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the “Board”) to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the “Florida Constitution”); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board’s determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (Woodland Grove), in an amount not exceeding $20,000,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, making the fiscal determination in connection with the issuance of an amount not exceeding $20,000,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Bonds, 2019 (series to be designated) (Woodland Grove).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

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850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

October 14, 2019

VIA EMAIL

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Bonds
Not to Exceed $20,000,000 Tax-Exempt Bonds
Woodland Grove

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced bond issue prepared by the Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This bond issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's November 5, 2019 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,

Tim Kennedy

Tim Kennedy
Assistant Director of Multifamily Programs

TK/rg

$11,000,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Bonds

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Woodland Grove

Combined Debt Coverage Table

	Revenue	Bond Payments (3) (4)		Subordinate Loan Payments (5)	Bond Fee Payments		Total Debt Service	Debt Service Coverage		
	Net Operating Income (1)	Principal (2)	Interest 4.11%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Trustee Fees		Bond Debt Service DCR	Total DCR with Fees	Bond Balance
										$ 11,000,000
YR 1	$1,107,965	$ 143,792	$ 449,411	$ 164,842	$ 3,973	$ 33,492	$ 795,511	1.87	1.39	$ 10,856,208
YR 2	1,121,386	$ 149,815	$ 443,389	$ 164,842	$ 4,092	$ 33,147	$ 795,285	1.89	1.41	$ 10,706,393
YR 3	1,134,779	$ 156,090	$ 437,114	$ 164,842	$ 4,215	$ 32,787	$ 795,048	1.91	1.43	$ 10,550,303
YR 4	1,148,134	$ 162,627	$ 430,577	$ 164,842	$ 4,341	$ 32,413	$ 794,800	1.94	1.44	$ 10,387,676
YR 5	1,161,442	$ 169,438	$ 423,765	$ 164,842	$ 4,472	$ 32,022	$ 794,540	1.96	1.46	$ 10,218,237
YR 6	1,174,693	$ 176,535	$ 416,669	$ 164,842	$ 4,606	$ 31,616	$ 794,268	1.98	1.48	$ 10,041,702
YR 7	1,187,875	$ 183,929	$ 409,275	$ 164,842	$ 4,744	$ 31,192	$ 793,982	2.00	1.50	$ 9,857,773
YR 8	1,200,977	$ 191,632	$ 401,571	$ 164,842	$ 4,886	$ 30,751	$ 793,683	2.02	1.51	$ 9,666,141
YR 9	1,213,987	$ 199,659	$ 393,545	$ 164,842	$ 5,033	$ 30,291	$ 793,370	2.05	1.53	$ 9,466,482
YR 10	1,226,893	$ 208,021	$ 385,183	$ 164,842	$ 5,184	$ 29,812	$ 793,042	2.07	1.55	$ 9,258,461
YR 11	1,237,972	$ 216,734	$ 376,470	$ 164,842	$ 5,339	$ 29,312	$ 792,698	2.09	1.56	$ 9,041,728
YR 12	1,248,869	$ 225,811	$ 367,393	$ 164,842	$ 5,500	$ 28,792	$ 792,338	2.11	1.58	$ 8,815,917
YR 13	1,259,567	$ 235,269	$ 357,935	$ 164,842	$ 5,665	$ 28,250	$ 791,961	2.12	1.59	$ 8,580,648
YR 14	1,270,052	$ 245,122	$ 348,081	$ 164,842	$ 5,834	$ 27,686	$ 791,566	2.14	1.60	$ 8,335,526
YR 15	1,280,304	$ 255,389	$ 337,815	$ 164,842	$ 6,010	$ 27,097	$ 791,153	2.16	1.62	$ 8,080,137
YR 16	1,290,307	$ 266,085	$ 327,118	$ 164,842	$ 6,190	$ 26,484	$ 790,720	2.18	1.63	$ 7,814,051
YR 17	1,300,043	$ 277,230	$ 315,974	$ 164,842	$ 6,375	$ 25,846	$ 790,267	2.19	1.65	$ 7,536,821
YR 18	8,846,312	$ 7,536,821	$ 304,363	$ 137,342	$ 6,567	$ 25,180	$ 8,010,273	1.13	1.10	$ -

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated Bond sinking fund schedule.

(3) The Bond Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 4.11% which includes a 25 bps underwriting cushion.

(4) The Bonds have an 18 year term with amortizing debt service based on a 35 year schedule. Upon the maturity date in 18 years, the borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Bond holder will present the Bonds to the Trustee for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In the final year, the Net Operating Income includes an amount to fully repay the Bonds.

(5) The Subordinate Loan payments include SAIL, ELI, NHTF and Surtax Loans. The Subordinate Mortgage debt service repayments are all contingent upon available cash flow after all other fees, expenses and senior mortgage debt service payments.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: November 15, 2019

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $7,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (LAKE WALES GARDENS)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $7,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (the “Notes") for the purpose of financing the acquisition and rehabilitation of a 96-unit affordable housing community located in Polk County, Florida (Lake Wales Gardens). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this note issue.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $7,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (LAKE WALES GARDENS)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $7,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (the “Notes") for the purpose of financing the acquisition and rehabilitation of a 96-unit affordable housing community located in Polk County, Florida (Lake Wales Gardens); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the “Board”) to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the “Florida Constitution”); and,

WHEREAS, the Notes shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Notes shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Notes proposed to be issued and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board’s determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Notes as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (Lake Wales Gardens), in an amount not exceeding $7,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, making the fiscal determination in connection with the issuance of an amount not exceeding $7,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (Lake Wales Gardens).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

we make housing affordable™
Florida Housing
Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

November 8, 2019

VIA EMAIL

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Note
Not to Exceed $7,500,000 Tax-Exempt Notes
Lake Wales Gardens

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced note issue prepared by the Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This note issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's December 3, 2019 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,

Tim Kennedy

Tim Kennedy
Assistant Director of Multifamily Programs

TK/jg

$5,250,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Note

Lake Wales Gardens

Combined Debt Coverage Table

	Revenue	Note Payments (3) (4)		Subordinate Loan Payments (5)	Note Fee Payments		Total Debt Service	Debt Service Coverage		
	Net Operating Income (1)	Principal (2)	Interest 3.97%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Fiscal Agent Fees		Note Debt Service Coverage	Total DCR with Fees	Note Balance
										$ 5,250,000
YR 1	$ 471,743	$ 70,667	$ 207,148	$ 52,718	$ 3,156	$ 19,442	$ 353,132	1.70	1.34	$ 5,179,333
YR 2	477,034	$ 73,524	$ 204,291	$ 52,718	$ 3,251	$ 19,272	$ 353,057	1.72	1.35	$ 5,105,808
YR 3	482,276	$ 76,497	$ 201,319	$ 52,718	$ 3,348	$ 19,096	$ 352,978	1.74	1.37	$ 5,029,312
YR 4	487,463	$ 79,590	$ 198,226	$ 52,718	$ 3,449	$ 18,912	$ 352,895	1.75	1.38	$ 4,949,722
YR 5	492,590	$ 82,808	$ 195,008	$ 52,718	$ 3,552	$ 18,721	$ 352,807	1.77	1.40	$ 4,866,914
YR 6	497,649	$ 86,156	$ 191,660	$ 52,718	$ 3,659	$ 18,523	$ 352,715	1.79	1.41	$ 4,780,759
YR 7	502,635	$ 89,639	$ 188,177	$ 52,718	$ 3,768	$ 18,316	$ 352,618	1.81	1.43	$ 4,691,120
YR 8	507,541	$ 93,263	$ 184,553	$ 52,718	$ 3,881	$ 18,101	$ 352,516	1.83	1.44	$ 4,597,857
YR 9	512,360	$ 97,034	$ 180,782	$ 52,718	$ 3,998	$ 17,877	$ 352,408	1.84	1.45	$ 4,500,823
YR 10	517,085	$ 100,957	$ 176,859	$ 52,718	$ 4,118	$ 17,644	$ 352,295	1.86	1.47	$ 4,399,867
YR 11	520,170	$ 105,038	$ 172,777	$ 52,718	$ 4,241	$ 17,402	$ 352,177	1.87	1.48	$ 4,294,828
YR 12	523,099	$ 109,285	$ 168,530	$ 52,718	$ 4,369	$ 17,150	$ 352,052	1.88	1.49	$ 4,185,543
YR 13	525,862	$ 113,704	$ 164,112	$ 52,718	$ 4,500	$ 16,887	$ 351,921	1.89	1.49	$ 4,071,839
YR 14	528,449	$ 118,301	$ 159,515	$ 52,718	$ 4,635	$ 16,842	$ 352,010	1.90	1.50	$ 3,953,539
YR 15	530,850	$ 123,084	$ 154,732	$ 52,718	$ 4,774	$ 16,842	$ 352,149	1.91	1.51	$ 3,830,455
YR 16	4,363,510	$ 3,830,455	$ 149,756	$ 52,718	$ 4,917	$ 16,842	$ 4,054,688	1.10	1.08	$ -

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated Note sinking fund schedule.

(3) The Note Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 3.97% which includes a 25 bps underwriting cushion.

(4) The Permanent Note has a 16 year term. The term includes 16 years of amortizing debt service based on a 35 year schedule. Upon maturity of the Note, the Borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Noteholder will present the Note to the Fiscal Agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In final year, the Net Operating Income includes an amount to fully repay the Note.

(5) The Subordinate Loan payments include the SAIL and ELI Loans. The Subordinate Mortgage debt service repayments are all contingent upon available cash flow after all other fees, expenses and senior mortgage debt service payments.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: November 15, 2019

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $25,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (BOULEVARD TOWER 2)

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $25,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (the “Notes") for the purpose of financing the new construction of a 119-unit affordable housing community located in Hillsborough County, Florida (Boulevard Tower 2). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this note issue.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $25,500,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, 2019 (SERIES TO BE DESIGNATED) (BOULEVARD TOWER 2)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $25,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (the "Notes") for the purpose of financing the new construction of a 119-unit affordable housing community located in Hillsborough County, Florida (Boulevard Tower 2); and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida (the "Board") to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Notes shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Notes shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Notes proposed to be issued and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Notes as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (Boulevard Tower 2), in an amount not exceeding $25,500,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, making the fiscal determination in connection with the issuance of an amount not exceeding $25,500,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, 2019 (Series to be designated) (Boulevard Tower 2).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

we make housing affordable™
Florida Housing
Finance Corporation

227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

November 8, 2019

VIA EMAIL

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

RE: FHFC Multifamily Mortgage Revenue Note
Not to Exceed $25,500,000 Tax-Exempt Notes
Boulevard Tower 2

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation ("Florida Housing or "FHFC"), I am submitting a cash flow analysis for the approval of fiscal determination of the above-referenced note issue prepared by the Placement Agent, RBC Capital Markets. Florida Housing endorses this analysis and believes it will show sufficient coverage.

This note issue will be a Private Placement. We request that this item be placed on the agenda for approval at the State Board of Administration's December 3, 2019 Cabinet meeting, due to financing and closing schedules.

Should you or your staff have any questions or concerns with respect to this transaction, please feel free to call me at (850) 488-4197. Thank you for your consideration.

Sincerely,

Tim Kennedy

Tim Kennedy
Assistant Director of Multifamily Programs

TK/jg

$14,220,000
Florida Housing Finance Corporation
Multifamily Mortgage Revenue Note

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Boulevard Tower 2

Combined Debt Coverage Table

	Revenue	Note Payments (3) (4)		Subordinate Loan Payments (5)	Note Fee Payments		Total Debt Service	Debt Service Coverage		
	Net Operating Income (1)	Principal (2)	Interest 4.24%	Interest + Fees	Compliance Monitoring	Issuer + PLS + Fiscal Agent Fees		Note Debt Service Coverage	Total DCR with Fees	**Note Balance**
										$ 14,220,000
YR 1	$ 926,745	$ 138,595	$ 600,255	$ 69,192	$ 3,242	$ 41,649	$ 852,933	1.25	1.09	$ 14,081,405
YR 2	939,414	$ 144,587	$ 594,263	$ 69,192	$ 3,339	$ 41,316	$ 852,698	1.27	1.10	$ 13,936,817
YR 3	952,138	$ 150,838	$ 588,012	$ 69,192	$ 3,439	$ 40,969	$ 852,451	1.29	1.12	$ 13,785,979
YR 4	964,913	$ 157,360	$ 581,491	$ 69,192	$ 3,543	$ 40,607	$ 852,192	1.31	1.13	$ 13,628,619
YR 5	977,735	$ 164,163	$ 574,688	$ 69,192	$ 3,649	$ 40,230	$ 851,921	1.32	1.15	$ 13,464,457
YR 6	990,597	$ 171,260	$ 567,590	$ 69,192	$ 3,758	$ 39,836	$ 851,637	1.34	1.16	$ 13,293,196
YR 7	1,003,494	$ 178,664	$ 560,186	$ 69,192	$ 3,871	$ 39,425	$ 851,338	1.36	1.18	$ 13,114,532
YR 8	1,016,421	$ 186,389	$ 552,462	$ 69,192	$ 3,987	$ 38,996	$ 851,026	1.38	1.19	$ 12,928,143
YR 9	1,029,370	$ 194,447	$ 544,403	$ 69,192	$ 4,107	$ 38,549	$ 850,698	1.39	1.21	$ 12,733,696
YR 10	1,042,335	$ 202,854	$ 535,997	$ 69,192	$ 4,230	$ 38,082	$ 850,354	1.41	1.23	$ 12,530,842
YR 11	1,054,238	$ 211,624	$ 527,227	$ 69,192	$ 4,357	$ 37,595	$ 849,994	1.43	1.24	$ 12,319,218
YR 12	1,066,112	$ 220,773	$ 518,077	$ 69,192	$ 4,488	$ 37,087	$ 849,617	1.44	1.25	$ 12,098,445
YR 13	1,077,946	$ 230,318	$ 508,532	$ 69,192	$ 4,622	$ 36,557	$ 849,222	1.46	1.27	$ 11,868,127
YR 14	1,089,733	$ 240,276	$ 498,575	$ 69,192	$ 4,761	$ 36,005	$ 848,808	1.47	1.28	$ 11,627,851
YR 15	1,101,462	$ 250,664	$ 488,187	$ 69,192	$ 4,904	$ 35,428	$ 848,374	1.49	1.30	$ 11,377,188
YR 16	1,113,123	$ 261,501	$ 477,350	$ 69,192	$ 5,051	$ 34,826	$ 847,920	1.51	1.31	$ 11,115,687
YR 17	12,240,394	$ 11,115,687	$ 466,044	$ 69,192	$ 5,202	$ 34,199	$ 11,690,324	1.06	1.05	$ 10,842,881

(1) NOI based on 'Projected Operating Revenue' Schedule.

(2) Based on estimated Note sinking fund schedule.

(3) The Note Interest Rate is based on current market conditions for a negotiated private placement with an interest rate of 4.24% which includes a 25 bps underwriting cushion.

(4) The Note has a 17 year permanent term. The term includes 17 years of amortizing debt service based on a 40 year schedule. Upon maturity of the Note, the Borrower will satisfy the remaining balance via refinancing, or proceeds from the sale of the Development. In the event a refinance or sale of the asset is not feasible, the debt obligation will be satisfied via a "Mortgage Assignment" without causing an event of default. In such case, the Noteholder will present the Note to the Fiscal Agent for cancellation and in exchange will receive an assignment of the mortgage and related collateral. In final year, the Net Operating Income includes an amount to fully repay the Note.

(5) The Subordinate Loan payments include the SAIL Loan, THA Seller's Note and City of Tampa Loan. The Subordinate Mortgage debt service repayments are all contingent upon available cash flow after all other fees, expenses and senior mortgage debt service payments.

STATE BOARD OF ADMINISTRATION
1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308

TO: Ash Williams
FROM: Robert Copeland
SUBJECT: Fiscal Determination
DATE: November 15, 2019

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $450,000,000 FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, 2020 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED):

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding $450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2020 Phase One (multiple series to be determined) (the "Bonds") to be used to fund mortgage loans for low, moderate or middle income first-time homebuyers and may provide funds to refund outstanding series of Homeowner Mortgage Revenue Bonds that originally funded mortgage loans for low, moderate or middle income first-time homebuyers.

The Bonds shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

RECOMMENDATION: It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this bond issue.

cc: Janie Knight

A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING $450,000,000 FLORIDA HOUSING FINANCE CORPORATION HOMEOWNER MORTGAGE REVENUE BONDS, 2020 PHASE ONE (MULTIPLE SERIES TO BE DETERMINED)

WHEREAS, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding $450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2020 Phase One (multiple series to be determined) (the "Bonds") to be used to fund mortgage loans for low, moderate or middle income first-time homebuyers and may provide funds to refund outstanding series of Homeowner Mortgage Revenue Bonds that originally funded mortgage loans for low, moderate or middle income first-time homebuyers; and,

WHEREAS, the Corporation has requested the State Board of Administration of Florida to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

WHEREAS, the Bonds shall be secured by a Trust Indenture; and,

WHEREAS, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Bonds shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

WHEREAS, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Bonds proposed to be issued and all other bonds secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

WHEREAS, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and;

WHEREAS, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

WHEREAS, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Bonds as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

BE IT RESOLVED, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that in connection with the issuance of the Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2020 Phase One (multiple series to be determined), in an amount not exceeding $450,000,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Bonds and all other bonds secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

ADOPTED December 3, 2019

STATE OF FLORIDA)
:
COUNTY OF LEON)

I, Ashbel C. Williams, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held December 3, 2019, making the fiscal determination in connection with the issuance of an amount not exceeding $450,000,000 Florida Housing Finance Corporation Homeowner Mortgage Revenue Bonds, 2020 Phase One (multiple series to be determined).

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 3rd day of December 2019.

____

Ashbel C. Williams, Executive Director & CIO

(SEAL)

we make housing affordable™
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000 • Tallahassee, Florida 32301
850.488.4197 • Fax: 850.488.9809 • www.floridahousing.org

November 8, 2019

Mr. Ash Williams
Executive Director/Chief Investment Officer
State Board of Administration
P.O. Box 13300
Tallahassee, Florida 32317-3300

Subject: $450,000,000 Florida Housing Finance Corporation, Homeowner Mortgage Revenue Bonds (2020 Phase One Bonds [multiple series to be determined])

Dear Mr. Williams:

On behalf of Florida Housing Finance Corporation (Florida Housing), I am submitting Preliminary Cash Flow Analyses for the approval of fiscal determination on the 2020 Phase One Bonds as required by statute. These Cash Flow Analyses have been prepared at Florida Housing's direction. Florida Housing may issue the 2020 Phase One Bonds in multiple series; under one or more master indentures; and at various times. In each case, the decision will be based on what is most economically and programmatically advantageous based upon the prevailing market conditions.

It is currently expected that approximately $55.08 million of the $450.00 million of bonds may provide funds to optionally refund multiple series of previously issued Homeowner Mortgage Revenue Bonds that originally funded mortgage loans to low and moderate income first-time homebuyers. These refunding bonds will only be issued if an acceptable level of debt service savings can be achieved. It is also expected that the remaining $394.92 million of bonds will be new money issuance used to generate new mortgages that will be pooled into new mortgage backed securities (MBS). If the aforementioned refundings are not implemented, the full $450 million may be used to generate new mortgages that will be pooled into MBS.

Florida Housing may issue these bonds under its 1995 master indenture, the New Issue Bond Program (NIBP) master indenture or a newly created master indenture. As stated above, Florida Housing may issue the 2020 Phase One Bonds at one time or in multiple issuances if doing so is deemed advantageous based upon the prevailing market conditions. The cash flow analyses show there are sufficient annual revenues to meet the required debt service on the entire principal amount of the 2020 Phase One Bonds. For purposes of the cash flow analyses submitted herewith, the following separate issuance scenarios have been assumed: 1) a combined refunding and new money issuance comprised of (a) the refunding bond issue of $55.08 million and (b) new money bonds of $394.92 million; 2) a refunding bond issue of $55.08 million; and 3) $450 million of new money bonds. Per the State Board of Administration's (SBA) request, we will submit the cash flows separately.

Florida Housing, as a matter of long standing policy, considers bidding its bonds competitively. Given the complex structure of this bond issue and current market conditions, Caine Mitter & Associates Incorporated (Caine Mitter), Florida Housing's independent registered municipal advisor, recommends that Florida Housing offer the 2020 Phase One Bonds through a negotiated sale. A copy of the Caine Mitter method of sale recommendation is appended. Certain parties to the transaction will be or have been selected competitively or through the RFP/RFQ process, including the master mortgage servicer, trustee, rebate analyst, independent registered municipal advisor, bond counsel, special counsel, and underwriter.

Please accept this letter as a request to the State Board of Administration for approval of fiscal determination of the anticipated 2020 Phase One Bonds. The following items are enclosed with this letter:

- Independent Registered Municipal Advisor Method of Sale letter
- Authorizing Board Resolution
- Draft Terms Memorandum and Program summary
- Preliminary Cash Flow Analyses

Please place this request on the December 3, 2019 agenda.

If there is any additional information or explanation needed, please feel free to call on us. The primary point of contact for the Florida Housing Finance Corporation is Melanie Weathers at 488-4197. However, please feel free to contact me for any information needed.

Sincerely,

Angeliki G. Sellers
Chief Financial Officer

Enclosures

cc: Sharon Vice
Harold L. "Trey" Price

SECTION 6

FISCAL DETERMINATION COVERAGE: Stand-Alone

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$450,000,000 - NEW MONEY
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
07/01/2020	3,318,765.99	3,603,253.44	6,922,019.43	1.00
01/01/2021	11,620,898.98		9,897,787.43	1.17
07/01/2021	11,963,053.92		11,879,405.88	1.01
01/01/2022	11,973,630.79		11,888,647.00	1.01
07/01/2022	11,984,416.03		11,896,037.90	1.01
01/01/2023	11,995,413.81		11,907,101.97	1.01
07/01/2023	12,006,628.45		11,921,180.04	1.01
01/01/2024	12,018,064.04		11,933,786.65	1.01
07/01/2024	12,029,725.02		11,943,557.59	1.01
01/01/2025	12,041,615.89		11,951,827.34	1.01
07/01/2025	12,053,741.21		11,967,951.61	1.01
01/01/2026	12,066,105.42		11,977,463.55	1.01
07/01/2026	12,078,713.34		11,989,681.31	1.01
01/01/2027	12,091,569.72		12,005,260.47	1.01
07/01/2027	12,104,679.54		12,018,384.10	1.01
01/01/2028	12,118,047.79		12,029,755.21	1.01
07/01/2028	12,131,679.48		12,043,156.14	1.01
01/01/2029	12,145,579.90		12,054,719.23	1.01
07/01/2029	12,159,754.21		12,069,051.75	1.01
01/01/2030	12,174,207.90		12,086,160.92	1.01
07/01/2030	12,188,946.64		12,096,994.56	1.01
01/01/2031	12,203,975.68		12,110,600.45	1.01
07/01/2031	12,219,301.00		12,127,907.56	1.01
01/01/2032	12,234,928.39		12,142,826.08	1.01
07/01/2032	12,250,863.84		12,156,372.39	1.01
01/01/2033	12,267,113.33		12,172,525.34	1.01
07/01/2033	12,283,683.05		12,192,232.46	1.01
01/01/2034	12,300,579.41		12,209,403.76	1.01
07/01/2034	12,317,808.90		12,224,617.93	1.01
01/01/2035	12,335,377.91		12,242,122.37	1.01
07/01/2035	12,353,293.11		12,257,826.91	1.01
01/01/2036	12,371,561.49		12,275,728.86	1.01
07/01/2036	12,390,189.89		12,296,750.45	1.01
01/01/2037	12,409,185.56		12,314,813.87	1.01
07/01/2037	12,428,555.52		12,330,903.74	1.01
01/01/2038	12,448,307.36		12,354,017.14	1.01
07/01/2038	12,468,448.47		12,370,001.07	1.01

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$450,000,000 - NEW MONEY
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
01/01/2039	12,488,986.55		12,392,927.51	1.01
07/01/2039	12,509,929.41		12,410,390.20	1.01
01/01/2040	12,531,285.03		12,424,576.63	1.01
07/01/2040	12,553,061.68		12,441,474.18	1.01
01/01/2041	12,575,267.48		12,459,992.06	1.01
07/01/2041	12,597,910.92		12,481,048.79	1.01
01/01/2042	12,621,000.65		12,498,572.19	1.01
07/01/2042	12,644,545.55		12,518,540.04	1.01
01/01/2043	12,668,554.52		12,539,880.01	1.01
07/01/2043	12,693,036.69		12,558,500.99	1.01
01/01/2044	12,718,001.38		12,578,399.26	1.01
07/01/2044	12,743,458.16		12,603,149.19	1.01
01/01/2045	12,769,416.65		12,628,887.55	1.01
07/01/2045	12,795,886.78		12,656,522.91	1.01
01/01/2046	12,822,878.65		12,679,963.78	1.01
07/01/2046	12,850,402.54		12,710,206.07	1.01
01/01/2047	12,878,468.84		12,736,085.62	1.01
07/01/2047	12,907,088.49		12,763,598.20	1.01
01/01/2048	12,936,272.15		12,790,517.59	1.01
07/01/2048	12,966,031.03		12,818,565.02	1.01
01/01/2049	12,996,376.36		12,846,947.86	1.01
07/01/2049	13,027,319.85		12,876,580.90	1.01
01/01/2050	19,455,619.88	-	12,907,044.46	1.51
TOTAL	**741,299,210.22**	**3,603,253.44**	**730,580,951.49**	

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$55,080,000 - Refunding
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
07/01/2020	1,713,433.72		772,699.38	2.22
01/01/2021	1,715,413.06		1,676,747.80	1.02
07/01/2021	1,717,431.28		1,671,944.54	1.03
01/01/2022	1,719,489.16		1,674,491.80	1.03
07/01/2022	1,721,587.45		1,675,976.76	1.03
01/01/2023	1,723,727.03		1,672,860.99	1.03
07/01/2023	1,725,908.63		1,673,678.53	1.03
01/01/2024	1,728,133.18		1,674,882.18	1.03
07/01/2024	1,730,401.44		1,674,682.22	1.03
01/01/2025	1,732,714.28		1,674,875.82	1.03
07/01/2025	1,735,072.66		1,673,938.86	1.04
01/01/2026	1,737,477.41		1,673,365.38	1.04
07/01/2026	1,739,929.47		1,671,581.25	1.04
01/01/2027	1,742,429.81		1,675,175.47	1.04
07/01/2027	1,744,979.34		1,672,545.79	1.04
01/01/2028	1,747,579.06		1,665,257.46	1.05
07/01/2028	1,750,229.96		1,671,596.94	1.05
01/01/2029	1,752,933.06		1,673,200.71	1.05
07/01/2029	1,755,689.40		1,670,762.75	1.05
01/01/2030	1,758,500.03		1,673,519.49	1.05
07/01/2030	1,761,366.04		1,670,470.51	1.05
01/01/2031	1,764,288.50		1,667,615.38	1.06
07/01/2031	1,767,268.55		1,663,947.41	1.06
01/01/2032	1,770,307.35		1,660,396.75	1.07
07/01/2032	1,773,406.03		1,656,107.96	1.07
01/01/2033	1,776,565.84		1,651,859.93	1.08
07/01/2033	1,779,787.92		1,641,872.81	1.08
01/01/2034	1,783,073.55		1,641,912.98	1.09
07/01/2034	1,786,423.99		1,634,612.43	1.09
01/01/2035	1,789,840.53		1,627,407.54	1.10
07/01/2035	1,793,324.48		1,614,297.78	1.11
01/01/2036	1,796,877.19		1,606,282.62	1.12
07/01/2036	1,800,500.02		1,592,285.89	1.13
01/01/2037	1,804,194.36		1,578,570.17	1.14
07/01/2037	1,807,961.63		1,553,875.51	1.16
01/01/2038	1,811,803.32		1,529,276.33	1.18

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$55,080,000 - Refunding
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
07/01/2038	1,815,720.86		1,498,772.06	1.21
01/01/2039	1,819,715.78		1,458,212.08	1.25
07/01/2039	1,823,789.62		1,406,745.80	1.30
01/01/2040	1,827,943.97		1,330,372.58	1.37
07/01/2040	1,832,180.42		1,218,016.79	1.50
01/01/2041	1,489,812.50		850,752.78	1.75
07/01/2041	1,423,911.64		622,653.92	2.29
01/01/2042	1,427,324.95		311,374.15	4.58
TOTAL	**76,720,448.47**		**67,251,476.29**	

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$450,000,000 -New Money and Refunding
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
07/01/2020	4,636,876.11	2,296,012.06	6,932,888.17	1.00
01/01/2021	11,952,057.88	-	11,807,925.68	1.01
07/01/2021	12,255,474.46	-	12,108,337.67	1.01
01/01/2022	12,266,849.20	-	12,119,249.66	1.01
07/01/2022	12,278,448.02	-	12,133,117.75	1.01
01/01/2023	12,290,275.43	-	12,140,528.93	1.01
07/01/2023	12,302,335.76	-	12,155,845.17	1.01
01/01/2024	12,314,633.75	-	12,164,644.63	1.01
07/01/2024	12,327,174.04	-	12,180,399.22	1.01
01/01/2025	12,339,961.31	-	12,189,560.79	1.01
07/01/2025	12,353,000.62	-	12,206,374.89	1.01
01/01/2026	12,366,296.81	-	12,216,482.06	1.01
07/01/2026	12,379,854.87	-	12,229,172.79	1.01
01/01/2027	12,393,680.16	-	12,245,130.03	1.01
07/01/2027	12,407,777.95	-	12,258,424.18	1.01
01/01/2028	12,422,153.40	-	12,274,908.12	1.01
07/01/2028	12,436,812.27	-	12,288,164.03	1.01
01/01/2029	12,451,760.07	-	12,304,486.58	1.01
07/01/2029	12,467,002.36	-	12,317,664.14	1.01
01/01/2030	12,482,544.99	-	12,333,541.26	1.01
07/01/2030	12,498,394.00	-	12,348,046.86	1.01
01/01/2031	12,514,555.38	-	12,365,159.78	1.01
07/01/2031	12,531,035.19	-	12,380,808.82	1.01
01/01/2032	12,547,839.92	-	12,399,010.24	1.01
07/01/2032	12,564,975.80	-	12,415,655.25	1.01
01/01/2033	12,582,449.51	-	12,429,760.00	1.01
07/01/2033	12,600,267.65	-	12,447,321.85	1.01
01/01/2034	12,618,436.99	-	12,467,250.59	1.01
07/01/2034	12,636,964.41	-	12,484,712.24	1.01
01/01/2035	12,655,857.21	-	12,504,291.47	1.01
07/01/2035	12,675,122.35	-	12,521,910.44	1.01
01/01/2036	12,694,767.41	-	12,541,553.73	1.01
07/01/2036	12,714,799.72	-	12,559,143.35	1.01
01/01/2037	12,735,226.94	-	12,583,676.28	1.01
07/01/2037	12,756,056.97	-	12,600,986.92	1.01
01/01/2038	12,777,297.66	-	12,625,159.62	1.01
07/01/2038	12,798,957.11	-	12,647,028.66	1.01

FLORIDA HOUSING FINANCE CORPORATION
HOMEOWNER MORTGAGE REVENUE BONDS
2020 PHASE ONE (Multiple Series to be Determined)

FISCAL DETERMINATION COVERAGE - NEW INDENTURE CASHFLOWS
$450,000,000 -New Money and Refunding
SEMI-ANNUAL BREAKOUT
0% FHA

PERIOD	GROSS REVENUES (Scheduled)	CAPITALIZED INTEREST DISTRIBUTION	CASH EXPENSES (Debt Service & Expenses)	RECEIPTS/EXPENSES RATIO
01/01/2039	12,821,043.65	-	12,665,590.76	1.01
07/01/2039	12,843,565.62	-	12,688,370.69	1.01
01/01/2040	12,866,531.81	-	12,712,618.17	1.01
07/01/2040	12,889,950.88	-	12,734,242.22	1.01
01/01/2041	12,567,143.75	-	12,417,229.93	1.01
07/01/2041	12,521,189.12	-	12,368,404.82	1.01
01/01/2042	12,544,941.76	-	12,392,164.69	1.01
07/01/2042	12,569,159.32	-	12,418,208.84	1.01
01/01/2043	11,876,231.39	-	11,730,464.92	1.01
07/01/2043	11,181,072.09	-	11,042,220.66	1.01
01/01/2044	11,203,063.02	-	11,062,667.53	1.01
07/01/2044	11,225,487.40	-	11,088,598.06	1.01
01/01/2045	11,248,353.87	-	11,110,875.72	1.01
07/01/2045	11,271,670.91	-	11,130,489.58	1.01
01/01/2046	11,295,447.56	-	11,156,428.59	1.01
07/01/2046	11,319,692.84	-	11,179,529.17	1.01
01/01/2047	11,344,416.07	-	11,203,787.65	1.01
07/01/2047	11,369,626.57	-	11,229,330.92	1.01
01/01/2048	11,395,333.85	-	11,250,384.55	1.01
07/01/2048	11,421,547.91	-	11,278,392.14	1.01
01/01/2049	11,448,278.59	-	11,302,188.49	1.01
07/01/2049	11,475,536.26	-	11,327,762.06	1.01
01/01/2050	19,207,319.03		11,349,884.97	1.69
TOTAL	**733,934,576.95**	**2,296,012.06**	**719,768,157.01**	

SECTION 7

FISCAL DETERMINATION COVERAGE: NIBP Indenture

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $450,000,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	17,336,420.11			-		-	-	
07/01/2019	17,496,342.56	-		-		13,949,785.05	13,949,785.05	125.42%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	17,512,702.03					13,446,635.44	13,446,635.44	130.24%
07/01/2020	20,848,219.58	3,603,253.44			6,922,019.43	13,594,440.55	20,516,459.98	119.18%
01/01/2021	29,167,505.97	-			9,897,787.43	13,336,672.75	23,234,460.18	125.54%
07/01/2021	29,527,225.67				11,879,405.88	13,269,347.66	25,148,753.53	117.41%
01/01/2022	29,555,788.84	-			11,888,647.00	12,944,950.19	24,833,597.19	119.02%
07/01/2022	29,584,992.18				11,896,037.90	12,724,221.11	24,620,259.01	120.17%
01/01/2023	29,614,850.68				11,907,101.97	12,418,797.93	24,325,899.90	121.74%
07/01/2023	29,645,378.96				11,921,180.04	12,081,901.46	24,003,081.50	123.51%
01/01/2024	29,676,592.55				11,933,786.65	11,634,367.02	23,568,153.67	125.92%
07/01/2024	29,719,247.17				11,943,557.59	11,236,505.05	23,180,062.64	128.21%
01/01/2025	29,778,917.51				11,951,827.34	10,800,315.49	22,752,142.83	130.88%
07/01/2025	29,810,135.50				11,967,951.61	10,334,449.82	22,302,401.42	133.66%
01/01/2026	29,593,962.05				11,977,463.55	10,056,547.03	22,034,010.58	134.31%
07/01/2026	29,479,365.30				11,989,681.31	9,854,428.19	21,844,109.50	134.95%
01/01/2027	29,507,445.06				12,005,260.47	9,510,996.99	21,516,257.46	137.14%
07/01/2027	29,540,561.15				12,018,384.10	9,167,423.09	21,185,807.19	139.44%
01/01/2028	29,541,009.42				12,029,755.21	8,055,221.77	20,084,976.97	147.08%
07/01/2028	29,582,254.73				12,043,156.14	7,631,822.52	19,674,978.67	150.35%
01/01/2029	29,621,569.61			36,517.69	12,054,719.23	6,369,244.54	18,423,963.77	160.98%
07/01/2029	29,638,014.85			40,015.16	12,069,051.75	5,316,196.26	17,385,248.01	170.71%
01/01/2030	29,677,022.37			42,599.66	12,086,160.92	5,628,551.12	17,714,712.04	167.77%
07/01/2030	29,714,030.40			35,269.12	12,096,994.56	6,325,939.41	18,422,933.98	161.48%
01/01/2031	29,748,938.82			37,182.62	12,110,600.45	6,133,137.23	18,243,737.69	163.27%
07/01/2031	29,791,403.04			37,871.65	12,127,907.56	5,985,476.96	18,113,384.52	164.68%
01/01/2032	29,834,532.99			37,608.90	12,142,826.08	5,816,126.28	17,958,952.36	166.34%
07/01/2032	29,878,864.20			42,392.09	12,156,372.39	5,661,298.34	17,817,670.73	167.93%
01/01/2033	29,923,996.87			31,130.74	12,172,525.34	5,470,115.30	17,642,640.64	169.79%
07/01/2033	29,970,313.96			35,086.72	12,192,232.46	5,313,350.59	17,505,583.05	171.40%
01/01/2034	29,893,976.71			32,993.13	12,209,403.76	5,124,845.14	17,334,248.91	172.65%
07/01/2034	29,716,658.65			30,935.60	12,224,617.93	4,910,395.87	17,135,013.80	173.61%
01/01/2035	29,761,606.32			27,911.42	12,242,122.37	4,715,120.52	16,957,242.89	175.67%
07/01/2035	29,533,182.72			29,918.04	12,257,826.91	4,458,124.88	16,715,951.80	176.86%
01/01/2036	29,343,249.84				12,275,728.86	4,107,087.93	16,382,816.79	179.11%
07/01/2036	29,360,696.96				12,296,750.45	3,962,704.27	16,259,454.73	180.58%
01/01/2037	29,395,775.90				12,314,813.87	3,738,865.16	16,053,679.03	183.11%
07/01/2037	29,449,756.83				12,330,903.74	3,500,251.05	15,831,154.79	186.02%
01/01/2038	29,503,949.93	-			12,354,017.14	3,129,333.36	15,483,350.50	190.55%
07/01/2038	29,547,742.12	-			12,370,001.07	2,942,133.67	15,312,134.74	192.97%
01/01/2039	29,604,603.72				12,392,927.51	2,767,001.66	15,159,929.17	195.28%
07/01/2039	29,656,915.07				12,410,390.20	2,516,692.24	14,927,082.44	198.68%
01/01/2040	29,716,412.72				12,424,576.63	2,328,868.67	14,753,445.30	201.42%
07/01/2040	29,694,058.19				12,441,474.18	2,096,472.62	14,537,946.80	204.25%
01/01/2041	28,238,971.64				12,459,992.06	1,762,740.41	14,222,732.47	198.55%
07/01/2041	25,630,042.17				12,481,048.79	1,102,262.40	13,583,311.19	188.69%
01/01/2042	23,205,064.49				12,498,572.19	989,473.15	13,488,045.35	172.04%
07/01/2042	21,277,409.25				12,518,540.04	913,819.07	13,432,359.11	158.40%
01/01/2043	20,326,450.82				12,539,880.01	817,990.75	13,357,870.76	152.17%
07/01/2043	18,897,646.06				12,558,500.99	698,410.82	13,256,911.81	142.55%
01/01/2044	18,097,484.83				12,578,399.26	528,555.68	13,106,954.94	138.08%
07/01/2044	16,660,121.53				12,603,149.19	289,996.55	12,893,145.74	129.22%
01/01/2045	16,346,085.47				12,628,887.55	4,339.61	12,633,227.17	129.39%
07/01/2045	15,355,540.83				12,656,522.91	2,826.37	12,659,349.29	121.30%
01/01/2046	14,604,865.06				12,679,963.78	1,295.22	12,681,259.00	115.17%
07/01/2046	14,176,260.61		-		12,710,206.07	-	12,710,206.07	111.53%
01/01/2047	12,993,079.10				12,736,085.62	-	12,736,085.62	102.02%

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $450,000,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
07/01/2047	12,907,163.49				12,763,598.20	-	12,763,598.20	101.12%
01/01/2048	12,936,347.15				12,790,517.59	-	12,790,517.59	101.14%
07/01/2048	12,966,106.03				12,818,565.02	-	12,818,565.02	101.15%
01/01/2049	12,996,451.36				12,846,947.86	-	12,846,947.86	101.16%
07/01/2049	13,027,394.85				12,876,580.90	-	12,876,580.90	101.17%
01/01/2050	19,455,694.88				12,907,044.46	-	12,907,044.46	150.74%
02/01/2050	2,179,590.07				-	-	-	N/A
TOTAL	**$ 1,590,773,959.49**	**$ 3,603,253.44**		**$ 497,432.55**	**$ 730,580,951.49**	**$ 331,477,872.23**	**$ 1,062,058,823.72**	

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $55,080,000 REFUNDING
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	16,728,078.91			-		-	-	
07/01/2019	18,104,683.76	-		-		14,244,207.55	14,244,207.55	127.10%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	115,721,441.06					13,363,844.70	13,363,844.70	865.93%
07/01/2020	16,239,369.74	-			772,699.38	13,512,537.46	14,285,236.84	113.68%
01/01/2021	16,255,845.88	-			1,676,747.80	10,821,339.15	12,498,086.95	130.07%
07/01/2021	16,272,719.76				1,671,944.54	10,773,458.67	12,445,403.21	130.75%
01/01/2022	16,290,001.29	-			1,674,491.80	10,462,522.93	12,137,014.73	134.22%
07/01/2022	16,307,700.36			14,376.33	1,675,976.76	10,265,814.49	11,941,791.25	136.68%
01/01/2023	16,325,827.39			18,830.00	1,672,860.99	10,000,898.86	11,673,759.86	140.01%
07/01/2023	16,344,392.66			28,713.90	1,673,678.53	9,716,599.49	11,390,278.02	143.75%
01/01/2024	16,363,407.13			27,628.33	1,674,882.18	9,335,975.36	11,010,857.54	148.86%
07/01/2024	16,390,921.11			30,389.25	1,674,682.22	9,014,649.00	10,689,331.22	153.62%
01/01/2025	16,430,286.68			31,390.37	1,674,875.82	8,681,513.30	10,356,389.12	158.95%
07/01/2025	16,448,004.67			34,246.15	1,673,938.86	8,312,476.87	9,986,415.73	165.05%
01/01/2026	16,218,123.76			36,322.53	1,673,365.38	8,122,608.35	9,795,973.73	165.93%
07/01/2026	16,089,622.11			36,855.20	1,671,581.25	8,028,707.82	9,700,289.06	166.25%
01/01/2027	16,103,391.84			41,567.47	1,675,175.47	7,925,123.96	9,600,299.44	168.17%
07/01/2027	16,119,672.40			35,883.11	1,672,545.79	7,749,924.50	9,422,470.29	171.46%
01/01/2028	16,099,359.37			33,953.56	1,665,257.46	6,894,500.62	8,559,758.07	188.48%
07/01/2028	16,123,951.46			38,190.01	1,671,596.94	6,742,101.38	8,413,698.32	192.09%
01/01/2029	16,146,399.74			36,517.69	1,673,200.71	5,325,143.79	6,998,344.50	231.24%
07/01/2029	16,148,552.89			40,015.16	1,670,762.75	4,182,677.72	5,853,440.46	276.57%
01/01/2030	16,172,673.31			42,599.66	1,673,519.49	4,046,436.94	5,719,956.43	283.49%
07/01/2030	16,197,303.67			35,269.12	1,670,470.51	3,898,747.11	5,569,217.62	291.47%
01/01/2031	16,222,482.28			37,182.62	1,667,615.38	3,756,972.40	5,424,587.79	299.74%
07/01/2031	16,248,234.00			37,871.65	1,663,947.41	3,619,463.19	5,283,410.60	308.25%
01/01/2032	16,274,593.39			37,608.90	1,660,396.75	3,482,188.87	5,142,585.63	317.20%
07/01/2032	16,301,551.51			42,392.09	1,656,107.96	3,338,392.24	4,994,500.20	327.24%
01/01/2033	16,329,232.18			31,130.74	1,651,859.93	3,180,201.18	4,832,061.12	338.58%
07/01/2033	16,357,548.25			35,086.72	1,641,872.81	3,035,586.16	4,677,458.97	350.46%
01/01/2034	16,263,033.14			32,993.13	1,641,912.98	2,881,075.22	4,522,988.20	360.29%
07/01/2034	16,067,040.36			30,935.60	1,634,612.43	2,709,830.76	4,344,443.20	370.54%
01/01/2035	16,092,813.43			27,911.42	1,627,407.54	2,523,341.66	4,150,749.21	388.38%
07/01/2035	15,843,621.25			29,918.04	1,614,297.78	2,331,172.19	3,945,469.97	402.32%
01/01/2036	15,634,643.02			-	1,606,282.62	2,055,567.79	3,661,850.41	426.96%
07/01/2036	15,632,126.73			-	1,592,285.89	1,976,976.50	3,569,262.40	437.97%
01/01/2037	15,646,347.58			-	1,578,570.17	1,849,413.44	3,427,983.61	456.43%
07/01/2037	15,678,829.96			-	1,553,875.51	1,686,240.11	3,240,115.61	483.90%
01/01/2038	15,711,254.31	-		-	1,529,276.33	1,442,550.82	2,971,827.16	528.67%
07/01/2038	15,732,536.66	-		-	1,498,772.06	1,391,672.31	2,890,444.37	544.29%
01/01/2039	15,766,442.60			-	1,458,212.08	1,384,362.61	2,842,574.69	554.65%
07/01/2039	15,801,104.93			-	1,406,745.80	1,377,041.79	2,783,787.58	567.61%
01/01/2040	15,836,656.04			-	1,330,372.58	1,368,719.16	2,699,091.73	586.74%
07/01/2040	15,789,653.13			-	1,218,016.79	1,365,128.97	2,583,145.75	611.26%
01/01/2041	13,962,371.61			-	850,752.78	1,360,526.63	2,211,279.41	631.42%
07/01/2041	11,283,816.44			-	622,653.92	1,090,646.24	1,713,300.16	658.60%
01/01/2042	9,411,234.80			-	311,374.15	980,532.38	1,291,906.53	728.48%
07/01/2042	6,094,982.16			-		907,282.83	907,282.83	671.78%
01/01/2043	5,116,974.04			-		813,903.61	813,903.61	628.70%
07/01/2043	3,789,690.94			-		696,688.59	696,688.59	543.96%
01/01/2044	3,778,591.71			-		528,419.42	528,419.42	715.07%
07/01/2044	3,784,796.94			-		289,990.80	289,990.80	1305.14%
01/01/2045	3,570,819.79			-		4,339.61	4,339.61	82284.27%
07/01/2045	2,559,654.05			-		2,826.37	2,826.37	90563.23%
01/01/2046	1,781,986.41			-		1,295.22	1,295.22	137581.38%
07/01/2046	1,325,858.07		-	-		-	-	N/A
01/01/2047	114,610.26			-		-	-	N/A
07/01/2047	75.00			-		-	-	N/A

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $55,080,000 REFUNDING
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
01/01/2048	75.00			-		-	-	N/A
07/01/2048	75.00			-		-	-	N/A
01/01/2049	75.00			-		-	-	N/A
07/01/2049	75.00			-		-	-	N/A
01/01/2050	75.00			-		-	-	N/A
07/01/2050	-			-		-	-	N/A
TOTAL	**$ 877,447,312.95**	**$ -**		**$ 905,778.75**	**$ 67,251,476.29**	**$ 254,854,159.09**	**$ 322,105,635.37**	

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $55,080,000 REFUNDING AND $394,920,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	16,728,078.91			-		-	-	
07/01/2019	18,104,683.76	-		-		14,244,207.55	14,244,207.55	127.10%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	115,721,441.06					13,363,844.70	13,363,844.70	865.93%
07/01/2020	19,162,812.13	2,296,012.06			6,932,888.17	13,512,537.46	20,445,425.63	104.96%
01/01/2021	26,492,490.70	-			11,807,925.68	10,821,339.15	22,629,264.83	117.07%
07/01/2021	26,810,762.94				12,108,337.67	10,773,458.67	22,881,796.34	117.17%
01/01/2022	26,837,361.33	-			12,119,249.66	10,462,522.93	22,581,772.60	118.85%
07/01/2022	26,864,560.93			14,376.33	12,133,117.75	10,265,814.49	22,398,932.24	120.00%
01/01/2023	26,892,375.79			18,830.00	12,140,528.93	10,000,898.86	22,141,427.79	121.54%
07/01/2023	26,920,819.79			28,713.90	12,155,845.17	9,716,599.49	21,872,444.65	123.21%
01/01/2024	26,949,907.70			27,628.33	12,164,644.63	9,335,975.36	21,500,620.00	125.47%
07/01/2024	26,987,693.71			30,389.25	12,180,399.22	9,014,649.00	21,195,048.23	127.47%
01/01/2025	27,037,533.71			31,390.37	12,189,560.79	8,681,513.30	20,871,074.09	129.70%
07/01/2025	27,065,932.63			34,246.15	12,206,374.89	8,312,476.87	20,518,851.76	132.07%
01/01/2026	26,846,943.16			36,322.53	12,216,482.06	8,122,608.35	20,339,090.41	132.18%
07/01/2026	26,729,547.51			36,855.20	12,229,172.79	8,028,707.82	20,257,880.61	132.13%
01/01/2027	26,754,642.19			41,567.47	12,245,130.03	7,925,123.96	20,170,253.99	132.85%
07/01/2027	26,782,471.01			35,883.11	12,258,424.18	7,749,924.50	20,008,348.68	134.04%
01/01/2028	26,773,933.71			33,953.56	12,274,908.12	6,894,500.62	19,169,408.73	139.85%
07/01/2028	26,810,533.77			38,190.01	12,288,164.03	6,742,101.38	19,030,265.41	141.08%
01/01/2029	26,845,226.75			36,517.69	12,304,486.58	5,325,143.79	17,629,630.36	152.48%
07/01/2029	26,859,865.85			40,015.16	12,317,664.14	4,182,677.72	16,500,341.85	163.03%
01/01/2030	26,896,718.27			42,599.66	12,333,541.26	4,046,436.94	16,379,978.21	164.46%
07/01/2030	26,934,331.63			35,269.12	12,348,046.86	3,898,747.11	16,246,793.97	166.00%
01/01/2031	26,972,749.16			37,182.62	12,365,159.78	3,756,972.40	16,122,132.18	167.53%
07/01/2031	27,012,000.64			37,871.65	12,380,808.82	3,619,463.19	16,000,272.02	169.06%
01/01/2032	27,052,125.96			37,608.90	12,399,010.24	3,482,188.87	15,881,199.12	170.58%
07/01/2032	27,093,121.28			42,392.09	12,415,655.25	3,338,392.24	15,754,047.49	172.24%
01/01/2033	27,135,115.85			31,130.74	12,429,760.00	3,180,201.18	15,609,961.18	174.03%
07/01/2033	27,178,027.98			35,086.72	12,447,321.85	3,035,586.16	15,482,908.00	175.76%
01/01/2034	27,098,396.58			32,993.13	12,467,250.59	2,881,075.22	15,348,325.82	176.77%
07/01/2034	26,917,580.78			30,935.60	12,484,712.24	2,709,830.76	15,194,543.00	177.36%
01/01/2035	26,958,830.11			27,911.42	12,504,291.47	2,523,341.66	15,027,633.14	179.58%
07/01/2035	26,725,419.12			29,918.04	12,521,910.44	2,331,172.19	14,853,082.63	180.13%
01/01/2036	26,532,533.24				12,541,553.73	2,055,567.79	14,597,121.52	181.77%
07/01/2036	26,546,426.43				12,559,143.35	1,976,976.50	14,536,119.86	182.62%
01/01/2037	26,577,380.16				12,583,676.28	1,849,413.44	14,433,089.72	184.14%
07/01/2037	26,626,925.30				12,600,986.92	1,686,240.11	14,287,227.03	186.37%
01/01/2038	26,676,748.65	-			12,625,159.62	1,442,550.82	14,067,710.45	189.63%
07/01/2038	26,715,772.91	-			12,647,028.66	1,391,672.31	14,038,700.97	190.30%
01/01/2039	26,767,770.47				12,665,590.76	1,384,362.61	14,049,953.37	190.52%
07/01/2039	26,820,880.93				12,688,370.69	1,377,041.79	14,065,412.48	190.69%
01/01/2040	26,875,243.88				12,712,618.17	1,368,719.16	14,081,337.33	190.86%
07/01/2040	26,847,423.59				12,734,242.22	1,365,128.97	14,099,371.19	190.42%
01/01/2041	25,039,702.86				12,417,229.93	1,360,526.63	13,777,756.56	181.74%
07/01/2041	22,381,093.92				12,368,404.82	1,090,646.24	13,459,051.06	166.29%
01/01/2042	20,528,851.61				12,392,164.69	980,532.38	13,372,697.07	153.51%
07/01/2042	18,664,141.48				12,418,208.84	907,282.83	13,325,491.67	140.06%
01/01/2043	16,993,205.43				11,730,464.92	813,903.61	12,544,368.53	135.46%
07/01/2043	14,970,763.03				11,042,220.66	696,688.59	11,738,909.26	127.53%
01/01/2044	14,981,654.73				11,062,667.53	528,419.42	11,591,086.95	129.25%
07/01/2044	15,010,284.34				11,088,598.06	289,990.80	11,378,588.85	131.92%
01/01/2045	14,819,173.66				11,110,875.72	4,339.61	11,115,215.34	133.32%
07/01/2045	13,831,324.96				11,130,489.58	2,826.37	11,133,315.95	124.23%
01/01/2046	13,077,433.97				11,156,428.59	1,295.22	11,157,723.81	117.21%
07/01/2046	12,645,550.91		-		11,179,529.17	-	11,179,529.17	113.11%
01/01/2047	11,459,026.33				11,203,787.65	-	11,203,787.65	102.28%
07/01/2047	11,369,701.57				11,229,330.92	-	11,229,330.92	101.25%

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
NIBP Single Family Indenture and $55,080,000 REFUNDING AND $394,920,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**NIBP Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
01/01/2048	11,395,408.85				11,250,384.55	-	11,250,384.55	101.29%
07/01/2048	11,421,622.91				11,278,392.14	-	11,278,392.14	101.27%
01/01/2049	11,448,353.59				11,302,188.49	-	11,302,188.49	101.29%
07/01/2049	11,475,611.26				11,327,762.06	-	11,327,762.06	101.31%
01/01/2050	19,207,394.03				11,349,884.97	-	11,349,884.97	169.23%
02/01/2050	1,919,962.43					-	-	N/A
TOTAL	**$ 1,536,581,403.86**	**$ 2,296,012.06**		**$ 905,778.75**	**$ 719,768,157.01**	**$ 254,854,159.09**	**$ 974,622,316.10**	

SECTION 8

FISCAL DETERMINATION COVERAGE: 1995 Indenture

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $450,000,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	-			-		-	-	
07/01/2019	42,443,238.45	-		241,417.45		14,259,388.21	14,259,388.21	299.34%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	20,640,016.41			1,604,703.48		15,074,543.24	15,074,543.24	147.56%
07/01/2020	33,008,434.56	-		514,344.22	6,922,019.43	19,547,713.59	26,469,733.02	126.65%
01/01/2021	37,857,874.67	-		44,839.90	9,897,787.43	20,935,633.93	30,833,421.36	122.93%
07/01/2021	38,215,295.55			51,396.36	11,879,405.88	20,979,154.70	32,858,560.58	116.46%
01/01/2022	39,795,718.84	-		41,582.60	11,888,647.00	21,023,471.62	32,912,118.62	121.04%
07/01/2022	38,525,490.45			41,621.09	11,896,037.90	21,047,205.22	32,943,243.12	117.07%
01/01/2023	38,567,902.97			40,886.00	11,907,101.97	21,077,471.53	32,984,573.51	117.05%
07/01/2023	38,611,377.35			44,772.62	11,921,180.04	21,120,897.56	33,042,077.60	116.99%
01/01/2024	38,655,941.08			42,720.41	11,933,786.65	21,148,367.92	33,082,154.57	116.98%
07/01/2024	38,701,621.87			40,561.46	11,943,557.59	21,197,265.45	33,140,823.05	116.90%
01/01/2025	38,748,448.37			42,491.99	11,951,827.34	21,304,697.39	33,256,524.74	116.64%
07/01/2025	38,830,757.56			32,962.30	11,967,951.61	21,361,727.99	33,329,679.60	116.60%
01/01/2026	39,043,090.27			31,271.62	11,977,463.55	21,406,623.34	33,384,086.89	117.04%
07/01/2026	39,107,132.89			31,926.91	11,989,681.31	21,430,687.68	33,420,368.99	117.11%
01/01/2027	39,172,765.81			31,355.53	12,005,260.47	21,477,782.78	33,483,043.25	117.09%
07/01/2027	39,154,320.62			30,764.74	12,018,384.10	21,515,706.65	33,534,090.75	116.85%
01/01/2028	39,095,599.01			33,915.53	12,029,755.21	21,565,935.36	33,595,690.56	116.47%
07/01/2028	39,187,420.88			34,673.25	12,043,156.14	21,618,578.07	33,661,734.21	116.52%
01/01/2029	39,371,755.51			23,859.99	12,054,719.23	21,648,411.97	33,703,131.20	116.89%
07/01/2029	39,005,563.67			50,928.92	12,069,051.75	21,744,882.36	33,813,934.11	115.50%
01/01/2030	38,600,688.05			69,164.09	12,086,160.92	21,799,461.83	33,885,622.75	114.12%
07/01/2030	38,297,877.88			65,656.77	12,096,994.56	21,881,096.65	33,978,091.21	112.91%
01/01/2031	38,091,528.38			70,478.61	12,110,600.45	21,896,328.56	34,006,929.01	112.22%
07/01/2031	38,108,043.64			69,475.94	12,127,907.56	21,994,509.68	34,122,417.25	111.88%
01/01/2032	38,067,430.88			66,683.17	12,142,826.08	22,061,707.90	34,204,533.98	111.49%
07/01/2032	37,893,731.53			67,467.56	12,156,372.39	22,160,260.12	34,316,632.51	110.62%
01/01/2033	37,719,105.92			71,340.81	12,172,525.34	22,262,510.27	34,435,035.61	109.74%
07/01/2033	37,789,593.25			65,203.10	12,192,232.46	22,281,841.94	34,474,074.40	109.81%
01/01/2034	37,862,222.90			62,223.91	12,209,403.76	22,323,746.79	34,533,150.55	109.82%
07/01/2034	37,934,165.97			59,317.01	12,224,617.93	22,340,134.91	34,564,752.84	109.92%
01/01/2035	37,962,651.91			54,462.78	12,242,122.37	22,368,584.85	34,610,707.22	109.84%
07/01/2035	37,995,540.84			59,669.01	12,257,826.91	22,409,622.84	34,667,449.76	109.77%
01/01/2036	37,457,869.51			37,754.84	12,275,728.86	22,355,445.28	34,631,174.14	108.27%
07/01/2036	36,769,816.09			30,481.95	12,296,750.45	22,356,758.11	34,653,508.56	106.20%
01/01/2037	36,369,267.89			24,671.06	12,314,813.87	22,004,969.05	34,319,782.92	106.04%
07/01/2037	36,444,284.52			39,964.90	12,330,903.74	21,463,311.25	33,794,214.99	107.96%
01/01/2038	36,526,308.21	-		37,437.18	12,354,017.14	21,364,325.53	33,718,342.66	108.44%
07/01/2038	35,232,087.88	-		46,151.93	12,370,001.07	21,389,303.89	33,759,304.96	104.50%
01/01/2039	35,314,685.35			43,076.10	12,392,927.51	21,468,094.70	33,861,022.21	104.42%
07/01/2039	35,398,730.14			48,717.71	12,410,390.20	21,522,744.42	33,933,134.62	104.46%
01/01/2040	35,485,397.77			47,451.02	12,424,576.63	21,603,493.07	34,028,069.70	104.42%
07/01/2040	35,573,658.48			57,204.98	12,441,474.18	21,681,671.02	34,123,145.20	104.42%
01/01/2041	35,664,446.50			38,091.83	12,459,992.06	21,515,371.48	33,975,363.54	105.08%
07/01/2041	35,758,616.84			40,953.53	12,481,048.79	21,597,996.73	34,079,045.52	105.05%
01/01/2042	35,855,505.41			42,921.28	12,498,572.19	21,590,560.01	34,089,132.21	105.31%
07/01/2042	35,870,772.07			45,937.46	12,518,540.04	21,672,108.60	34,190,648.64	105.05%
01/01/2043	35,825,834.78			47,846.37	12,539,880.01	21,738,401.36	34,278,281.37	104.65%
07/01/2043	35,926,101.22			50,556.08	12,558,500.99	21,823,108.03	34,381,609.02	104.64%
01/01/2044	36,030,993.24			52,258.40	12,578,399.26	21,897,288.67	34,475,687.93	104.66%
07/01/2044	36,137,975.38			55,095.56	12,603,149.19	21,978,540.48	34,581,689.68	104.66%
01/01/2045	36,244,431.25			57,013.55	12,628,887.55	22,028,895.88	34,657,783.43	104.74%
07/01/2045	36,356,347.96			60,369.19	12,656,522.91	21,810,762.21	34,467,285.12	105.66%
01/01/2046	35,420,388.62			63,963.71	12,679,963.78	22,029,582.38	34,709,546.16	102.23%
07/01/2046	35,393,345.37		-	670,352.49	12,710,206.07	22,779,377.30	35,489,583.37	101.62%
01/01/2047	35,174,159.99			953,532.66	12,736,085.62	21,724,242.45	34,460,328.08	104.84%
07/01/2047	33,953,716.51			70,392.86	12,763,598.20	20,635,293.03	33,398,891.23	101.87%

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $450,000,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
01/01/2048	31,986,682.16			71,940.51	12,790,517.59	16,934,096.42	29,724,614.01	107.85%
07/01/2048	31,013,285.55			75,225.99	12,818,565.02	16,833,445.78	29,652,010.80	104.84%
01/01/2049	27,403,875.50			1,189,590.96	12,846,947.86	13,512,280.53	26,359,228.39	108.48%
07/01/2049	33,687,410.70			3,483,680.46	12,876,580.90	15,389,290.29	28,265,871.19	131.51%
01/01/2050	21,397,748.32			-	12,907,044.46	3,166,532.60	16,073,577.05	133.12%
07/01/2050	75,320,343.42			-	-	11,677.19	11,677.19	N/A
TOTAL	**$ 2,333,056,434.56**	**$ -**		**$ 11,316,773.67**	**$ 730,580,951.49**	**$ 1,286,144,920.65**	**$ 2,016,725,872.14**	

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $55,080,000 REFUNDING
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	-			-		-	-	
07/01/2019	42,443,238.45	-		241,394.00		14,259,388.21	14,259,388.21	299.34%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	20,640,016.41			1,604,661.74		15,074,543.24	15,074,543.24	147.56%
07/01/2020	31,403,102.29	-		71,603.70	772,699.38	19,547,713.59	20,320,412.97	154.89%
01/01/2021	27,952,388.75	-		44,839.90	1,676,747.80	20,935,633.93	22,612,381.73	123.81%
07/01/2021	27,969,672.91			51,396.36	1,671,944.54	20,979,154.70	22,651,099.24	123.71%
01/01/2022	29,541,577.21	-		41,582.60	1,674,491.80	21,023,471.62	22,697,963.42	130.33%
07/01/2022	28,262,661.87			41,621.09	1,675,976.76	21,047,205.22	22,723,181.98	124.56%
01/01/2023	28,296,216.19			40,886.00	1,672,860.99	21,077,471.53	22,750,332.53	124.56%
07/01/2023	28,330,657.53			44,772.62	1,673,678.53	21,120,897.56	22,794,576.09	124.48%
01/01/2024	28,366,010.22			42,720.41	1,674,882.18	21,148,367.92	22,823,250.09	124.47%
07/01/2024	28,402,298.29			40,561.46	1,674,682.22	21,197,265.45	22,871,947.67	124.36%
01/01/2025	28,439,546.76			42,491.99	1,674,875.82	21,304,697.39	22,979,573.21	123.95%
07/01/2025	28,512,092.41			32,962.30	1,673,938.86	21,361,727.99	23,035,666.86	123.92%
01/01/2026	28,714,482.87			31,271.62	1,673,365.38	21,406,623.34	23,079,988.72	124.55%
07/01/2026	28,768,369.92			31,926.91	1,671,581.25	21,430,687.68	23,102,268.92	124.66%
01/01/2027	28,823,647.09			31,355.53	1,675,175.47	21,477,782.78	23,152,958.25	124.63%
07/01/2027	28,794,641.92			30,764.74	1,672,545.79	21,515,706.65	23,188,252.44	124.31%
01/01/2028	28,725,152.05			33,915.53	1,665,257.46	21,565,935.36	23,231,192.81	123.80%
07/01/2028	28,805,995.25			34,673.25	1,671,596.94	21,618,578.07	23,290,175.01	123.83%
01/01/2029	28,979,142.15			23,859.99	1,673,200.71	21,648,411.97	23,321,612.68	124.36%
07/01/2029	28,601,532.85			47,064.52	1,670,762.75	21,744,882.36	23,415,645.10	122.35%
01/01/2030	28,184,985.65			69,164.09	1,673,519.49	21,799,461.83	23,472,981.32	120.37%
07/01/2030	27,870,302.99			65,656.77	1,670,470.51	21,881,096.65	23,551,567.16	118.62%
01/01/2031	27,651,847.13			70,478.61	1,667,615.38	21,896,328.56	23,563,943.94	117.65%
07/01/2031	27,656,017.35			69,475.94	1,663,947.41	21,994,509.68	23,658,457.09	117.19%
01/01/2032	27,602,816.20			66,683.17	1,660,396.75	22,061,707.90	23,722,104.65	116.64%
07/01/2032	27,416,280.28			67,467.56	1,656,107.96	22,160,260.12	23,816,368.08	115.40%
01/01/2033	27,228,565.15			71,340.81	1,651,859.93	22,262,510.27	23,914,370.21	114.16%
07/01/2033	27,285,705.00			65,203.10	1,641,872.81	22,281,841.94	23,923,714.75	114.33%
01/01/2034	27,344,724.09			62,223.91	1,641,912.98	22,323,746.79	23,965,659.77	114.36%
07/01/2034	27,402,788.31			59,317.01	1,634,612.43	22,340,134.91	23,974,747.34	114.55%
01/01/2035	27,417,121.98			54,462.78	1,627,407.54	22,368,584.85	23,995,992.39	114.48%
07/01/2035	27,435,579.79			59,669.01	1,614,297.78	22,409,622.84	24,023,920.63	114.45%
01/01/2036	26,883,192.91			37,754.84	1,606,282.62	22,355,445.28	23,961,727.90	112.35%
07/01/2036	26,180,134.02			30,481.95	1,592,285.89	22,356,758.11	23,949,044.01	109.44%
01/01/2037	25,764,284.59			24,671.06	1,578,570.17	22,004,969.05	23,583,539.22	109.35%
07/01/2037	25,823,698.60			39,964.90	1,553,875.51	21,463,311.25	23,017,186.76	112.37%
01/01/2038	25,889,812.23	-		37,437.18	1,529,276.33	21,364,325.53	22,893,601.86	113.25%
07/01/2038	24,579,368.40	-		46,151.93	1,498,772.06	21,389,303.89	22,888,075.95	107.59%
01/01/2039	24,645,422.82			43,076.10	1,458,212.08	21,468,094.70	22,926,306.79	107.69%
07/01/2039	24,712,598.67			48,717.71	1,406,745.80	21,522,744.42	22,929,490.22	107.99%
01/01/2040	24,782,065.12			47,451.02	1,330,372.58	21,603,493.07	22,933,865.65	108.27%
07/01/2040	24,852,785.71			57,204.98	1,218,016.79	21,681,671.02	22,899,687.81	108.78%
01/01/2041	24,579,000.10			38,091.83	850,752.78	21,515,371.48	22,366,124.26	110.06%
07/01/2041	24,584,626.22			40,953.53	622,653.92	21,597,996.73	22,220,650.66	110.82%
01/01/2042	24,661,838.45			42,921.28	311,374.15	21,590,560.01	21,901,934.16	112.80%
07/01/2042	23,226,235.36			45,937.46		21,672,108.60	21,672,108.60	107.38%
01/01/2043	23,157,289.17			47,846.37		21,738,401.36	21,738,401.36	106.75%
07/01/2043	23,233,073.52			50,556.08		21,823,108.03	21,823,108.03	106.69%
01/01/2044	23,313,000.92			52,258.40		21,897,288.67	21,897,288.67	106.70%
07/01/2044	23,394,526.35			55,095.56		21,978,540.48	21,978,540.48	106.69%
01/01/2045	23,475,023.80			57,013.55		22,028,895.88	22,028,895.88	106.82%
07/01/2045	23,560,470.45			60,369.19		21,810,762.21	21,810,762.21	108.30%
01/01/2046	22,597,519.30			63,963.71		22,029,582.38	22,029,582.38	102.87%
07/01/2046	22,542,952.24		-	670,352.49		22,779,377.30	22,779,377.30	101.90%
01/01/2047	22,295,700.63			953,532.66		21,724,242.45	21,724,242.45	107.02%
07/01/2047	21,046,637.57			70,392.86		20,635,293.03	20,635,293.03	102.33%

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $55,080,000 REFUNDING
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
01/01/2048	19,050,419.63			71,940.51		16,934,096.42	16,934,096.42	112.92%
07/01/2048	18,047,264.21			75,225.99		16,833,445.78	16,833,445.78	107.66%
01/01/2049	14,407,508.90			1,189,590.96		13,512,280.53	13,512,280.53	115.43%
07/01/2049	12,160,100.69			3,483,680.46		15,389,290.29	15,389,290.29	101.65%
01/01/2050	8,350,134.91			-		4,666,532.60	4,666,532.60	178.94%
07/01/2050	73,140,847.71			-		11,677.19	11,677.19	N/A
TOTAL	**$ 1,664,206,710.51**	**$ -**		**$ 10,870,103.57**	**$ 67,251,476.29**	**$ 1,287,644,920.65**	**$ 1,354,896,396.94**	

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $55,080,000 REFUNDING AND $394,920,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
HISTORICAL INDENTURE CASHFLOWS PRIOR TO ORIGINATION OF 2020 PHASE ONE								
01/01/2019	-			-		-	-	
07/01/2019	42,443,238.45	-		241,394.00		14,259,388.21	14,259,388.21	299.34%
PROJECTED INDENTURE CASHFLOWS FOLLOWING ORIGINATION OF 2020 PHASE ONE								
01/01/2020	20,640,016.41			1,604,661.74		15,074,543.24	15,074,543.24	147.56%
07/01/2020	34,326,544.68	-		514,302.95	6,932,888.17	19,547,713.59	26,480,601.76	131.57%
01/01/2021	38,189,033.57	-		44,839.90	11,807,925.68	20,935,633.93	32,743,559.61	116.77%
07/01/2021	38,507,716.09			51,396.36	12,108,337.67	20,979,154.70	33,087,492.37	116.54%
01/01/2022	40,088,937.25	-		41,582.60	12,119,249.66	21,023,471.62	33,142,721.28	121.08%
07/01/2022	38,819,522.44			41,621.09	12,133,117.75	21,047,205.22	33,180,322.97	117.12%
01/01/2023	38,862,764.59			40,886.00	12,140,528.93	21,077,471.53	33,218,000.47	117.12%
07/01/2023	38,907,084.66			44,772.62	12,155,845.17	21,120,897.56	33,276,742.73	117.05%
01/01/2024	38,952,510.79			42,720.41	12,164,644.63	21,148,367.92	33,313,012.55	117.06%
07/01/2024	38,999,070.89			40,561.46	12,180,399.22	21,197,265.45	33,377,664.68	116.96%
01/01/2025	39,046,793.79			42,491.99	12,189,560.79	21,304,697.39	33,494,258.18	116.70%
07/01/2025	39,130,017.26			32,962.30	12,206,374.89	21,361,727.99	33,568,102.89	116.67%
01/01/2026	39,343,283.59			31,271.62	12,216,482.06	21,406,623.34	33,623,105.40	117.11%
07/01/2026	39,408,276.56			31,926.91	12,229,172.79	21,430,687.68	33,659,860.47	117.17%
01/01/2027	39,474,878.58			31,355.53	12,245,130.03	21,477,782.78	33,722,912.81	117.15%
07/01/2027	39,457,421.58			30,764.74	12,258,424.18	21,515,706.65	33,774,130.83	116.92%
01/01/2028	39,399,707.35			33,915.53	12,274,908.12	21,565,935.36	33,840,843.48	116.53%
07/01/2028	39,492,556.82			34,673.25	12,288,164.03	21,618,578.07	33,906,742.10	116.58%
01/01/2029	39,677,940.28			23,859.99	12,304,486.58	21,648,411.97	33,952,898.55	116.93%
07/01/2029	39,312,816.72			50,928.92	12,317,664.14	21,744,882.36	34,062,546.50	115.56%
01/01/2030	38,909,030.29			69,164.09	12,333,541.26	21,799,461.83	34,133,003.10	114.20%
07/01/2030	38,607,330.62			65,656.77	12,348,046.86	21,881,096.65	34,229,143.51	112.98%
01/01/2031	38,402,113.68			70,478.61	12,365,159.78	21,896,328.56	34,261,488.34	112.29%
07/01/2031	38,419,783.66			69,475.94	12,380,808.82	21,994,509.68	34,375,318.51	111.97%
01/01/2032	38,380,348.44			66,683.17	12,399,010.24	22,061,707.90	34,460,718.14	111.57%
07/01/2032	38,207,849.71			67,467.56	12,415,655.25	22,160,260.12	34,575,915.37	110.70%
01/01/2033	38,034,448.48			71,340.81	12,429,760.00	22,262,510.27	34,692,270.27	109.84%
07/01/2033	38,106,184.39			65,203.10	12,447,321.85	22,281,841.94	34,729,163.78	109.91%
01/01/2034	38,180,087.19			62,223.91	12,467,250.59	22,323,746.79	34,790,997.38	109.92%
07/01/2034	38,253,328.39			59,317.01	12,484,712.24	22,340,134.91	34,824,847.14	110.02%
01/01/2035	38,283,138.31			54,462.78	12,504,291.47	22,368,584.85	34,872,876.32	109.94%
07/01/2035	38,317,377.31			59,669.01	12,521,910.44	22,409,622.84	34,931,533.29	109.86%
01/01/2036	37,781,082.78			37,754.84	12,541,553.73	22,355,445.28	34,896,999.01	108.37%
07/01/2036	37,094,433.36			30,481.95	12,559,143.35	22,356,758.11	34,915,901.46	106.33%
01/01/2037	36,695,316.81			24,671.06	12,583,676.28	22,004,969.05	34,588,645.33	106.16%
07/01/2037	36,771,793.58			39,964.90	12,600,986.92	21,463,311.25	34,064,298.18	108.07%
01/01/2038	36,855,306.21	-		37,437.18	12,625,159.62	21,364,325.53	33,989,485.15	108.54%
07/01/2038	35,562,604.29	-		46,151.93	12,647,028.66	21,389,303.89	34,036,332.55	104.62%
01/01/2039	35,646,750.32			43,076.10	12,665,590.76	21,468,094.70	34,133,685.46	104.56%
07/01/2039	35,732,374.30			48,717.71	12,688,370.69	21,522,744.42	34,211,115.11	104.59%
01/01/2040	35,820,652.58			47,451.02	12,712,618.17	21,603,493.07	34,316,111.24	104.52%
07/01/2040	35,910,555.79			57,204.98	12,734,242.22	21,681,671.02	34,415,913.24	104.51%
01/01/2041	35,656,330.97			38,091.83	12,417,229.93	21,515,371.48	33,932,601.41	105.19%
07/01/2041	35,681,903.31			40,953.53	12,368,404.82	21,597,996.73	33,966,401.56	105.17%
01/01/2042	35,779,454.87			42,921.28	12,392,164.69	21,590,560.01	33,982,724.70	105.41%
07/01/2042	35,795,394.28			45,937.46	12,418,208.84	21,672,108.60	34,090,317.44	105.14%
01/01/2043	35,033,517.32			47,846.37	11,730,464.92	21,738,401.36	33,468,866.27	104.82%
07/01/2043	34,414,136.62			50,556.08	11,042,220.66	21,823,108.03	32,865,328.69	104.87%
01/01/2044	34,516,054.88			52,258.40	11,062,667.53	21,897,288.67	32,959,956.20	104.88%
07/01/2044	34,620,004.62			55,095.56	11,088,598.06	21,978,540.48	33,067,138.54	104.86%
01/01/2045	34,723,368.47			57,013.55	11,110,875.72	22,028,895.88	33,139,771.60	104.95%
07/01/2045	34,832,132.09			60,369.19	11,130,489.58	21,810,762.21	32,941,251.78	105.92%
01/01/2046	33,892,957.53			63,963.71	11,156,428.59	22,029,582.38	33,186,010.97	102.32%
07/01/2046	33,862,635.67		-	670,352.49	11,179,529.17	22,779,377.30	33,958,906.47	101.69%
01/01/2047	33,640,107.22			953,532.66	11,203,787.65	21,724,242.45	32,928,030.10	105.06%

FLORIDA HOUSING FINANCE CORPORATION
Homeowner Mortgage Revenue Bonds
2020 Phase One (Multiple Series to be Determined)

Fiscal Determination Coverage - OPEN INDENTURE Cashflows
1995 Single Family Indenture and $55,080,000 REFUNDING AND $394,920,000 NEW MONEY
Semi-Annual Breakout
0% FHA

	Cash Flow Report - Column B	*Draw from CAP I Reserve*	*Draw from Series Revenue Funds*	*Draw from the Master Revenue Fund of the Master Indenture*			*Cashflow Report - Columns C&D*	
Period	**Gross Revenues (Scheduled Receipts)**	**Capitalized Interest Distribution**		**Master Revenue Fund Distribution**	**2020 PHASE ONE - Debt Service & Expenses**	**1995 Indenture - Debt Service & Expenses**	**ALL Cash Expenses (Debt Service/Expenses)**	**Receipts / Expenses Ratio**
07/01/2047	32,416,254.59			70,392.86	11,229,330.92	20,635,293.03	31,864,623.95	101.95%
01/01/2048	30,445,743.86			71,940.51	11,250,384.55	16,934,096.42	28,184,480.96	108.28%
07/01/2048	29,468,802.43			75,225.99	11,278,392.14	16,833,445.78	28,111,837.92	105.09%
01/01/2049	25,855,777.73			1,189,590.96	11,302,188.49	13,512,280.53	24,814,469.02	108.99%
07/01/2049	32,135,627.11			3,483,680.46	11,327,762.06	15,389,290.29	26,717,052.35	133.32%
01/01/2050	19,842,206.09			-	11,349,884.97	3,166,532.60	14,516,417.56	136.69%
07/01/2050	75,060,715.78			-		11,677.19	11,677.19	N/A
TOTAL	**$ 2,324,125,148.26**	**$ -**		**$ 11,316,667.21**	**$ 719,768,157.01**	**$ 1,286,144,920.65**	**$ 2,005,913,077.66**	

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

December 3, 2019

Honorable Jason Fischer
Alternating Chair
Joint Legislative Auditing Committee
317 House Office Building
402 South Monroe Street
Tallahassee, Florida 32399

Honorable Jeff Brandes
Alternating Chair
Joint Legislative Auditing Committee
416 Senate Office Building
404 South Monroe Street
Tallahassee, Florida 32399

Dear Representative Fischer and Senator Brandes:

Section 218.409(9), Florida Statutes, requires the Trustees to report to the Joint Legislative Auditing Committee that they have reviewed the Auditor General's Annual Financial Audit (Report No. 2019-067) of the Local Government Surplus Funds Trust Fund (now known as Florida PRIME). The fund's Financial Audit for the fiscal years 2018 and 2017 was completed in December 2018. The Trustees are also required to certify that any necessary item(s) are being addressed by corrective action by the State Board of Administration (SBA). The Auditor General did not report any material deficiencies.

Please contact me if you have any questions.

Sincerely,

Ashbel C. Williams
Executive Director & Chief Investment Officer

ACW/aw
Attachment

cc: Honorable Dennis Baxley
Honorable Mike Caruso
Honorable Chip LaMarca
Honorable Tom Lee
Honorable Bill Montford
Honorable Sharon Pritchett
Honorable Kevin Rader
Honorable Bob Rommel
Honorable Jackie Toledo
Honorable Patricia H. Williams
Ms. Kathy Dubose, Coordinator

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2019-067
December 2018

STATE OF FLORIDA
STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND
(FLORIDA PRIME)

(An External Investment Pool)

For the Fiscal Years Ended
June 30, 2018, and June 30, 2017

Sherrill F. Norman, CPA
Auditor General

Board of Trustees and Executive Director of the State Board of Administration

The State Board of Administration's Board of Trustees is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General. The Trustees delegate administrative and investment authority to an appointed Executive Director. Mr. Ashbel Williams served as Executive Director during the audit period.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Barbara St. George, CPA, and the audit was supervised by Allen G. Weiner, CPA.

Please address inquiries regarding this report to Kathryn D. Walker, CPA, Audit Manager, by e-mail at kathrynwalker@aud.state.fl.us or by telephone at (850) 412-2781.

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 • 111 West Madison Street • Tallahassee, FL 32399-1450 • (850) 412-2722

STATE BOARD OF ADMINISTRATION
LOCAL GOVERNMENT SURPLUS FUNDS TRUST FUND (FLORIDA PRIME)

TABLE OF CONTENTS

SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the basic financial statements prepared by the State Board of Administration (SBA) present fairly, in all material respects, the net position of the Local Government Surplus Funds Trust Fund (Florida PRIME) and the changes in net position thereof in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

Our audit did not disclose any deficiencies in internal control over Florida PRIME's financial reporting that we consider to be material weaknesses.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.

Audit Objectives and Scope

Our audit objectives were to determine whether the SBA had:

- Presented Florida PRIME's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements;
- Complied with the various provisions of laws, rules, regulations, contracts, Florida PRIME's investment policy, and other guidelines that are material to the financial statements.

The scope of this audit included an examination of Florida PRIME's basic financial statements as of and for the fiscal years ended June 30, 2018, and June 30, 2017. We obtained an understanding of the SBA's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and Florida PRIME's investment policy.

Audit Methodology

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

AUDITOR GENERAL
STATE OF FLORIDA

Sherrill F. Norman, CPA
Auditor General

Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Phone: (850) 412-2722
Fax: (850) 488-6975

The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal years ended June 30, 2018, and June 30, 2017, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of Florida PRIME as of June 30, 2018, and June 30, 2017, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I.A., the financial statements present only Florida PRIME and do not purport to, and do not, present fairly the financial position of the State of Florida as of June 30, 2018, and June 30, 2017, or the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note II. to the financial statements, Florida PRIME adopted the provisions of Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*, which establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all investments at amortized cost. Adoption of this statement resulted in additional disclosures related to any limitations or restrictions on participant withdrawals. The applicable provisions of this statement were effective for reporting periods beginning after December 15, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of the SBA's internal control over financial reporting relating to

Florida PRIME and on our tests of its compliance with certain provisions of laws, rules, regulations, contracts, and other matters included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control over financial reporting and compliance.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 7, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEARS ENDED JUNE 30, 2018, AND JUNE 30, 2017

The State Board of Administration (SBA) is responsible for the management of the Local Government Surplus Funds Trust Fund (Florida PRIME).[1] The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is governed by the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

As management of the SBA, we offer readers of Florida PRIME's financial statements this overview and analysis of Florida PRIME's financial results and position for the fiscal years ended June 30, 2018, and 2017. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements, which begin on page 8.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements provide financial information about Florida PRIME as an investment trust fund, a fiduciary fund type. Investment trust funds are accounted for using an economic resources measurement focus and the accrual basis of accounting. Earnings on investments are recognized as revenue when earned, and expenses are recorded when a liability is incurred.

The SBA presents the following Florida PRIME basic financial statements: Statements of Net Position and Statements of Changes in Net Position. The Statements of Net Position present information about the nature and amounts of Florida PRIME's assets and liabilities, with the difference reported as net position. The Statements of Changes in Net Position report the increase or decrease in net position during the year as a result of investment activities and participant contributions and withdrawals.

FINANCIAL SUMMARY

The following Condensed Statements of Net Position and Condensed Statements of Changes in Net Position summarize Florida PRIME's financial statements for each of the last three fiscal years.

Condensed Statements of Net Position

(in thousands)

	As of June 30,		
	2018	**2017**	**2016**
Total assets	$10,615,705	$ 9,335,381	$ 7,837,778
Total liabilities	103,605	6,031	48,347
Net position	$10,512,100	$ 9,329,350	$ 7,789,431

[1] As of August 3, 2009, the SBA began using the name "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Condensed Statements of Changes in Net Position

(in thousands)

	For the Fiscal Year Ended June 30,		
	2018	**2017**	**2016**
Changes in net position:			
Interest income	$ 170,699	$ 86,107	$ 34,098
Investment expenses	(3,425)	(2,933)	(1,389)
Net income from investing activity	167,274	83,174	32,709
Settlements	39	-	-
Distributions paid and payable	(167,314)	(84,702)	(33,482)
Participant contributions	21,573,812	19,731,306	16,263,782
Reinvested distributions	167,317	84,681	33,501
Participant withdrawals	(20,558,378)	(18,274,540)	(15,553,640)
Investment transfer from Fund B[1]	-	-	43,336
Changes in net position	1,182,750	1,539,919	786,206
Net position, July 1	9,329,350	7,789,431	7,003,225
Net position, June 30	$ 10,512,100	$ 9,329,350	$ 7,789,431

[1] During the 2016 fiscal year, the SBA transferred the final $43.3 million from Fund B to eligible participants of the Local Government Surplus Funds Trust Fund, who had been entitled to, but had not received, a November 2007 interest payment on investment funds. Following this final transfer, Fund B was closed.

FINANCIAL ANALYSIS

Assets

Total assets at the end of fiscal years 2018, 2017, and 2016 were $10.6 billion, $9.3 billion, and $7.8 billion, respectively. The increase in total assets and net position in fiscal year 2018 was due primarily to participant contributions exceeding withdrawals by $1.0 billion, while net income from investing activity added another $167.3 million. The increase in total assets and net position during fiscal year 2017 was mainly the result of participant contributions exceeding withdrawals by $1.5 billion.

Liabilities

Total liabilities at the end of fiscal years 2018, 2017, and 2016 were $103.6 million, $6.0 million, and $48.3 million, respectively. Liabilities increased by $97.6 million in fiscal year 2018 following a decrease of $42.3 million in fiscal year 2017. The increase in fiscal year 2018 was primarily due to a $99.4 million increase in pending investment purchases, partially offset by a $1.9 million decrease in unregistered deposits (deposits sent without prior notification to the SBA). Deposits sent in without being registered by participants are recorded as liabilities until the depositor is identified and credit is awarded to the participant. The decrease in fiscal year 2017 was primarily due to a $42.8 million decrease in unregistered deposits, partially offset by a $463 thousand increase in investment expenses payable.

Net Position and Changes in Net Position

Florida PRIME's net position increased by $1.2 billion (13 percent) to $10.5 billion at June 30, 2018, from $9.3 billion at June 30, 2017, following a $1.5 billion (20 percent) increase in the previous fiscal year from $7.8 billion.

Net income from investing activity of $167.3 million for the fiscal year ended June 30, 2018, was $84.1 million higher than the $83.2 million earned for fiscal year 2017, chiefly due to higher investment yields, but also because of higher average daily participant balances throughout the fiscal year. Net income from investing activity for fiscal year 2017 was $50.5 million higher than the $32.7 million earned for fiscal year 2016, also primarily due to higher investment yields and higher average daily participant balances. After several increases in the prior fiscal year, and with the U.S. economy continuing to heat up in the last quarter of 2017, the Federal Reserve raised the target range for the Federal funds interest rate by another 0.25 percent in December 2017. In the next two quarters, the target range was raised two more times by 0.25 percent increments, with promises of more rate hikes to come if the economy continued to expand.

Total investment expenses of $3.4 million increased approximately $492 thousand during fiscal year 2018, mainly because of an increase in investment management fees and SBA service charges of $331 thousand and $122 thousand, respectively. The increase in both expenses in fiscal year 2018 was primarily due to higher average daily participant balances during the fiscal year. Investment expenses increased approximately $1.5 million, or more than 111 percent, during fiscal year 2017 over 2016, and rose mainly because of an increase in investment management fees of $1.4 million. This increase was partially due to a decrease in Florida PRIME's investment in two money market funds managed by Federated Investment Counseling, which increased the daily net assets subject to investment management fees, and higher average daily participant balances over the fiscal year. Total investment expenses in fiscal years 2018 and 2017 were 3.4 and 3.3 basis points, respectively, or 0.034 and 0.033 percent of average assets under management.

FINANCIAL HIGHLIGHTS

Florida PRIME is governed by Chapters 215 and 218, Florida Statutes, and SBA Rules, Chapter 19-7, Florida Administrative Code. The purpose of Chapter 218, Part IV, Florida Statutes, is to promote, through State assistance, the maximization of net interest earnings on invested surplus funds of units of local government, based on the principles of investor protection, mandated transparency, and proper governance, with the goal of reducing the need for imposing additional taxes. The primary investment objectives, in priority order, are safety, liquidity, and competitive returns with minimization of risks.

Units of local government eligible to participate in Florida PRIME include, but are not limited to, any county, municipality, school district, special district, clerk of the circuit court, sheriff, property appraiser, tax collector, supervisor of elections, State university, State college, community college, authority, board, public corporation, or any other political subdivision or direct support organization of the State.

For the fiscal year ended June 30, 2018:

- Participant contributions increased 9.3 percent compared with the prior fiscal year, while participant withdrawals increased 12.5 percent. Despite this, total contributions exceeded total distributions for the period, resulting in net contributions of $1.02 billion.
- Net income from investing activity increased $84.1 million over the prior fiscal year, resulting in an average participant yield for the fiscal year of 1.63 percent, which was higher than the average participant yield of 0.93 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to an increase in interest rates during the fiscal year, following the Federal Reserve's decision to raise their target interest rate range by 0.25 percent in December 2017, and in each of the next two quarters.
- Florida PRIME received proceeds of approximately $39 thousand in August 2017 from the settlement of a case dealing with LIBOR-based instruments that the Attorney General's Office pursued on behalf of the State.
- The number of active participants decreased from 742 to 737.

For the fiscal year ended June 30, 2017:

- Participant contributions increased 21.3 percent compared with the prior fiscal year, while participant withdrawals increased 17.5 percent, resulting in net contributions of $1.46 billion.
- Net income from investing activity increased $50.5 million over the prior fiscal year resulting in an average participant yield for the fiscal year of 0.93 percent, which was higher than the average participant yield of 0.42 percent for the prior fiscal year. The increase in net income from investing activity was due primarily to an increase in interest rates during the fiscal year, following the Federal Reserve's announcements to raise their target interest rate range by 0.25 percent in December 2016, and in each of the next two quarters.
- The SBA continued a fee holiday that began in the prior fiscal year, whereby all participants' monthly Florida PRIME expenses were offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset during the period July 1, 2016, through January 31, 2017, was $1.5 million. The SBA ended the fee holiday during January 2017.
- The number of active participants decreased from 775 to 742.

CONTACT INFORMATION

These financial statements reflect only the transactions and balances for Florida PRIME. For additional information on Florida PRIME, please contact the State Board of Administration, Chief Operating & Financial Officer, 1801 Hermitage Boulevard, Suite 100, Tallahassee, Florida 32308 or visit SBA's website at https://www.sbafla.com/prime/.

State Board of Administration
Local Government Surplus Funds Trust Fund (Florida PRIME)
Statements of Net Position

As of June 30, 2018, and June 30, 2017
(In Thousands)

	June 30, 2018	June 30, 2017
ASSETS		
Cash and cash equivalents	$ 703,548	$ 920,157
Investments:		
Certificates of deposit	3,014,780	1,957,005
Commercial paper	5,500,128	5,865,556
Money market funds	612,329	386,400
Repurchase agreements	535,000	30,000
U.S. Treasury bills	169,266	-
Domestic corporate bonds and notes	47,790	139,890
Municipal bonds and notes	14,025	17,415
Foreign corporate bonds and notes ($ denom)	6,286	10,506
Total investments	9,899,604	8,406,772
Interest receivable	12,522	8,418
Prepaid fees	23	23
Undistributed expenses	8	11
Total Assets	10,615,705	9,335,381
LIABILITIES		
Accounts payable and accrued liabilities	739	632
Investment purchases payable	99,405	-
Distributions payable	57	63
Due to local governments	3,404	5,336
Total Liabilities	103,605	6,031
NET POSITION		
Held in trust for pool participants	$ 10,512,100	$ 9,329,350

The notes to the financial statements are an integral part of this statement.

State Board of Administration
Local Government Surplus Funds Trust Fund (Florida PRIME)
Statements of Changes in Net Position

Years Ended June 30, 2018, and June 30, 2017
(In Thousands)

	June 30, 2018	June 30, 2017
ADDITIONS		
Income from investing activity:		
Interest income	$ 170,699	$ 86,107
Investment expenses:		
Investment management fees	(2,078)	(1,747)
Administrative service charges	(1,016)	(894)
Bank fees	(221)	(185)
Compliance review fees	(65)	(62)
Standard and Poor's rating maintenance fees	(45)	(45)
Investment expenses	(3,425)	(2,933)
Net income from investing activity	167,274	83,174
Settlements	39	-
Total Additions	167,313	83,174
DEDUCTIONS		
Distributions paid and payable	167,314	84,702
Total Deductions	167,314	84,702
SHARE TRANSACTIONS		
Participant contributions	21,573,812	19,731,306
Reinvested distributions	167,317	84,681
Participant withdrawals	(20,558,378)	(18,274,540)
Net Increase (Decrease) Resulting from Share Transactions	1,182,751	1,541,447
Increase (decrease) in net position	1,182,750	1,539,919
Net position, beginning of year	9,329,350	7,789,431
Net position, end of year	$ 10,512,100	$ 9,329,350

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following summary of the significant accounting policies of the Local Government Surplus Funds Trust Fund (Florida PRIME) is presented to assist the reader in interpreting the financial statements. These policies should be viewed as an integral part of the accompanying financial statements.

A. Reporting Entity

The State Board of Administration (SBA) is responsible for the management of Florida PRIME. The SBA was established on June 21, 1929, pursuant to Chapter 14486, Laws of Florida (1929). The SBA was subsequently created as a constitutional body corporate on January 1, 1943, by Article IX, Section 16 of the State Constitution of 1885, as amended. The SBA was subsequently continued as a body corporate by Article IV, Section 4(e) of the State Constitution (1968), as amended. The SBA is composed of the Governor, as Chair, the Chief Financial Officer, and the Attorney General.

The Local Government Surplus Funds Trust Fund was created by act of the Florida Legislature effective October 1, 1977, (Chapter 218, Part IV, Florida Statutes). The law allowed the SBA to manage investments on an individual basis or to establish a pooled account. The funds were managed on an individual basis until January 1, 1982. On August 3, 2009, the SBA began using "Florida PRIME" when referring to the Local Government Surplus Funds Trust Fund.

Sections 218.40 through 218.415, Florida Statutes, and SBA Rules 19-7.002 through 19-7.016, Florida Administrative Code, promulgated pursuant to Section 218.405(4), Florida Statutes, govern the operation of Florida PRIME.

The assets and liabilities of Florida PRIME are included in the Comprehensive Annual Financial Report (CAFR) of the State of Florida. The accompanying financial statements present only Florida PRIME and are not intended to present fairly the financial position of the State of Florida and the results of its operations in conformity with generally accepted accounting principles.

B. Regulatory Oversight

Securities and Exchange Commission (SEC) Rule 2a-7 sets out certain requirements pertaining to money market funds required to register with the SEC under the Investment Company Act of 1940. Florida PRIME is not required to register (and has not registered) with the SEC; however, the fund is an external investment pool that has historically adopted operating procedures consistent with those required by SEC Rule 2a-7, which was significantly amended in 2014. In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses for certain external investment pools like Florida PRIME and their participants, the accounting and financial reporting implications that result from the SEC Rule 2a-7 amendments.

GASB Statement No. 79 allows an external investment pool for financial reporting purposes to elect to measure all its investments at amortized cost if the pool meets certain criteria such as portfolio maturity, quality, diversification, and liquidity requirements, and transacts with its participants at a stable net asset value per share. Florida PRIME will seek to operate in a manner consistent with the criteria and requirements of GASB Statement No. 79. Consequently, the SBA has elected to measure for financial reporting purposes all of Florida PRIME's investments at amortized cost.

C. Basis of Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP). The GASB is the accepted standard-setting body for establishing governmental accounting and reporting principles.

Florida PRIME is reported as an investment trust fund, a fiduciary fund type.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The accompanying financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP. Under this method, earnings on investments, including interest income, are recognized as revenue when earned, and expenses are recognized when a liability is incurred.

E. Cash and Cash Equivalents

Florida PRIME reports as "Cash and cash equivalents" all cash on hand and on deposit in banks, including demand deposits, time deposits, and non-negotiable certificates of deposit.

F. Investments

Florida PRIME's investments are reported at amortized cost, consistent with GASB Statement No. 79. Fair values, for note disclosures, are calculated using quoted market prices. If quoted market prices are not readily available, alternative pricing methodologies may include the use of discounted cash flow models, broker bids, matrix-pricing, or cost/book value.

G. Method Used to Determine Participants' Shares Sold and Redeemed

Participants' shares are sold and redeemed in Florida PRIME at a stable net asset value per share and earnings are allocated at month-end using the amortized cost method, which is consistent with the method used to report Florida PRIME's investments. The amortized cost method calculates an investment's value by adjusting its acquisition cost for the accretion of discount or amortization of premium over the period from purchase to maturity.

H. Legally Binding Guarantees

The SBA has not provided or obtained any legally binding guarantees during the fiscal years ended June 30, 2018, and June 30, 2017, for Florida PRIME.

I. Involuntary Participation

There is no requirement under Florida Statutes for any local government or State agency to participate in Florida PRIME.

J. Frequency of Determining Fair Value of Shares

The fair value of the investments of Florida PRIME is determined on a daily basis by the custodian bank. Florida PRIME's Investment Policy Statement provides that the custodian will, on a daily basis, mark to market the portfolio holdings of Florida PRIME and communicate both the amortized cost price and the market price to the SBA and the investment manager. The Investment Policy Statement also provides that the investment manager perform daily compliance monitoring of the amortized cost price and market price. The SBA performs periodic oversight, at least monthly, of the investment manager's compliance monitoring. When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, the Investment Policy Statement provides that the Executive Director of the SBA is to promptly consider what action, if any, should be initiated. When the Executive Director believes that the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results. For the fiscal years ended June 30, 2018, and June 30, 2017, the ratio of fair value to amortized cost was 100.01 percent.

K. Limitations on Participant Contributions and Withdrawals

Florida PRIME currently has in place no limitations or restrictions on participant withdrawals, does not currently charge liquidity fees, and has not put in place a redemption gate. Each participant has the ability to withdraw 100 percent of its account balance any day Florida PRIME is open for business.

However, with respect to redemption gates, Section 218.409(8)(a), Florida Statutes, provides that the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of Florida PRIME, for 48 hours limit contributions to or withdrawals from Florida PRIME to ensure that the SBA can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council (PLGAC).[2] The trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the Executive Director may extend the moratorium until the trustees are able to meet to review the necessity for the moratorium. If the trustees agree with such measures, the trustees shall vote to continue the measures for up to an additional 15 days. The trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the trustees exceed 15 days.

With respect to liquidity fees, Section 218.409(4), Florida Statutes, provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials for Florida

[2] Pursuant to Chapter 2018-140, Laws of Florida, the PLGAC was abolished effective March 30, 2018.

PRIME of the amount and purpose of such fees. At present, no such disclosure has been made or deemed necessary, as Florida PRIME does not charge liquidity fees.

L. Fees and Administrative Service Charges

Federated Investment Counseling (Federated) is the investment manager for Florida PRIME. Federated charges an annual investment management fee based on the average daily net assets (i.e., average daily amortized cost) of Florida PRIME (excluding Federated money market fund balances), as follows:

First $1 billion in Account Assets	3.5 basis points
Next $1.5 billion in Account Assets	3.0 basis points
Next $2.5 billion in Account Assets	2.5 basis points
Balance of Account Assets over $5 billion	2.0 basis points

This fee is taken out of monthly earnings prior to the allocation of net earnings to participant balances. Total investment management fees incurred by Florida PRIME in the fiscal years ended June 30, 2018, and June 30, 2017, were $2.1 million and $1.7 million, respectively. The increase in investment management fees in fiscal year 2018 was primarily due to higher average daily participant balances over the fiscal year.

In accordance with SBA Rule 19-3.016(17), Florida Administrative Code, the SBA charges an administrative service charge to recover its costs related to operating Florida PRIME. The charge is taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. Currently, the SBA service charge is 1.0 basis point (.0001) on total Florida PRIME assets. Total administrative service charges incurred by Florida PRIME for the fiscal years ended June 30, 2018, and June 30, 2017, were $1 million and $894 thousand, respectively.

Florida PRIME incurs various bank fees (including transaction charges), custody fees, performance analytics, and consulting fees. These fees are taken out of the monthly earnings prior to the distribution of net earnings to participant balances each month. The total bank fees incurred by Florida PRIME for the fiscal year ended June 30, 2018, were $221 thousand, 19 percent higher than the $185 thousand in bank fees incurred during the prior fiscal year. This increase was primarily caused by higher average daily participant balances over the fiscal year. Standard and Poor's (S&P) rating maintenance fees were $45 thousand for both fiscal years presented. Compliance review fees were $65 thousand and $62 thousand for those same years. The compliance review fees resulted from the provisions of Section 218.405(3), Florida Statutes, which require that the trustees annually certify to the Joint Legislative Auditing Committee that Florida PRIME is in compliance with State law.

The SBA implemented a fee holiday beginning January 1, 2016, whereby all participants' monthly Florida PRIME expenses were offset using proceeds from liquidity redemption fees charged to participants in 2008. The total amount of fees offset during the period July 1, 2016, through January 31, 2017, was $1.5 million. The financial statement expense amounts presented are the investment fees and administrative service charges incurred by Florida PRIME as a whole and do not contain any reduction by the amount of the fee holiday given to participants. At January 31, 2017, the liquidity redemption money available to provide fee holidays to participants was exhausted, and the program ended.

II. ACCOUNTING AND REPORTING CHANGES

In the fiscal year ended June 30, 2017, Florida PRIME implemented the provisions in paragraphs 18, 19, 23-26, and 40, of GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which were effective for reporting periods beginning after December 15, 2015. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. It establishes criteria for an external investment pool to qualify for making the election to measure all its investments at amortized cost for financial reporting purposes.

III. DEPOSITS AND INVESTMENTS

A. Deposits

Florida PRIME holds cash in deposit accounts at various financial institutions. These deposits totaled $703,547,696 at June 30, 2018, and $920,156,809 at June 30, 2017. Chapter 280, Florida Statutes, generally requires public funds to be deposited in a bank or savings association designated by the State of Florida Chief Financial Officer (State CFO) as a qualified public depository (QPD).

The State CFO determines the collateral requirements and collateral pledging level for each QPD following guidelines outlined in Department of Financial Services Rules, Chapter 69C-2, Florida Administrative Code, and Section 280.04, Florida Statutes. Eligible collateral includes Federal, federally guaranteed, state and local government obligations; corporate bonds; and letters of credit issued by a Federal Home Loan Bank. Other collateral may be eligible, with the State CFO's permission.

At June 30, 2018, Florida PRIME held several overnight time deposits totaling $700 million that were exposed to custodial credit risk because they were uninsured and uncollateralized. Under the investment policy for Florida PRIME, the investment manager is allowed to invest in unsecured interest-bearing deposits with banks if they have capital, surplus, and undivided profits of over $100,000,000, or if the Deposit Insurance Fund, which is administered by the Federal Deposit Insurance Corporation, insures the principal amount of the instrument. All time deposits were held in banks that met the $100,000,000 requirement for capital, surplus, and undivided profits.

GASB Statement No. 79 requires that deposits should either (1) be held by a depository institution with a credit rating within the highest category of short-term credit ratings (or its long-term equivalent category) or determined (based upon the qualifying external investment pool's analysis) to be of comparable quality, or (2) be insured or collateralized such that it is not exposed to custodial credit risk. The depositories holding the time deposits at June 30, 2018, met the first criteria. All other June 30, 2018, deposits in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

At June 30, 2017, depositories holding the $915 million in time deposits met the first criteria specified above. All other deposits held in Florida PRIME were covered by Federal insurance or the State's collateral pool pursuant to Chapter 280, Florida Statutes.

B. Investment Authority and Compliance

The SBA has the authority to administer and invest the funds of Florida PRIME in accordance with Chapter 218, Part IV, Florida Statutes. The statute states the SBA shall invest the moneys of Florida PRIME in the same manner and subject to the same restrictions as are set forth in Section 215.47, Florida Statutes, which identifies all authorized securities.

Section 215.47, Florida Statutes, includes a broad range of instruments to enable the SBA to administer its varied investment responsibilities. The Investment Policy Statement for Florida PRIME lists the following authorized principal investments:

- United States (U.S.) Treasury obligations.
- U.S. Government Agency obligations.
- Government securities, which are defined as any security issued or guaranteed as to principal or interest by the United States, or by a person controlled or supervised by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States; or any certificate of deposit for any of the foregoing.
- Insurance contracts, including guaranteed investment contracts, funding agreements, and annuities.
- Corporate debt securities, such as notes, bonds, debentures, commercial paper, interests in bank loans to companies, and demand instruments.
- Bank instruments (including Yankee and Eurodollar), such as bank accounts, time deposits, certificates of deposit, and bankers' acceptances. Yankee instruments are denominated in U.S. dollars and issued by U.S. branches of foreign banks. Eurodollar instruments are denominated in U.S. dollars and issued by non-U.S. branches of U.S. or foreign banks.
- Asset-backed securities, which may be in the form of commercial paper, notes, or pass-through certificates.
- Municipal securities issued by states, counties, cities, and other political subdivisions and authorities.
- Foreign securities (i.e., U.S. dollar-denominated securities of issuers based outside the U.S.).
- Mortgage-backed securities representing interests in pools of mortgages. Mortgages may have fixed or adjustable interest rates.
- Private placements of securities – The SBA has determined that Florida PRIME constitutes (i) an "accredited investor" as defined in Rule 501(a)(7) promulgated under the Securities Act of 1933, as amended (the Securities Act), as long as Florida PRIME has total assets in excess of $5,000,000 and (ii) a "qualified purchaser" as defined in Section 2(a)(51)(A)(iv) of the Investment Company Act of 1940 (1940 Act), as long as Florida PRIME in the aggregate owns and invests on a discretionary basis not less than $25,000,000 in investments, but does not constitute a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act. Florida PRIME is restricted from purchasing or acquiring securities or investments that would require Florida PRIME to represent in connection with such purchase or acquisition that it is a "qualified institutional buyer" as defined in Rule 144A(a)(1) promulgated under the Securities Act.
- Shares of registered investment companies that are money market mutual funds, including those that are affiliated with the Investment Manager, Federated.
- Special transactions, including repurchase agreements and delayed delivery transactions. Repurchase agreements are transactions in which Florida PRIME buys a security from a dealer or bank and agrees to sell the security back at a mutually agreed-upon time and price. Delayed

delivery transactions, including when-issued transactions, are arrangements in which Florida PRIME buys securities for a set price, with payment and delivery of the securities scheduled for a future time but no later than seven days in the future.

The primary investment objectives for Florida PRIME, in priority order, are safety, liquidity, and competitive returns with minimization of risks. This is accomplished by structuring the portfolio consistent with the diversification, maturity, liquidity, and credit quality conditions required by GASB Statement No. 79. In buying and selling portfolio securities for Florida PRIME, the Investment Manager will comply with the conditions imposed by GASB Statement No. 79; with the requirements imposed by any nationally recognized statistical rating organization (NRSRO) that rates Florida PRIME to ensure that it maintains a AAAm rating (or the equivalent); and with the investment limitations imposed by Section 215.47, Florida Statutes.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.25 percent, the Investment Policy Statement requires that the Investment Manager establish a formal action plan. The Investment Policy Statement also requires that the Investment Oversight Group review the formal action plan and prepare a recommendation for the Executive Director's consideration.

When the deviation between the fair value and amortized cost of Florida PRIME exceeds 0.50 percent, the Investment Policy Statement provides that the Executive Director is to promptly consider what action, if any, should be initiated. When the Executive Director believes that the extent of any deviation from Florida PRIME's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, the Executive Director will cause Florida PRIME to take such action as deemed appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.

C. Summary of Investment Holdings

The following tables provide a summary of the par value or share amount, carrying value, fair value, range of interest rates, and range of maturity dates for each major investment classification as of June 30, 2018, and June 30, 2017 (expressed in thousands):

As of June 30, 2018

Investment Type	Par	Carrying Value	Fair Value	Range of Interest Rates[1]	Range of Maturity Dates
Time deposits [2]	$ 700,000	$ 700,000	$ 700,000	1.94%-1.95%	7/5/18
Certificates of deposit	3,017,000	3,014,780	3,015,443	1.57%-2.59%	7/3/18-6/14/19
Commercial paper	5,509,134	5,500,128	5,500,215	1.60%-2.59%	7/2/18-6/13/19
Money market funds	612,260	612,329	612,321	1.81%-2.08%	N/A [3]
Repurchase agreements	535,000	535,000	535,000	2.12%-2.14%	7/2/18
U.S. Treasury bills	170,000	169,266	169,292	1.95%	9/20/18
Domestic corporate bonds and notes	47,790	47,790	47,790	2.07%-2.10%	9/1/28-2/2/43[4]
Municipal bonds and notes	14,025	14,025	14,025	2.27%-2.40%	6/1/22-9/1/35[4]
Foreign corporate bonds and notes ($ denom)	6,295	6,286	6,286	1.76%-2.50%	7/19/18-10/19/18
Totals	$10,611,504	$10,599,604	$10,600,372		

(1) The coupon rate in effect at June 30, 2018, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2018, is reported for the money market funds. The yields fluctuate daily.

(2) Time deposits are included in “Cash and cash equivalents” on the Statements of Net Position.

(3) Money market funds do not have a specified maturity date.

(4) Florida PRIME has seven positions in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions range from September 1, 2028, to February 2, 2043.

Florida PRIME has two positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions are June 1, 2022, and September 1, 2035.

As of June 30, 2017					
Investment Type	**Par**	**Carrying Value**	**Fair Value**	**Range of Interest Rates[(1)]**	**Range of Maturity Dates**
Time deposits [(2)]	$ 915,000	$ 915,000	$ 915,000	1.06%-1.13%	7/3/17-7/7/17
Certificates of deposit	1,957,000	1,957,005	1,957,599	1.13%-1.72%	7/3/17-6/12/18
Commercial paper	5,872,910	5,865,556	5,865,751	1.04%-1.73%	7/3/17-6/5/18
Money market funds	386,359	386,400	386,435	.91%-1.12%	N/A [(3)]
Repurchase agreements	30,000	30,000	30,000	1.10%-1.13%	7/3/17
Domestic corporate bonds and notes	139,890	139,890	139,886	1.22%-1.28%	10/5/17-2/2/43 [(4)]
Municipal bonds and notes	17,415	17,415	17,415	1.18%-1.32%	6/1/22-4/1/44 [(4)]
Foreign corporate bonds and notes ($ denom)	10,506	10,506	10,506	1.35%	7/11/17
Totals	$ 9,329,080	$ 9,321,772	$ 9,322,592		

(1) The coupon rate in effect at June 30, 2017, is reported. If a security is discounted, the purchase yield is reported. The 7-day yield as of June 30, 2017, is reported for the money market funds. The yields fluctuate daily.

(2) Time deposits are included in “Cash and cash equivalents” on the Statements of Net Position.

(3) Money market funds do not have a specified maturity date.

(4) Florida PRIME has six positions in domestic corporate bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions range from June 1, 2022, to February 2, 2043.

Florida PRIME has two positions in municipal bonds and notes that it may tender for 100 percent of the principal amount, plus accrued interest with a minimum of seven days prior notification to the trustee of the bonds or notes. The maturity dates on these positions are June 1, 2022, and April 1, 2044.

D. Investments, Fair Value Hierarchy

Florida PRIME’s investments are carried at amortized cost, but fair value is reported in certain note disclosures as required by GAAP. Florida PRIME’s investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment’s risk.

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a pricing methodology that uses evaluation models, such as matrix pricing, to value securities based on a security’s relationship to benchmark quoted prices. Debt securities classified in Level 3 of the fair value hierarchy are subject to being priced by an alternative pricing source utilizing discounted cash flow models and broker bids, or may have an estimated fair value equal to cost, due to the absence of an independent pricing source.

Certain investments, such as time deposits, money market funds (with a stable NAV of $1 per share), and repurchase agreements, are carried at cost or amortized cost.

Florida PRIME has the following fair value measurements as of June 30, 2018, and June 30, 2017 (expressed in thousands):

		Fair Value Measurements Using		
	Total Fair Value June 30, 2018	Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level:				
Debt securities:				
Certificates of deposit	$ 3,015,443	$ -	$ 2,492,689	$ 522,754
Commercial paper	5,500,215	-	5,250,215	250,000
Money market funds	606,120	606,120	-	-
U.S. Treasury bills	169,292	-	169,292	-
Domestic corporate bonds and notes	47,790	-	28,830	18,960
Municipal bonds and notes	14,025	-	14,025	-
Foreign corporate bonds and notes ($ denom)	6,286	-	6,286	-
Total investments measured at fair value	9,359,171	$ 606,120	$ 7,961,337	$ 791,714
Other investments carried at cost or amortized cost:				
Time deposits[1]	700,000			
Money market funds	6,201			
Repurchase agreements	535,000			
Total investments	$ 10,600,372			

(1) Time deposits are included in “Cash and cash equivalents” on the Statements of Net Position.

	Total Fair Value June 30, 2017	Fair Value Measurements Using: Quoted Prices in Active Market for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by fair value level:				
Debt securities:				
Certificates of deposit	$ 1,957,599	$ -	$ 1,907,599	$ 50,000
Commercial paper	5,865,751	-	5,865,751	-
Money market funds	380,136	380,136	-	-
Domestic corporate bonds and notes	139,886	-	85,086	54,800
Municipal bonds and notes	17,415	-	17,415	-
Foreign corporate bonds and notes ($ denom)	10,506	-	10,506	-
Total investments measured at fair value	8,371,293	$ 380,136	$ 7,886,357	$ 104,800
Other investments carried at cost or amortized cost:				
Time deposits[(1)]	915,000			
Money market funds	6,299			
Repurchase agreements	30,000			
Total investments	$ 9,322,592			

(1) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

E. Investment Credit Risk and Concentration of Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer.

Pursuant to the Investment Policy Statement in effect at June 30, 2018, investment credit risk and concentration of credit risk of debt securities were managed as follows:

- The Investment Manager will purchase short-term, high-quality fixed income securities. To be considered high-quality, a security must be rated in the highest short-term rating category by one or more NRSROs, or be deemed to be of comparable quality thereto by the Investment Manager, subject to Section 215.47(1)(j), Florida Statutes.
- The Investment Manager will perform a credit analysis to develop a database of issuers and securities that meet the Investment Manager's standard for minimal credit risk. The Investment Manager monitors the credit risks of all Florida PRIME's portfolio securities on an ongoing basis by reviewing the financial data, issuer news and developments, and ratings of designated NRSROs.
- The Investment Manager generally will comply with the following diversification limitations that are additional to those set forth in GASB Statement No. 79. First, at least 50 percent of Florida PRIME assets will be invested in securities rated "A-1+" or those deemed to be of comparable credit quality thereto by the Investment Manager (i.e., so long as such deeming is consistent with the requirements of the NRSRO's AAAm (or equivalent) rating criteria), subject to Section 215.47(1)(j), Florida Statutes. Second, exposure to any single non-governmental issuer

will not exceed 5 percent (at the time a security is purchased) and exposure to any single money market mutual fund will not exceed 10 percent of Florida PRIME assets.

In the event that a security receives a credit rating downgrade and ceases to be in the highest rating category, or the Investment Manager determines that the security is no longer of comparable quality to the highest short-term rating category (in either case, a “downgrade”), the Investment Manager will reassess whether the security continues to present minimal credit risk and will cause Florida PRIME to take any actions determined by the Investment Manager to be in the best interest of Florida PRIME. The Investment Manager will not be required to make reassessments if Florida PRIME disposes of the security (or the security matures) within five business days of the downgrade.

In the event that a security no longer meets the criteria for purchase due to default, event of insolvency, a determination that the security no longer presents minimal credit risks, or other material event (affected security), the Investment Manager must dispose of the security as soon as practical, consistent with achieving an orderly disposition of the affected security, by sale, exercise of a demand feature or otherwise. An affected security may be held only if the Executive Director has determined, based upon a recommendation from the Investment Manager and the Investment Oversight Group, that it would not be in the best interest of Florida PRIME to dispose of the security taking into account market conditions that may affect an orderly disposition.

Florida PRIME’s credit quality ratings were as follows at June 30, 2018, and June 30, 2017 (fair values expressed in thousands):

Ratings[(1)]		**Fair Value of Florida PRIME Investments as of June 30, 2018**					
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Corporate and Municipal Bonds and Notes	Foreign Corp. Bonds and Notes ($ denom)
AAAm		$ 612,321	$ -	$ -	$ 612,321	$ -	$ -
A-1		5,300,479	-	5,300,479	-	-	-
AA		9,445	-	-	-	9,445	-
A		22,856	-	-	-	16,570	6,286
	P-1	199,736	-	199,736	-	-	-
	A1	24,008	24,008	-	-	-	-
	Aa	21,775	-	-	-	21,775	-
Not rated [(1)]	Not rated [(1)]	3,005,460	2,991,435	-	-	14,025	-
		9,196,080	$ 3,015,443	$ 5,500,215	$ 612,321	$ 61,815	$ 6,286
		535,000	Repurchase agreements[(2)]				
		169,292	U.S. Treasury bills[(2)]				
		700,000	Time deposits[(3)]				
		$ 10,600,372	**Total**				

(1) Ratings by S&P or Moody’s indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. If neither rating agency provided a security specific credit rating, “Not rated” is reported. All of the investments presented as "Not rated" had short-term issuer credit ratings that met Florida PRIME's investment and GASB Statement No. 79 guidelines.

(2) U.S. guaranteed obligations and collateral for repurchase agreements that the U.S. government explicitly guarantees do not require disclosure of credit quality.

(3) Time deposits are included in “Cash and cash equivalents” on the Statements of Net Position.

Ratings[1]		Fair Value of Florida PRIME Investments as of June 30, 2017						
S&P	Moody's	Total	Certificates of Deposit	Commercial Paper	Money Market Funds	Repurchase Agreements[2]	Corporate and Municipal Bonds and Notes	Foreign Corp. Bonds and Notes ($ denom)
AAAm		$ 386,435	$ -	$ -	$ 386,435	$ -	$ -	$ -
A-1		5,777,712	-	5,777,712	-	-	-	-
AA		29,465	-	-	-	-	29,465	-
A		10,506	-	-	-	-	-	10,506
	P-1	88,039	-	88,039	-	-	-	-
	Aa	67,840	-	-	-	-	67,840	-
Not rated [1]	Not rated [1]	2,032,595	1,957,599	-	-	15,000	59,996	-
		8,392,592	$ 1,957,599	$ 5,865,751	$ 386,435	$ 15,000	$ 157,301	$ 10,506
		15,000	Repurchase agreements[3]					
		915,000	Time deposits[4]					
		$ 9,322,592	**Total**					

(1) S&P or Moody's ratings indicative of the greatest amount of credit risk are presented. If both ratings are the same, S&P ratings are reported. If only one of the two rating agencies provided a rating, that rating is reported. If neither rating agency provided a security specific credit rating, "Not rated" is reported. All of the investments presented as "Not rated" (including repurchase agreement collateral) had short-term issuer credit ratings that met Florida PRIME's investment and GASB Statement No. 79 guidelines.

(2) Collateral underlying the repurchase agreements was not rated.

(3) Collateral for repurchase agreements that the U.S. government explicitly guarantees does not require disclosure of credit quality.

(4) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

With respect to the concentration of credit risk at June 30, 2018, Florida PRIME did not have exposure of more than 5 percent of total assets to any single issuer.

At June 30, 2017, Florida PRIME had exposure of more than 5 percent to each of the following issuers (carrying values and fair values expressed in thousands):

As of June 30, 2017				
Issuer Name	**Carrying Value**	**Percent of Portfolio Carrying Value**	**Fair Value**	**Percent of Portfolio Fair Value**
Barton Capital S.A.[1]	$ 479,049	5.14%	$ 478,603	5.13%
Sumitomo Mitsui Trust Bank Ltd.[1]	$ 470,000	5.04%	$ 469,999	5.04%

(1) Under GASB Statement No. 79, liquidations are not required for exposures over 5 percent if the overage is caused by participant account movements (i.e., withdrawals). The excess exposure was caused by participant account movements.

F. Investments, Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the SBA will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The SBA's policy is that custodial credit risk will be minimized through the use of trust accounts maintained at top tier third-party custodian banks. To the extent possible, negotiated trust and custody contracts shall require that all deposits, investments, and collateral be held in accounts in the SBA's name, separate and apart from the assets of the custodian banks.

The SBA engaged BNY Mellon (Custodian) to provide asset safekeeping, custody, fund accounting, and performance measurement services to Florida PRIME. At June 30, 2018, and June 30, 2017, all investments, except those in money market funds in which the SBA invests (i.e., in commingled funds with other investors), were held in the SBA's name by the SBA's custodial bank.

G. Investments, Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of investments. Pursuant to the Investment Policy Statement, the Investment Manager will target a dollar-weighted average maturity (DWAM) range for Florida PRIME based on its interest rate outlook. The Investment Manager will formulate its interest rate outlook by analyzing a variety of factors, such as current and expected U.S. economic growth; current and expected interest rates and inflation; and the Federal Reserve Board's monetary policy. The Investment Manager will generally shorten Florida PRIME's DWAM when it expects interest rates to rise and extend Florida PRIME's DWAM when it expects interest rates to fall. The Investment Manager will exercise reasonable care to maintain a DWAM of 60 days or less for Florida PRIME. For purposes of calculating DWAM, the maturity of an adjustable rate security generally will be the period remaining until its next interest rate reset date.

Presented below are the investments held in Florida PRIME at June 30, 2018, and June 30, 2017, at fair value (expressed in thousands), with the DWAM for each security type:

As of June 30, 2018

Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days)(1)
Time deposits (2)	$ 700,000	5
Certificates of deposit (3)	3,015,443	37
Commercial paper (3)	5,500,215	33
Money market funds (4)	612,321	2
Domestic corporate bonds and notes	47,790	9
Municipal bonds and notes	14,025	9
Foreign corporate bonds and notes ($ denom)	6,286	74
Repurchase agreements	535,000	2
U.S. Treasury bills	169,292	82
Total	$ 10,600,372	
Portfolio dollar-weighted average maturity (DWAM)		**30**

(1) Interest rate reset dates are used in the calculation of the DWAM.

(2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

(3) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.

(4) The DWAM of the underlying securities in the two money market funds at June 30, 2018, ranged from 3 to 17 days. However, the money market funds provided daily liquidity.

As of June 30, 2017

Investment Type	Fair Value	Dollar Weighted Average Maturity (in Days)[(1)]
Time deposits [(2)]	$ 915,000	4
Certificates of deposit [(3)]	1,957,599	57
Commercial paper [(3)]	5,865,751	42
Money market funds [(4)]	386,435	3
Domestic corporate bonds and notes	139,886	6
Municipal bonds and notes	17,415	7
Foreign corporate bonds and notes ($ denom)	10,506	11
Repurchase agreements	30,000	3
Total	$ 9,322,592	
Portfolio dollar-weighted average maturity (DWAM)		**39**

(1) Interest rate reset dates are used in the calculation of the DWAM.

(2) Time deposits are included in "Cash and cash equivalents" on the Statements of Net Position.

(3) Certificates of deposit and commercial paper include domestic and U.S. dollar-denominated foreign issues.

(4) The DWAM of the underlying securities in the two money market funds at June 30, 2017, ranged from 22 to 32 days. However, the money market funds provided daily liquidity.

GASB Statement No. 79 also requires the portfolio of a qualifying external investment pool to maintain a weighted average life (WAL) of 120 days or less. A weighted average life measure expresses the average length of time that each dollar of principal remains unpaid without taking into account the maturity shortening features used in calculating the DWAM. Pursuant to the Investment Policy Guidelines, the Investment Manager will exercise reasonable care to maintain a maximum WAL within the range of 90 to 120 days for Florida PRIME. The WAL for Florida PRIME at both fiscal years ending June 30, 2018, and June 30, 2017, was 76 days.

H. Investments, Foreign Currency Risk

Investment policy guidelines prohibit the Investment Manager from purchasing investments denominated in foreign currency, therefore all Florida PRIME securities are U.S. dollar denominated. Florida PRIME was not exposed to foreign currency risk during the fiscal years ended June 30, 2018, and June 30, 2017.

IV. SUBSEQUENT EVENTS

In September 2018, Florida PRIME received almost $6 million from a multistate settlement with Deutsche Bank for fraudulent conduct involving the manipulation of LIBOR. LIBOR is a benchmark interest rate that affects financial instruments worldwide and has a widespread effect on global markets and consumers. By manipulating LIBOR, banks including Deutsche Bank defrauded government entities and not-for-profit organizations in the State and throughout the United States out of millions of dollars. The settlement proceeds were distributed to Florida PRIME participants as earnings for the month of September 2018.

AUDITOR GENERAL
STATE OF FLORIDA

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Auditor General

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The President of the Senate, the Speaker of the
House of Representatives, and the
Legislative Auditing Committee

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund (Florida PRIME), as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Florida PRIME's basic financial statements, and have issued our report thereon dated December 7, 2018, included under the heading **INDEPENDENT AUDITOR'S REPORT**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SBA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SBA's internal control. Accordingly, we do not express an opinion on the effectiveness of the SBA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Florida PRIME's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Florida PRIME's financial statements are free from material misstatement, we performed tests of the SBA's compliance with certain provisions of laws, rules, regulations, contracts, and policies, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SBA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SBA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Sherrill F. Norman

Sherrill F. Norman, CPA
Tallahassee, Florida
December 7, 2018

Florida Hurricane Catastrophe Fund

Memo

TO: Ashbel C. Williams, Executive Director & CIO

THRU: Anne Bert, Chief Operating Officer, FHCF

FROM: Leonard E. Schulte, Director of Legal & Risk Operations, FHCF

DATE: November 19, 2019

SUBJECT: Trustees Meeting, December 3, 2019

Request approval of, and authority to file, a Notice of Proposed Rule for Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, and to file this Rule along with the incorporated forms for adoption if no member of the public timely requests a rule hearing or if a hearing is requested and no Notice of Change is needed.

BACKGROUND AND SUMMARY OF RULE AND INCORPORATED FORM CHANGES:

By September 1 of each year, insurers participating in the FHCF are statutorily required to report their insured values of covered properties (known as "exposures") as of June 30 of that year. These exposure reports form the basis for determining the FHCF's overall premium needs and each insurer's premium liability.

In order to assure accuracy and compliance, the FHCF examines insurers as to both exposure and claims. The FHCF provides instructions to enable insurers to prepare for their examinations and to specify particular requirements of the examination process.

Rule 19-8.029, F.A.C., adopts several forms to address these exposure reporting and examination requirements.

The proposed rule adopts the exposure reporting requirements (Form FHCF-D1A, known as the "Data Call") and examination instructions for the 2020-2021 contract year. In addition to nonsubstantive editorial and clarifying changes, the major changes in the 2020-2021 Data Call:

- Conform exposure reporting requirements to the revisions of the Reimbursement Contract relating to collateral protection insurance policies, and
- Provide for reporting of "Superior" construction types for Residential type of business.

- Revise reporting of structure opening protection to require reporting based on whether or not a particular dwelling unit has Structure Opening Protection.

The proposed rule also adopts the following forms as revised for the 2020-2021 contract year: Form FHCF-L1A, Interim Loss Report; Form FHCF-L1B, Proof of Loss Report; Form FHCF-DCL, Detailed Claims Listing Instructions; Form FHCF-EAP1, Exposure Examination—Contract Year 2020 Advance Preparation Instructions; and Form FHCF-LAP1, Claims Examination—Contract Year 2020 Advance Preparation Instructions.

In addition to nonsubstantive editorial changes and updates to these forms, the Claims Examination Advance Preparation Instructions are revised to specify additional and revised required documentation.

Additional detail is provided in the attached Summary of Changes.

EXTERNAL INTEREST: A rule development workshop was held on October 17, 2019. Representatives of the FHCF attended and presented the rule and incorporated forms. The notice of rule development was published in the *Florida Administrative Register* on October 3, 2019, Vol. 45, No. 193. The rule and forms were presented, discussed, and favorably recommended by the FHCF Advisory Council at a public meeting on October 17, 2019.

ACTION REQUESTED: It is requested that the proposed amendments to this rule along with the incorporated forms be presented to the State Board of Administration Trustees on December 3, 2019, with a request to approve the filing of this rule for Notice of Proposed Rule and to approve filing for adoption with the Department of State if no member of the public timely requests a rule hearing or if a rule hearing is requested but no Notice of Change is necessary.

ATTACHMENTS TO BE INCLUDED:

- Summary of Changes, Rule 19-8.029, F.A.C.
- Notice of Proposed Rule, Rule 19-8.029, F.A.C.
- **Rule 19-8.029, F.A.C.**, Insurer Reporting Requirements and Responsibilities
- 2020 Incorporated Forms: **FHCF-D1A,** Florida Hurricane Catastrophe Fund 2020 Data Call; **FHCF-L1A,** Contract Year 2020 Interim Loss Report; **FHCF-L1B,** Contract Year 2020 Proof of Loss Report**; FHCF-DCL,** Contract Year 2020 Detailed Claims Listing Instructions; **FHCF-EAP1,** Exposure Examination—Contract Year 2020 Advance Preparation Instructions; **FHCF-LAP1,** Claims Examination—Contract Year 2020 Advance Preparation Instructions.

The rule shows the proposed amendments with new language <u>underscored</u> and deleted language ~~stricken through~~.

Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, and Incorporated Forms

2020-2021 Contract Year

Summary of Changes as of October 10, 2019

General Description

In general, Florida Hurricane Catastrophe Fund (FHCF) Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, provides requirements relating to insurer reporting of exposures and losses and requirements relating to examination of insurer exposures and losses. Under the proposed amendment, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts the Data Call and other applicable reporting requirements and examination instruction forms for the 2020-2021 contract year, revises provisions to reflect changes in the FHCF Reimbursement Contract for the 2020-2021 contract year, and provides additional clarification.

Rule

19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities

(3) Subsection (3) is amended to adopt and incorporate by reference the 2020-2021 Data Call (Form FHCF-D1A).

(4) Paragraph (4)(a) is amended to adopt and incorporate by reference the 2020-2021 Interim Loss Report (Form FHCF-L1A), Paragraph (4)(b) is amended to adopt and incorporate by reference the 2020-2021 Proof of Loss Report (Form FHCF-L1B), and Paragraph (4)(c) is amended to adopt and incorporate by reference the Detailed Claims Listing Instructions (Form FHCF-DCL).

(5) Paragraph (5)(a) is amended to adopt and incorporate by reference the 2020-2021 Exposure Examination Advance Preparation Instructions (Form FHCF-EAP1) and Claims Examination Advance Preparation Instructions (Form FHCF-LAP1).

Incorporated Forms

FORM FHCF-D1A rev. XX/20, Florida Hurricane Catastrophe Fund 2020 Data Call

In addition to updating of references to apply to the 2020-2021 Contract Year and nonsubstantive editorial changes, the 2020 Data Call includes several substantive changes, outlined under "Important Changes in the 2020 Data Call" on page 2.

- The Data Call is revised to allow insurers to report FHCF Superior construction types under Residential Type of Business. Superior construction types include masonry with reinforced concrete roof, superior, and superior with reinforced concrete roof. For the 2020 Data Call, rates for these exposures will be the same as residential masonry rates. The FHCF will evaluate the reported data to determine rates applicable to the 2021 Data Call.
- Reporting of structure opening protection is revised to require reporting based on whether or not a particular dwelling unit has structure opening protection.
- The Data Call "Important Changes" section includes a notice advising companies of changes in the 2020-2021 Reimbursement Contract relating to exclusions for hotels, motels, timeshares, shelters, camps, retreats, or other similar structures and exclusions for stand-alone personal property coverage.
- Additional reporting requirements are provided for collateral protection policies to reflect a change in the 2020-2021 Reimbursement Contract that provides that the amount of dwelling coverage under the policy may be either the amount of coverage under the lapsed homeowner's policy or the replacement cost value of the dwelling.

The 2020-2021 Data Call also includes the following other changes from the prior Data Call:

<u>Page 2: Steps for Completing Data Call</u>
A description of requirements relating to construction code mapping proposals requiring advance approval is deleted. These provisions now appear in a new "Mapping/Reporting Methodology Approvals" on page 4.

<u>Page 4: Mapping and Reporting Methodology Approvals</u>
A new provision is added describing the review process for mapping and reporting where advance approval is required (construction mapping, reporting methodology for mixed-occupancy single structures under a commercial policy, and collateral protection reporting).

<u>Page 5: Covered Policies</u>
Language that specified that covered policies must be reported even if they are written in areas eligible for coverage from Citizens Property Insurance Corporation is deleted.

<u>Page 5: Single Structures with Habitational and Non-Habitational Occupancies</u>
A description of requirements relating to reporting methodologies for single structures with habitational and non-habitational occupancies requiring advance approval is deleted. These provisions now appear in a new "Mapping/Reporting Methodology Approvals" on page 4.

<u>Page 6: Retention of Records; Officer Submission Statements</u>
Provisions relating to retention of records for examination and officer submission statements are revised to reflect the revised treatment of collateral protection policies in the 2020-2021 Reimbursement Contract.

Page 10: Construction Type

A note is added to describe the treatment of Superior construction types, as described under "Important Changes," above.

Page 15: Structure Opening Protection

The relevant data field is revised to reflect the change to structure opening protection, as described under "Important Changes," above.

Page 17: Reimbursement Contract: Article V - Selected Definitions

Changes to definitions made to reflect changes in the 2020-2021 Reimbursement Contract. The revised definition of "covered policy" relates to the treatment of collateral protection policies, as described in "Important Changes," above.

Pages 19-20: Reimbursement Contract: Article VI – Selected Exclusions

The heading of this excerpt from the 2020-2021 Reimbursement Contract is revised to reflect the fact that it includes only selected exclusions. The revisions shown in the excerpt relate to exclusions for hotels, motels, timeshares, shelters, camps, retreats, or other similar structures and exclusions for stand-alone personal property coverage.

Pages 26-27: Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies

New provisions are added to describe the treatment of collateral protection policies in the 2020-2021 Reimbursement Contract, to specify that a company's replacement cost reporting methodology must be approved in advance, and to specify required additional Data Call fields.

FORM FHCF-LIA rev. XX/20, Contract Year 2020 Interim Loss Report

References are updated to apply to the 2020-2021 Contract Year.

A new check-box is added to describe information that may be subject to trade secret protection and allow the company to indicate that it is claiming trade secret protection for this information in the Interim Loss Report and in related Detailed Claims Listings if applicable.

FORM FHCF-L1B rev. XX/20, Contract Year 2020 Proof of Loss Report

References are updated to apply to the 2020-2021 Contract Year.

A new check-box is added to describe information that may be subject to trade secret protection and allow the company to indicate that it is claiming trade secret protection for this information in the Proof of Loss Report and in related Detailed Claims Listings if applicable.

FORM FHCF-DCL rev. XX/20, Contract Year 2020 Detailed Claims Listing Instructions

References are updated to apply to the 2020-2021 Contract Year.

A new paragraph is added to provide for reporting of losses for covered collateral protection policies.

FORM FHCF-EAP1 rev. XX/20, Exposure Examination—Contract Year 2020 Advance Preparation Instructions

References are updated to apply to the 2020-2021 Contract Year.

The provision on structure opening protection is revised to require evidence that a particular structure has structure opening protection, to reflect the change in the treatment of structure opening protection in the Data Call.

A new paragraph is added to describe the documentation required for covered collateral protection policies.

FORM FHCF-LAP1 rev. XX/20, Claims Examination—Contract Year 2020 Advance Preparation Instructions

References are updated to apply to the 2020-2021 Contract Year.

The instructions are also revised to add the following:

- A reference to the Detailed Claims Listing instructions requiring a supplemental Excel file for covered collateral protection policies is added.
- The listings for multi-state policies, multi-risk policies, and single structures that are used for both habitational and non-habitational purposes are revised to require a listing of the covered policies in effect on the dates of covered events, rather than during the hurricane season in which the events occurred.
- The required documentation of policyholder fees is expanded to include all policyholder fees, rather than only legal fees and public adjuster fees.
- On-site examination requirements are revised to include required documentation for collateral protection policies.

The requirement that records available on-site must include evidence relating to whether a property is owner-occupied or non-owner occupied is deleted.

Notice of Proposed Rule

STATE BOARD OF ADMINISTRATION
RULE NO.: RULE TITLE:

19-8.029: Insurer Reporting Requirements and Responsibilities

PURPOSE AND EFFECT: The State Board of Administration, Florida Hurricane Catastrophe Fund, seeks to amend Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, to implement Section 215.555, Florida Statutes.

SUMMARY: In general, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, addresses reporting and examination requirements. The proposed revisions to Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopt the 2020-2021 Data Call for exposure reporting, the forms for loss reporting, and forms relating to exposure examinations and claims examinations. As amended, Rule 19-8.029, F.A.C., Insurer Reporting Requirements and Responsibilities, adopts the Data Call and other applicable reporting requirements and examination instruction forms for the 2020-2021 contract year, deletes obsolete or duplicative material, and provides additional clarification.

SUMMARY OF STATEMENT OF ESTIMATED REGULATORY COSTS AND LEGISLATIVE RATIFICATION:

The Agency has determined that this will not have an adverse impact on small business or likely increase directly or indirectly regulatory costs in excess of $200,000 in the aggregate within one year after the implementation of the rule. A SERC has not been prepared by the Agency.

The Agency has determined that the proposed rule is not expected to require legislative ratification based on the statement of estimated regulatory costs or if no SERC is required, the information expressly relied upon and described herein: Upon review of the proposed changes to this rule and the incorporated forms, the State Board of Administration of Florida has determined that the rule does not meet the requirements for ratification by the legislature. The changes to the rule do not have an adverse impact on small business and do not directly or indirectly increase regulatory costs in excess of $200,000 in the aggregate within 1 year of implementation. The changes to the rule also do not directly or indirectly have an adverse impact on economic growth, private sector job creation or employment, or private sector investment, business competitiveness or innovation or increase regulatory costs, including any transactional costs, in excess of $1 million in the aggregate within 5 years after the implementation of the rule.

Any person who wishes to provide information regarding a statement of estimated regulatory costs, or provide a proposal for a lower cost regulatory alternative must do so in writing within 21 days of this notice.

RULEMAKING AUTHORITY: 215.555(3), F.S.

LAW IMPLEMENTED: 215.555(2), (3), (4), (5), (6), (7), (10), F.S.

IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE, TIME AND PLACE SHOWN BELOW:

DATE AND TIME: January 7, 2020, 9:00 a.m. (ET) to 10:00 a.m. (ET).

PLACE: Room 116 (Hermitage Conference Room), 1801 Hermitage Blvd., Tallahassee, Florida 32308.

Pursuant to the provisions of the Americans with Disabilities Act, any person requiring special accommodations to participate in this workshop/meeting is asked to advise the agency at least 7 days before the workshop/meeting by contacting: Donna Sirmons, Florida Hurricane Catastrophe Fund, 1801 Hermitage Boulevard, Tallahassee, FL 32308, (850) 413-1349, donna.sirmons@sbafla.com. If you are hearing or speech impaired, please contact the agency using the Florida Relay Service, 1(800)955-8771 (TDD) or 1(800)955-8770 (Voice).

THE PERSON TO BE CONTACTED REGARDING THE PROPOSED RULE IS: Donna Sirmons at the number or email listed above.

THE FULL TEXT OF THE PROPOSED RULE IS:

19-8.029 Insurer Reporting Requirements and Responsibilities.

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

(2) Definitions. The definitions in the Reimbursement Contract for the applicable Contract Year also apply to this rule and the forms referenced in this rule. In addition, as used in this rule and the forms referenced in this rule:

(a) “Contract Year” is defined in section 215.555(2), F.S.

(b) “Insurer” or “Company” means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2019/2020 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2019 Data Call,” rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10199, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2020/2021 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, “Florida Hurricane Catastrophe Fund 2020 Data Call,” rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2019/2020 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2019 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10200, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, “Contract Year 2020 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2019/2020 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2019 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. 9/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-11080, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, “Contract Year 2020 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF),” rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2019/2020 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2019 Detailed Claims Listing Instructions,” rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10202, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, “Contract Year 2020 Detailed Claims Listing Instructions,” rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year’s “Exposure Examination Advance Preparation Instructions” or in the applicable Contract Year’s “Claims Examination Advance Preparation Instructions.” The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2019/2020 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF-EAP1, rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10203, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2019 Advance Preparation Instructions,” FHCF-LAP1, rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10204, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the applicable exposure examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-EAP1, rev. XX/20,

http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the “Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2020 Advance Preparation Instructions,” FHCF-LAP1, rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, “Exposure Examination Advance Preparation Instructions” or the FHCF-LAP1, “Claims Examination Advance Preparation Instructions.” In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompletion.

2. If the FHCF finds any Company’s records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal State of Florida or federal holiday.

(8) All the forms adopted and incorporated by reference in this rule may be obtained from the FHCF website at www.sbafla.com/fhcf or by contacting the Florida Hurricane Catastrophe Fund Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History–New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, Amended 9-17-19; X-XX-20.

NAME OF PERSON ORIGINATING PROPOSED RULE: Anne T. Bert, FHCF Chief Operating Officer, State Board of Administration of Florida.

NAME OF AGENCY HEAD WHO APPROVED THE PROPOSED RULE: The Trustees of the State Board of Administration of Florida.

DATE PROPOSED RULE APPROVED BY AGENCY HEAD: December 03, 2019

DATE NOTICE OF PROPOSED RULE DEVELOPMENT PUBLISHED IN FAR: October 3, 2019

19-8.029 Insurer Reporting Requirements and Responsibilities.

(1) Purpose. This rule specifies certain deadlines and other requirements for insurers that participate in the Florida Hurricane Catastrophe Fund (FHCF).

(2) Definitions. The definitions in the Reimbursement Contract for the applicable Contract Year also apply to this rule and the forms referenced in this rule. In addition, as used in this rule and the forms referenced in this rule:

(a) "Contract Year" is defined in section 215.555(2), F.S.

(b) "Insurer" or "Company" means an insurer that is required to enter into a Reimbursement Contract.

(3) Data Call form.

(a) For the 2019/2020 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2019 Data Call," rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10199, which is hereby adopted and incorporated by reference into this rule.

(b) For the 2020/2021 Contract Year, the reporting of Company exposure data shall be in accordance with Form FHCF-D1A, "Florida Hurricane Catastrophe Fund 2020 Data Call," rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(4) Loss reporting forms.

(a)1. For the 2019/2020 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2019 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10200, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the reporting of estimated Ultimate Net Loss shall be in accordance with Form FHCF-L1A, "Contract Year 2020 Interim Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(b)1. For the 2019/2020 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2019 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. 9/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-11080, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the reporting of Ultimate Net Loss shall be in accordance with Form FHCF-L1B, "Contract Year 2020 Proof of Loss Report, Florida Hurricane Catastrophe Fund (FHCF)," rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(c)1. For the 2019/2020 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2019 Detailed Claims Listing Instructions," rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10202, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the applicable Detailed Claims Listing Instructions is Form FHCF-DCL, "Contract Year 2020 Detailed Claims Listing Instructions," rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(5) Examination.

(a) Advance examination record requirements. Within 30 days after the date of the request for such information, a Company must provide the FHCF with the records indicated in the applicable Contract Year's "Exposure Examination Advance Preparation Instructions" or in the applicable Contract Year's "Claims Examination Advance Preparation Instructions." The FHCF may grant an extension of 30 days if the Company can show that the need for the additional time is due to circumstances beyond its reasonable control.

1. For the 2019/2020 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2019 Advance Preparation Instructions," FHCF-EAP1, rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10203, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2019 Advance Preparation Instructions," FHCF-LAP1, rev. 01/19, http://www.flrules.org/Gateway/reference.asp?No=Ref-10204, which is hereby adopted and incorporated by reference into this rule.

2. For the 2020/2021 Contract Year, the applicable exposure examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Exposure Examination – Contract Year 2020 Advance Preparation Instructions," FHCF-EAP1, rev. XX/20,

http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule. The applicable claims examination instructions form is the "Florida Hurricane Catastrophe Fund (FHCF) Claims Examination – Contract Year 2020 Advance Preparation Instructions," FHCF-LAP1, rev. XX/20, http://www.flrules.org/Gateway/reference.asp?No=Ref-XXXXX, which is hereby adopted and incorporated by reference into this rule.

(b) Consequences for failure to meet the requirements contained in the FHCF-EAP1, "Exposure Examination Advance Preparation Instructions" or the FHCF-LAP1, "Claims Examination Advance Preparation Instructions." In addition to other penalties or consequences, the FHCF has the authority, pursuant to section 215.555(4)(f), F.S., to require that the Company pay for the following services under the circumstances specified herein:

1. If the Company is responsible for the delay of an examination, the inability to conduct an examination as scheduled, or the inability to complete an examination, the Company shall be required to reimburse the FHCF for all the usual and customary expenses connected to such delay, cancellation, or incompletion.

2. If the FHCF finds any Company's records or other necessary information to be inadequate or inadequately posted, recorded, or maintained, the FHCF may employ experts to reconstruct, rewrite, record, post, or maintain such records or information, at the expense of the Company being examined.

3. A Company required to reimburse the FHCF for costs as required in subparagraphs 1. and 2. is liable for interest on the amount owed to the FHCF from the date the FHCF pays such expenses until the date payment from the Company is received. The applicable interest rate will be the average rate earned by the SBA for the FHCF for the first four months of the current Contract Year plus 5%. The payment of reimbursements or refunds by the FHCF to the Company will be offset by any amounts owed by that Company to the FHCF under this paragraph.

(6) Company contact information. Companies must submit Form FHCF C-1, Company Contact Information, by March 1 preceding each Contract Year to the FHCF Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, Minnesota 55437. A New Participant must submit Form FHCF C-1 within 30 calendar days after writing its first Covered Policy. This form must be updated by the Company as the information provided thereon changes. The FHCF shall have the right to rely upon the information provided by the Company to the FHCF on this form until receipt by the FHCF of a new properly completed and notarized Form FHCF C-1 from the Company.

(7) Deadlines. If any deadline provided for herein falls on a Saturday, Sunday or on a legal State of Florida or federal holiday, then the actual due date will be the day immediately following the applicable due date which is not a Saturday, Sunday or legal State of Florida or federal holiday.

(8) All the forms adopted and incorporated by reference in this rule may be obtained from the FHCF website at www.sbafla.com/fhcf or by contacting the Florida Hurricane Catastrophe Fund Administrator, Paragon Strategic Solutions Inc., 8200 Tower, 5600 West 83rd Street, Suite 1100, Minneapolis, MN 55437.

Rulemaking Authority 215.555(3) FS. Law Implemented 215.555(2), (3), (4), (5), (6), (7), (15), 627.351(6), FS. History–New 5-17-99, Amended 6-19-00, 6-3-01, 6-2-02, 11-12-02, 5-13-03, 5-19-04, 8-29-04, 5-29-05, 5-10-06, 5-8-07, 6-8-08, 3-30-09, 8-2-09, 3-29-10, 8-8-10, 7-20-11, 5-22-12, 3-17-13; 4-24-14, 5-12-15, 3-13-16, 1-24-17, 1-29-19, Amended 9-17-19; X-XX-20.

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Contract Year ~~2019~~ 2020 Interim Loss Report
Florida Hurricane Catastrophe Fund (FHCF)

Company Name: ____ Co. NAIC No.: ________________________

Group NAIC No. (if applicable): ___________________ Losses as of (most current data available): ___________________

HURRICANE: ________________________________ Report Due Date ~~(see schedule below)~~: _____________________

ESTIMATED ULTIMATE NET LOSSES ON COVERED POLICIES

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
Paid Loss*						
Outstanding Loss*						
IBNR (unknown losses)*						
TOTAL*						

SCHEDULE OF REPORT DUE DATES

If the FHCF determines that an Interim Loss Report is required due to the occurrence of a Covered Event, all Companies in the FHCF shall be notified of the required filing and the applicable due date (not less than fourteen days from the notice date). The FHCF will notify Companies if subsequent Interim Loss Reports are required or if a Detailed Claims Listing (refer to the Contract Year ~~2019~~ 2020 Form FHCF-DCL) must be provided to the FHCF. Reported Losses are expected to result from a good faith effort, using best business practices for the insurance industry, on the part of the Company to report as accurately as possible. Losses reported under the Interim Loss Report will not be binding.

TRADE SECRET INFORMATION

Florida law generally defines a trade secret as being secret, of value, for use or in use by a business, and of advantage to the business, where the business takes measures to protect its secrecy. If you are claiming trade secret protection for the loss data in this Interim Loss Report (and related Detailed Claims Listings if applicable), check this box (note that aggregate, non company-specific, FHCF loss information is not subject to trade secret protection): ☐

SUBMISSION INSTRUCTIONS

The Interim Loss Report (and a Detailed Claims Listing if requested) must be submitted electronically through the FHCF Online Claims System at www.sbafla.com/fhcf under Online Reporting. Users will input the required fields directly into the system and an officer must sign off on each Interim Loss Report online prior to submission. Advance registration (including officers) is required for the Online Claims System; instructions are included on the system web site.

* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your Company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Interim Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf.

Signature: ___________________________________ Officer Title: _______________________________ Date: ___________________

Printed or Typed Name of Officer: ____

Form FHCF-L1A Rev XX/20
Rule 19-8.029, F.A.C.

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DRAFT 10/7/2019

Contract Year ~~2019~~ 2020 Proof of Loss Report
Florida Hurricane Catastrophe Fund (FHCF)

Company Name: ____ Co. NAIC No.: ____________________

Group NAIC No. (if applicable): ____________________ Losses as of (most current data available): ____________________

HURRICANE: ______________________________ Report Due Date: ______________________________

SECTION I - MANDATORY **ULTIMATE NET LOSSES ON COVERED POLICIES**

	Commercial-Residential	Residential	Mobile Home	Tenants	Condominium Unit Owners	Total
A. Paid Loss*						
B. Outstanding Loss*						
C. IBNR (unknown losses)*						
D. TOTAL*						

* Report Ultimate Net Losses only (report in whole dollars, rounded only to the nearest whole dollar, with the exception of IBNR). Do not include Loss Adjustment Expenses. If your Company has negative IBNR numbers, report the negatives; do not net with the Outstanding Loss numbers. See Article V of the Reimbursement Contract for the definitions of Covered Event, Covered Policy, and Ultimate Net Loss. See Article VI of the Reimbursement Contract for specific coverage exclusions. Copies of this Proof of Loss Report, the Reimbursement Contract, and additional information can be found on the Internet at www.sbafla.com/fhcf.

SECTION II - OPTIONAL **ESTIMATED RECOVERABLE FROM THE FHCF**

Section II is provided for your Company's use only. The FHCF will calculate loss reimbursements based on the information provided under Section I above.

		Incurred Basis
A. Incurred Ultimate Net Loss	(Sec. I.D)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A - B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess Retention	(C x D)	
F. LAE (10% of Incurred Losses in Excess of Retention)	(E x 10%)	
G. Estimated Recoverable from the FHCF on Incurred Basis**	(E + F)	

		Paid Basis
A. Paid Ultimate Net Loss	(Sec. I.A)	
B. Less Actual Retention		
C. Subtotal (minimum of -0-)	(A – B)	
D. Elected Coverage Percentage		
E. Ultimate Net Loss Excess of Retention	(C x D)	
F. LAE (10% of Paid Losses in Excess of Retention)	(E x 10%)	
G. Total Estimated Recoverable	(E + F)	
H. Previous Reimbursements		
I. Estimated Recoverable from the FHCF this request**	(G – H)	

***Estimated recoverables are limited by your Company's share of the claims-paying capacity of the FHCF, as limited pursuant to Section 215.555(4)(c), Florida Statutes.*

Company Name: ____ **Hurricane:** ____________________

SECTION III - MANDATORY **SIGNATURES**

We, the undersigned, do state that, to the best of our knowledge, all data reported under Section I of this Proof of Loss Report is accurate and is for losses under FHCF Covered Policies incurred by the named Company (Company) for the named hurricane. All reported information is subject to examination by the State Board of Administration of Florida (SBA). We are each, respectively, officers of the Company, acting within our authority in making this declaration, and we have conducted, or have had conducted, a thorough review of the Company's records and systems to determine the truth of this statement.

Signature: __________________________________ Officer Title: _____________________________ Date: ________________

Printed or Typed Name of Officer: ____

Signature: __________________________________ Officer Title: _____________________________ Date: ________________

Printed or Typed Name of Officer: ____

TRADE SECRET INFORMATION

Florida law generally defines a trade secret as being secret, of value, for use or in use by a business, and of advantage to the business, where the business takes measures to protect its secrecy. If you are claiming trade secret protection for the loss data in this Proof of Loss Report and related Detailed Claims Listings, check this box (note that aggregate, non company-specific, FHCF loss information is not subject to trade secret protection): ☐

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RECORDS RETENTION REQUIREMENTS

Companies reporting Losses and receiving reimbursements or advances from the FHCF for paid Losses from Covered Events are subject to examination by the FHCF or its agents pursuant to the Reimbursement Contract entered into between the Company and the FHCF. Therefore, all Companies shall retain complete and accurate records (including the Detailed Claims Listing – see below) of all losses reported to the FHCF until the FHCF has completed its examination of the Company and commutation for the Contract Year (if applicable) has been concluded. All records, correspondence, and supporting documentation, must be available with computer runs produced containing the information below. Upon notice of an examination, the Company will be required to provide a current Form FHCF-L1B (Proof of Loss Report) and the following information along with the information outlined in Form FHCF-LAP1 "Claims Examination Advance Preparation Instructions" for the applicable Contract Year.

1. **Detailed Claims Listing (see Contract Year ~~2019~~ 2020 Form FHCF-DCL for file formatting requirements) which supports the Losses reported on the Proof of Loss Report including:**
   - Claim number
   - Date of Loss
   - Policy number
   - Policy effective date
   - FHCF type of business
   - County code
   - County name
   - ZIP Code
   - Paid Loss – habitational building
   - Paid Loss – appurtenant structure
   - Paid Loss – contents
   - Paid Loss – Additional Living Expense
   - Outstanding Loss reserve
2. **Claim files which include documentation of the following:**
   - First notice of Loss
   - Claim number
   - Date of Loss
   - Amount of Loss for each category of coverage (building, appurtenant structure, contents, and Additional Living Expense)
   - Claim description
   - Payment history
   - Policy number and location of property
   - Amount of Loss Adjustment Expense
   - All adjuster estimates, including public adjuster estimates if provided to the Company
   - Copies of checks for payment of Losses
   - Evidence of salvage received
   - Evidence of whether the deductible was applied
   - Receipts for any Additional Living Expenses paid
   - Evidence to show the Loss was a direct result of a hurricane
   - Documentation of policyholder's legal fees and/or public adjuster fees paid, if provided to the Company
3. **Additional detail on the claims examination requirements can be accessed on the Internet at www.sbafla.com/fhcf.**

SUBMISSION INSTRUCTIONS

A Company must submit an initial Detailed Claims Listing to support the Losses reported in the Proof of Loss Report at the same time it submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event, and should be prepared to supply a Detailed Claims Listing for any subsequent Proof of Loss Report as required by Rule 19-8.029, Florida Administrative Code, or upon the request of the FHCF. The Proof of Loss Report and Detailed Claims Listing must be submitted electronically through the FHCF Online Claims System at www.sbafla.com/fhcf under Online Reporting. Users will input the required fields of Section I of the Proof of Loss Report directly into the system and will upload the associated Detailed Claims Listing, and two officers must sign off on each Proof of Loss Report online prior to submission. Advance registration (including officers) is required for the Online Claims System; instructions are included on the system web site.

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(Page number referenced to be updated once revision marks are accepted.)

Florida Hurricane Catastrophe Fund
~~2019~~ 2020 Data Call
Instruction Sheet

Each authorized insurance Company writing Covered Policies in the State of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This Premium is based on the Reimbursement Premium Formula specifying the amount of Premium to be paid for each $1,000 of insured value for Covered Policies in each Florida ZIP Code by Type of Business, Construction Type, Deductible Group, Year Built, Structure Opening Protection, and Roof Shape code combinations.

In order to perform the calculation, each Company must submit its total covered property exposure (wind/hurricane insurance in force) **by September 1, ~~2019~~ 2020** for insured values under Covered Policies **as of June 30, ~~2019~~2020**. Covered Policies are defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 17 herein; a full copy of the Reimbursement Contract is available on-line at www.sbafla.com/fhcf under "FHCF Rules").

Table of Contents

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(Page number referenced to be updated once revision marks are accepted.)

** Important Changes in the ~~2019~~ 2020 Data Call **

1. FHCF Superior constructions types (Masonry with Reinforced Concrete Roof, Superior, and Superior with Reinforced Concrete Roof) may now be used for the Residential FHCF Type of Business. The rates for Residential exposure reported under the 2020 Data Call with these constructions will be the same as the Residential Masonry rates. The FHCF will evaluate the information collected through the 2020 Data Call to determine rates applicable to the 2021 Data Call.

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2. Field #15, Structure Opening Protection is now to be reported based on whether or not a dwelling unit has structure opening protection instead of based on whether or not your Company gives a structure opening protection credit to the policyholder.

3. Exclusions (8) and (27) under Article VI of the Reimbursement Contract have been revised and could impact exposure reported by your Company. See page 19.

4. Collateral Protection Policies – New reporting requirements have been added for companies reporting exposure for collateral protection policies. See the Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies on page 26.

** FHCF *WIRE* (Web Insurer Reporting Engine) **

WIRE is the secure web-based system used for the reporting of Company exposure data. All ~~2019~~ 2020 Data Call submissions are to be filed online using *WIRE*. Submissions in *WIRE* must be electronically signed off on by two officers no later than 4:00 p.m. Eastern Time on the applicable due date or the submission will be considered late. Your Company should have an existing *WIRE* account and a *WIRE* Account Manager who was registered by the FHCF upon designation by your Company on its most recent Company Contact Information Form (Form FHCF C-1) submitted to Paragon Strategic Solutions Inc. Each Company is allowed a maximum of seven *WIRE* users to perform submission functions on behalf of the Company. This number includes the Account Manager and at least two officers with the authority to certify and sign the submission statements. Your Company's Account Manager can remove existing *WIRE* users and can register new users. Registered users can access the *WIRE* system at www.sbafla.com/fhcfwire. Additional information, including instructions and tutorials, are available in the system.

** Steps for Completing Data Call **

1. Well in advance of preparing your Company's Data Call submission, the FHCF suggests that your Company's *WIRE* users verify that they can access the system. Users who experience difficulties may contact the State Board of Administration of Florida (SBA) at wire@sbafla.com or 850-413-1228.

Field Code Changed

2. **Mapping/~~m~~Methodology proposals should be received by the Administrator by August 1, ~~2019~~2020.** Prior to making the actual Data Call submission in *WIRE*, request written approval from the Administrator for any proposed methodology required to be submitted in advance. See Mapping/Reporting Methodology Approvals on page 4.~~; specifically, a construction code mapping as described on page 10 and a proposed methodology for reporting single structures with a mix of exposure as described on page 6, if either condition is applicable. Also, request written approval from the Administrator for any reporting methodology not specifically outlined in the Data Call instructions. Any such requests will be initially reviewed for high level reasonableness, followed by a detailed~~

~~review during the FHCF's exposure reporting examination. Written requests should be sent to the Administrator at the following address:~~

~~Kathy Mackenthun, CPCU, ARe~~
~~Director – FHCF Administration~~
~~Paragon Strategic Solutions Inc.~~
~~8200 Tower~~
~~5600 West 83rd Street, Suite 1100~~
~~Minneapolis, MN 55437~~

~~OR~~

~~FHCFAdministrator@paragon.aonbenfield.com~~

Field Code Changed

3. A Data Call file must pass *WIRE* validation tests before it can be submitted. Your Company may upload a Data Call file to *WIRE* for validation beginning July 1st. After the file is uploaded, the system performs the validation tests and sends the results via email. The email will include a summary of any errors and/or warnings of potential errors noted in the file. If the file passes validation, it can be confirmed for submission or deleted and uploaded again later. If the file fails validation, it is automatically deleted from the system and your Company will have to upload a corrected file.

   Data quality checks programmed in *WIRE* will help ensure that your Company's data is in the correct format and that it does not contain invalid codes and invalid ZIP-to-county code mappings. **However, please keep in mind that the system cannot identify errors caused by data which was coded incorrectly according to the policy details.** Such errors may require a resubmission. Any examination conducted by the SBA will be the final determinant of data quality.

4. Prior to confirming the Data Call file for submission, your Company may upload supporting information in *WIRE* (e.g., a cover letter). After a Data Call submission has been confirmed through *WIRE*, subsequent information to be provided in support of that submission must be sent directly to the Administrator at the address ~~listed in Step 2~~ provided under General Data Call Issues.

5. After the Data Call file is confirmed for submission, the system will send an email notification to the Company's *WIRE* users designated as "Officers" to certify and sign the officer submission statements. Upon the sign-off of two officers, the submission is complete and no further changes can be made to the Data Call file as the automated processing of the data begins. *WIRE* will aggregate the data and transmit it to the Administrator for Premium calculation. Any subsequent submission of the Data Call file (resubmission) is subject to FHCF approval and will incur a resubmission fee (see Resubmissions located in the Data Quality section of this Data Call).

   Note: *WIRE* was designed to function as a means of file transmittal from the companies to the FHCF and not as a means of file storage and retrieval

6. Summary of *WIRE* submission components (required unless specified below as optional):

	Via *WIRE* Tab
Data Call File (file of exposure data)*	Upload/Validate
Optional Supporting Documents (e.g., a cover letter)	Confirm/Submit
Submission Confirmation Form – requires the following:	Confirm/Submit
- Collateral Protection Reporting Selection	
- Written Explanation of Exposure Fluctuation (if applicable)	
- Submission Confirmation Statement	
Officer Submission Statements signed by two Officers (see page 6)	Sign Officer Statements

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(Page number referenced to be updated once revision marks are accepted.)

*Note: All data for an individual Company should be submitted as one file, unless your Company has participated in a Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Account assumption agreement (see page 23).

7. If your Company does not have Covered Policies as defined in subsection (11) of Article V of the Reimbursement Contract (see page 17 herein), but was an active FHCF Company for the ~~2018/~~2019/2020 Contract Year, a letter requesting to petition for exemption from the FHCF must be returned to the Administrator at the address provided~~ in 2. Above~~ under General Data Call Issues no later than **September 1, ~~2019~~2020**.

   Note: If your Company determines at a later time that it does have Covered Policies, or the SBA denies your Company's request for exemption from the FHCF, your Company will be subject to any fees and/or administrative action by the Florida Department of Financial Services for delinquent or inadequate exposure data as defined in this Data Call and/or your Company's Reimbursement Contract.

** General Data Call Issues **

Extensions

Data Call submissions through *WIRE* must be electronically signed off on by two officers by 4:00 p.m. (ET), September 1, ~~2019~~2020. Extensions will not be granted.

If you have any questions about the information to be supplied or about this Data Call, please do not hesitate to contact Holly Bertagnolli, Kathy Mackenthun, or Martin Helgestad of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or by email at FHCFAdministrator@paragon.aonbenfield.com. If you have any questions regarding *WIRE*, please contact the SBA at wire@sbafla.com or 850-413-1228.

Mapping/Reporting Methodology Approvals

If any of the following apply to your Company, your Company must submit its proposed mapping/reporting methodology on an annual basis by August 1 of the Contract Year:

1. **Construction mapping:** See page 10.
2. **Reporting methodology for mixed-occupancy single structures under a commercial policy:** See the Mixed-Occupancy Single Structures Worksheet on page 33.
3. **Collateral protection reporting requirements:** See the Supplemental Information Required from a Company Reporting Exposure under Collateral Protection Polices section on page 26.

Proposals will be initially reviewed for high-level reasonableness, followed by a detailed review during the FHCF's exposure reporting examination. Proposals should be sent to the Administrator at the following address:

Kathy Mackenthun, CPCU, ARe
Director – FHCF Administration
Paragon Strategic Solutions Inc.
8200 Tower
5600 West 83rd Street, Suite 1100
Minneapolis, MN 55437

OR

FHCFAdministrator@paragon.aonbenfield.com

** Data Quality **

Resubmissions

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A Company submitting its Data Call file in noncompliance with the specifications herein could be required to resubmit its data. Any examination conducted by the SBA will be the final determinant of data quality. Any Company required to resubmit data will be allowed 30 calendar days to resubmit data (may be less than 30 days if the Company has been already notified by the SBA for an exam). A $1,000 resubmission fee (for resubmissions that are not the result of an exam by the SBA) will be invoiced by the FHCF for each resubmission. An extension may be granted if a Company can show that the need for additional time is due to circumstances beyond their reasonable control.

If a resubmission is necessary as a result of an examination report issued by the SBA, the resubmission fee will be $2,000. If a Company's examination-required resubmission is inadequate and the SBA requires an additional resubmission(s), the resubmission fee for each subsequent resubmission shall be $2,000.

Explanation of Exposure Fluctuations

WIRE will compare your current year submission to your submission from the previous year to identify increases or decreases in reported exposure and will require an explanation when any increase or decrease for a specific FHCF type of business meets either the combined dollar/percentage threshold or the large dollar threshold below. A comment field is provided in the *WIRE* Submission Confirmation Form for your Company to enter a brief explanation of such fluctuations when confirming the Data Call file for submission. While the degree of detail is left to the discretion of your Company, the explanation must provide detail beyond simply stating that "the data has been reviewed and is correct as submitted."

Type of Business	$ Threshold		% Threshold		Large $ Threshold
Commercial:	+/- $ 25,000,000	and	+/- 40%	or	+/- $ 200,000,000
Residential:	+/- $ 50,000,000	and	+/- 40%	or	+/- $1,000,000,000
Mobile Home:	+/- $ 25,000,000	and	+/- 40%	or	+/- $ 40,000,000
Tenants:					+/- $ 20,000,000
Condominium Unit Owners:	+/- $ 25,000,000	and	+/- 40%	or	+/- $ 40,000,000

Rounding

Exposures must be reported in whole dollars and may be rounded to the nearest $1,000, but no greater.

** Covered Policies **

A Covered ~~Policies are~~ Policy is defined in Section 215.555(2)(c), Florida Statutes, as any insurance policy covering a Residential Structure, or its contents, located in the State of Florida. Covered Policy is further defined in subsection (11) of Article V of the FHCF Reimbursement Contract (see page 17 herein), which includes personal lines residential coverages, commercial lines residential coverages, and mobile home coverages. **The FHCF provides reimbursement only for losses from policies with wind or hurricane coverage**.

~~All Covered Policies written by an individual Company must be reported even if they are written in areas eligible for coverage from Citizens Property Insurance Corporation Coastal Account or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts.~~

~~** Single Structures with Habitational and Non-Habitational Occupancies **~~

~~All Companies reporting FHCF Commercial type of business (code "1") exposure in response to this Data Call must complete the Mixed-Occupancy Single Structures Worksheet on page 31 herein. Completing the Worksheet will determine if your Company must also submit a proposed methodology for determining~~

~~predominant use of mixed-occupancy structures, which~~ ~~**must be provided to the Administrator on an annual basis prior to your Company's Data Call submission**~~~~.~~

** June 30th "as of" Date **

The data reported under this Data Call pertains to a Company's insured values under Covered Policies as of June 30, ~~2019~~2020. This data is used by the FHCF to calculate a Company's Premium, Retention, and maximum FHCF coverage under the applicable Reimbursement Contract.

Although changes to coverage under a policy that are effective after June 30th do not impact reporting under the Data Call (including new policy issuance and policy terminations), the policy terms in effect at a time of loss will be considered in determining a Company's Losses eligible for reimbursement under the FHCF. For example, if a Covered Policy was written effective July 1, ~~2019~~2020, exposure for that policy would not be included under the ~~2019~~ 2020 Data Call submission, but Losses under that policy would be reportable to the FHCF when the Company files its loss reports.

Given an "as of" date of June 30th and a statutory Data Call due date of September 1st, a Company must determine the date at which it can most accurately capture and report its data to include policy transactions with effective dates of June 30th or earlier, while still being able to meet the statutory Data Call due date. For example, a Company writes a policy with an effective date of June 29, ~~2019~~2020, the transaction was processed by the Company on July 15, ~~2019~~ 2020 and the Company compiled its data on July 20, ~~2019~~2020. The FHCF would expect the policy to be reported since the policy was in effect on June 30th and the transaction was processed before the date the data was compiled. However, the FHCF recognizes that if a transaction was not processed far enough through a Company's systems by the date on which the Company compiled its Data Call information, then that transaction would not necessarily be reflected in the Company's original Data Call submission. Nonetheless, should the Company have to resubmit its Data Call at a later date, then the transaction should be included in the resubmitted data.

** Retention of Records for SBA Examination **

In accordance with Article XIII of the Reimbursement Contract and the SBA's examination program, all records, including exposure filings (Data Call submission), policy files, and supporting documentation, must be retained along with computer runs produced to support the Data Call submission. Companies writing covered collateral protection policies, as defined in this Data Call, must be able to provide documentation that the policy covers the borrower's and lender's interest and that the dwelling coverage is in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner's policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 26 of this Data Call). Such records must be retained until the SBA has completed its examination of your Company's exposure submission and loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded. The Data Call file must be retained and maintained so that, upon examination by the SBA, changes can be made to correct any errors which may be identified and to allow for a resubmission if required.

** Officer Submission Statements **

A Data Call submission is required to be signed by two officers in *WIRE*. The following are included in the online officer submission statements:

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- I, the undersigned, do state that, to the best of my knowledge, the file submission provided to the SBA under Section 215.555(5)(c), Florida Statutes, is complete, accurate, and in compliance with the requirements of Section 215.555, Florida Statutes, and all Florida Administrative Code rules.

- I, the undersigned, acknowledge that the SBA may use the submitted file and related transmittals in the course of its examination of the captioned Company's exposure reporting, as well as any applicable claims examinations. I further understand that the exposure examination will require documentation in addition to the items submitted herein. Said Company will retain and maintain complete and accurate records, in policy level detail, of all exposure data related to the generation and submission of this Data Call submission or resubmission until the SBA has completed its exposure and claims examinations of the Company's submission(s) and commutation for the Contract Year (if applicable) has been concluded.

[This next certification will appear only for those companies identified by the user confirming and submitting the file in *WIRE* as writing collateral protection policies as described herein.]

- I, the undersigned, acknowledge that the captioned Company writes collateral protection policies covering personal residences in the State of Florida that protect both the borrower's and the lender's financial interest, in an amount at least equal to either the coverage for the dwelling in place under the lapsed homeowner's policy or 100% of the replacement cost value of the dwelling (as determined under a methodology approved in advance as required on page 26 of this Data Call). I understand that, as referenced in Section 215.555(2)(c), Florida Statutes, for such policies to be covered by the FHCF, said Company must be able to accurately report exposure information for those policies as required in Section 215.555(5), Florida Statutes, and specifically, as outlined in this Data Call. Accordingly, I certify that, to the best of my knowledge, said Company:

  Option 1: has collected all the information necessary for such policies to be covered by, and reported to, the FHCF, as outlined in this Statement and this Data Call, and has accordingly included collateral protection exposure covered by the FHCF in this Data Call submission.

  Option 2: does not have available the data as required by the Premium Formula as specified in Section 215.555(5), Florida Statutes, and therefore is unable to accurately report its collateral protection exposure. I also understand that said Company is ineligible to collect any reimbursements from the FHCF for Losses occurring during this FHCF contract year from policies covering collateral protection exposure.

- I, the undersigned, am an officer of the captioned Company, acting within my authority in making these declarations, and I have conducted, or have had conducted, a diligent review of said Company's records and systems to determine the truth of these statements.

Florida Hurricane Catastrophe Fund ~~2019~~ 2020 Data Call

File Layout

The following fields must be provided in a pipe delimited text file. For the pipe "|" symbol, press the *Shift* key and the \ key.

Field #	Description	Min Length	Max Length	Type	Notes
1	Type of Business	1	1	Numeric	Only the codes on page 9 are acceptable.
2	Line of Business	1	1	Numeric	Only the codes on page 10 are acceptable.
3	Construction Type	1	2	Numeric	Only the codes on pages 10-11 are acceptable.
4	Deductible Group	2	2	Alpha-Numeric	Only the codes on pages 11-12 are acceptable.
5	County Code	1	3	Numeric	Only the codes on page 26 are acceptable.
6	ZIP Code	5	5	Numeric	At least 95% of exposure must have a valid ZIP Code.
7	Total Insured Risks	1	6	Numeric	Must be greater than zero.
8	Total Insured Value – Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If amount is zero, then enter 0. *Note that the sum of these four fields must be greater than zero.
9	Total Insured Value – Appurtenant Structures*	1	12	Numeric	
10	Total Insured Value – Contents*	1	12	Numeric	
11	Total Insured Value – ALE*	1	12	Numeric	
12	Year Built	1	4	Numeric	Enter 4-digit year; if unknown or the structure is a mobile home, enter 0.
13	Reserved for Future Use	1	1	Numeric	Enter 0.
14	Reserved for Future Use	1	1	Numeric	Enter 0.
15	Structure Opening Protection	1	1	Numeric	Only the codes on page 15 are acceptable.
16	Roof Shape	1	1	Numeric	Only the codes on page 15 are acceptable.
17	Policy Effective Date	8	8	Numeric	Must use "yyyymmdd" format only (include leading zeros for single-digit months and days).
18	Policy Expiration Date	8	8	Numeric	Must use "yyyymmdd" format only (include leading zeros for single-digit months and days).
19	Policy Number	1	30	Special	Include characters A-Z, 0-9, and "-" only. See additional instructions on page 15.
20	Citizens Policy Number	1	30	Special	Include characters A-Z, 0-9, and "-" only. See additional instructions on page 15.

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Example: A record with the following information:

Field #	Description	Type	Entry
1	Type of Business	Residential	2
2	Line of Business	Homeowners	2
3	Construction Type	Frame	1
4	Deductible Group	$2,000	RC
5	County Code		86
6	ZIP Code		33130
7	Total Insured Risks		5
8	Total Insured Value – Building		500000
9	Total Insured Value – App. Structures		100000
10	Total Insured Value – Contents		250000
11	Total Insured Value – ALE		50000
12	Year Built	Example: 2010	2010
13	NA		0
14	NA		0
15	Structure Opening Protection	No credit is given to policyholder	0
16	Roof Shape	Hip, Mansard, or Pyramid	1
17	Policy Effective Date		~~20190305~~20200305
18	Policy Expiration Date		~~20200305~~20210305
19	Policy Number		ABC000001234
20	Citizens Policy Number		FRJ000022222

Each record must have the following layout:

2|2|1|RC|86|33130|5|500000|100000|250000|50000|2010|0|0|0|1|~~20190305~~20200305|~~20200305~~20210305|ABC000001234|FRJ000022222

Description of Data Fields

The FHCF strongly encourages any individual involved in completing this Data Call to review the Reporting Clarifications on pages 20-21 herein.

1. **Type of Business (TOB)**

All exposure should be classified as one of the following FHCF TOBs. Exposure for scheduled personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with, with the exception of mobile home related property, which must still be reported as FHCF TOB "3" (Mobile Home).

Type of Business	Code
Commercial	1
Residential	2
Mobile Home	3

Type of Business	Code
Tenants	4
Condominium Unit Owners	6

General TOB Instructions:

- **Commercial** should be used for commercial-habitational exposures such as apartment buildings and condominium complexes. Do not use this TOB for individual condominium unit owners.
- **Mobile Home** should be used for all mobile home coverages, regardless of the policy form on which coverage is written, including coverage provided to a person(s) renting a mobile home.

- **Tenants** should be used for policies providing property coverage to a person(s) entitled to occupy a dwelling unit (including a condominium unit) under a rental agreement. Do not use this TOB for any policy providing coverage to a person renting a mobile home. Exposure for scheduled personal property written under attachments, endorsements, and riders should be reported as the FHCF TOB it is associated with.
- **Condominium Unit Owners** should be used for individual condominium unit owners, whether owner or tenant occupied. Do not use this TOB for condominium complexes or multi-unit structures.

2. **Line of Business**

Exposure information for Covered Policies is to be reported using the following codes (use the code your Company deems most appropriate):

Line of Business	Code
Fire and Allied Lines	1
Homeowners Multiple Peril	2
Farmowners Multiple Peril	3

Line of Business	Code
Commercial Multiple Peril	4
Mobile Homeowners	5
Inland Marine	6

3. **Construction Type**

The FHCF's construction codes and definitions are provided on page 25. Your company must use the applicable FHCF codes in its Data Call submission.

If your Company's construction definitions do not closely match those of the FHCF, you must complete the Construction Mapping Worksheet on pages 28-30, submit it to the Administrator, and receive approval from the Administrator prior to submitting the Data Call file through *WIRE*. This will help your Company avoid a subsequent resubmission due to improper construction reporting. Once the Administrator has notified you in writing that your mapping is acceptable, you must complete the actual mapping so that only FHCF constructions are reported in your submission. The Construction Mapping Worksheet must be provided directly to the Administrator, not through *WIRE*. **If a mapping review is necessary for your Company, such a review must be done each year.**

If your Company has policies for which no construction information is captured, exposure for such policies should be reported using the FHCF Unknown construction code "11" (or code "25" for mobile home exposure).

*Note that Codes 7, 15, and 16 are applicable for the Residential Type of Business for the first time under the 2020 Data Call. Data collected will be used to determine rates applicable to the 2021 Data Call. Rates applicable to Residential exposure reported with these codes under the 2020 Data Call will be the Masonry (Code 2) rates.

~~**Residential**~~

~~Construction Type~~	~~Code~~
~~Frame~~	~~1~~
~~Masonry~~	~~2~~
~~Masonry Veneer~~	~~10~~
~~Unknown (Non-Mobile Home)~~	~~11~~

Commercial, Residential*, Condominium Unit Owners, Tenants

Construction Type	Code
Frame	1
Masonry	2
Masonry with Reinforced Concrete Roof	15
Superior	7

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Superior with Reinforced Concrete Roof	16
Masonry Veneer	10
Unknown (Non-Mobile Home)	11

Mobile Home

Construction Type	Code
Mobile Home - Fully Tied Down, Mfg. before 7/13/94	21
Mobile Home - Fully Tied Down, Mfg. on or after 7/13/94 or documented to be in compliance with ANSI/ASCE 7-88	22
Mobile Home - Other than Fully Tied Down or Unknown	25

4. **Deductible Group** – *Wind Including Hurricane Deductible, or Hurricane Deductible Only*

Except as instructed for commercial-habitational policies below, report an FHCF percentage or dollar deductible code based on how the policy deductible is written. For example, a $100,000 residential policy written with a 2% deductible must be reported with code R2, not code RC ($1,501 to $2,500 deductible), regardless of how the deductible is "stated" to the policyholder.

For any policy written with a percentage deductible and a minimum dollar deductible, always report the percentage deductible.

For commercial-habitational policies (regardless of the FHCF Type of Business under which the policy's exposure is reported) written with a dollar-only deductible that is greater than $50,000, the deductible amount must be converted to a percentage of the total insured building value (Data Call field 8) and reported to the FHCF as a percentage deductible.

For commercial-habitational policies covering multiple structures/contents under an indivisible aggregate deductible, report the full blanket deductible for each record reported.

Following are the FHCF deductible groups and codes:

Commercial

Deductible Group	Code
$0 to $2,500	CA
$2,501 to $7,500	CB
$7,501 to $15,000	CC
$15,001 to $50,000	CD
Greater than $50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	C1
Greater than 1%, less than or equal to 2%	C2
Greater than 2%, less than or equal to 3%	C3
Greater than 3%, less than or equal to 4%	C4
Greater than 4%, less than or equal to 5%	C5
Greater than 5%, less than or equal to 6%	C6
Greater than 6%, less than or equal to 7%	C7
Greater than 7%, less than or equal to 8%	C8
Greater than 8%, less than 10%	C9
10% or Greater	C0

Residential, Tenants, or Condominium Unit Owners

Deductible Group	Code
$0	RM
$1 to $500	RA
$501 to $1,500	RB
$1,501 to $2,500	RC
Greater than $2,500	RD
Greater than $50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	R1
Greater than 1%, less than or equal to 2%	R2
Greater than 2%, less than or equal to 3%	R3
Greater than 3%, less than or equal to 4%	R4
Greater than 4%, less than or equal to 5%	R5
Greater than 5%, less than or equal to 6%	R6
Greater than 6%, less than or equal to 7%	R7
Greater than 7%, less than or equal to 8%	R8
Greater than 8%, less than 10%	R9
10% or greater, less than 15%	R0
15% or Greater	RZ

Mobile Home

Deductible Group	Code
$0	MM
$1 to $250	MA
$251 to $500	MB
Greater than $500	MC
Greater than $50,000 – Convert to a percentage	See % Ded. Groups

Deductible Group	Code
Less than or equal to 1%	M1
Greater than 1%, less than or equal to 2%	M2
Greater than 2%, less than or equal to 3%	M3
Greater than 3%, less than or equal to 4%	M4
Greater than 4%, less than or equal to 5%	M5
Greater than 5%, less than or equal to 6%	M6
Greater than 6%, less than or equal to 7%	M7
Greater than 7%, less than or equal to 8%	M8
Greater than 8%, less than 10%	M9
10% or Greater	M0

5. **County Code**
   Florida county code specifying the location of each covered risk. All records must be coded with a valid Florida county code listed on page 26. There is no “unknown” county code. ZIP Codes and county codes must be cross-referenced to ensure that 95% of your Company’s aggregate exposure has a valid Florida ZIP Code to county code match. As the FHCF recognizes some ZIP Codes may span county boundaries, *WIRE* has been programmed to accept any county immediately bordering the county the FHCF considers to be the county in which a specific ZIP Code resides.

6. **ZIP Code**
   The 5-digit ZIP Code location of each covered risk in Florida. A minimum of 95% of your Company’s aggregate exposure must be coded with valid Florida ZIP Codes. The FHCF ZIP Code database is as

of January ~~2019~~2020. If a record contains a ZIP Code that does not match the FHCF database, the rate applied will be based on the county code instead of the ZIP Code.

A listing of valid ZIP Codes and corresponding county codes and rating regions is available online at www.sbafla.com/fhcf under Insurer Information and the Rates & Premium tab.

7. **Total Insured Risks (May not be less than zero.)**
This is the total number of insured risks for each FHCF Covered Policy.

Reportable Exposure (Data Call Fields 8-11)

The only wind exposure that should be reported in response to this Data Call is summarized below. The exposure reportable to the FHCF is less inclusive than the coverage provided by the FHCF. Covered Policies are defined in subsection (11) of Article V of the Reimbursement Contract. See page 17 herein. Examples of exposure to be reported to the FHCF are included in the Frequently Asked Questions document available online at www.sbafla.com/fhcf under Insurer Information.

1) The stated wind/hurricane policy limit (including any modifications by endorsement, attachment, or rider) for:
   a. Dwelling (often referred to as Coverage A),
   b. Appurtenant Structures (often referred to as Coverage B),
   c. Contents (often referred to as Coverage C), and
   d. Additional Living Expense (often referred to as Coverage D or Coverage E).
2) The full wind/hurricane limit for the dwelling limit/Additions and Alterations coverage (often referred to as Coverage A) on covered Condominium Unit Owners policies. The full limit is the total limit under the policy, regardless of whether that is the basic limit alone (e.g., $1,000) or the basic limit plus an increased limit.
3) The additional wind/hurricane limit provided by attachments, endorsements, or riders for:
   a. Scheduled personal property [except for those items listed under the Non-Reportable (But Covered) Exposure or Not Covered/Excluded Exposure sections],
   b. Pool/screen enclosures, and
   c. Building Additions and Alterations limit purchased on Renters/Tenants Policies [this is to be distinguished from Additions and Alterations coverage provided within the policy form as an additional coverage at no additional cost to the policyholder, which is considered a Non-Reportable (But Covered) Exposure].

Non-Reportable (But Covered) Exposure

Exposure from any additional coverages/coverage extensions written within the policy form are not reportable to the FHCF under this Data Call. The following list outlines exposures which are covered by the FHCF at the time of a covered Loss but are not reportable to the FHCF under this Data Call. Examples of exposure not to be reported to the FHCF are included in the Frequently Asked Questions document available online at www.sbafla.com/fhcf under Insurer Information.

1) Any type of Ordinance and Law coverage.
2) Any additional exposure for endorsements that specifically increase the limit of liability at the time of a covered Loss (e.g., guaranteed replacement cost or specified increase to the dwelling limit).
3) Any exposure for the following:
   a. Computers or electronic data,
   b. Debris removal,
   c. Golf carts,

d. Grave markers,
e. Land,
f. Mold, fungi, or bacteria,
g. Radio and TV antennas, satellite dishes, awnings, or signs,
h. Refrigerated property,
i. Trees, shrubs, and plants, and
j. Valuable papers, personal records, monies, or securities.

Not Covered/Excluded Exposure
Article VI of the ~~2019~~ 2020 FHCF Reimbursement Contract outlines specific exclusions from FHCF coverage. Exclusions from Article VI which pertain to exposure reporting under this Data Call are included on pages 18-19 herein~~; note that Exclusion (27) regarding certain personal property coverage is new under the 2019 Reimbursement Contract and should be reviewed by all Companies~~.

8. **Total Insured Value - Building**
This is the total insured building limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

9. **Total Insured Value - Appurtenant Structures or Non-Habitational Structures**
This is the total insured appurtenant structures limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

10. **Total Insured Value - Contents**
This is the total insured contents limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks.

11. **Total Insured Value - Additional Living Expense (ALE)**
This is the total insured ALE limit for a Covered Policy or an individual risk within a Covered Policy that insures multiple risks. For ALE coverage provided as a specific dollar limit, report exposure values based on that limit, but not to exceed 40% of the Residential Structure (Coverage A) exposure or 40% of the contents (Coverage C) exposure. If ALE is written as a portion of Coverage A, 40% of Coverage A is the cap. If ALE is written as a portion of Coverage C, 40% of Coverage C is the cap. ~~Note that if the ALE coverage written is less than 40%, ALE should be reported as written.~~

For covered policies written with ALE as a time element coverage, you must report ALE exposure in an amount not to exceed 40% of the Residential Structure or 40% of the contents exposure ~~based on the type of policy (e.g., a homeowners policy is usually based on structure versus a renters policy based on contents)~~.

Note that the 40% threshold is a statutory cap. If your Company provides coverage to its policyholders that is in excess of this cap, or if rounding of your building or contents exposure results in a higher ALE percentage, report no more than the cap when reporting ALE exposure to the FHCF.

12. **Year Built**
Enter the four-digit year of construction (e.g., 1989, 2014, etc.). If the year of construction is unknown or if the structure is a mobile home, enter a zero (0).

13. **Reserved for Future Use – Enter 0**

14. **Reserved for Future Use – Enter 0**

15. **Structure Opening Protection**
Enter the appropriate structure opening protection code from the table below ~~based on whether or not your Company gives a structure opening protection credit to its policyholder for the dwelling unit being reported under this Data Call~~.

Structure Opening Protection	FHCF Code
~~No credit is given to policyholder~~No Structure Opening Protection	0
~~Credit is given to policyholder~~Structure Opening Protection	5

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16. **Roof Shape**
Enter the appropriate roof shape code from the table below.

Roof Shape	FHCF Code
Hip, Mansard, or Pyramid	1
Gable, Other, or Unknown	2

17. **Policy Effective Date**
Enter the effective date of the Covered Policy using the “yyyymmdd” format.

18. **Policy Expiration Date**
Enter the expiration date of the Covered Policy using the “yyyymmdd” format.

19. **Policy Number**
Enter the Covered Policy number.

If your Company assumed Covered Policies from Citizens, a second Data Call file must be submitted for the assumed policies which **have not renewed** onto your Company’s books by June 30, ~~2019~~ 2020 (as instructed on page 23). In that second file, enter zero for field #19 and report the Citizens policy number for the assumed policy in field #20.

20. **Citizens Policy Number**
If your Company **did not** assume any policies from Citizens (as discussed on page 23, enter a zero in this field for each record).

If your Company **did** assume policies from Citizens:

For a policy assumed from July 1, ~~2018~~ 2019 through June 30, ~~2019~~2020, enter the Citizens policy number in this field.

For a policy that was not assumed from July 1, ~~2018~~ 2019 through June 30, ~~2019~~2020, enter a zero in this field.

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Reimbursement Contract: Article V – Selected Definitions

(3) **Additional Living Expense (ALE)**
ALE Losses covered by the FHCF are not to exceed 40 percent of the insured value of a Residential Structure or its contents ~~based on the coverage provided in the policy~~. Fair rental value, loss of rents, or business interruption losses are not covered by the FHCF.

(11) **Covered Policy**
(a) Covered Policy, as defined in Section 215.555(2)(c), Florida Statutes, is further clarified to mean only that portion of a binder, policy or contract of insurance that insures real or personal property located in the State of Florida to the extent such policy insures a Residential Structure or the contents of a Residential Structure located in the State of Florida.
(b) 1. Covered Policy also includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the company submits the required data~~,~~ as specified in the Data Call adopted under Rule 19-8.029, F.A.C~~Premium Formula adopted in Section 215.555(5), Florida Statutes, are available~~.
2. The SBA finds that the replacement cost value of a dwelling is the functional equivalent of the dwelling coverage amount under the lapsed homeowner's policy and that coverage in the amount of the replacement cost value fulfills the legislative intent that collateral protection policies are to be covered by the FHCF only when they protect the borrower's interest in the dwelling to the same extent as a traditional residential policy. Therefore, for purposes of this definition of Covered Policy, a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy if the dwelling coverage amount is either:
a. Equal to or greater than the amount of dwelling coverage in place under the "lapsed homeowner's policy," i.e., the last residential policy placed by the borrower; or
b. Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, "replacement cost value" means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.
(c) Covered Policy does not include any policy or exposure excluded under Article VI.

(14) **Excess Policy**
This term means, for the purposes of this Contract, a policy that provides insurance protection for large commercial property risks and that provides a layer of coverage above a primary layer (which is insured by a different insurer) that acts much the same as a very large deductible.

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(24) **Residential Structure**

In general, this term means a unit or building used exclusively or predominantly for dwelling or habitational occupancies, including the primary structure and appurtenant structures insured under the same Covered Policy and any other structures covered under endorsements associated with the Covered Policy covering the Residential Structure.

(a) With respect to a unit or home insured under a personal lines residential policy form, such unit or home is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of its occupancy.

(b) With respect to a condominium structure or complex insured under a commercial lines policy, such structure is deemed to have a habitational occupancy and to be a Residential Structure, regardless of the term of occupancy of individual units.

(c) A single structure which includes a mix of commercial habitational and commercial non-habitational occupancies, and is insured under a commercial lines policy, is considered a Residential Structure if 50% or more of the total insured value of the structure is used for habitational purposes.

(d) Residential Structures do not include any structures excluded under Article VI.

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Reimbursement Contract: Article VI – Selected Exclusions

The following selected exclusions from Article VI of the Reimbursement Contract pertain to exposure that should not be reported under this Data Call.

(2) Any policy which excludes wind or hurricane coverage.

(3) Any Excess Policy or Deductible Buy-Back Policy that requires individual ratemaking, as determined by the FHCF.

(4) (a) Any policy for Residential Structures that provides a layer of coverage underneath an Excess Policy issued by a different insurer;

(b) Any policy providing a layer of windstorm or hurricane coverage for a particular structure above or below a layer of windstorm or hurricane coverage under a separate policy issued by a different insurer, or any other circumstance in which two or more insurers provide primary windstorm or hurricane coverage for a single structure using separate policy forms; or

(c) Any other policy providing a layer of windstorm or hurricane coverage for a particular structure below a layer of self-insured windstorm or hurricane coverage for the same structure.

(d) The exclusions in this subsection do not apply to primary quota share policies written by Citizens Property Insurance Corporation under Section 627.351(6)(c)2., Florida Statutes.

(5) Any liability of the Company attributable to losses for fair rental value, loss of rent or rental income, or business interruption.

(6) Any collateral protection policy that does not meet the definition of Covered Policy as defined in Article V(11)(b).

(7) Any reinsurance assumed by the Company.

(8) Hotels, motels, timeshares, shelters, camps, retreats or other similar structures. This exclusion does not apply to any policy identified as covering a residential condominium association or to any policy on which the insured is a residential condominium association.

(9) Retail, office, mercantile, or manufacturing facilities, or other similar structures.

(10) Any exposure for condominium or homeowner associations if no Residential Structures are insured under the policy.

(11) Commercial healthcare facilities and nursing homes; however, a nursing home which is an integral part of a retirement community consisting primarily of habitational structures that are not nursing homes will not be subject to this exclusion.

(12) Any exposure under commercial policies covering only appurtenant structures or structures that do not function as a habitational structure (e.g., a policy covering only the pool of an apartment complex).

(13) Policies covering only Additional Living Expense.

(14) Any exposure for barns or barns with apartments or living quarters.

(15) Any exposure for builders risk coverage or new Residential Structures under construction.

(16) Any exposure for vehicles, recreational vehicles, golf carts or boats (including boat related equipment) requiring licensing.

(21) Any exposure for, or amounts paid to reimburse a policyholder for, condominium association loss assessments or under similar coverages for contractual liabilities.

(23) Any liability assumed by the Company from Pools, Associations, and Syndicates. Exception: Covered Policies assumed from Citizens under the terms and conditions of an executed assumption agreement between the Company and Citizens are covered by this Contract.

(27) A policy providing personal property coverage separate from coverage of personal property included in a homeowner's, mobile home owner's, condominium unit owner's, or tenant's policy or other policy covering a Residential Structure, or in an endorsement to such a policy. Also excluded is a personal

property endorsement to a policy that excludes windstorm or hurricane coverage or to any other type of policy that does not meet the definition of covered policy.

(28) Endorsements predominantly covering Specialized Fine Arts Risks or collectible types of property meeting the following requirements:

(a) An endorsement predominantly covering Specialized Fine Arts Risks and not covering any Residential Structure if it meets the description in subparagraph 1 and if the conditions in subparagraph 2 are met.

1. For purposes of this exemption, a Specialized Fine Arts Risk endorsement is an endorsement that:
   a. Insures works of art, of rarity, or of historic value, such as paintings, works on paper, etchings, art glass windows, pictures, statuary, sculptures, tapestries, antique furniture, antique silver, antique rugs, rare books or manuscripts, jewelry, or other similar items;
   b. Charges a minimum premium of $500; and
   c. Insures scheduled items valued, in the aggregate, at no less than $100,000.
2. The insurer offers specialized inspection and must provide a specialized loss prevention service or other collector services designed to prevent or minimize loss, or to value or inventory the Specialized Fine Arts for insurance purposes, such as:
   a. Collection risk assessments;
   b. Fire and security loss prevention;
   c. Warehouse inspections to protect items stored off-site;
   d. Assistance with collection inventory management; or
   e. Collection valuation reviews.

(b) An endorsement generally used by the Company to cover personal property which could include property of a collectible nature, including fine arts, as further described in this paragraph, either on a scheduled basis or written under a blanket limit, and not covering anything other than personal property. All such endorsements are subject to the exclusion provided in this paragraph when the endorsement limit equals or exceeds $500,000. Generally such collectible property has unusually high values due to its investible, artistic, or unique intrinsic nature. The class of property covered under such an endorsement represents an unusually high exposure value and such endorsement is intended to provide coverage for a class or classes of property that is not typical for the contents coverage under residential property insurance policies. In many cases property may be located at various locations either in or outside the state of Florida or the location of the property may change from time to time. The investment nature of such property distinguishes this type of exposure from the typical contents associated with a Covered Policy.

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Reporting Clarifications

General Clarifications

1. *Aggregate Policy Limits (not applicable to Commercial Residential Policies)*

   For policies that provide an aggregate limit without stating a specific limit for buildings, appurtenant structures, contents, or ALE exposures, report the exposure to the FHCF by allocating the total policy limit to the building field if the policy fits the definition of FHCF types of business Residential or Mobile Home, or to the contents field if the policy fits the definition of FHCF types of business Tenants or Condominium Unit Owners.

2. *Farmowners*

   The only exposure under a Farmowners policy that is reportable to the FHCF is exposure for the dwelling, other private structures appurtenant to dwellings, household personal property, and additional living expense coverage. FHCF commercial codes for type of business and deductible may not be used.

3. *Multiple Rating Factors (Construction and Deductible) within the Building, Appurtenant Structures, Contents (including scheduled personal property), and ALE Limits*

   If, within a policy, the limits above have different FHCF rating factors, exposure may be reported under one record using the rating factors applicable to the most exposure (e.g., if 70% of the exposure under such a policy is for Building coverage, report the rating factors applicable to the Building coverage). If your Company chooses to break such policies into multiple records for FHCF reporting, you must do so consistently across your non-commercial book of business.

   This clarification is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields. For commercial policies covered by the FHCF, see Commercial-Habitational Clarification #1 below.

Commercial-Habitational Clarifications

The only commercial policies covered by the FHCF are those covering habitational structures (e.g., apartments and condominiums).

1. *Multiple Rating Factors (Construction and Deductible) within the Building (dwelling), Non-Habitational Structures, Contents, and ALE Limits of a commercial policy*

   One Occupied Dwelling Structure: If, within a commercial policy, the limits above have different rating factors (e.g., a superior masonry apartment building, a frame guardhouse, and a masonry pool), exposure may be reported under one record using the rating factors applicable to the dwelling structure. If your Company chooses to break such policies into multiple records to report different constructions and deductibles to the FHCF, you must do so consistently across your commercial book of business.

   Multiple Occupied Dwelling Structures: If, within a commercial policy, several occupied dwelling structures are insured and those structures are in multiple ZIP Codes, a separate record must be reported for each ZIP Code with the exposure applicable to that specific ZIP Code.

   If multiple occupied dwelling structures insured under one policy are in the same ZIP Code and have shared non-habitational structures with different rating factors, your Company may report the exposure for the non-habitational structures as appurtenant to the dwelling structure your Company deems most appropriate.

   This clarification, in its entirety, is also applicable to the Year Built, Structure Opening Protection, and Roof Shape fields.

2. *Commercial Policies Covering Farms*

   For commercial farms with habitational exposure that is written on a commercial policy form, report the exposure as Residential type of business, with the exception of any mobile home related exposure. Dwelling mobile home exposure on the policy, including the contents therein and scheduled personal property, must be reported as Mobile Home type of business.

3. *Commercial Policies Covering a Variety of Risks (other than Farm coverage)*

   For a commercial policy covering both commercial habitational exposures and incidental non-commercial habitational exposures (i.e., single-family homes, condominium unit owners, tenants coverage, and mobile homes) in the same ZIP Code, all non-mobile home related exposure may be reported under one record using FHCF type of business Commercial. The construction, deductible, Year Built, Structure Opening Protection, and Roof Shape codes applicable to the commercial habitational exposure should be reported for that record. Any mobile home exposure, regardless of the type of policy under which it is written, must be reported to the FHCF as type of business Mobile Home and with the applicable mobile home construction and deductible codes.

   Should your Company choose to report the exposure under such a policy as multiple records (e.g., an apartment building reported as Commercial, the CEO's home reported as Residential, and the president's condominium reported as Condominium Unit Owners), the decision to do so must be applied consistently to all such policies, and the Data Call codes applicable to each record/type of business must be reported.

   Note that if the exposures are in different ZIP Codes, the exposures under the single commercial policy must be reported as separate records using the ZIP Code applicable to each exposure(s).

4. *Blanket Limits*

   For a multiple location policy with a blanket limit, if the blanket limit is less than the insurable value of the property being insured, the policy would not be covered by, or reportable to, the FHCF pursuant to Exclusion (4) under Article VI of the Reimbursement Contract (see page 18 herein). The Company must maintain a copy of the Statement of Values to support the policy exposure reported in order for the SBA to confirm correct reporting during examination.

5. *Blanket Deductibles*

   For a policy covering multiple structures/contents under an indivisible aggregate deductible, report each risk/building/exposure with the full blanket deductible amount.

6. *Policies with a Mix of Commercial Habitational & Non-Habitational Structures*

   Only report exposure which directly covers, or is used in relation to, covered habitational structures. "Used in relation to" is defined as any structure that is used solely by the occupants (or their guests) of the habitational structure. If you are unable to make this determination for a structure, do not report the exposure for that structure in your Data Call submission. Refer to the other clarifications herein with respect to blanket limits or blanket deductibles.

7. *Multiple Family Dwellings on a Commercial Policy & FHCF Type of Business (TOB)*

   Two, three, and four-family dwellings should be reported with an FHCF TOB based on how your Company rates the dwellings (either Residential or Commercial FHCF TOB). Dwellings housing more than four families should be reported as FHCF TOB Commercial. For a commercial policy covering exposure that falls under multiple FHCF types of business, see Commercial-Habitational Clarification #3 herein.

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Citizens Property Insurance Corporation Supplemental Reporting Requirement: Policies Written ~~U~~under Section 627.351(6)(c)1.g., Florida Statutes

If Citizens Property Insurance Corporation (Citizens) has written policies under Section 627.351(6)(c)1.g., Florida Statutes, and permits a Citizens policyholder to select a building/Coverage A limit of liability less than 80% of the replacement cost, Citizens must include the additional three fields in the table below in its Data Call submission, even though the specific fields may not apply to every policy.

Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
21	Full Replacement Cost - Building/Coverage A	1	12	Numeric	See description below this table. Enter zeros if none.
22	Building/Coverage A Limit as a Percentage of the Full Replacement Cost	1	3	Numeric	Report percentage (1% to 100%) in whole numbers. For example, 75% would be reported as 75 (see description below this table). Enter 100 if not applicable.
23	Application of Deductible	1	1	Alpha	Only the codes on this page (below) are acceptable.

Example

- Full building replacement cost: $200,000.
- Policyholder selects a policy form/endorsement that allows the policyholder to select a building limit of liability that is 75% of the full replacement cost.
- As a result, the policyholder has purchased a building limit of $150,000, which is the amount to be reported in Field #8 (Total Insured Value - Building) of this Data Call.

Description of Additional Fields

21. **Full Replacement Cost - Building**

    This is the full replacement cost of the building for a policy or multiple policies with the same Data Call codes (200000 for the example above).

22. **Building Coverage Limit as a Percentage of the Full Replacement Cost**

    This is the percentage (in whole numbers, no decimals) of the selected limit of liability in comparison to the full replacement cost (75 for the example above).

23. **Application of Deductible**

    This field indicates how a percentage deductible is applied. In other words, if the policy has a 2% deductible, is the 2% applied to the amount of selected building limit (2% of $150,000 in the example above) or the replacement cost (2% of the $200,000 in the example above)? Enter the appropriate code from the following table:

Application of Deductible	FHCF Code
Percentage of Selected Limit	L
Percentage of Replacement Cost	R
Dollar Deductible or Not Applicable	D

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Citizens Property Insurance Corporation
Takeouts Pursuant to Assumption Agreements

For purposes of reporting exposure, calculating Reimbursement Premium, and determining Retention, all FHCF exposure removed from Citizens Property Insurance Corporation Coastal Account and/or Citizens Property Insurance Corporation Personal Lines and Commercial Lines Accounts pursuant to an assumption agreement under Sections 627.351(6)(q)3. and 627.3511, Florida Statutes, shall be treated as the exposure of the assuming Company.

Companies engaged in assumption agreements from July 1, ~~2018~~ 2019 through June 30, ~~2019~~ 2020 with either Citizens entity shall submit **separate** data files to the FHCF in the format specified herein. If your Company engaged in assumption agreements with both Citizens entities, three files would be submitted in response to this Data Call. One file must contain the Company's FHCF exposure from direct written premiums. The exposure assumed from either Citizens entity which is renewed by June 30, ~~2019~~ 2020 must be included (including the Citizens policy number in Field #20) with the direct portion. The other two file(s) must contain the FHCF exposure which was assumed from each Citizens entity (one file for each entity) and which was not renewed onto your Company's book by June 30, ~~2019~~2020.

Note: All data for an individual Company must be submitted using the FHCF *WIRE* system before the Administrator can calculate your Company's Premium.

For the purpose of this Data Call, each Citizens entity shall submit all of its FHCF exposure not subject to assumption agreements (including any assumed policies which the policyholders opted out of the assumption on or before June 30, ~~2019~~ 2020 and those policies were not assumed by another Company prior to June 30, ~~2019~~2020) in the format specified herein using the *WIRE* system. In addition, each Citizens entity shall report all FHCF exposure removed from the applicable Citizens entity which, as of June 30, ~~2019~~2020, had not been renewed onto the assuming Company's policy forms. Such a file is required for each assumption Company. Each file shall be uploaded through the *WIRE* system in the Data Call format specified herein.

The FHCF will compare the file(s) submitted by an assumption Company against the file(s) submitted by Citizens and the assumption Company will be required to explain discrepancies.

Regarding opt outs, the assuming Company must report all assumed policies under this Data Call unless Citizens has notified the assuming Company on or prior to June 30, ~~2019~~ 2020 that a policy is eligible for an opt out. In such cases, Citizens shall report those policies under its Data Call submission. Furthermore, any untagging or retroactive coverage changes subsequent to June 30th will not be considered by the FHCF and will not impact Data Call reporting for Citizens or the assuming Company.

All exposure files requested from the two Citizens entities and Companies engaged in removing exposure from either Citizens entity pursuant to an assumption agreement are subject to examination by the SBA.

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Citizens Property Insurance Corporation Coastal Account
Quota Share Primary Insurance Reporting Requirements

As required under sub-subparagraph 627.351(6)(c)2.f., Florida Statutes, for all eligible risks covered under quota share primary insurance agreements, the exposure and coverage levels for both Citizens Property Insurance Corporation (Citizens) and authorized insurers shall be reported by Citizens to the FHCF. For all policies of eligible risks covered under such agreements, Citizens and the authorized insurer must maintain complete and accurate records for the purpose of exposure and claims examinations as required by FHCF rules. Citizens and the authorized insurer must each maintain duplicate copies of policy declaration pages and supporting claims documents.

Citizens Property Insurance Corporation Coastal Account (referred to hereafter on this page as Citizens) shall report, as part of its Data Call submission, the following quota share primary insurance exposure data for all insurers engaged in quota share primary insurance agreements with Citizens:

Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
24	NAIC of Quota Share Insurer	5	5	Numeric	
25	Percentage of Hurricane Coverage Retained by Citizens	2	2	Numeric	Percentage of Citizens' retained hurricane coverage as set forth in the quota share primary insurance agreement between Citizens and an insurer.

Individual Companies shall not report these additional fields to the FHCF.

Based on the data provided under these two fields, the FHCF shall:

- Calculate the aggregate FHCF Premium, based on the Reimbursement Premium Formula as discussed on page 1 of this Data Call, by Company;
- Based upon the specified Citizens' percentage of hurricane coverage, allocate the applicable share of FHCF Premium to Citizens and to each Company;
- The allocated Premium from above will be added to the FHCF Premium calculated from non-quota share primary insurance for Citizens and for each Company participating in a quota share primary insurance agreement(s) with Citizens; and
- This aggregate Premium shall be used for the calculation of Retentions and FHCF reimbursements.

When reporting loss information to the FHCF, Citizens and Companies will be required to report only their respective portion of Losses under quota share primary insurance agreements.

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Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies

As defined in Article V(11) of the Reimbursement Contract, Covered Policy includes any collateral protection insurance policy covering personal residences which protects both the borrower's and the lender's financial interest, in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy, if such policy can be accurately reported as required in Section 215.555(5), Florida Statutes. A Company will be deemed to be able to accurately report data if the company submits the required data as specified in this Data Call.

As further specified in Article V(11), a collateral protection policy is deemed to be written in an amount at least equal to the coverage for the dwelling in place under the lapsed homeowner's policy if the dwelling coverage amount is either:

a. Equal to or greater than the amount of dwelling coverage in place under the "lapsed homeowner's policy," i.e., the last residential policy placed by the borrower; or

b. Equal to or greater than 100% of the replacement cost value of the dwelling, as determined under a methodology approved in advance as required by the Data Call. For the purpose of this determination, "replacement cost value" means the cost to replace the dwelling on the same premises, without deduction for depreciation, with material of like kind and quality and for like use.

Methodology Approval Required in Advance

If your Company will be reporting a Coverage A amount based on the replacement cost value of the dwelling instead of the dwelling coverage in place under the lapsed homeowner's policy, a methodology for doing so, including identification of the source data to be used, must be submitted to the Administrator at FHCFAdministrator@paragon.aonbenfield.com by August 1, 2020. Written approval from the FHCF must be received by your Company prior to its submission of the Data Call through *WIRE*.

Additional Data Call Fields

In addition to the fields required in the File Layout on page 9 herein, a Company reporting any exposure for collateral protection policies must include the additional fields identified and explained below. Note that while the first five additional fields are applicable to Citizens Property Insurance Corporation, they must be included to preserve the proper file layout and should be populated as indicated under the Notes section of the following table:

Additional Data Call File Layout

Field #	Description	Min Length	Max Length	Type	Notes
21	N/A – Citizens Field	1	12	Numeric	Enter 0.
22	N/A – Citizens Field	1	3	Numeric	Enter 0.
23	N/A – Citizens Field	1	1	Alpha	Enter the letter D.
24	N/A – Citizens Field	5	5	Numeric	Enter 0.
25	N/A – Citizens Field	2	2	Numeric	Enter 0.
26	Exposure Source	13	25	Alpha	Enter "Lapsed Policy" or name of the Replacement Cost Value source.
27	Reported Coverage A	1	12	Numeric	Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling.

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Description of Additional Fields

26. **Exposure Source**

    Indicate whether the Company relied on the coverage amount provided in the lapsed homeowner's policy or identify the data source approved in advance that was used to determine replacement cost value.

27. **Reported Coverage A**

    Enter either the Coverage A limit of the lapsed homeowner's policy or the full replacement cost value of the dwelling as supported by the methodology approved in advance of the Data Call submission.

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FHCF Construction Codes

The construction code identifies the material with which the building is constructed.

Construction Type/Definition	FHCF Code
Frame ……………………………………………………………………………………………… Buildings where the exterior walls are wood or other combustible materials, including wood iron-clad, stucco on wood, or plaster on combustible supports. Also includes aluminum or plastic siding over frame. If a Company's definition of frame includes hardiboard, FHCF Frame construction should be used[1].	1
Masonry ……………………………………………………………………………………………… Buildings where the exterior walls are constructed of masonry, non-combustible, or fire resistive materials such as adobe, brick, concrete, gypsum block, hollow concrete block, stone, tile or other non-combustible materials.	2
Masonry with Reinforced Concrete Roof ……………………………………………………………… Construction meeting the definition of FHCF Masonry construction, as outlined above, and having a reinforced concrete roof.	15
Superior ……………………………………………………………………………………………… Masonry, non-combustible, or fire resistive construction where one of the following additional conditions exist: ▪ Roof deck has a minimum thickness of 2 inches with roof supports having a minimum dimension of 6 inches; or ▪ Floors and roof constructed of 2 inches of masonry on steel supports or documented to be constructed of 22 gauge metal or heavier on steel supports; or ▪ Roof assembly is documented to have a UL wind uplift classification of 90 or equivalent. **Or** A building of any construction which is 6 or more stories.	7
Superior with Reinforced Concrete Roof ……………………………………………………………… Construction meeting the definition of FHCF Superior construction, as outlined above, and having a reinforced concrete roof.	16
Masonry Veneer ……………………………………………………………………………………… Buildings with exterior walls of combustible construction veneered with brick, masonry, or stone. If a Company's definition of veneer includes hardiboard, FHCF Masonry Veneer construction should be used[1].	10
Unknown ……………………………………………………………………………………………… Construction information not collected for the policy or the reportable exposure. Not valid for mobile home or mobile home-related exposure.	11
Mobile Home - Fully Tied Down, manufactured before 7/13/94[2] ……………………………………… Mobile/Manufactured Housing, manufactured before 7/13/94, which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder.	21
Mobile Home - Fully Tied Down, manufactured on or after 7/13/94[2] ……………………………………… Mobile/Manufactured Housing which has anchors and tie-downs as required by Section 320.8325, Florida Statutes, and Florida Administrative Code rules promulgated thereunder, and was manufactured on or after 7/13/94 or is documented to be in compliance with ANSI/ASCE 7-88.	22
Mobile Home – Other than Fully Tied Down or Unknown …………………………………………… Mobile home is not fully tied down, the nature of any tie downs is unknown, or tie down information is not available.	25

[1] If your Company has a specific rate for hardiboard construction (i.e., a rate other than frame or veneer), a proposed mapping must be submitted to the FHCF Administrator as specified on pages 10 and 28 herein.

[2] If you are uncertain whether a mobile home was manufactured on or after 7/13/94, use the manufactured before 7/13/94 code "21." If your Company only tracks the year built and not the month, and the year built is 1994, use code "21."

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Florida County Codes*

County Code	County Name	County Code	County Name	County Code	County Name
1	Alachua	49	Hardee	93	Okeechobee
3	Baker	51	Hendry	95	Orange
5	Bay	53	Hernando	97	Osceola
7	Bradford	55	Highlands	99	Palm Beach
9	Brevard	57	Hillsborough	101	Pasco
11	Broward	59	Holmes	103	Pinellas
13	Calhoun	61	Indian River	105	Polk
15	Charlotte	63	Jackson	107	Putnam
17	Citrus	65	Jefferson	109	St. Johns
19	Clay	67	Lafayette	111	St. Lucie
21	Collier	69	Lake	113	Santa Rosa
23	Columbia	71	Lee	115	Sarasota
27	De Soto	73	Leon	117	Seminole
29	Dixie	75	Levy	119	Sumter
31	Duval	77	Liberty	121	Suwannee
33	Escambia	79	Madison	123	Taylor
35	Flagler	81	Manatee	125	Union
37	Franklin	83	Marion	127	Volusia
39	Gadsden	85	Martin	129	Wakulla
41	Gilchrist	86	Miami-Dade	131	Walton
43	Glades	87	Monroe	133	Washington
45	Gulf	89	Nassau		
47	Hamilton	91	Okaloosa		

* Derived from the Federal Information Processing Standards (FIPS) Codes.

Florida Hurricane Catastrophe Fund
~~2019~~ 2020 Data Call

Reference Guide

The FHCF is dedicated to making information pertaining to the FHCF as readily available as possible, and has posted a considerable amount of information on the Internet through the FHCF web site at www.sbafla.com/fhcf.

The following are sample documents/information available on-line:

- Bonding Estimates
- FHCF Calendar
- Company Contact Information Form (Insurer Contacts)
- Construction Mapping Worksheet
- Mixed–Occupancy Single Structures Worksheet
- Coverage Selections & Premium Calculations
- Data Call
- Examination Information
- Frequently Asked Questions
- Link: FEMA
- Link: Florida Administrative Register
- Link: Florida Department of Financial Services
- Link: Online Sunshine
- Loss Reimbursement Preparedness Program
- Loss Reports
- Member Handbook
- Projected Payout Multiple
- Ratemaking Formula Report and Addendum(s), as applicable
- Rates and Retention Multiples
- Reimbursement Contract and Addendum(s), as applicable
- Rule 19-8.010: Reimbursement Contract
- Rule 19-8.012: Ineligibility/Exemption from the FHCF
- Rule 19-8.013: Revenue Bonds
- Rule 19-8.028: Reimbursement Premium Formula
- Rule 19-8.029: Insurer Reporting Requirements and Responsibilities
- Section 215.555, Florida Statutes

RETURN TO FHCF

Florida Hurricane Catastrophe Fund
~~2019~~ 2020 Data Call

Construction Mapping Worksheet

If your Company's construction definitions do not closely match the FHCF's definitions, the Company is required to complete and submit this construction mapping worksheet to the FHCF Administrator, Paragon Strategic Solutions Inc., and receive approval prior to initiating the Data Call submission process. An electronic version of the worksheet is available at www.sbafla.com/fhcf under Insurer Information and the Data Call tab. Submit this completed worksheet to the Administrator by email at FHCFAdministrator@paragon.aonbenfield.com by August 1, ~~2019~~2020.

Company Name(s): ____

Date Prepared: ______________________________

SECTION I

QUESTIONS		
		Select Y or N
1	Does your Company insure individual multi-story habitational buildings under commercial policies (e.g., condominium structures or apartment buildings)? If yes, complete Question #1; if no, proceed to Question #2.	N
	- Does your Company capture* the number of stories? If no, proceed to Question #2.	Y
	- Does your Company insure buildings with 6 or more stories?	Y
	- If your Company insures buildings with 6 or more stories, have you included FHCF *Superior* construction in your mapping for commercial policies?	NA
2	Does your Company insure individual condominium unit owners or tenants? If yes, complete Question #2; if no, proceed to Question #3.	N
	- Does your Company capture* the number of stories of the building in which an individual condominium or tenant unit is located? If no, proceed to Question #3.	N
	- Does your Company insure units within buildings with 6 or more stories?	N
	- If your Company insures condominium or tenant units within buildings which are 6 or more stories, have you included FHCF *Superior* construction in your mapping for condominium unit owners and/or tenants policies?	Y
3	This question pertains to whether your Company captures* if certain structures have a reinforced concrete roof.	
	- Does your Company capture* whether habitational buildings insured under commercial policies (e.g., condominium structures or apartment buildings) have a reinforced concrete roof?	Y
	- Does your Company capture* whether the buildings housing individual condominium or tenant units have a reinforced concrete roof?	Y

	- If your Company answered yes to either of the two immediately preceding questions, have you included FHCF *Masonry with Reinforced Concrete Roof* and/or FHCF *Superior with Reinforced Concrete Roof* construction in your mapping?	NA

***** "Capture," as used in the table above, means your Company collects the relative information at some point during the application or underwriting process, regardless of whether such information is used by your Company or whether or not it has been entered into your Company's computer system(s).

SECTION II

Instructions: Enter the Company's construction types and definitions, <u>as printed in the Company's underwriting manual</u>, and Company construction codes if your Company uses a coding system, into the table provided on the next page. Then enter the FHCF construction code proposed for reporting each of your Company's construction types based on the FHCF construction definitions on page 25 of this Data Call. Indicate which FHCF type(s) of business each definition and/or code is applicable to by entering Com, Res, MH, Ten, Condo, or a combination of those types of business in the first column. Be sure to include all construction types that could be applicable to your Company's Data Call submission.

RETURN TO FHCF

Florida Hurricane Catastrophe Fund
~~2019~~ 2020 Data Call

Construction Mapping Worksheet

Enter FHCF Type(s) of Business (Com, Res, MH, Ten, Condo)	Company Construction Types (e.g., Frame)	Company Construction Definitions	Company Construction Code (e.g., F=Frame)	Mapped to FHCF Code

RETURN TO FHCF

Florida Hurricane Catastrophe Fund

~~2019~~ 2020 Data Call

Mixed-Occupancy Single Structures Worksheet

Company Name(s): ____

Date Prepared: ____

ALL COMPANIES reporting FHCF Commercial type of business (code "1") exposure under the ~~2019~~ 2020 Data Call MUST COMPLETE THIS WORKSHEET and email it to the FHCF Administrator, Paragon Strategic Solutions Inc., at FHCFAdministrator@paragon.aonbenfield.com by August 1, ~~2019~~2020.

An electronic version of the worksheet is available at www.sbafla.com/fhcf under Insurer Information and the Data Call tab.

SECTION I – Significance of Mixed-Occupancy Structures

If a single structure is insured under a commercial policy and is used for both habitational and non-habitational purposes, it is necessary, pursuant to the terms of the Reimbursement Contract, for your Company to determine the predominant use of such structures:

- If a structure is predominantly habitational, it is covered by the FHCF and is reportable under the Data Call.
- If a structure is predominantly non-habitational, it is not covered by the FHCF and is not reportable under the Data Call.

The FHCF considers predominant use to be 50% or greater of the total insured value of the structure on the basis of number of floors, square footage, or other reasonable methodology as justified by the Company.

Note that with regard to a condominium structure or complex insured under a commercial lines policy, beginning with the ~~2019~~ 2020 Data Call, such structure is deemed to have a habitational occupancy and to be a Residential Structure regardless of the term of occupancy of the individual units as long as those units make up the predominant use of the structure and are not excluded under Article VI of the Reimbursement Contract (see page 18 herein).

RETURN TO FHCF

Mixed-Occupancy Single Structures Worksheet

SECTION II – Verification of Mixed-Occupancy Structures

	QUESTIONS	ENTER Y OR N
	Does your Company insure mixed-occupancy single structures under commercial policies that include habitational dwelling units (e.g., apartment buildings with mercantile, mercantile buildings with apartments, etc.)?	Y
	▪ If the answer is No, no further action is necessary.	
	▪ If the answer is Yes, Section III must be completed.	

SECTION III – Mixed-Occupancy Methodology Requirements

A proposed methodology for determining predominant use of mixed-occupancy single structures insured under commercial policies must be submitted to, and approved by, Paragon prior to your Company submitting its Data Call submission through *WIRE*.

Your Company's proposed methodology must include the following:

A list of your Company's class codes which **could reasonably be expected** to be used for mixed-occupancy structures that include habitational occupancies. The list should not be a complete list of all codes from your Company's underwriting manuals (e.g., Code 0702 - Other Offices and Banks, which is unlikely to include habitational occupancies, should not be included on the list).

a. Include a description of the type of property assigned to each code (e.g., Code 0311, Apartments with Mercantile – up to 10 units).

b. For each code, indicate whether your Company considers the code to be typically used for structures which are predominantly habitational or predominantly non-habitational based on the FHCF's description of predominant use in SECTION I.

c. Summarize the basis for your methodology used to determine predominant occupancy (e.g., number of floors, square footage, etc.) and include any rating/underwriting rules that may be helpful.

Florida Hurricane Catastrophe Fund
~~2019~~ 2020 Data Call

Supplemental Instruction Sheet for New Participants

As explained on page one of this Data Call, each Authorized Insurer writing Covered Policies in the state of Florida is required to pay a Reimbursement Premium to the Florida Hurricane Catastrophe Fund (FHCF). This includes New Participants to the FHCF. New Participants are defined in Article V of the FHCF Reimbursement Contract (adopted under Rule 19-8.010, Florida Administrative Code) as companies:

> "which begin writing Covered Policies on or after the beginning of the Contract Year. A Company that removes Covered Policies from Citizens pursuant to an assumption agreement effective on or after June 1 and had written no other Covered Policies before June 1 is also considered a New Participant."

The Reimbursement Contract requires that a New Participant report its insured values under Covered Policies **as of November 30, ~~2019~~ 2020** by February 1, ~~2020~~2021. To comply with this requirement, please use the ~~2019~~ 2020 Data Call instructions, keeping the following points in mind:

- All references to data as of June 30, ~~2019~~ 2020 should be as of November 30, ~~2019~~ 2020 for New Participants.
- The Data Call submission for New Participants is due by February 1, ~~2020~~2021. Extensions will not be granted.
- All references to exposure fluctuations from the prior year may be disregarded.

New Participants that were engaged in assumption agreements with Citizens Property Insurance Corporation from June 1, ~~2018~~ 2020 through November 30, ~~2019~~2020, must also comply with the requirements under the Citizens Property Insurance Corporation Takeouts Pursuant to Assumption Agreements section on page 23 of this Data Call, and again, with the references to June 30, ~~2019~~ 2020 changed to November 30, ~~2019~~2020.

If you have any questions about the information to be supplied as a New Participant, please do not hesitate to contact Holly Bertagnolli, Martin Helgestad, or Kathy Mackenthun of Paragon Strategic Solutions Inc. at 1-800-689-FUND (3863) or FHCFAdministrator@paragon.aonbenfield.com.

FLORIDA HURRICANE CATASTROPHE FUND (FHCF)
EXPOSURE EXAMINATION – CONTRACT YEAR ~~2019~~2020
ADVANCE PREPARATION INSTRUCTIONS

The following instructions are provided to help your Company prepare for the FHCF's examination.

ADVANCE RECORDS

Your Company is required to submit information and records in advance to allow the examiner to prepare for the on-site review and to ensure the examination begins as scheduled. A checklist has been set up in the Company's *WIRE* account. Advance information and records must be submitted using the *WIRE* checklist in the format/file type specified in the instructions that follow. To access the checklist: log in to *WIRE (*https://www.sbafla.com/fhcfwire/), and click the ''Exams' icon.

There are two parts of the checklist which must be completed before the entire records package can be submitted to the FHCF: 1) Exam Location and Contacts, and 2) Upload Advance Records. Detailed instructions for each part are provided below. The 'Submit' button located at the bottom of the checklist will not engage until all required components have been entered/uploaded. You must click the 'Submit' button to send the checklist and records to the FHCF. Once the records package has been submitted, additional uploads are prohibited.

PART 1: EXAMINATION LOCATION AND CONTACTS

The examiner will travel to one location to conduct the examination. Enter the street address of the office location best suited for the on-site review. Next, enter the name and contact information of the person who will serve as the exam coordinator and the name and contact information of a company executive. All examination correspondence, including the examination findings and report will be directed to the designated coordinator.

PART 2: UPLOAD ADVANCE RECORDS

Prepare the records and attachments that follow according to the specifications outlined below and upload each to the *WIRE* checklist. IMPORTANT: *WIRE* will retain only one file for each record type (the last file uploaded). Subsequent uploads will overwrite any previously uploaded file, regardless of a difference in filename.

1. OPERATIONS QUESTIONNAIRE

Download the questionnaire worksheet from the *WIRE* checklist. Answer all questions based on covered policies in force for the Contract Year being examined and save the completed questionnaire in its original Excel format (xls or xlsx) before uploading it to the *WIRE* checklist. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

Attachments for Operations Questionnaire

Based on your response to some questions, you may be required to provide additional information in a separate file, or attachment. If so, save each attachment as a separate file, then combine all attachment files into a single zip file to upload it to the *WIRE* checklist.

2. CONSTRUCTION MAPPING WORKSHEET

A completed Construction Mapping Worksheet must be uploaded to the *WIRE* checklist. If your Company submitted a Construction Mapping Worksheet to Paragon for approval prior to the Data Call submission, you must upload the approved worksheet. If not, download the worksheet from the *WIRE* checklist. Complete it in its entirety and upload it as a doc, docx or pdf file to the checklist.

Construction Mapping Approval Letter from Paragon

If your Company received an approval letter from Paragon for its Construction Mapping Worksheet, upload a pdf file of the approval to the *WIRE* checklist.

3. FORMS AND ENDORSEMENTS

Provide a list of all forms and endorsements used (as of the Data Call date) for all Covered Policies. The list must include the form and endorsement numbers and titles, and must be saved as an Excel (xls or xlsx) worksheet or workbook (if the list is divided among multiple worksheets) and uploaded to the *WIRE* checklist.

Forms and Endorsements Specimen Copies

Save each form and/or endorsement specimen as a separate file, then combine all into a single zip file to upload to the *WIRE* checklist. If possible, limit specimen file names to 50 characters or less. DO NOT scan all forms and endorsements into one multi-page pdf file.

4. WINDSTORM MITIGATION FEATURES MAPPING

Provide a list of windstorm mitigation features for Structure Opening Protection and Roof Shape, the definition of each feature, and the applicable FHCF code used to report each feature. The list must be saved as an xls, xlsx, doc, docx, or pdf file and uploaded to the *WIRE* checklist.

5. STATUTORY PAGE 14 (FLORIDA DWP)

Provide a copy of the annual statement page with the direct written premiums for Florida for the period ending December 31, ~~2018~~2019. Save as a single pdf file and upload it to the *WIRE* checklist.

6. DIRECT WRITTEN PREMIUM REPORT

Provide a report for the period ending December 31, ~~2018~~2019, which supports your Company's total direct written premium for all lines where any policy or coverage subject to the FHCF may be written. Lines of business that should always be included in this report are Fire, Allied Lines, Farmowners Multiple Peril, Homeowners Multiple Peril, Commercial Multiple Peril (non-liability portion) and Inland Marine. If your Company writes inland marine endorsements and the premium is included under a line of business other than Line 9 for Inland Marine, identify these policies separately in the report by using FHCF line of business code 6 or provide a notation in field 9 of the report designating that the policy has an endorsement. For lines of business that include premium for both commercial and residential policies (e.g., Fire and Allied Lines), distinguish between the different policies using the FHCF type of business/line of business codes. The Direct Written Premium Report must include all policies needed to reconcile to the line item total on the annual statement regardless of whether the policies are covered by the FHCF. Also, if there are differences between the premiums listed on Statutory Page 14 and the Direct Written Premium Report, provide a schedule detailing the reconciling items in the section titled 'Cover Letter and Other Support Files' on the *WIRE* checklist.

The Direct Written Premium Report must be by individual policy, sorted by type and line of business, must be provided in a pipe delimited text file (txt), and must contain the fields in the order listed in the table below. **Policy numbers in the Data Call File and Direct Written Premium Report must be formatted alike. If not, an explanation on how to match the policies is required.**

#	DESCRIPTION	TYPE	NOTES
1	Type of Business	Numeric	Only use the codes provided in the FHCF Data Call
2	Line of Business	Numeric	Only use the codes provided in the FHCF Data Call
3	Policy Effective Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Effective Date must be in one field and the numeric format must have 8 characters
4	Policy Expiration Date	Numeric or Date/Time	Numeric Format: yyyymmdd Date/Time Format: month/day/year Expiration Date must be in one field and the numeric format must have 8 characters
5	Direct Written Premium	Numeric	
6	Policy Number	Special	Use the same policy number and format as used in the Data Call File; include characters A-Z, 0-9, and "-" only.
7	Notation Designating FHCF Covered Policies	Text	If available
8	Notation Designating Policy Written with Ex-wind Endorsement	Text	If available
9	Notation Designating Policy has Endorsement for Scheduled Personal Property	Text	If applicable
10	Class Code	Numeric	If applicable (typically applies to Commercial policies only)

7. UNDERWRITING AND RATING MANUALS

The examiner will need to review a copy of your Company's underwriting manual and rating manual for policies covered by the FHCF effective June 30, ~~2019~~2020. Your Company is required to have this available when the examiner is on-site; however, we would prefer that it be provided in advance. You may save a copy as a pdf to upload to the *WIRE* checklist, or if there are two separate files, you should combine them both into a single zip file before uploading to ensure both are retained. At the time of upload, you will be prompted to enter the name and email address of a contact that is familiar with these manuals.

8. COVER LETTER AND OTHER SUPPORT FILES

A cover letter is not required; however, if there is any additional information related to the advance records or the examination that your Company wishes to bring to the attention of the examiner, it may be noted in a cover letter, saved as a doc, docx, or pdf file and uploaded to the *WIRE* checklist. If you wish to provide additional support files, combine all files (including the cover letter) into a single zip file before uploading.

ON-SITE REQUIREMENTS

In order for the examiner to properly conduct and expedite an early conclusion of the Exposure Examination, the exam coordinator should ensure that the examiner has access to items 1-4 below on the first day and throughout the duration of the on-site visit.

1. EQUIPMENT AND SPACE

The examiner will need a private working space and an internet connection.

2. COMPANY PERSONNEL

The exam coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates.

3. REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE

The examiner will request applications and declaration pages to be available for review on-site. If policy files are in more than one location, your Company is responsible for coordinating the retrieval of the files to one central location. The files must contain at least the following information:

a. Insured's Name
b. Address and ZIP Code for location of property insured
c. Policy Number
d. Policy Period
e. Construction Type
f. Deductible Group
g. County Code
h. Total Insured Values
i. Year Built
j. Evidence to support the reported Roof Shape code
k. Evidence to support a reinforced concrete roof, if applicable
l. Evidence to show if a ~~credit is given to the policyholder for~~ Residential Structure has Structure Opening Protection
m. A copy of the Residential Property Insurance Checklist required by the Office of Insurance Regulation Rule 690-167.013, F.A.C. (This requirement applies to homeowners', mobile homeowners', dwelling or condominium unit owners' policies)
n. All applicable endorsements and policy changes
o. Underwriting manual and rating manual for policies covered by the FHCF, if not already provided in advance through *WIRE*.

Online policy files may be acceptable for the review of residential lines of business if the items listed above are viewable on the online system, if the system is the same system that produces the Company's dec pages, and if the examiner determines the system information is reliable. If the examiner determines the online system cannot be used for policy review, then your Company must provide the physical policy files including the applications and underwriting files.

For review of commercial policies, the complete policy files, including underwriting files, applications, commercial class codes, and statement of values are required.

4. ADDITIONAL ON-SITE REQUIREMENTS

a. Companies writing commercial policies covering single structures that contain a mix of both commercial-habitational and commercial non-habitational or business occupancies, are required to submit a proposed methodology for determining predominant use, as defined in the Data Call, to the FHCF Administrator on an annual basis before the September 1st deadline. Your Company must be able to identify these types of policies and individuals familiar with your Company's class codes and underwriting guidelines must be available to answer questions during the examination.

b. If your Company~~'s~~ reported exposure ~~includes~~ from collateral protection policies covered by the FHCF, ~~a copy of the lapsed homeowner's policy or the equivalent of a dec page must be available for the examiner's review in addition to the dec page for the policy in force at June 30, 2019.~~ you must be able to provide documentation that the policy covers the borrower's and lender's interest and that the dwelling coverage amount of the policy is equal to or greater than either the coverage amount for the dwelling in place under the lapsed homeowners policy, or 100% of the replacement cost value of the dwelling as determined under a methodology approved in advance of the annual Data Call submission. Documentation must include:

   (1) A copy of the lapsed homeowner's policy that was replaced with a collateral protection policy; or

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(2) Documentation from the approved methodology that shows the dwelling coverage is written in an amont that is at least equal to 100% of the replacement cost value of the dwelling.

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POST-EXAM REQUIREMENTS

The examiner or the FHCF may request additional information and/or documentation following the completion of the on-site review. All records, including exposure filings (Data Call submission), policy files, and supporting documentation must be retained until the FHCF has completed its examination of your Company's exposure submission and Loss reports (applicable to the Data Call Contract Year) and commutation for the Contract Year (if applicable) has been concluded.

SPECIAL EXAMS RELATED TO CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

1. REQUIREMENT FOR EACH CITIZENS ENTITY ENGAGED IN TAKEOUTS PURSUANT TO ASSUMPTION AGREEMENTS

In addition to the Data Call file for FHCF exposure from direct written premiums and the separate Data Call files for FHCF exposure assumed from Citizens pursuant to an assumption agreement which, as of June 30, ~~2019~~2020, had not renewed onto the assuming Company's policy forms, the following information must be provided for each assumption occurring July 1, ~~2018~~ 2019 through June 30, ~~2019~~2020:

a. A separate file that includes a list of all policies that were assumed by each Company on the date of the assumption. This file must include the policy number, contract number/Company identifier, assumption date, total insured value, indicator for policies written without wind coverage, indicator for policies cancelled on or before June 30, ~~2019~~2020, date untagged by Citizens and policy effective/expiration date.
b. For each individual assumption, provide a list of all policies untagged by Citizens after the assumption date up to, and including, June 30, ~~2019~~2020. The file must include the policy number, the assumption date, and the date the policy was untagged.
c. A copy of the assumption agreement between Citizens and the assuming Company along with copies of exhibits to show the number of policies assumed.

FLORIDA HURRICANE CATASTROPHE FUND (FHCF) CLAIMS EXAMINATION – CONTRACT YEAR ~~2019~~2020 ADVANCE PREPARATION INSTRUCTIONS

Company:
Date of Examination:
Advance Records Due:
Event(s):
Contract Year: (Year event occurred)

The following instructions are provided to help your Company prepare for the FHCF's examination. If you have questions pertaining to the preparation and submission of required records, or about the activities or work processes of the examiner which cannot be adequately answered by the examiner, please call Stephen Szypula, Director of Examinations, at (850) 413-1348.

ADVANCE RECORDS

Your Company is required to submit records in advance of the examiner's on-site review to allow the examiner to fully prepare and to ensure the examination begins as scheduled. A checklist has been set up in the Company's *WIRE* Account (www.sbafla.com/fhcfwire/). All advance information and records must be submitted using the *WIRE* checklist, except for the Proof of Loss Report and Detailed Claims Listing, which must be uploaded to the FHCF Online Claims System (www.sbafla.com/fhcf, in 'Online Reporting' module, select 'FHCF Online Claims'). Be certain the advance records submitted in *WIRE* are prepared using the specific form or file format given in the instructions below. The 'Submit' button located at the bottom of the checklist will not engage until all required components have been entered/uploaded. You must click the 'Submit' button to send the checklist and records to the FHCF. Once the records package has been submitted, additional uploads are prohibited.

1. REQUIRED RECORDS CHECKLIST

The Checklist will be completed online. In addition to uploading the required files, the Company should also designate the office location where the on-site examination should take place and provide complete contact information for the Exam Coordinator, Executive Contact and Claims Contact. All examination correspondence will be directed through the Exam Coordinator you designate, including the Examination Report. The Exam Coordinator will be contacted periodically by the examiner to help facilitate the preparation of information needed for the examination. Note that all required information and files must be entered/uploaded to *WIRE* before the entire records package can be submitted to the FHCF.

2. OPERATIONS QUESTIONNAIRE

The electronic questionnaire can be downloaded directly from the *WIRE* checklist. It should be completed in its entirety and saved in its original Excel format (xls or xlsx) before uploading it to the *WIRE* checklist. Do not use a questionnaire for any year other than the contract year in which the hurricane event occurred. The individual(s) responsible for preparing the questionnaire should be available to answer questions once the examiner arrives on-site.

Attachments for Operations Questionnaire

Based on your response to some questions, you may be required to provide additional information in a separate file, or attachment. If so, save each attachment as a separate file, then combine all attachment files into a single zip file to upload to the *WIRE* checklist.

3. PROOF OF LOSS REPORT
Submit a separate Proof of Loss Report using Form FHCF-L1B for each event listed in the document header. The Proof of Loss Report must include your Company's most current data available and the date of such data shall not be more than sixty days prior to the applicable date on the Proof of Loss Report. This must be submitted via the FHCF Online Claims System.

4. DETAILED CLAIMS LISTING
Provide a separate Detailed Claims Listing to support each Proof of Loss Report submitted. The Detailed Claims Listing must match the aggregate total amounts for paid Losses and outstanding Losses reported on page 1 of the Proof of Loss Report. The Detailed Claims Listing must be prepared in accordance with the Detailed Claims Listing Instructions (Form FHCF-DCL) of the contract year in which the event occurred. This must be submitted via the FHCF Online Claims System.

If your Company writes collateral protection policies covered by the FHCF, a supplemental Excel file must be included with the Detailed Claims Listing pursuant to the Detailed Claims Listing Instructions.

5. CLAIMS PROCESS MEMO
Provide a written narrative of your Company's hurricane claims paying process. The narrative should start with how a claim is originated to the time a claim is paid. Please indicate the name and title of primary employees with responsibilities in the process. This must be saved as a pdf file and uploaded to the *WIRE* checklist.

6. INCURRED BUT NOT REPORTED (IBNR)
Provide documentation to support the amount of IBNR reported in each Proof of Loss Report. This must be saved as a doc, docx or pdf file and uploaded to the *WIRE* checklist.

7. LIST OF CLAIMS WITH SALVAGE
Provide a listing of all FHCF covered claims where salvage was received. This listing must be provided in a pipe delimited text file containing the fields in the order outlined below. (For the pipe "|" symbol, press the *Shift* key and the \ key.) Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Characters A-Z, 0-9, and "-" only; formatting must match claim number formats in the Detailed Claims Listing
2	Policy Number	1	30	Special	Characters A-Z, 0-9, and "-" only; formatting must match policy number formats in the Company's Data Call File
3	Salvage Received	1	12	Numeric	

8. MULTI-STATE POLICY LISTING

Provide a listing of all FHCF covered commercial policies in effect on the dates~~during the hurricane season in which~~ the event(s) occurred that have exposures written with Florida and non-Florida locations on the same policy. It should include all policies regardless of whether or not a claim was reported to the FHCF for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and "-" only; formatting must match policy number format in the company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions

9. MULTI-RISK POLICY LISTING

Provide a listing of all FHCF covered commercial policies in effect on the dates~~during the hurricane season in which~~ the event(s) occurred that have both covered and non-covered risks written on the same policy. This list must include all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and "-" only; formatting must match policy number formats in the Company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions

10. SINGLE STRUCTURES POLICY LISTING

Provide a listing of all FHCF Covered Policies in effect on the dates the event(s) occurred~~during the hurricane season~~ that insure single structure(s) that are used for both habitational and non-habitational purposes. This listing includes all policies regardless of whether or not a claim was reported for the policy and must be provided in a pipe delimited text file containing the fields in the order outlined below. Upload this txt file to the *WIRE* checklist.

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Policy Number	1	30	Special	Characters A-Z, 0-9, and "-" only; formatting must match policy number formats in the Company's Data Call File
2	FHCF Type of Business Code	1	1	Numeric	Use only codes specified in the FHCF Data Call Instructions
3	Class Code	1	10	Alpha-Numeric	Characters A-Z and 0-9 only

ON-SITE REQUIREMENTS

In order for the examiner to properly conduct and expedite an early conclusion of the Claims Examination, the Exam Coordinator should ensure that the examiner has access to the following items on the first day and throughout the duration of the on-site visit.

1. EQUIPMENT AND SPACE
The examiner will need a private working space and an internet connection.

2. COMPANY PERSONNEL
The Exam Coordinator may wish to provide names of persons whom the examiner can contact directly for answers to the many questions the examination generates.

3. REQUIRED RECORDS TO HAVE AVAILABLE ON-SITE
The examiner will also be requesting claims and policy files to be available once the examiner arrives on-site. If the files are in more than one location, your Company is responsible for coordinating the retrieval of the files to one central location. The files should be made available upon request and should contain at least the following information:

Claim File (the complete file)

a. First notice of Loss
b. Claim number
c. Date of Loss
d. Amount of Loss for each category of coverage (building, appurtenant structure, contents, and Additional Living Expense)
e. Claim description
f. Policy number and location of property
g. Amount of Loss Adjustment Expense
h. Copies of checks for payment of Losses
i. All adjuster's estimates, including Public Adjuster estimates if provided to the Company
j. Payment history
k. Evidence of salvage received, if any
l. Evidence of whether the deductible was applied
m. Receipts for any Additional Living Expenses paid
n. Evidence to show the Loss was a direct result of a hurricane or its subsequent downgrades in storm status
o. Documentation of policyholder's fees, including legal fees, and/or Public Adjuster fees paid, if provided to the Company

Policy File (the complete file in effect at the time of loss)

a. Policy Declarations
b. Insured's Name
c. Address and ZIP Code for location of property insured
d. Policy Number
e. Policy Period
f. Construction Type
g. Deductible Group
h. County Code
i. County Name
j. Total Insured Values
~~k. Evidence to support occupancy is owner occupied or non-owner occupied~~
~~l.~~ k. All applicable forms, endorsements, and policy changes/transactional history

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If your Company retains claims and/or policy files on an online system, this will be acceptable for the review of residential lines of business as long as the items listed above are available on that system and the examiner determines the system information can be relied upon. If the examiner determines the online system cannot be used for the review, then the examiner will need claims and/or policy files including the application and underwriting files for the specific policies being reviewed. Also, if the Company's online system is not the same system that produces the Company's dec pages, then the actual policy files will need to be provided to the examiner.

For any commercial policies reviewed, you are required to provide the complete policy file, underwriting file, application, commercial class codes, and statement of values.

4. ADDITIONAL ON-SITE REQUIREMENTS

The Company may be required to provide a walkthrough of the claims process once the examiner arrives on-site. The examiner will coordinate with the Company prior to arriving on-site and provide directions on performing the walkthrough. The Company should make prior arrangements for the examiner to conduct this walkthrough with the necessary personnel. Be certain an individual familiar with the Company's claims process is available to answer questions before and during the examination.

Also, provide the examiner with a copy of the claims manual for claims covered by the FHCF and the name of a contact familiar with this manual. It is preferable that the claims manual be provided in electronic format.

If your Company reported losses from collateral protection policies covered by the FHCF, you must be able to provide documentation that the policy covers the borrower's and lender's interest and that the dwelling coverage amount of the policy is equal to or greater than either the coverage amount for the dwelling in place under the lapsed homeowners policy, or 100% of the replacement cost value of the dwelling as determined under a methodology approved in advance of the annual Data Call submission. Documentation must include:

a. A copy of the lapsed homeowner's policy that was replaced with a collateral protection policy; or

b. Documentation from the approved methodology that shows the dwelling coverage is written in an amont that is at least equal to 100% of the replacement cost value of the dwelling.

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DRAFT 10/7/2019

Florida Hurricane Catastrophe Fund
Contract Year ~~2019~~ 2020 Detailed Claims Listing Instructions

A Company participating in the Florida Hurricane Catastrophe Fund (FHCF) must submit a Detailed Claims Listing (as described below) to support the Losses reported in the Proof of Loss Report. If requested by the FHCF, a Detailed Claims Listing supporting the Losses reported in the Interim Loss Report may be required. Note that Incurred But Not Reported (IBNR) Losses are not to be included in the Detailed Claims Listing. A Detailed Claims Listing is required:

1. When the Company submits its first Proof of Loss Report for a specific Covered Event that qualifies the Company for reimbursement under that Covered Event;
2. Annually at each year-end (if requested by the FHCF) until the earlier of the completion of the FHCF commutation process or until all claims and Losses resulting from the Covered Event are fully discharged, including any adjustments to such Losses due to salvage or other recoveries;
3. Upon notice of a Claims examination by the FHCF;
4. Upon request of the FHCF in support of any other filed Proof of Loss Report; and
5. Upon request of the FHCF in support of an Interim Loss Report.

File Layout

The Detailed Claims Listing, which supports the Losses reported for a specific hurricane, must match the aggregate total amounts for paid Losses and outstanding Losses reported on page 1 of the Proof of Loss Report (or the Interim Loss Report if requested by the FHCF). The Detailed Claims Listing must be provided in a pipe delimited text file containing the following fields in the order listed. (For the pipe "|" symbol, press the *Shift* key and the \ key.) **Policy numbers in the Detailed Claims Listing must be in the same format as policy numbers provided in the FHCF Data Call submission.**

Field #	Description	Minimum Length	Maximum Length	Type	Notes
1	Claim Number	1	20	Special	Include characters A-Z, 0-9, and "-" only
2	Date of Loss	8	8	Numeric	Must use "yyyymmdd" format only (include leading zeroes for single-digit months and days)
3	Policy Number	1	30	Special	Include characters A-Z, 0-9, and "-" only; must match the policy numbers and format provided in the ~~2019~~ 2020 Data Call file for policies required to be reported at 6/30/~~19~~20
4	Policy Effective Date	8	8	Numeric	Must use "yyyymmdd" format only (include leading zeroes for single-digit months and days)
5	FHCF Type of Business Code	1	1	Numeric	Only use the codes on pg 9 of the Contract Year ~~2019~~ 2020 FHCF Data Call
6	County Code	1	3	Numeric	Only use the codes on pg 26 of the Contract Year ~~2019~~ 2020 FHCF Data Call
7	County Name	3	20	Special	Include characters A-Z and "-" only
8	ZIP Code	5	5	Numeric	
9	Paid Loss – Habitational Building*	1	12	Numeric	Report whole dollar amounts only (no decimals). If an amount is zero, then enter 0.
10	Paid Loss – Appurtenant Structures *	1	12	Numeric	
11	Paid Loss – Contents *	1	12	Numeric	
12	Paid Loss – Additional Living Expense *	1	12	Numeric	
13	Outstanding Loss Reserve	1	12	Numeric	

***Note: A breakdown of paid losses is required.**

Example: A record with the following information:

FIELD #	DESCRIPTION	TYPE	ENTRY
1	Claim Number		336733
2	Date of Loss		~~20190910~~20200910
3	Policy Number		HCP5670996
4	Policy Effective Date		~~20190215~~20200215
5	FHCF Type of Business Code	Residential	2
6	County Code		49
7	County Name		HARDEE
8	ZIP Code		33890
9	Paid Loss – Habitational Building		12100
10	Paid Loss – Appurtenant Structures		3600
11	Paid Loss – Contents		8000
12	Paid Loss – Additional Living Expense		1500
13	Outstanding Loss Reserve		5000

Sample record layout:

336733|~~20190910~~20200910|HCP5670996|~~20190215~~20200215|2|49|HARDEE|33890|12100|3600|8000|1500|5000

You must provide a separate Detailed Claims Listing to support the Losses reported for each hurricane.

Reporting Losses for P~~p~~olicies A~~a~~ssumed from Citizens Property Insurance Corporation (Citizens)

If your Company receives reimbursement from the FHCF for Losses on policies assumed from Citizens and the policies, subsequent to the reimbursement, revert back to Citizens, then your Company must deduct those Losses from all future Proof of Loss Reports submitted to the FHCF.

Remittance of Required Documents

The Detailed Claims Listing(s) must be submitted via the FHCF Online Claims System at the same time the associated Proof of Loss Report(s) is filed. The Online Claims System is available at www.sbafla.com/fhcf under Online Reporting.

Retention of Records

Your Company is required to maintain records of all Losses reported to the FHCF until the FHCF has completed its examination of the Company and commutation for the Contract Year (if applicable) has been concluded. The records retention requirement, as stipulated in the Proof of Loss Report, page 2, requires the Company to maintain all records, including the Detailed Claims Listing, correspondence, and supporting documentation to support each Proof of Loss Report submitted to the FHCF.

Reporting Losses for Covered Collateral Protection Policies

If your Company writes collateral protection policies covered by the FHCF (see Article V(11) of the Reimbursement Contract and the Supplemental Information Required from a Company Reporting Exposure for Collateral Protection Policies section of the Data Call), a supplemental Excel file must be included with each Detailed Claims Listing. The supplemental Excel file must include the following five fields:

Field #	Description	Notes
1	Claim Number	Must be formatted to match field #1 of the DCL
2	Policy Number	Must be formatted to match field #3 of the DCL
3	Full Coverage A Limit	Enter the full Coverage A limit of the policy as written by the Company
4	Exposure Source	Enter “Lapsed Policy” or the name of the Replacement Cost Value source
5	Reported Coverage A	Enter either the Coverage A limit of the lapsed homeowner’s policy or the full replacement cost value of the dwelling

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Florida Hurricane
Catastrophe Fund

Memo

TO: Ashbel C. Williams, Executive Director & CIO

THRU: Anne Bert, Chief Operating Officer, FHCF

FROM: Leonard E. Schulte, Director of Legal & Risk Operations, FHCF

DATE: November 19, 2019

SUBJECT: Trustees Meeting, December 3, 2019

Request appointment of the chair for the Florida Commission on Hurricane Loss Projection Methodology.

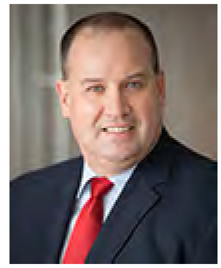
BACKGROUND: The Florida Commission on Hurricane Loss Projection Methodology is an independent commission that establishes standards for and reviews computer models used by insurers to project hurricane losses. The commission is administratively housed within the SBA and staffed by the staff of the Florida Hurricane Catastrophe Fund.

Section 627.0628(2)(d), F.S., requires the SBA to annually appoint a commission member to serve as Chair. It is requested that Floyd Yager, the current Chair, be reappointed to serve as Chair for the 2019-2020 year.

ACTION REQUESTED: Request appointment of Floyd Yager as Chair of the Florida Commission on Hurricane Loss Projection Methodology for the 2019-2020 year.

ATTACHMENTS TO BE INCLUDED:

- Floyd Yager biography
- List of current members of the Florida Commission on Hurricane Loss Projection Methodology.



Floyd Yager

Floyd is Senior Vice President, Property Product Management and joined Allstate in 1989 as an Actuarial Analyst in the Auto Pricing Department. He progressed through various assignments in the Home Office pricing world before transferring to the Allstate Research and Planning Center in Menlo Park, California in 1993. After returning to Home Office, Floyd worked in various actuarial functions in pricing and research before taking on a role leading personal lines pricing and research for Deerbrook Insurance Company. Floyd led this group through the acquisition of the CNA Personal Lines before returning to Home Office as a Pricing Director in 2000. In 2001, Floyd led the Auto Research team before taking over responsibility for all research and development. During his time in R&D, the group worked on various rating phases of SRM for auto and property as well as the development of Your Choice Auto. In August 2004, Floyd was promoted to Assistant Vice President in Product Operations. In January 2005, Floyd transferred to the Midwest Regional Office as the Assistant Field Vice President and managed the day-to-day operations of Allstate's Midwest Region. In May 2006 was named State Manager for California. In January 1, 2009, Floyd was promoted to Senior Vice President Quantitative Research and Analytics. In this role he advanced our competitive and decision-support tools, enabling us to make faster decisions at the local market level. In October, 2011, Floyd was asked to take on the newly created role of Senior Vice President, Customer Advocacy before becoming Chief Data Officer in September, 2012. In that role he had accountability for developing and driving the Data and Analytic strategy for the company. Floyd moved to his current role in July, 2016 and is responsible for countrywide property strategy development and overall results of Allstate's property lines of business.

Floyd received a BS in Mathematics and a minor in Economics from Rose-Hulman Institute of Technology in Terre Haute, Indiana in 1989. Floyd also has earned his MBA from the University of Illinois – Chicago. Floyd is a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries. He has, in the past, been a volunteer in the CAS serving on continuing education and exam committees, having served as an exam Part Chair and a General Officer of the Exam Committee. Since 2009, Floyd has been the actuary to the Florida Hurricane Catastrophe Fund (FHCF) and is a past chairman of the FHCF Advisory Council. As the actuary on the FHCF Advisory Council, by statute he also serves as a member of the Florida Commission on Hurricane Loss Projection Methodology. Floyd has been a member of the Board of Directors for both the Insurance Institute on Highway Safety and the Highway Loss Data Institute since 2009. Floyd holds five patents on the subjects of "Systems and Methods for Customizing Automobile Insurance" (US 7,773,217 B1 and US 8,046,244 B1) and "Processing an Application for Insurance Coverage (US 8,046,246 B1, US 8,219,426 B1, and US 8,219,427 B1).

Floyd has been member of the Board of Trustees for the Allendale Association in Lake Villa, Illinois since 2006 (http://www.allendale4kids.org). He and his wife, Kristin, live in Park Ridge, Illinois with their two boys, Thomas and Michael, and daughter Kaelyn.

Florida Commission on Hurricane Loss Projection Methodology Members

Name	Phone	Represents	Address
Anne T. Bert	(850) 413-1340 (850) 694-1054 cell anne.bert@sbafla.com	Florida Hurricane Catastrophe Fund	Florida State Board of Administration 1801 Hermitage Boulevard, Suite 100 Tallahassee, Florida 32308
Tasha Carter	(850) 413-2868 Dana Green (850) 413-5923 tasha.carter@myfloridacfo.com	Insurance Consumer Advocate	Florida Department of Financial Services 200 East Gaines Street (mail) Claude Pepper Building, Room 776 (hand delivery) Tallahassee, Florida 32399
Barry J. Gilway	(904) 208-7493 Barbara Walker 513-3744 barry.gilway@citizensfla.com	Citizens Property Insurance Corporation	Citizens Property Insurance Corporation 2101 Maryland Circle Tallahassee, Florida 32303
Robert H. Lee, FCAS (Insurance Commissioner Appointment)	(850) 413-5360 robert.lee@floir.com	OIR Actuary	Florida Office of Insurance Regulation 200 East Gaines Street, Larson Building Tallahassee, Florida 32399
Jeffrey F. McCarty (CFO Appointment)	(309) 766-5867 Jeff.mccarty.cwiw@statefarm.com	Industry Actuary	State Farm Mutual Automobile Insurance Co. One State Farm Plaza, D-4 Bloomington, Illinois 61710
Jared Moskowitz, J.D. Director	(850) 413-9969 Miles Anderson miles.anderson@em.myflorida.com jared.moskowitz@em.myflorida.com	Director Division of Emergency Management	FL Department of Community Affairs Sadowsky Building, Room 120 2555 Shumard Oak Boulevard Tallahassee, Florida 32399
Jainendra K. Navlakha, Ph.D. (CFO Appointment)	(305) 348-2026 (786) 348-6373 cell navlakha@cs.fiu.edu	Computer System Design Expert	Florida International University School of Computer Science 10700 SW 8th Street, ECS 353 Miami, Florida 33199
Steve Paris, Ph.D., ASA (CFO Appointment)	(850) 644-4419 (850) 294-2252 cell paris@math.fsu.edu	Statistics Expert	Florida State University Department of Mathematics 208 Love Building, 1017 Academic Way Tallahassee, Florida 32306-4510
Hugh E. Willoughby, Ph.D. (CFO Appointment)	(305) 348-0243 (305) 342-9188 cell hugh.willoughby@fiu.edu	Meteorology Expert	Florida International University Department of Earth Sciences 11200 SW 8th Street, University Park PC 344 Miami, Florida 33199
Floyd Yager, FCAS **Chair**	(847) 402-4753 (847) 804-1643 cell Tracy Falconer (847) 402-7119 fyager@allstate.com	FHCF Advisory Council Actuary	Allstate Insurance Company 2775 Sanders Road Attn: Floyd Yager, D2E-59M Northbrook, Illinois 60062
Vacant (CFO Appointment)		Insurance Finance Expert	
Vacant (Governor Appointment)		Licensed Professional Structural Engineer	

Global Governance Mandates

DECEMBER 3, 2019 QUARTERLY UPDATE

Florida Statutes

Protecting Florida's Investments Act (PFIA)
Scrutinized Companies that Boycott Israel
MacBride Principles and Northern Ireland
Cuba/Syria Proxy Voting Safeguards
Venezuela Prohibited Investments

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Table of Contents

About the State Board of Administration

The statutory mandate of the State Board of Administration (SBA) is to invest, manage and safeguard assets of the Florida Retirement System (FRS) Trust Fund and a variety of other funds for state and local governments. FRS Trustees are dedicated to ensuring that the SBA invests assets and discharges its duties in accordance with Florida law, guided by strict policies and a code of ethics to ensure integrity, prudent risk management and top-tier performance. The SBA is an investment fiduciary under law, and subject to the stringent fiduciary duties and standards of care defined by the Employee Retirement Income Security Act of 1974 (ERISA), as incorporated into Florida law. The SBA has three Trustees: the Governor, as Chairman, the Chief Financial Officer, as Treasurer, and the Attorney General, as Secretary.

The FRS Pension Plan provides defined pension benefits to 1.1 million beneficiaries and retirees. The strong long-term performance of the FRS Pension Plan, the fourth-largest public pension fund in the nation, reflects our commitment to responsible fiscal management.

The SBA's mission is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary, and professional standards.

We encourage you to review additional information about the SBA and FRS on our website at www.sbafla.com.

Section 1: Protecting Florida's Investments Act (PFIA)

Summary

On June 8, 2007, the PFIA was signed into law. The PFIA requires the State Board of Administration ("SBA"), acting on behalf of the Florida Retirement System Trust Fund (the "FRSTF"), to assemble and publish a list of "Scrutinized Companies" that have prohibited business operations in Sudan and Iran. Once placed on the list of Scrutinized Companies, the SBA and its investment managers are prohibited from acquiring those companies' securities and are required to divest those securities if the companies do not cease the prohibited activities or take certain compensating actions. The implementation of the PFIA by the SBA will not affect any FRSTF investments in U.S. companies. The PFIA will solely affect foreign companies with certain business operations in Sudan and Iran involving the petroleum or energy sector, oil or mineral extraction, power production or military support activities. This quarterly report is developed pursuant to Section 215.473 (4), Florida Statutes. Scrutinized activity in Sudan is defined by the Statutes as occurring within the "Government of Sudan," or the Republic of the Sudan that has its capital in Khartoum, Sudan. Note, the PFIA only applies to assets governed by Chapter 121 ("Florida Retirement System Act"), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of the PFIA

The PFIA created new reporting, engagement, and investment requirements for the SBA, including:

1. Quarterly reporting to the Board of Trustees of every equity security in which the SBA has invested for the quarter, along with its industry category. This report is posted on the SBA website.

2. Quarterly presentation to the Trustees of a Scrutinized Companies list for both Sudan and Iran for their approval. Scrutinized Company lists are available on the SBA's website, along with information on the FRSTF direct and indirect holdings of Scrutinized Companies.

3. Written notice to external investment managers of all PFIA requirements. Letters request that the managers of actively managed commingled vehicles (i.e., those with FRSTF and other clients' assets) consider removing Scrutinized Companies from the product or create a similar actively managed product that excludes such companies. Similar written requests must be provided to relevant investment managers within the defined contribution plan.

4. Written notice to any company with inactive business operations in Sudan or Iran, informing the company of the PFIA and encouraging it to continue to refrain from reinitiating active business operations. Such correspondence continues semiannually.

5. Written notice to any Scrutinized Company with active business operations, informing the company of its Scrutinized Company status and that it may become subject to divestment. The written notice must inform the company of the opportunity to clarify its Sudan-related or Iran-related activities and encourage the company, within 90 days, to cease its scrutinized business operations or convert such operations to inactive status.

6. A prohibition on further investment on behalf of the FRSTF in any Scrutinized Company once the Sudan and Iran scrutinized lists have been approved by the Trustees. All publicly traded securities of Scrutinized Companies must be divested within 12 months after the company's initial (and continued) appearance on the Scrutinized Companies list. Divestment does not apply to indirect holdings in actively managed commingled investment funds—i.e., where the SBA is not the sole investor in the fund. Private equity funds are considered to be actively managed.

7. Reporting to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives of Scrutinized Company lists within 30 days of creation, and public disclosure of each list.

8. Quarterly reporting of the following to each member of the Board of Trustees, the President of the Senate, the Speaker of the House of Representatives, the United States Presidential Special Envoy to Sudan, and the United States Presidential Special Envoy to Iran. The report is made publicly available and posted to the SBA's website.

    a. A summary of correspondence with engaged companies;
    b. A listing of all investments sold, redeemed, divested, or withdrawn;
    c. A listing of all prohibited investments;
    d. A description of any progress related to external managers offering PFIA compliant funds; and
    e. A list of all publicly traded securities held directly by the State.

9. Adoption and incorporation into the FRSTF Investment Policy Statement (IPS) of SBA actions taken in accordance with the PFIA. Changes to the IPS are reviewed by the Investment Advisory Council (IAC) and approved by the Trustees.

10. Relevant Sudan portions of the PFIA are discontinued if the United States revokes all sanctions imposed against the government of Sudan, or if the Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that:
    a. The Darfur genocide has been halted for at least 12 months; <u>or</u>
    b. The government of Sudan has honored its commitments to cease attacks on civilians, demobilize and demilitarize the Janjaweed and associated militias, grant free and unfettered access for deliveries of humanitarian assistance, and allow for the safe and voluntary return of refugees and internally displaced persons; <u>or</u>
    c. Mandatory divestment of the type provided for by the PFIA interferes with the conduct of U.S. foreign policy.

11. Relevant Iran portions of the PFIA are discontinued <u>if either</u> of the following occurs:
    a. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism; <u>or</u>
    b. The United States revokes all sanctions imposed against the government of Iran.

12. Cessation of divestment and/or reinvestment into previously divested companies may occur if the value of all FRSTF assets under management decreases by 50 basis points (0.5%) or more as a result of divestment. If cessation of divestment is triggered, the SBA is required to provide a written report to each member of the Board of Trustees, the President of the Senate, and the Speaker of the House of Representatives prior to initial reinvestment. Such condition is required to be updated semiannually.

13. In 2009, the Florida Legislature approved a bill requiring the SBA to identify and offer, by March 1, 2010, at least one terror-free investment product for the FRS Investment Plan. The product must allocate its funds among securities not subject to divestiture, as provided in F.S. 215.473.

14. As of July 1, 2014, Florida Statute 624.449 requires that a domestic insurer shall provide to the Office of Insurance Regulation on an annual basis a list of investments that the insurer has in companies included on the "Scrutinized Companies with Activities in Sudan List" and the "Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List." Additionally, F.S. 215.473(3)(e)(2) now exempts Exchange Traded Funds from the provisions of the PFIA.

15. As of July 1, 2014, Florida Statutes clarify that the recently created "Government of South Sudan" means the Republic of South Sudan, which has its capital in Juba, South Sudan. Scrutinized activity refers to the

"Government of Sudan," which means the Republic of the Sudan that has its capital in Khartoum, Sudan. Within this report, "Sudan" refers to the latter.

16. As of July 1, 2016, the requirements for the expiration of PFIA divestment protocol were amended and new quarterly reporting requirements were implemented. Florida Statutes eliminated the following criteria for discontinuing Iran portions of the PFIA: The Congress or President of the United States affirmatively and unambiguously declares, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that mandatory divestment of the type provided for in this section interferes with the conduct of United States foreign policy.

Definition of a Scrutinized Company

The following is a brief review of the criteria on which the active business operations of companies must be judged, in accordance with subsection (1)(t) of Section 215.473, F.S.

Sudan:

1. Have a material business relationship with the government of Sudan or a government-created project involving oil related, mineral extraction, or power generation activities, or
2. Have a material business relationship involving the supply of military equipment, or
3. Impart minimal benefit to disadvantaged citizens that are typically located in the geographic periphery of Sudan, or
4. Have been complicit in the genocidal campaign in Darfur.

Iran:

1. Have a material business relationship with the government of Iran or a government-created project involving oil related or mineral extraction activities, or
2. Have made material investments with the effect of significantly enhancing Iran's petroleum sector.

Affiliates of companies with scrutinized business operations are also subject to the requirements of the PFIA. An affiliated company is generally defined as any other company that either directly or indirectly controls, is controlled by or is under common control with the company conducting scrutinized active business operations. Control generally means the power to exercise a controlling influence over the management or policies of a company. As well, many companies have parent-subsidiary relationships whereby a parent company may own several other companies. In such cases, the SBA has included any known parent and/or subsidiaries that can be clearly linked to a company with scrutinized active business operations. The SBA has used a 50 percent ownership threshold in determining whether companies are affiliated, examining parent company-subsidiary ownership on a pro rata basis.

The SBA views companies which have explicit plans and activities related to discontinuation of active business operations as meeting the PFIA definition of substantial action. For all identified companies, the SBA will request information detailing what a company has actually done, if anything, to discontinue its active business operations or if it has pursued humanitarian efforts (applicable to Sudan only).

SBA Scrutinized Companies Identification Methodology

The SBA has developed two lists (the Sudan List and the Iran List) of Scrutinized Companies with active business operations. The lists are developed by principally relying on the research and findings of our "External Research Providers." Below is a brief description of our External Research Providers, which are maintained to provide input from multiple sources.

1. **EIRIS Conflict Risk Network (CRN).** In May 2013, the Conflict Risk Network became part of EIRIS, a global provider of environmental, social, governance, and ethical performance of companies. EIRIS provides services to more than 150 asset owners and managers globally, with a staff of over 60, based primarily in London. CRN was formerly known as the Sudan Divestment Task Force (SDTF).

2. **MSCI ESG Research (MSCI).** MSCI delivers corporate governance analysis and research to institutional investors. Through its ESG Research unit, MSCI offers screening services with specific and unique components of state law pertaining to investments in sanctioned countries, including Sudan and Iran.

3. **ISS-Ethix (formerly IW Financial or IWF).** On January 5, 2017, Institutional Shareholder Services (ISS) announced its acquisition of IW Financial. Going forward, ISS-Ethix will be the ESG arm of ISS, providing environmental and social research for responsible investing. IWF, in partnership with Conflict Securities Advisory Group (CSAG), has been a long-time provider of information on the business ties of publicly traded companies in Sudan and Iran.

4. **Sustainalytics, Inc.** Sustainalytics provides environmental, social and governance research and analysis, sustainability benchmarks, and investment services, and is the result of the merger between Jantzi Research, Inc. and Sustainalytics in 2009. Sustainalytics' company database, "Sustainalytics Global Platform," covers business operations in both Iran and Sudan.

Staff members within the Investment Programs & Governance unit, as well as other senior investment staff, review the assessments of the External Research Providers and other publicly available information. The SBA has utilized the following sources to evaluate over 400 companies and affiliates with reported links to Sudan or Iran:

<u>Company disclosures:</u>
- SEC filings (DEF 14A Proxy Statements, 10-K & 20-F Annual Reports, etc.)
- Investor Relations/company websites
- Industry publications and analyst research

<u>Investment/Finance Organizations:</u>
- Other Institutional Investors/Private Investors

<u>U.S. Government Agencies:</u>
- U.S. Department of State
- U.S. Treasury, Office of Foreign Asset Control (OFAC)
- U.S. Government Accountability Office (GAO)
- Dept. of Energy, Energy Information Administration (EIA)
- Congressional Research Service (CRS), Library of Congress

<u>Other Sources:</u>
- SBA External Investment Managers
- U.S. Federal Sanctions Laws covering State Sponsors of Terror
- Non-Governmental Organizations (NGOs)

Using the previous information sources, the SBA has developed two separate categorizations of a company's involvement in Sudan and/or Iran.

1. **"Scrutinized"** — Information provided by several External Research Providers indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473 (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473 (4)(t)1, Florida Statutes [Iran]. Upon SBA review, no other information sources clearly contradict the conclusions of the External Research Providers.

2. **"Continued Examination"** — At least one External Research Provider indicates that a company meets the classification of a Scrutinized Company as defined by the PFIA as set forth in Section 215.473, (1)(t)1., 2., or 3, Florida Statutes [Sudan] or Section 215.473, (4)(t)1, Florida Statute [Iran]. In other words, the External Research Providers do not agree on the status of a company and the SBA is unable to definitively categorize the company's activities as scrutinized without further research to resolve the differences. For companies classified as "Continued Examination," the SBA will begin an engagement process to clarify each firm's current business relationships.

<u>SUDAN</u> Changes since the Previous PFIA Quarterly Report

(see the following page for IRAN changes)

Companies *<u>added</u>* to the **Sudan** Scrutinized List this quarter:

- **China Petrochemical Corporation (Sinopec Group)**
  - China Petrochemical Corporation (Sinopec Group), has carried out a number of Sudanese oil infrastructure and development projects through subsidiaries.
  - Privately-held state entity but bonds issued in recent years

- **Sinopec Century Bright Capital Investment Ltd**
  - Bonds issued on behalf of a scrutinized company, China Petrochemical Corporation

Companies *<u>removed</u>* from the **Sudan** Scrutinized List this quarter:

- **None**

Companies *<u>added</u>* to the **Sudan** Continued Examination List this quarter:

- **None**

Companies *<u>removed</u>* from the **Sudan** Continued Examination List this quarter:

- **ENGIE SA**
- **JX Holdings**
- **Wartsila Oyj**

<u>Recent Developments in Sudan</u>

In October, Sudan's new civilian transitional government, led by Prime Minister Abdalla Hamdok, announced the Sudan Economic Revival Plan, with emphasis on education, health, and basic, sustainable infrastructure. A more urgent, nine-month economic rescue plan was also announced to address inflation, and food and medicine shortages.

On April 11, 2019, Sudan President Omar al-Bashir was overthrown in a military coup, ending his 30-year rule in Sudan. The International Criminal Court has charged al-Bashir with war crimes and genocide linked to the Darfur conflict in the 2000s. Reaction to these war crimes led to Sudan-targeted divestment statutes such as the PFIA. A successful transition away from the al-Bashir government could lead to the elimination of Sudan targeted divestment.

***IRAN* Changes since the Previous PFIA Quarterly Report**

(see the previous page for SUDAN changes)

Companies *added* to the **Iran** Scrutinized List this quarter:

- **China Petrochemical Corporation (Sinopec Group)**
    - China Petrochemical Corporation (Sinopec Group), and its subsidiaries have engaged in multiple business activities in Iran, including engineering services and the development of the Yadavaran oilfield.
    - Privately-held state entity but bonds issued in recent years

- **Sinopec Century Bright Capital Investment Ltd**
    - Bonds issued on behalf of a scrutinized company, China Petrochemical Corporation

Companies *removed* from the **Iran** Scrutinized List this quarter:

- **None**

Companies *added* to the **Iran** Continued Examination List this quarter:

- **None**

Companies *removed* from the **Iran** Continued Examination List this quarter:

- **None**

Quarterly Status Update Regarding Potential IRAN Expiration

Florida Statutes, 215.473 (5) EXPIRATION (b) subparagraphs 1. and 2.

Florida Statutes require a quarterly update on events relating to the status of expiration clauses 1 and 2, which are copied below in their entirety:

(b) If either of the following occurs, the board may no longer scrutinize companies according to subparagraph (1)(v)4., may no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and shall cease engagement, investment prohibitions, and divestment:

1. The Congress or President of the United States affirmatively and unambiguously states, by means including, but not limited to, legislation, executive order, or written certification from the President to Congress, that the government of Iran has ceased to acquire weapons of mass destruction and support international terrorism;

Update:

On August 29, 2019, U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), designated financial facilitators responsible for moving tens of millions of dollars between Iran's Islamic Revolutionary Guard Corps and HAMAS's operational arm. Individuals were designated under Executive Order (E.O.) 13224, which targets terrorists and those providing support to terrorists or acts of terrorism.
https://home.treasury.gov/news/press-releases/sm761

Or

2. The United States revokes all sanctions imposed against the government of Iran.

Update:

As noted above, regarding the August 29, 2019 actions taken by OFAC, additional sanctions were implemented regarding individuals with ties to the government of Iran.
https://www.wsj.com/articles/u-s-sanctions-iranians-for-allegedly-buying-materials-for-weapons-of-mass-destruction-programs-11567004640

Table 1: Scrutinized Companies with Activities in SUDAN

(New companies on the list are shaded and in bold.)

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
Al-Enmaa Real Estate Co	Kuwait	June 4, 2019
Aviation Industry Corporation of China (AVIC)	China	September 24, 2019
AviChina Industry & Technology	China	June 4, 2019
AVIC Electromechanical Systems Co Ltd	China	September 24, 2019
AVIC International Capital Co Ltd	China	September 24, 2019
AVIC International Finance Ltd	China	September 24, 2019
AVIC International Holdings Ltd (formerly listed as AVIC International)	China	June 4, 2019
Bank of Kunlun Co Ltd	China	March 7, 2018
Chennai Petroleum Corp Ltd	India	September 19, 2007
China Avionics Systems	China	June 4, 2019
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Petrochemical Corporation (Sinopec Group)	**China**	**December 3, 2019**
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	June 26, 2012
CNPC HK Overseas Capital Ltd	China	June 16, 2011
Daqing Huake Group Co Ltd	China	March 25, 2008
Egypt Kuwait Holding Co. SAE	Kuwait	January 13, 2009
Energy House Holding Company	Kuwait	July 28, 2009
Engen Botswana	Botswana	March 24, 2015
FACC AG	Austria	June 4, 2019
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Harbin Electric Co. Ltd.	China	September 19, 2007
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
Jiangxi Hongdu Aviation	China	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Kuwait Finance House	Kuwait	April 14, 2009
Lanka IOC Ltd	India	September 19, 2007
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Managem SA	Morocco	November 9, 2010
Mangalore Refinery & Petrochemicals Ltd	India	September 19, 2007

Scrutinized Company: Sudan	Country of Incorporation	Date of Initial Scrutinized Classification
MISC Bhd	Malaysia	September 19, 2007
Oil India Ltd	India	September 18, 2012
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
Orca Gold Inc.	Canada	December 9, 2014
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd	China	September 24, 2013
Sinopec Century Bright Capital Investment Ltd	**China**	**December 3, 2019**
Sinopec Engineering Group Co Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	April 14, 2009
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Société Nationale d'Investissement	Morocco	December 6, 2016
Societe Metallurgique D'imiter	Morocco	November 9, 2010
# of Sudan Scrutinized Companies	**62**	

The following companies were **removed** from the **SUDAN Scrutinized List** during the quarter:

Removed Company	***Country of Incorporation***
No companies removed this quarter.	

Table 2: Continued Examination Companies with Activities in SUDAN

(New companies on the list are shaded and in bold.)

Continued Examination Company: Sudan	Country of Incorporation
Bharat Heavy Electricals, Ltd	India
China Gezhouba Group Company Ltd	China
China North Industries Group Corp (CNGC/Norinco)	China
Dongfeng Motor Group Co Ltd	China
Dongan Motor (aka Harbin Dongan Auto Engine)	China
Glencore Xstrata PLC	Switzerland
Infotel Broadband Services Ltd	India
KMCOB Capital Bhd	Malaysia
LS Industrial Systems	South Korea
Nippo Corporation	Japan
Power Construction Corporation of China Ltd. (fka Sinohydro)	China
Siemens AG	Germany
Shanghai Electric Group Co.	China
Statesman Resources Ltd	Canada
# of Sudan Continued Examination Companies	**14**

The following companies were **removed** from the **SUDAN Continued Examination List** during the quarter:

Removed Company	***Country of Incorporation***
ENGIE SA	***France***
JX Holdings Inc.	***Japan***
Wartsila Oyj	***Finland***

Table 3: Scrutinized Companies with Activities in the IRAN Petroleum Energy Sector

New companies on the list are shaded and in bold.

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Bank of Kunlun Co Ltd	China	March 7, 2018
China BlueChemical Ltd.	China	March 19, 2013
China National Petroleum Corporation (CNPC)	China	December 11, 2012
China Oilfield Services Ltd.	China	June 16, 2011
China Petrochemical Corporation (Sinopec Group)	**China**	**December 3, 2019**
China Petroleum & Chemical Corp (CPCC) Sinopec	China	September 19, 2007
China Petroleum Engineering Corp	China	March 7, 2018
CNOOC Ltd.	China	June 16, 2011
CNOOC Curtis Funding No.1 Pty Ltd	Australia	October 17, 2017
CNOOC Finance Limited	China	September 24, 2013
CNOOC Nexen Finance	Canada	October 17, 2017
CNPC Capital Company Limited	China	June 14, 2017
CNPC General Capital Ltd	China	December 6, 2016
CNPC HK Overseas Capital Ltd.	China	June 16, 2011
COSL Finance (BVI) Limited	China	September 24, 2013
COSL Singapore Capital Ltd	Singapore	December 4, 2018
Engen Botswana	Botswana	March 24, 2015
Gas District Cooling (Putrajaya) Sdn Bhd	Malaysia	April 14, 2009
Gazprom	Russia	September 19, 2007
Gazprom Neft	Russia	September 16, 2008
Gazprom Promgaz	Russia	June 4, 2019
GPN Capital SA	Luxembourg	June 4, 2019
Hindustan Petroleum Corporation Ltd	India	June 13, 2018
Indian Oil Corp Ltd (IOCL)	India	September 19, 2007
KLCC Property Holdings Bhd	Malaysia	April 14, 2009
Kunlun Energy Company Ltd.	Hong Kong	September 19, 2007
Kunlun Financial Leasing Co Ltd	China	March 7, 2018
Malaysia Marine & Heavy Engineering Holdings Bhd	Malaysia	March 18, 2014
Mangalore Refinery & Petrochemicals Ltd.	India	March 19, 2013
MISC Bhd	Malaysia	September 19, 2007
Mosenergo	Russia	September 16, 2008
Oil & Natural Gas Corp (ONGC)	India	September 19, 2007
ONGC Videsh Limited (OVL)	India	March 18, 2014
PetroChina	China	September 19, 2007
Petroliam Nasional (Petronas)	Malaysia	September 19, 2007

Scrutinized Company: Iran	Country of Incorporation	Date of Initial Scrutinized Classification
Petronas Capital Limited	Malaysia	September 19, 2007
Petronas Chemicals Bhd	Malaysia	June 16, 2011
Petronas Dagangan Bhd	Malaysia	September 19, 2007
Petronas Gas Berhad	Malaysia	September 19, 2007
Petronas Global Sukuk	Malaysia	August 2, 2016
Putrajaya Management Sdn Bhd	Malaysia	March 18, 2014
Sinopec Capital 2013 Ltd.	China	March 18, 2014
Sinopec Century Bright Capital Investment Ltd	**China**	**December 3, 2019**
Sinopec Engineering Group Co Ltd.	China	March 18, 2014
Sinopec Group Overseas Development 2017 Ltd	China	September 11, 2019
Sinopec Group Overseas Development 2016 Ltd	China	August 2, 2016
Sinopec Group Overseas Development 2014 Ltd	China	March 7, 2018
Sinopec Group Overseas Development 2013 Ltd	China	March 18, 2014
Sinopec Group Overseas Development 2012 Ltd	China	March 7, 2018
Sinopec Kantons Holdings Ltd.	Bermuda	September 19, 2007
Sinopec Oilfield Equipment Corporation	China	September 29, 2015
Sinopec Oilfield Service Corp	China	March 25, 2008
Sinopec Shanghai Petrochemical	China	September 19, 2007
Territorial Generating Company No 1	Russia	June 4, 2019
# of Iran Scrutinized Companies	**54**	

The following companies were **removed** from the **IRAN Scrutinized List** during the quarter:

Removed Company	***Country of Incorporation***
No companies removed this quarter.	

Table 4: Continued Examination Companies with Petroleum Energy Activities in IRAN

New companies on the list are shaded and in bold.

Continued Examination Company: Iran	**Country of Incorporation**
Anton Oilfield Services Group	China
China Nonferrous Metal Industry's Foreign Engineering and Construction	China
GS Engineering & Construction Corp.	South Korea
GS Holdings	South Korea
Maire Tecnimont SpA	Italy
Oil India Ltd.	India
Petronet LNG Ltd.	India
Total SA	France
# of Iran Continued Examination Companies	**8**

The following companies were **removed** from the **IRAN Continued Examination List** during the quarter:

Removed Company	***Country of Incorporation***
No companies removed this quarter.	

Table 5: Correspondence & Engagement Efforts with Scrutinized Companies

In accordance with Section 215.473(3)(a), F.S., the SBA began to engage companies on the September 19, 2007 Scrutinized Company lists. The SBA sent letters to each Scrutinized Company that was owned and held as of September 19, 2007, per the requirements of the law.

The SBA also sent written communication to other scrutinized firms since the initial company engagement effort in September 2007. Each letter encouraged the company to cease any active business operations within 90 days or convert such operations to inactive status to avoid qualifying for divestment by the SBA. In addition, the SBA sent a second letter to scrutinized companies on January 25, 2008, again requesting companies to provide all information necessary to avoid divestment.

On September 30, 2008, the SBA sent a follow-up letter to all Scrutinized Companies. Although, these companies are no longer held by the SBA, the September 30, 2008 letter was intended to once again provide notice of the requirements of the PFIA. Since our original correspondence, several companies on the scrutinized list have replied with valuable information. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
ABB	Yes; January 29, 2009	Removed from Sudan Scrutinized List
Alstom	Yes; October 1, 2007 and October 25, 2011	Removed from Sudan Scrutinized and CE Lists
Bharat Heavy Electricals Limited	Yes; October 4, 2007	Moved to Sudan Continued Examination List
Bow Valley Energy	Yes; October 22, 2008	Removed from Iran Scrutinized List
Chennai Petroleum Corporation Limited	Yes; October 16, 2008	Sudan Scrutinized Classification Continues
China Petroleum & Chemical Corp (Sinopec)	No	Iran & Sudan Scrutinized Classification Continues
CNOOC Ltd	Yes; October 28, 2008	Iran Scrutinized Classification Continues
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran Scrutinized List
Dongfeng Motor Group Co. Ltd.	No	Moved to Sudan Continued Examination List
Electricity Generating Public Co	No	Removed from Sudan Scrutinized List
ENI	Yes; February 13, 2008 and May 13, 2011	Removed from Iran Scrutinized and CE Lists
GAIL (India) Limited, aka GAIL Ltd.	Yes; October 5, 2010	Removed from Iran Scrutinized and CE Lists
Gazprom	Yes; November 1, 2007 and August 18, 2014	Iran Scrutinized Classification Continues
Gazprom Neft	Yes; August 15, 2013	Iran Scrutinized as subsidiary of Gazprom
Harbin Electric Co. (fka Harbin Power Equipment)	No	Sudan Scrutinized Classification Continues
Indian Oil Corp Ltd (IOCL)	No	Iran & Sudan Scrutinized Classification Continues
Inpex Corp.	Yes; October 15, 2007 and July 11, 2011	Removed from Iran Scrutinized List
Kencana Petroleum	Yes; October 31, 2008	Removed from Sudan Scrutinized and CE Lists
Korea Electric Power (and subsidiaries, KEPCO Plant/Korea Plant)	Yes; December 27, 2011	Removed from Sudan Scrutinized List
Kunlun Energy Company Ltd. (fka: CNPC Hong Kong Limited)	Yes; October 5, 2007 and May 24, 2008	Iran & Sudan Scrutinized Classification Continues
Lukoil OAO	Yes; October 8, 2007	Removed from Iran Scrutinized and CE Lists
Lundin Petroleum AB	Yes; October 17, 2008	Removed from Sudan Scrutinized List

Company	Company Responsive to SBA Communications	Status
Lundin International SA	No	Removed from Sudan Scrutinized List
Malaysia Marine & Heavy Engineering Holdings Bhd	Yes; November 14, 2014	Iran & Sudan Scrutinized Classification Continues
Mangalore Refinery & Petrochemicals Ltd	Yes; March 8, 2013	Iran & Sudan Scrutinized Classification Continues
MISC Bhd	Yes; August 23, 2018; Jan 10, 2019	Iran & Sudan Scrutinized Classification Continues
Norsk Hydro	Yes; November 30,2007	Removed from Iran Scrutinized List
Oil & Natural Gas Corp (ONGC)	Yes; July 23, 2014	Iran & Sudan Scrutinized Classification Continues
OMV AG	Yes; November 6, 2007 and April 14, 2010	Removed from Iran Scrutinized and CE Lists
PetroChina	Yes; December 22, 2008	Iran & Sudan Scrutinized Classification Continues
Petroleo Brasileiro (Petrobras)	Yes; January 13, 2010	Removed from Iran Scrutinized List
Petroliam Nasional (Petronas)	Yes; July 6, 2015	Iran & Sudan Scrutinized Classification Continues
Putrajaya Management Sdn Bhd	Yes; September 5, 2014	Iran & Sudan Scrutinized Classification Continues
Ranhill Bhd	Yes; October 22, 2008	Removed from Sudan Scrutinized List
Repsol YPF	Yes; October 15, 2007; January 2013	Removed from Iran Scrutinized and CE Lists
Royal Dutch Shell PLC	Yes; October 5, 2007; January 27, 2011; April 13, 2011	Removed from Iran Scrutinized and CE Lists
Sinopec Kantons Holdings Ltd.	No	Iran & Sudan Scrutinized Classification Continues
Sinopec Shanghai Petrochemical Company	No	Iran & Sudan Scrutinized Classification Continues
Snam Rete Gas	Yes; October 9, 2008	Removed from Iran Scrutinized Classification
Statoil ASA (fka: StatoilHydro)	Yes; February 4, 2008; January 24, 2011; June 16, 2011	Removed from Iran Scrutinized and CE Lists
Total Capital	Yes; January 26, 2011 and April 25, 2011	Removed from Iran Scrutinized and CE Lists
Total SA	Yes; October 12, 2007; October 29, 2010; April 25, 2011	Removed from Iran Scrutinized List
Wärtsilä Oyj	Yes; December 4, 2007	Moved to Sudan Continued Examination List

Table 6: Correspondence & Engagement Efforts with Continued Examination Companies

In addition to Scrutinized Companies, the SBA engaged companies on our initial September 19, 2007 Continued Examination company lists. The SBA also sent written communication to firms added to the Continued Examination list since the initial company engagement effort in September 2007. Such companies were asked to provide information to the SBA in order to assist us in determining the extent of their activities, if any, in Sudan and Iran. The SBA sent a follow-up letter to all companies on September 30, 2008. Each company's response and classification is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Continued Examination Status
Actividades de Construccion y Servicios S.A.(ACS)	No	Removed from Iran List
Aggreko PLC	Yes; January 28, 2008	Removed from Iran List
Air Liquide	Yes; November 30, 2007 January 28, 2008	Removed from Iran List
Aker Solutions ASA (fka Aker Kvaerner ASA)	No	Removed from Iran List
AREF Investment Group	No	Removed from Sudan List
Areva SA	Yes; October 27, 2008 December 29, 2009	Removed from Sudan List
Bauer Aktiengesellschaft	Yes; March 13, 2008	Removed from Sudan List
BG Group	Yes; November 23, 2007	Removed from Iran List
Bharat Electronics Limited	No	Removed from Sudan CE List
Bollore Group	No	Removed from Sudan CE
Costain Group PLC	Yes; November 5, 2007	Removed from Iran List
Daelim Industrial Co Ltd.	Yes, November 13, 2018	Removed from Iran List
Engineers India Ltd.	Yes; October 16, 2008; September 9, 2010	Removed from Iran CE List
Essar Oil	Yes; January 9, 2009	Removed from Iran List
Finmeccanica SpA	No	Removed from Sudan List
Glencore Xstrata PLC	Yes; September 20, 2010	Sudan CE Classification Continues
GVA Consultants	Yes; September 26, 2007 September 30, 2010	Removed from Iran CE List
ICSA India Limited	No	Removed from Sudan List
INA-Industrija Nafte DD Zagreb	Yes; April 15, 2014	Removed from Iran List
Itochu Corp	Yes; May 9, 2008	Removed from Iran List
JGC Corp	Yes; October 1, 2007	Removed from Iran List
La Mancha Resources	Yes; October 21, 2008	Removed from Sudan List
Linde AG	Yes; November 14, 2007	Removed from Iran List
Liquefied Natural Gas LNGL	No	Removed from Iran List
Mitsubishi Heavy Industries Ltd.	Yes; October 26, 2007	Removed from Iran List
Mitsui & Co.	Yes; October 17, 2007	Removed from Iran List
Mitsui Engineering & Shipbuilding	Yes; November 21, 2007 December 18, 2007	Removed from Iran and Sudan Lists
MMC Bhd	No	Removed from Sudan List
Nam Fatt	No	Removed from Sudan List
PT Citra Tubindo Tbk.	Yes; September 27, 2010	Removed from Iran CE List

Company	Company Responsive to SBA Communications	Continued Examination Status
PTT Public Company Limited	Yes; October 1, 2010	Removed from Sudan CE List
Saipem SpA	Yes; December 12, 2007	Removed from Iran Lists
Samsung Engineering Co. Ltd.	No	Removed from Iran CE List
Samsung Heavy Industries Co. Ltd.	No	Removed from Iran List
Sasol Ltd.	Yes; May 25, 2010 September 29, 2010	Removed from Iran CE List
Seadrill Ltd	Yes; September 20, 2010	Removed from Sudan CE List
Siam Cement Group (SCG)	Yes; September 24, 2010	Removed from Iran CE List
Schlumberger Limited NV	Yes; October 19, 2007	Removed from Iran and Sudan Lists
Siam Cement PCL	Yes; October 21, 2008	Removed from Iran CE List
Siemens AG	Yes; October 22, 2009 October 8, 2010 November 7, 2018; March 2019 June 2019; July 2019	Added to Sudan Scrutinized List on 6/4/19. Removed from Sudan Scrutinized List on 7/12/19
SNC - Lavalin Group Inc.	Yes; September 25, 2007	Removed from Iran List
Sudan Telecommunications (Sudatel)	No	Removed from Sudan CE Classification
Technip	Yes; April 30, 2010 and November 30, 2010	Removed from Iran CE Classification
The Weir Group PLC	Yes; November 16, 2007	Removed from Iran and Sudan Lists
Total SA	Yes; October 12, 2007	Removed from Sudan CE Classification
Trevi-Finanziaria Industriale S.p.A.	Yes; September 17, 2010	Removed from Iran CE List
Weatherford International, Ltd.	No	Removed from Sudan List
Welspun Corp. Limited (fka Welspun-Gujarat Stahl Rohen Ltd.)	Yes; September 24, 2010	Removed from Iran CE List

Key Dates for PFIA Activities

June 8, 2007 — Legislation's effective date, upon becoming a law.

August 6, 2007 — SBA letter to state agencies requesting data on all publicly traded securities held directly by the State.

August 20, 2007 — First of two letters to investment managers providing written notice of PFIA enactment and amendment to Schedule B of investment management contracts.

September 19, 2007 — SBA assembles initial Scrutinized Companies lists for Sudan and Iran.

September 20, 2007 — SBA engages companies classified as either Scrutinized or needing Continued Examination through written correspondence, subsequent conference calls and additional communication. SBA disclosed the Scrutinized Companies lists on its website, including reporting of all equities held by direct State of Florida governmental entities.

September 21, 2007 — Second of two letters to investment managers providing Scrutinized Companies lists.

October 16, 2007 — SBA formally submits the Scrutinized Companies lists to the Florida Legislature and the United States Special Envoy to Sudan, and continues to do so every quarter.

November 30, 2007 — SBA sends notification via email to any owned scrutinized company that has not responded to initial written correspondence. Similar notification was sent to each company classified as needing continued examination.

January 25, 2008 — SBA sends additional notice of divestment and request for information to all Scrutinized Companies, with emphasis to companies that have been unresponsive to the SBA's prior request for the necessary information.

July 1, 2008 — In March 2008, the SBA developed a policy approach directing all affected managers to sell their remaining PFIA related holdings no later than July 1, 2008, approximately three months earlier than the statutory deadline of September 18, 2008.

September 18, 2008 — Statutory deadline for the SBA to complete divestment of *initial* Scrutinized Companies (i.e., within 12 months of their initial appearance on the September 19, 2007 list), if they do not stop scrutinized active business operations.

March 1, 2010 — Deadline for the SBA to identify and offer at least one terror-free investment product for the FRS Investment Plan (Defined Contribution).

Quarterly Reporting — SBA provides quarterly updates to the Scrutinized Companies lists for Sudan and Iran, including a summary of engagement activities. PFIA quarterly reports have been issued on the following dates:

September 19, 2007
December 18, 2007
March 25, 2008
June 10, 2008
September 16, 2008
January 13, 2009
April 14, 2009
July 28, 2009
October 27, 2009
January 26, 2010
April 27, 2010
July 29, 2010
November 9, 2010
February 22, 2011
June 16, 2011
September 20, 2011
December 6, 2011
March 20, 2012
June 26, 2012
September 18, 2012
December 11, 2012
March 19, 2013
June 25, 2013
September 24, 2013
December 10, 2013
March 18, 2014
June 17, 2014
September 23, 2014
December 9, 2014
March 24, 2015
June 23, 2015
September 29, 2015
December 8, 2015
March 29, 2016
August 2, 2016
December 6, 2016
March 14, 2017
June 14, 2017
October 17, 2017
December 13, 2017
March 7, 2018
June 13, 2018
September 11, 2018
December 4, 2018
January 29, 2019
June 4, 2019
July 12, 2019
September 24, 2019
December 3, 2019

Summary of Investments Sold, Redeemed, Divested or Withdrawn

In accordance with the PFIA, the SBA must divest all holdings of any scrutinized companies within 12 months of their original appearance on the prohibited securities list. External managers are contractually responsible for administering investments in accordance with restrictions set forth by the SBA, including the prohibited securities list of the PFIA. Historical divestment transaction data is contained in prior PFIA Quarterly Reports. The table below presents the cumulative market capitalization of scrutinized companies divested by the SBA since the PFIA's inception:

Cumulative Divestment	
Royal Dutch Shell**	$215,784,700.79
Total SA**	$214,536,015.45
Petroleo Brasileiro SA (Petrobras) **	$206,135,264.10
ENI**	$141,403,034.78
CNOOC Ltd	$131,737,735.86
Gazprom (a.k.a. OAO Gazprom)	$71,275,453.14
Alstom**	$65,897,698.67
Repsol YPF**	$53,420,179.87
Statoil ASA** (fka: StatoilHydro)	$46,792,677.58
China Petroleum and Chemical Corp (CPCC) Sinopec	$38,455,440.48
PetroChina	$25,723,158.75
Inpex Corp.**	$24,835,110.63
MISC Bhd	$16,448,397.44
Hindustan Petroleum Corporation Ltd	$10,916,213.94
Snam Rete Gas**	$9,596,905.78
Lukoil OAO**	$9,487,631.46
OMV AG **	$8,601,977.98
Shell International Finance**	$8,599,813.40
China BlueChemical Ltd	$7,538,215.73
Wärtsilä Oyj**	$1,797,871.96
Daelim Industrial Co Ltd**	$1,566,926.73
Petrofac Ltd **	$1,496,881.43
The Weir Group PLC **	$1,322,666.62
Petrobras International Finance**	$1,148,750.00
Lundin Petroleum AB **	$1,133,120.04
Oil & Natural Gas Corporation (ONGC)	$945,363.83
Petrobras Energia (Participaciones) **	$298,632.08
FACC AG	$285,343.11
Dongfeng Motor Group**	$158,623.49
Electricity Generating Public Company**	$121,321.38
AVIC International Holdings Ltd	$50,827.53
Gazprom Neft	$37,892.73
** denotes companies no longer on the Prohibited Company list	**$1,318,077,918.26**

Table 7: List of Prohibited Investments (Scrutinized Companies)

New companies on the list are shaded and in bold.

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Al-Enmaa Real Estate Co	Sudan	Kuwait	June 4, 2019	Yes
Aviation Industry Corporation of China (AVIC)	Sudan	China	September 24, 2019	Yes
AviChina Industry & Technology	Sudan	China	June 4, 2019	Yes
AVIC Electromechanical Systems Co Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Capital Co Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Finance Ltd	Sudan	China	September 24, 2019	Yes
AVIC International Holdings Ltd (formerly listed as AVIC International)	Sudan	China	June 4, 2019	Yes
Bank of Kunlun Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Chennai Petroleum Corp Ltd	Sudan	India	September 19, 2007	Yes
China Avionics Systems	Sudan	China	June 4, 2019	Yes
China BlueChemical Ltd	Iran	China	March 19, 2013	Yes
China National Petroleum Corporation (CNPC)	Sudan & Iran	China	December 11, 2012	Yes
China Oilfield Services Ltd	Iran	China	June 16, 2011	Yes
China Petrochemical Corporation (Sinopec Group)	**Sudan & Iran**	**China**	**December 3, 2019**	**Yes**
China Petroleum & Chemical Corp (CPCC) Sinopec	Sudan & Iran	China	September 19, 2007	Yes
China Petroleum Engineering Corp	Sudan & Iran	China	March 7, 2018	Yes
CNOOC Ltd	Iran	China	June 16, 2011	Yes
CNOOC Curtis Funding No.1 Pty Ltd	Iran	Australia	October 17, 2017	Yes
CNOOC Finance Limited	Iran	China	September 24, 2013	Yes
CNOOC Nexen Finance	Iran	Canada	October 17, 2017	Yes
CNPC Capital Company Limited	Sudan & Iran	China	June 14, 2017	Yes
CNPC General Capital Ltd	Sudan & Iran	China	June 26, 2012	Yes
CNPC HK Overseas Capital Ltd	Sudan & Iran	China	June 16, 2011	Yes
COSL Finance (BVI) Limited	Iran	China	September 24, 2013	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
COSL Singapore Capital Ltd	Iran	Singapore	December 4, 2018	Yes
Daqing Huake Group Co Ltd	Sudan	China	March 25, 2008	Yes
Egypt Kuwait Holding Co. SAE	Sudan	Kuwait	January 13, 2009	Yes
Energy House Holding Company	Sudan	Kuwait	July 28, 2009	Yes
Engen Botswana	Sudan & Iran	Botswana	March 24, 2015	Yes
FACC AG	Sudan	Austria	June 4, 2019	Yes
Gas District Cooling (Putrajaya) Sdn Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Gazprom	Iran	Russia	September 19, 2007	Yes
Gazprom Neft	Iran	Russia	September 16, 2008	Yes
Gazprom Promgaz	Iran	Russia	June 4, 2019	Yes
GPN Capital SA	Iran	Luxembourg	June 4, 2019	Yes
Harbin Electric Co. Ltd.	Sudan	China	September 19, 2007	Yes
Hindustan Petroleum Corporation Ltd	Sudan & Iran	India	June 13, 2018	Yes
Indian Oil Corp Ltd (IOCL)	Sudan & Iran	India	September 19, 2007	Yes
Jiangxi Hongdu Aviation	Sudan	China	September 19, 2007	Yes
KLCC Property Holdings Bhd	Sudan & Iran	Malaysia	April 14, 2009	Yes
Kunlun Energy Company Ltd.	Sudan & Iran	Hong Kong	September 19, 2007	Yes
Kunlun Financial Leasing Co Ltd	Sudan & Iran	China	March 7, 2018	Yes
Kuwait Finance House	Sudan	Kuwait	April 14, 2009	Yes
Lanka IOC Ltd	Sudan	India	September 19, 2007	Yes
Managem SA	Sudan	Morocco	November 9, 2010	Yes
Mangalore Refinery & Petrochemicals Ltd	Sudan & Iran	India	September 19, 2007	Yes
Malaysia Marine & Heavy Engineering Holdings Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
MISC Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Mosenergo	Iran	Russia	September 16, 2008	Yes
Oil India Ltd.	Sudan	India	September 18, 2012	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
Oil & Natural Gas Corp (ONGC)	Sudan & Iran	India	September 19, 2007	Yes
ONGC Videsh Limited (OVL)	Sudan & Iran	India	March 18, 2014	Yes
Orca Gold Inc.	Sudan	Canada	December 9, 2014	Yes
PetroChina	Sudan & Iran	China	September 19, 2007	Yes
Petroliam Nasional (Petronas)	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Capital Limited	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Chemicals Bhd	Sudan & Iran	Malaysia	June 16, 2011	Yes
Petronas Dagangan Bhd	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Gas Berhad	Sudan & Iran	Malaysia	September 19, 2007	Yes
Petronas Global Sukuk	Sudan & Iran	Malaysia	August 2, 2016	Yes
Putrajaya Management Sdn Bhd	Sudan & Iran	Malaysia	March 18, 2014	Yes
Sinopec Capital 2013 Ltd	Sudan & Iran	China	September 24, 2013	Yes
Sinopec Century Bright Capital Investment Ltd	**Sudan & Iran**	**China**	**December 3, 2019**	**Yes**
Sinopec Engineering Group Co Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2017 Ltd	Sudan & Iran	China	September 11, 2019	Yes
Sinopec Group Overseas Development 2016 Ltd	Sudan & Iran	China	August 2, 2016	Yes
Sinopec Group Overseas Development 2014 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Group Overseas Development 2013 Ltd	Sudan & Iran	China	March 18, 2014	Yes
Sinopec Group Overseas Development 2012 Ltd	Sudan & Iran	China	March 7, 2018	Yes
Sinopec Kantons Holdings Ltd	Sudan & Iran	Bermuda	September 19, 2007	Yes
Sinopec Oilfield Equipment Corporation	Sudan & Iran	China	April 14, 2009	Yes
Sinopec Oilfield Service Corp	Sudan & Iran	China	March 25, 2008	Yes
Sinopec Shanghai Petrochemical	Sudan & Iran	China	September 19, 2007	Yes
Société Nationale d'Investissement	Sudan	Morocco	December 6, 2016	Yes
Societe Metallurgique D'imiter	Sudan	Morocco	November 9, 2010	Yes
Territorial Generating Company No 1	Iran	Russia	June 4, 2019	Yes

Prohibited Investments (Scrutinized Companies)	Scrutinized Country	Country of Incorporation	Initial Appearance on Scrutinized List	Full Divestment
# of Prohibited Investments	76	-	-	

The following companies were removed from the PFIA Prohibited Investments List this quarter.

Removed Company	*Country of Incorporation*
No companies removed this quarter.	

Table 8: SBA Holdings in Prohibited Investments Subject to Divestment

As of the 10/31/2019 holdings report, there were no SBA holdings of entities on the current Prohibited Investments List, in accounts subject to the PFIA divestiture requirements. The only historical holding as of last quarter was divested as noted below.

Date	Company	Action	Shares	Proceeds
10/14/2019	AVIC INTERNATIONAL HOLDINGS LTD	SOLD	50,000	$50,827.53

Summary of Progress, SBA Investment Manager Engagement Efforts

On August 20, 2007, the SBA sent letters to external investment managers notifying them of the Act and informing them of new contract language that would enforce their cooperation with the requirements of the new law.

On September 19, 2007, the SBA sent letters to all affected managers outlining the list of prohibited securities for any future purchases. The letter described the SBA's engagement process with companies on the list, which affords companies a 90-day period in which to comply with the conditions of the law or clarify their activities. The letter directed these managers to cease purchase of securities on the list and to await the direction of the SBA for any divestment necessary in the event engagement fails, with a deadline for divestment under the law of September 18, 2008.

On September 19, 2007, the SBA sent letters to actively-managed, indirectly held funds holding scrutinized securities, including managers of the defined contribution program, asking the funds to review the list of scrutinized securities and consider eliminating such holdings from the portfolio or create a similar fund, devoid of such holdings, per the requirements of the law.

Each quarter, the SBA sends written and electronic notification to all affected managers about the list of prohibited companies.

The SBA has received responses noting our concerns in writing and by phone from several of the contacted managers.

Listing of All Publicly Traded Securities (Including Equity Investments)

Due to the large number of individual securities and the volume of information, this list has been electronically posted to the SBA's website and is updated quarterly. A list of all publicly traded securities owned by the State of Florida can be found within the PFIA information section of the SBA's website. Please observe the electronic report's notes page for important clarifying explanations of included data.

In accordance with the PFIA, the SBA will report on the performance implications of PFIA-related divestitures and restrictions. Generally, the impact of PFIA legislation on performance is measured as the opportunity cost of not being able to hold prohibited securities, measured by comparing the monthly return of the standard foreign equity benchmark (i.e., the MSCI ACWI ex-US) to a custom foreign equity benchmark based upon PFIA divestiture requirements. The difference in returns between the standard benchmark and custom benchmark represents the opportunity cost to the SBA of not being able to invest in (or hold) prohibited companies. The percent return difference is then applied to the average monthly balance of foreign equity investments to determine a dollar impact. Monthly dollar impacts, whether positive or negative, are added together through time and then compared to the total value of the FRS Pension Plan to determine the percentage or basis point impact of PFIA legislation.

Section 2: Prohibited Investments by the SBA, Companies that Boycott Israel
Section 215.4725 F.S.

Summary

In 2016, the SBA was directed by state law to create a "scrutinized companies" list, composed of companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner. The SBA is prohibited from acquiring direct holdings of the companies on this list. The law requires the SBA to use best efforts in identifying companies that boycott Israel, publish the list on a quarterly basis, send written notice to the companies, engage with the SBA's external managers concerning holdings of the companies on the list, and publish a list of the SBA's directly-held securities and certain other information detailed below. Note, Section 215.4725 F.S. applies only to assets governed by Chapter 121 (“Florida Retirement System Act”), and therefore does not affect any non-FRS funds managed by the SBA.

Primary Requirements of Section 215.4725 F.S.

1. **Identification of companies**

   As required by statute, the SBA will make best efforts to identify all scrutinized companies in which the SBA has indirect or direct holdings or possibly could have holdings in the future. The SBA reviews publicly available information, including from NGOs, non-profits, government entities and research firms. SBA staff is also frequently in contact with other institutional investors regarding anti-BDS efforts. Since the law went into effect, SBA staff has communicated with several stakeholder groups in our efforts to learn more about individual company activities and determine whether they meet the criteria of the Florida statute.

   SBA contracts with external research providers to obtain information on companies that are potentially engaging in BDS activities, and SBA staff incorporates the information in making a final determination of scrutinized status based on Florida statute. External research providers sell their research to a variety of subscribers, and they do not compile their lists specific to Florida law. The SBA currently contracts with ISS-Ethix and MSCI. Companies that use ESG investment policies in a broadly-applied manner are generally not considered by SBA to be acting in a “discriminatory manner” toward Israel.

   Using various information sources, the SBA has developed two separate categorizations of a company’s status for consideration under this law.

   “Scrutinized” — Information provided by an external research provider, publicly available information or information from the company itself or another reliable source indicates that a company meets the classification of a Scrutinized Company as defined by Florida law.

   “Continued Examination” — Information suggests but does not clearly demonstrate that a company's activities are a boycott of Israel. The SBA is unable to definitively categorize the company’s activities as scrutinized without further research to resolve the ambiguity. For companies classified as “Continued Examination,” the SBA will begin an engagement process to clarify each firm’s current business relationships.

   The following definitions are provided by Florida Statutes to assist in company identification:

   “Scrutinized companies” means companies that boycott Israel or engage in a boycott of Israel.

   "Boycott Israel" means refusing to deal, terminating business activities, or taking other actions to limit commercial relations with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories, in a discriminatory manner. A statement by a company that it is participating in a boycott of Israel, or that it has initiated a boycott in response to a request for a boycott of Israel or in compliance with, or in furtherance of, calls for a boycott of Israel, may be considered by the State Board of Administration to be evidence that a company is participating in a boycott of Israel. The term does not include restrictive trade practices or boycotts fostered or imposed by foreign countries against Israel.

"Direct holdings" are company securities held directly by the SBA or accounts in which SBA owns all interest (such as non-commingled funds).

"Indirect holdings" are company securities that are held in collective investment with other investors, such as commingled funds and mutual funds.

2. Publish and reporting

By the first meeting of the Trustees of the SBA after August 1, 2016, the SBA will publicly release the "Scrutinized Companies that Boycott Israel List" and thereafter provide quarterly updates of the list based on evolving information and events.

The SBA shall file a report with each member of the Board of Trustees of the SBA, the Speaker of the Florida House of Representatives, and the President of the Florida Senate within 30 days after the list is created and shall make the report publicly available. At each quarterly trustee meeting thereafter, the SBA shall file a publicly available report to these persons. The quarterly reports will include:

a. A summary of correspondence with companies engaged by the SBA as required above.
b. All prohibited investments (Scrutinized Companies list).
c. Any progress made with respect to requests of SBA's external managers to remove scrutinized companies from indirect holdings or create similar funds devoid of such holdings.
d. A list of all publicly held securities held directly by the SBA.

Actions taken in compliance with this section must be adopted and incorporated into the Investment Policy Statement as provided in Section 215.4725, F.S.

3. Engagement

SBA is required to determine the companies on the Scrutinized Companies list in which the SBA has direct or indirect holdings. For each company newly identified after August 1, 2016, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to investment prohibition by the public fund. The notice must inform the company of the opportunity to clarify its activities regarding the boycott of Israel and encourage the company to cease the boycott of Israel within 90 days in order to avoid qualifying for investment prohibition.

If, within 90 days after the public fund’s first engagement with a company pursuant to this paragraph, the company ceases a boycott of Israel, the company shall be removed from the Scrutinized Companies that Boycott Israel List, and the provisions of this section shall cease to apply to that company unless that company resumes a boycott of Israel.

4. Prohibition

The SBA may not acquire directly held securities of companies on the Scrutinized Companies list. The SBA is not required to divest of existing holdings. Indirect holdings are exempt from the prohibition (such as commingled accounts, index funds and mutual funds). However, SBA will submit letters to the managers of such investment funds which hold companies from the Scrutinized Companies list requesting that they consider removing the companies from the fund or creating a similar fund devoid of such holdings. SBA shall replace applicable investments in the similar fund devoid of such holdings in an expedited timeframe subject to prudent investing standards if the manager complies with such a request.

Exchange-traded funds are also exempted from the prohibition, without the requirement to contact the fund management.

A cessation of the investment prohibition is allowed if the fund has evidence that the assets under management become equal or less than 99.50% of the hypothetical fund value assuming no investment prohibition had occurred. This must be reported to the parties listed in "reporting" below and updated semiannually for the cessation to be authorized.

Table 9: Scrutinized Companies that Boycott Israel

New companies on the list are shaded and in bold. (No companies were added to the list this quarter)

Scrutinized Company that Boycotts Israel	Country of Incorporation	Date of Initial Scrutinized Classification
Cactus SA	Luxembourg	August 2, 2016
Betsah Invest SA	Luxembourg	August 2, 2016
Betsah SA	Luxembourg	August 2, 2016
Co-operative Group Limited	United Kingdom	September 26, 2017
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	Turkey	August 2, 2016
# of Companies that Boycott Israel	5	

No companies were **removed** from the **Scrutinized Companies that Boycott Israel List** during the quarter:

Removed Company	*Country of Incorporation*
None at this time.	

Table 10: Continued Examination Companies that Boycott Israel

New companies on the list are shaded and in bold. (No companies added this quarter.)

Continued Examination Company: Israel	Country of Incorporation
No companies are on the continued examination list at this time.	

Table 11: Correspondence & Engagement Efforts

In accordance with Section 215.4725, F.S., the SBA began to engage companies on the Scrutinized Companies that Boycott Israel and Continued Examination lists. The SBA sent letters to each company per the requirements of the law. Each company's response and classification status is summarized below. Any company that responded to the SBA's written correspondence is highlighted in blue text.

Company	Company Responsive to SBA Communications	Status
Cactus SA	No	Remains on scrutinized list
Betsah Invest SA	No	Remains on scrutinized list
Betsah SA	No	Remains on scrutinized list
FreedomCall Ltd	Yes, November 4, 2016	Removed from scrutinized list
Co-operative Group Ltd	No	Remains on scrutinized list
Cooperative Group Gomersall	No	Removed from scrutinized list
Guloguz Dis Deposu Ticaret Ve Pazarlama Ltd	No	Remains on scrutinized list
U2u Consult NV	Yes, December 29, 2016	Removed from scrutinized list
Danske Bank	Yes, multiple dates	Removed from continued examination list
Dexia	Yes, multiple dates	Removed from continued examination list
Aldi	No	Removed from continued examination list
ASN Bank NV	No	Removed from continued examination list
HEMA BV	No	Removed from continued examination list
Karsten Farms	No	Removed from continued examination list
Airbnb	Yes, multiple dates	Removed from Scrutinized list

Section 3: Investments in Publicly Traded Companies Operating in Northern Ireland (Section 215.4702 F.S.)

Summary

The SBA is subject to s. 215.4702, Florida Statutes (F.S.) ("MacBride Principles"), which directs the SBA to notify publicly traded companies of support for the MacBride Principles, inquire regarding the actions a company has taken in support of or furtherance of the MacBride Principles, and encourage publicly traded companies with certain business operations in Northern Ireland to adopt the MacBride Principles. In addition, the SBA will also demonstrate support for the MacBride Principles through its proxy voting authority.

Requirements of the Law

As defined by the Northern Ireland statute, "publicly traded company" is any business organization having equity securities listed on a national or an international exchange that is regulated by a national or an international regulatory authority. In addition, "operating" is defined as actively engaging in commerce geographically in Northern Ireland through the acquisition, development, maintenance, ownership, sale, possession, lease, or operation of equipment, facilities, personnel, products, services, or personal property.

Publishing and Reporting

In making the determination specified in subsection (2) of 215.4702, F.S., the SBA may, to the extent it deems appropriate, rely on available public information, including information provided by nonprofit organizations, research firms, international organizations, and government entities.

The SBA is encouraged to determine which publicly traded companies, in which the Florida Retirement System Trust Fund is invested, operate in Northern Ireland. If the SBA determines that a publicly traded company meets such criteria, it is encouraged to engage with the company and determine its support for the MacBride Principles. SBA staff annually reviews the list of companies that meet the definition of publicly traded companies operating in Northern Ireland, and periodically engages those firms.

Section 4: Companies Operating in Cuba or Syria
(Section 215.471 F.S.)

Summary

The Free Cuba Act of 1993 was passed by the Florida Legislature in accordance with federal law. Chapter 215.471 of the Florida Statutes prohibits the SBA from investing in: (1)(a) any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with Cuba, or with agencies or instrumentalities thereof in violation of federal law; and (1)(b) any institution or company domiciled outside of the United States if the President of the United States has applied sanctions against the foreign country in which the institution or company is domiciled. Section (2)(a) states the SBA may not be a fiduciary with respect to voting on, and may not have the right to vote in favor of, any proxy resolution advocating expanded U.S. trade with Cuba or Syria.

Requirements of the Law

In order to comply with this law, the U.S. State Department and/or the Treasury Department's Office of Foreign Assets Control (OFAC) are contacted periodically to confirm that no sanctions have been implemented. Since the Act's inception, sanctions have never been issued against any country. During the fiscal year ending June 30, 2017, there were no shareowner proposals related to expanding trade with Cuba or Syria.

Section 5: Companies Operating in Venezuela

During the 2018 session, the Florida Legislature passed HB 359, prohibiting certain investments related to the Venezuelan government. The bill was signed into law by Governor Rick Scott and is effective July 1, 2018.

Florida Statute, 215.471 now requires that:

The State Board of Administration shall divest any investment under s. 121.151 and ss. 215.44-215.53, and is prohibited from investment in stocks, securities, or other obligations of:

(c)1. Any institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, doing business in or with the government of Venezuela, or with any agency or instrumentality thereof, in violation of federal law. The term "government of Venezuela" means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.
2. The Governor may waive the requirements of this paragraph if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

Florida Statute 215.472 addresses state agencies and requires that:

Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in: (3)(a) Any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States which, directly or through the United States or foreign subsidiary, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with the government of Venezuela, or any company doing business in or with the government of Venezuela, in violation of federal law. The term "government of Venezuela" means the government of Venezuela, its agencies or instrumentalities, or any company that is majority-owned or controlled by the government of Venezuela.
(b) The Governor may waive the requirements of this subsection if the existing regime in Venezuela collapses and there is a need for immediate aid to Venezuela before the convening of the Legislature or for other humanitarian reasons as determined by the Governor.

On August 16th, 2017, the Trustees of the State Board of Administration set forth a resolution condemning the oppression of the Venezuelan citizens under the current regime and set language to be included in the State Board of Administration's Investment Policy Statement (Florida Retirement System Defined Benefit Plan) upon review of the Investment Advisory Council, and in accordance with s.215.475(2) Florida Statutes. The resolution included the following:

1. <u>Prohibited Investments</u>. Until such time as the SBA determines it is otherwise prudent to do so, the SBA is prohibited from investing in:
   (a) any financial institution or company domiciled in the United States, or foreign subsidiary of a company domiciled in the United States, which directly or through a United States or foreign subsidiary and in violation of federal law, makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services in or with the government of Venezuela; and
   (b) any securities issued by the government of Venezuela or any company that is majority-owned by the government of Venezuela.

2. <u>Proxy Voting</u>. The SBA will not vote in favor of any proxy resolution advocating the support of the Maduro Regime in Venezuela.

For more information, please contact:

State Board of Administration of Florida (SBA)
Investment Programs & Governance
1801 Hermitage Blvd., Suite 100
Tallahassee, FL 32308
www.sbafla.com

or send an email to:
governance@sbafla.com

Investment Advisory Council
State Board of Administration of Florida

October 28, 2019

Trustees of the State Board of Administration
Governor Ron DeSantis, Chair
Chief Financial Officer Jimmy Patronis
Attorney General Ashley Moody

RE: Performance Evaluation of Ash Williams, Executive Director & Chief Investment Officer of the State Board of Administration

Trustees:

The Compensation Subcommittee of the IAC provided the attached memo and back up material to the full IAC for our consideration at the September 11, 2019 meeting. The full IAC unanimously adopted, and fully supports the subcommittee's recommendation.

Sincerely,

Bobby Jones

Bobby Jones, Chair
Investment Advisory Council

Enclosure

cc: Members of the Investment Advisory Council
Charles Cobb*
Peter Collins*
Bobby Jones
Peter Jones
Sean McGould
Vinny Olmstead*
Gary Wendt*

*indicates member of the IAC Compensation Subcommittee

September 4, 2019

Dear Members of the Investment Advisory Council:

The IAC Compensation Subcommittee met by conference call on Tuesday, September 3, 2019, at 4:00 p.m. I was joined on the call with Investment Advisory Council (IAC) member Peter Jones, IAC Compensation Subcommittee members Peter Collins, Gary Wendt, and Ambassador Chuck Cobb; in addition to Ash Williams, SBA staff, and Josh Wilson and Jon Mason from Mercer.

After opening remarks by myself and Ash Williams, Jon Mason of Mercer presented a compilation review of individual Subcommittee members' evaluations of the Executive Director & CIO (ED/CIO). It was agreed that Mr. Williams' performance was exceptional and that he should receive the maximum amount for the individual subjective component of his incentive compensation plan for Fiscal Year 2018-19.

Mercer also updated the Subcommittee regarding current market salary information it reviewed for the ED/CIO position. Mercer summarized its letter to the Compensation Subcommittee dated August 28, 2019, which recommended increasing Mr. Williams' base salary to $575,000 in keeping with the 75th percentile of McLagan Select Funds peer group, or alternatively, providing a conservative minimum of $545,000 as an average of the five. Mercer also provided the Subcommittee members with comparable executive director total compensation from the SBA peer group, noting that Ash received less than his peer group.

Based on this information, I made the motion to increase Mr. Williams' base salary to $575,000, and that he receives the maximum amount ($35,831) for the individual subjective component of his incentive compensation plan for Fiscal Year 2018-19. The Subcommittee members on the call unanimously agreed and voted in favor.

No other changes were recommended, and the meeting was adjourned.

Sincerely,

Vinny Olmstead

Investment Advisory Council
Compensation Subcommittee Conference Call
September 3, 2019

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

Agenda
Investment Advisory Council (IAC) Compensation Subcommittee Conference Call

Tuesday, September 3, 2019, 4:00 P.M.
Hermitage Room, First Floor
1801 Hermitage Blvd., Tallahassee, FL 32308

1.	**Welcome/Call to Order/Approval of Minutes of September 10, 2018 Meeting (Attachments 1A and 1B)**	Vinny Olmstead, Chair
2.	**Opening Remarks**	Vinny Olmstead, Chair
	Opening Remarks	Ash Williams, Executive Director & CIO
3.	**Recap of ED/CIO's FY 2018-19 Incentive Plan Design (Attachment 2)**	Jon Mason, Mercer
4.	**Presentation of Results of ED/CIO's Evaluation and Mercer's Salary Recommendation (Attachments 3A, 3B, Appendix to 3B, 3C)**	Jon Mason, Mercer
5.	**Discussion of Evaluation Results and Salary Recommendation by Subcommittee**	Vinny Olmstead, Chair
6.	**Formulation of Recommendation to IAC and Trustees**	Vinny Olmstead, Chair
7.	**ACTION REQUESTED: Approval of Recommendation**	
8.	**Other Business/Audience Comments/Closing Remarks Adjournment (Attachment 4, Information Only)**	Vinny Olmstead, Chair

Attachment 1A

MINUTES
INVESTMENT ADVISORY COUNCIL
COMPENSATION SUBCOMMITTEE CONFERENCE CALL
September 10, 2018

A special meeting of the Investment Advisory Council (IAC) Compensation Subcommittee was held on Monday, September 10, 2018, in the Hermitage Room of the State Board of Administration of Florida (SBA), Tallahassee, Florida. The attached transcript of the September 10, 2018 meeting is hereby incorporated into these minutes.

IAC Members:	Michael Price, Chair (Via telephone) Chuck Cobb (Via telephone) Peter Collins (Via telephone) Les Daniels (Via telephone) Vinny Olmstead (Via telephone)
SBA Employees:	Ash Williams, Executive Director & CIO Kent Perez Lamar Taylor Randy Harrison Gregory Ortego John Kuczwanski
Consultants:	Jon Mason, Mercer (Via telephone) Josh Wilson, Mercer (Via telephone)

WELCOME/CALL TO ORDER

The meeting was called to order at 3:32 PM. IAC members, Mercer consultants and Mr. Ash Williams, Executive Director & CIO (ED/CIO), identified themselves for the record.

OPENING REMARKS

Mr. Michael Price, Chair, IAC Compensation Subcommittee, explained that the purpose of the meeting was to review the incentive compensation plan design for 2018 and the Executive Director & CIO's compensation. Mr. Price expressed his approval of the evaluation process.

Mr. Williams reported that investment results have been strong, adding that the dollar value added over the benchmark for the period ending June 30, 2018 was $9.4 billion. He commented on the success of the incentive compensation plan, explaining that it has had a positive effect on employee retention. Mr. Williams answered a question from Mr. Peter Collins about the need to add staff in the future.

RECAP OF ED/CIO'S FY2017-18 INCENTIVE PLAN DESIGN

Mr. Jon Mason, Mercer, directed the IAC members' attention to Attachment 2, the Incentive Plan Design for the ED/CIO for Fiscal Year 2017-18. He explained that there is an organizational (quantitative) component and an individual (qualitative) component of the plan and that the individual component is 15 percent of the total award.

PRESENTATION OF RESULTS OF ED/CIO'S EVALUATION AND MERCER'S SALARY RECOMMENDATION

Mr. Mason discussed the results of the ED/CIO evaluation, explaining that there were strong performance ratings and positive comments for the job that Mr. Williams is doing. Mr. Mason referred to the August 28, 2018 letter he had written to Mr. Price. He provided details on the evaluation process, noting that the background work is now being done in-house at the SBA and is then reviewed and validated by Mercer. Mr. Mason discussed the three reference points that Mercer used for its recommendation: the median of the top five public pension funds, the 75th percentile of the McLagan Select Funds peer group, and the 75th percentile of the Broader Public Pension Peer group. Mr. Mason stated that Mercer's recommendation is an annual salary for the ED/CIO of $525,000 on the higher end, or more conservatively, $500,000 on the lower end.

DISCUSSION OF EVALUATION RESULTS AND SALARY RECOMMENDATION BY SUBCOMMITTEE

IAC members asked several questions which were answered by Mr. Mason, Mr. Gregory Ortego, Mr. Lamar Taylor and Mr. Williams.

FORMULATION OF RECOMMENDATION TO IAC AND TRUSTEES

Mr. Price stated that his recommendation would be that the annual salary of the ED/CIO be increased to $525,000. Mr. Les Daniels, Mr. Collins, Mr. Chuck Cobb and Mr. Vinny Olmstead stated that they agreed with that recommendation. There was a brief discussion about the individual and organizational components of the incentive compensation plan.

ACTION REQUESTED: APPROVAL OF RECOMMENDATION

Mr. Price made a motion that the compensation committee approve the recommendation for the ED/CIO annual salary of $525,000 and for the individual component of $32,366. Mr. Daniels seconded the motion. The motion passed.

APPROVAL OF MINUTES OF SEPTEMBER 18, 2017 MEETING/OTHER BUSINESS/ AUDIENCE COMMENTS/CLOSING REMARKS/ADJOURNMENT

Mr. Price made a motion to approve the minutes from the September 18, 2017 IAC Compensation Subcommittee conference call meeting, and Mr. Daniels seconded the motion. The motion passed.

There was a brief discussion about employee retirement at the State Board of Administration.

Mr. Williams thanked the IAC members for their leadership and oversight.

Mr. Daniels made a motion to adjourn the meeting; Mr. Collins seconded the motion. The motion passed, and the meeting adjourned at 4:11 PM.

Michael Price, Chair
IAC Compensation Subcommittee

10/27/18
Date

Attachment 1B

STATE BOARD OF ADMINISTRATION OF FLORIDA

INVESTMENT ADVISORY COUNCIL

COMPENSATION SUBCOMMITTEE

CONFERENCE CALL

DATE:	September 10, 2018
TIME:	Commenced at 3:32 p.m. Concluded at 4:11 p.m.
LOCATION:	Hermitage Room, First Floor 1801 Hermitage Boulevard Tallahassee, Florida
REPORTED BY:	MARY ALLEN NEEL, RPR, FPR

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IAC MEMBERS:

MICHAEL PRICE, Chair
CHUCK COBB
PETER COLLINS
LES DANIELS
VINNY OLMSTEAD

SBA EMPLOYEES:

ASH WILLIAMS, Executive Director
KENT PEREZ
LAMAR TAYLOR
RANDY HARRISON
GREGORY ORTEGO
JOHN KUCZWANSKI

CONSULTANTS:

JON MASON, Mercer
JOSH WILSON, Mercer

P R O C E E D I N G S

MR. WILLIAMS: We're going to be recording and transcribing this meeting, and we have a court reporter present. So if everybody could please identify themselves, that would be very helpful for the record.

I'm Ash Williams, Executive Director and CIO of the State Board.

MR. COLLINS: Peter Collins, IAC.

MR. WILLIAMS: Good. Thank you.

Michael Price, you're on.

AMBASSADOR COBB: This is Chuck Cobb.

MR. WILLIAMS: Ambassador Chuck Cobb. Chuck is an IAC member, but not a Comp Committee member.

MR. PRICE: Michael Price. I chair the committee.

MR. WILLIAMS: Thank you.

MR. DANIELS: Les Daniels, board member.

MR. WILLIAMS: And Comp Committee member as well. Thank you.

MR. MASON: And then on the phone from Mercer, then we have Jon Mason, and then Josh Wilson as well.

MR. WILLIAMS: Thank you, gentlemen.

Have we heard from Vinny yet? Let's see. Was

that Vinny dialing in?

MR. OLMSTEAD: I am in, yes.

MR. WILLIAMS: Ah. So I was just saying, Vinny, if everyone could please identify themselves for purposes of the court reporter and the transcript.

MR. OLMSTEAD: Great. So we have Vinny Olmstead here.

MR. WILLIAMS: So Vinny Olmstead, IAC member and Comp Committee member.

So I think we're good. Oh, yes, Gary Wendt is still outstanding.

MR. PRICE: Ash, may I begin?

MR. WILLIAMS: Yes, we can go ahead and begin. Thank you.

MR. PRICE: Okay. This is Michael Price, Chair of the Subcommittee on Compensation of the IAC.

The purpose of this meeting is to review the incentive plan design for 2018, in overall design as well as the director, executive director and CIO's compensation.

This meeting follows a meeting a week ago of the subcommittee reviewing the poll that we took amongst ourselves, as well as Mercer's report on the incentive plan design, performance criteria, and both individual and organizational makeup of the splits in the two components of the incentive plan.

I personally really like the way the IAC goes about the evaluation of our executive director and CIO. I think it's inclusive. I think if anyone wanted the opportunity to express doubts, complaints, or reservations about his performance, the venue, the way this poll and all is done allows that.

So I think it's a very fair, confidential -- although no one I think felt they needed to have confidentiality, I think that's an avenue that could be explored if someone needed it. So I think it's an open process.

The poll was reviewed by Mason -- by Mercer, by Jon Mason and other Mercer people. And I think they came out where I came out. And I can't speak for the committee. I can speak for myself, saying that we're very lucky to be in the position we are in ten years after the Lehman collapse and the difficulties both the state plan and the financial world went through ten years ago that lasted for over a year or two.

And having Ash here for a long period of time

since has been very beneficial, so I think that, you know, I'm very happy where we are today.

And I want to just open it up for Ash to make some comments about this process, and then we're going to review the Mercer work and wind up with a discussion of the right numbers in the incentive compensation plan.

So if, Ash, you would like to make some comments, I would invite you to.

MR. WILLIAMS: Thank you, Michael.

A couple of things. First of all, we're now I guess in the third or fourth iteration of this process under the comp plan that you all were so instrumental in designing and implementing.

And I think, as you suggested, Michael, the proof has been largely in the pudding. Our investment results have been extremely strong. And if you look at the trailing ten-year period, as of end of March, as Mr. Collins so correctly pointed out at an IAC meeting a while ago, we ended that period at the first percentile of large U.S. pension funds, which suggests certainly relative to peers, we're doing pretty well.

And if you look at the value added over our benchmark for the period ending 30 June 2018, the dollar value added over the benchmark is $9.4 billion. So things have worked pretty well.

And I think your actions have contributed directly to that level of success, from the standpoint that we have changed the trend in employee retention in a good way, and the amount of turnover that we have that's not either retirement related or turnover that's undesirable has gone down substantially.

You're always going to have the occasional situation where you lose an individual for family reasons or some other oddity like that that's someone you otherwise would want to retain, but those are pretty few and far between, I'm happy to say.

And I think any healthy organization is going to have a degree of turnover, because not everyone is going to be ideally suited to the culture or the technical requirements or the energy level expectations, or various other things. We all know that reality. So I think some turnover is healthy, but I think we have that in a position that's good.

The graphics in the background show that on the overall comp plan, we're progressing in a direction -- and I think Greg Ortego produced a

graphic that has a bell curve on it showing what portion of our positions are at various percentage of market. And that shifted strongly in the right direction, which is that you want most of your people to be in a range of 90 to 110 percent of market.

When I think about my own performance, I obviously submitted a self-assessment to all of you. I don't really feel a need to revisit that. I know you've all looked at it, and based on your lengthy experience on the IAC, you're familiar with the history.

So I think things have gone pretty well. And I guess I would be happy to take any questions you have. And other than that, I'm happy to let Mercer go ahead and give the summary of what their review of the market environment is.

MR. COLLINS: Ash, this is Peter. I have just a couple of questions, if you don't mind.

MR. WILLIAMS: Sure.

MR. COLLINS: Speaking on staff retention, I noticed -- I heard what you said about the positive effect of the comp plan on staff retention.

As you look out in the future, and we talk at our meeting periodically about bringing more assets under management in-house and continuing to lower our fees, I'm not sure where we rank or -- I forget where we rank in terms of low-cost providers. But I think we're pretty low, and being, you know, in the first percentile says a lot as well. But as you consider staff out into the future, what are your thoughts on adding -- on the need for adding capacity or where we are relative to that?

MR. WILLIAMS: I'll give you two answers to that one, Peter.

The first is relating to the scalability of where we manage money in-house. What we're currently doing in global equity with passive investing and factor-driven investing is extremely scalable without a lot of ramifications for head count.

In real estate, which, you know, the field that you know as well or better than anybody on this call, is an area that's much more hands-on. And as we continue to grow that book, I think we'll probably need to add talent over the next few years. But it's not going to be a giant head count explosion. It will be very incremental and very carefully done.

Fixed income, pretty much a stable situation.

Again, highly scalable.

I think in strategic investments and potentially private equity, we may add a little bit more there as well over time.

But again, we're not seeing huge numbers. And I think we have really -- a really strong forward view of what resource requirements will be because of the way our budget process works. And every year when we're having the conversation about resourcing each asset class and resourcing the parts of the organization that reach across asset classes, whether they're administrative or whether it's groups like John Benton's group that have a total portfolio view, there's always conversation about trends and direction. And I don't think -- if I were to say looking ahead two to three years, I think the total head count increase is maybe in the ballpark of five individuals, something like that. It's not huge.

And another area in which we're levering our ability to manage money in-house is that it's really, really important to have the right systems and risk controls to ensure that you don't essentially step on a bear trap managing money in-house.

And one of the big steps we've taken there is to bring in the BlackRock Aladdin platform, which allows you to look across your individual asset classes and the -- into an aggregate total portfolio look at your liquid market assets, and that's very helpful. And that, we think, is going to save us substantial dollars over time versus a Balkanized set of risk systems that were being used by each individual asset class, but that didn't talk to one another. So some of those kinds of things will be helpful.

I think the other branch of the answer I would offer is that we are still very realistic about what we can do ourselves in terms of internal management. I would not see us attempting to follow the lead of Canadian public pension plans that maintain their own teams of people who are effectively M&A lawyers and bankers and do in-house direct private equity investing. I just don't think that's realistic in this country. I know one large U.S. public pension fund has declared that to be their intention. I don't think that would really fit in the Florida environment, because I don't think you could do the compensation levels that would allow you to prudently exercise a

strategy like that in a stable way.

Likewise, if I look at the history in active equity management, the SBA had a number of active U.S. equity strategies back in the '80s and early '90s. And to be honest with you, we didn't distinguish ourselves very well. And I think those markets are so efficient and the competition is so stiff that, you know, just as we make the decision to go passive in the most liquid corners of the financial markets, with U.S. large cap equities being right at the top of that list, it would not make a lot of sense for us to try and do that actively ourselves.

So I think to the extent we scale any more there, it will probably be on the passive side or the factor side. You know, I think we can do a little more, and real estate we can certainly continue to grow. Strategic, less likely, because it's -- again, the strategies are so different and so varied and so specialized, it's just not something we're likely to bring inside.

MR. COLLINS: Okay. Appreciate it. Thank you.

MR. PRICE: Does that conclude your remarks, Ash?

MR. WILLIAMS: Yes, it does. Thank you.

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MR. PRICE: Are there any other questions from the subcommittee?

Then I want to invite Jon Mason from Mercer to give his review of the incentive plan design.

MR. MASON: Sure. If it's okay with everyone, I think there's really three things in the material that we want to cover.

The first piece is just a reminder on what the incentive plan construct is for Ash, so I would like to talk through that, which I believe is page 40 in my materials. It's just after the -- it's just after the materials recapping this talk that we had this time last year. The second piece would be discussing the summary from the performance evaluation that you all submitted, and then the third would be speaking directly about the letter which I wrote to Chairman Price with regard to the market for Ash's position and compensation recommendations related to that job.

But before I head down that road, I want to make sure that that sounds appropriate to everyone.

MR. PRICE: It does to me.

MR. MASON: All right. So I'm on the slide entitled "Incentive Plan Design ED/CIO" for 2017 to 2018.

And, really, the intention of this page is to show what the construct is in terms of the mix between the organizational component of the incentive and the individual component. It's heavily weighted towards the organization's overall performance, 85 percent weighting, which is typical for someone leading an organization. Right? If you're looking at jobs, as you go down, it would be more common to weight more on the individual side of things. But for someone leading the organization, you see a bigger emphasis on the overall performance of the organization. So only 15 percent of the incentive is weighted relative to individual performance, and the evaluation directly impacts that 15 percent. Right?

So if there are no questions there, I'm going to go into the results of the evaluation which you all submitted.

MR. PRICE: Yes, please.

MR. MASON: So consistent, very consistent with last year's results -- so I'm on the executive summary slide now of Attachment 3.

So overall mission, everyone gave perfect marks for overall mission, and the two highest marks came on overall mission in the individual ratings for Ash. The scale is 1, 2, 3, or 4, with 4 representing exceeds expectations and 3 representing meets expectations.

So with the averages being in the mid to high 3s for all, I concur with the chairman that, again, really strong performance ratings for Ash based on these evaluations. And if you take the time, which I'm sure you have, to read through some of the comments, all very positive comments for the job that Ash is doing.

Any questions from the committee related to this assessment?

Okay. If there are none, I will go ahead and talk a little bit about the letter which I wrote to Chairman Price.

And just to give everyone background again on how this process works, so consistent with the theme to move some of the activities in-house at SBA for fee savings on the investment side, they've done the same on the consulting side as it relates to some of this work. Whereas back when we started this engagement, Mercer actually did a lot of the background work for this, the background work is done in-house at SBA, and then we're asked at Mercer to review that work and validate it, which

we've done again this year.

So in the letter, we give a bit of an anthology of what has happened since we began working with SBA in 2012 in terms of changes. And if there's a theme of what has happened in the marketplace, I think, you know, SBA has been playing catch-up to market for several years now. And while that catch-up is happening, the market keeps moving at a pretty aggressive clip at the same time. So we find ourselves in a similar position that we have in years past, where SBA is still lagging behind what you consider to be your target, your targeted market for compensation relative to the CIO, ED and CIO.

If you look at three reference points that we've honed in on this year, we have three different market lenses with which we compare. One would be against the median of the top five public pension funds -- that group consists of CalPERS, CalSTRS, New York State Common, New York City Retirement, and Teachers Retirement System of Texas -- the second one being the 75th percentile of the McLagan Select Funds peer group, and then the third being the 75th percentile of the broader array of public pension funds.

If you average those three, you get to a number around 500,000. And for reference, Ash is currently at 455,000 on base salary.

We had a couple of pieces of context in here, which is that that first reference point, which is relative to the top five public pension funds, actually fell year over year. And the reason that that number fell year over year is because the incumbent for Texas Teachers was actually recruited away by the University of Texas management company for a pretty significant pay hike, and the individual that replaced the incumbent at Texas Teachers was brought in at a considerably lower salary. And so that's the color behind that figure dropping year over year.

So if we look at the three, we view the 75th percentile of the McLagan peer group as probably the most relevant data point, in that it's really honed in on those funds that SBA is targeting in terms of being similar. And it's also robust enough that you don't have these types of issues which we had with the top five, which is that it fell year over year because there are so few companies in the dataset.

MR. PRICE: How many are in the McLagan select

group, Jon?

MR. MASON: I believe it's 13, but I'll ask --

MR. PRICE: Okay. It's 12 or 13, yeah.

MR. MASON: Yeah, I believe --

MR. PRICE: So it's a pretty good sample, yeah.

MR. MASON: Yeah. Five is small; right? Thirteen is a good statistical sample. If one or two come in or out, you're not going to expect a lot of change.

MR. DANIELS: Jon, do you have information on the McLagan group incentive comp as well?

MR. MASON: Again, I can defer. I can defer to management again, because they did a lot of this backup analysis.

So if memory serves, Greg and Lamar, I do believe we -- I do believe we have that data. They sort of report it in two ways. They report base pay data as well as the targeted maximum incentive compensation. We focused -- we focused primarily on base pay, you know, up to this point in our report, and we talk a little bit about incentive in the last paragraph.

MR. ORTEGO: This is Greg. Yes, that's correct. They do present that data. They'll look at base pay separately, they'll look at incentive pay, and then they'll look at total cash compensation. And so for this case, we've kind of focused on that base pay for this review.

MR. OLMSTEAD: Do you have that information that -- this is Vinny Olmstead. Do you have the information that provides sort of like a clearer picture that would be both -- whichever you're alluding to here -- both the base and incentive combined?

MR. ORTEGO: Yes, we actually do have that information I can give you. So if we were looking at the total cash compensation for the select cut peers at the 75th percentile, that's about $830,000. For the total cash compensation for all peers, it's about 655,000. And part of it is, our select cut peers, more of them have an incentive plan than some of the smaller peers that we include in all of the peers.

MR. MASON: As I think about the history of this report and the assessment, I think, you know, it took a few years to get the incentive plan off the ground, and I think there was, you know, at the outset probably not a lot of appetite to changing that, which is why this report is focused more on the base salary side.

But I think it's a very relevant point that perhaps in future iterations, we look at the total package and not only think about making adjustments to the base pay side, but also ensure that the incentive component is appropriate as well.

MR. OLMSTEAD: So to state the obvious, the total comp would be closer to the 9 -- you know, a higher -- 90 percent or a higher percentage. It sounds like the incentive plus base is 900 plus.

And Ash has done a great job. I just think it's prudent for us to understand the total comp piece so we're comparing apples to apples. So the reality is that they use a higher percentile for the McLagan select cut.

MR. MASON: I think the math you may be doing may be comparing the maximum, the maximum incentive, I think where McLagan is intended to be the target. So I think he's actually closer to the target, if that makes sense. So his target is 35 percent versus a maximum of 52 percent.

MR. PRICE: We have to get to a recommendation, so are there any questions or other comments before we move toward making a recommendation to the IAC?

MR. MASON: I will just add one -- I would just add one comment, which is, based on a 455,000 current base salary, at a 35 percent target annual incentive, that puts Ash at 614,000 relative to the numbers that Greg was referencing.

MR. DANIELS: This is Les. With a 35 percent target, though, shouldn't it be a higher number because of the reviews and the -- where he came out in the reviews?

MR. MASON: Well, we're comparing targets at SBA to targets in the market -- right? -- versus the actual payout.

MR. DANIELS: No, I understand. But when you use target, what would target be equivalent to in the review number? Three?

MR. MASON: Oh, I see what you're saying. Yeah, I see what you're saying. Yeah, target would be sort of your middle-of-the-road payout, so that would be sort of a 3.

MR. DANIELS: Okay. And the max would be a straight 4?

MR. MASON: Correct.

MR. TAYLOR: Hi, Les and Jon. This is Lamar. Just something to keep in mind too. I mean, historically, in the way we have -- the way the plan was designed in terms of the recommendation related to the individual component, it really wasn't --

MR. DANIELS: Lamar, we can't hear you very well. Could you get a little closer?

MR. TAYLOR: I'm sorry, Les. How is this? Is that better?

MR. DANIELS: Yes, that's better. Thank you.

MR. TAYLOR: So just in terms of the history of the way this was designed, for the qualitative individual piece, there really -- it really wasn't contemplated that there would be any kind of interpolation.

So if you go back to that appendix or Attachment 2, the very bottom line of that chart where it says "Individual Component" and there's three numbers there, if you wanted to kind of track that to the evaluation, if you wanted to consider a 1 in your evaluation that you provided to Mercer as essentially zero, so a zero award, a 2 would be a threshold of 10,789, a 3 or target would be 21,578, and a 4 would equate to a maximum of 32,366.

So I just wanted to kind of refresh everyone's recollection in terms of how you might want to frame up the recommendation here. Really, it's kind of integral -- or sort of an integer-related, you know, zero, 1, 2, 3, or 4, with the corresponding numbers on that Attachment 2.

MR. MASON: Yeah. And I think the other point to keep in mind is that, again, the individual component makes up such a small percentage of the actual payout. It's only 15 percent versus 85. So it's going to move the needle a bit, but not as significantly as overall organization performance.

MR. WILLIAMS: And from a plan -- this is Ash again. And from a plan design standpoint, I think the reason why Jon was talking about target earlier is that when you're talking about plan design over the long term, the presumption is that you should be calculating toward target plus base as being your total cash, because you're going to have years that are exceptional either on the low side or the high side over time.

MR. PRICE: Are there any other comments or questions?

If not, I would like to recommend for the committee to think about stepping, first, the salary up. And Mercer has giving us a range. He's currently at 455, and as high as 525, which I think is justified.

And I think, Jon, is it right that the range, the real closer range would be 500 to 525 of the comparables?

MR. MASON: That's exactly right. So if you -- it's sort of two approaches. If you take the average of Lenses 1, 2, and 3, you get the 500. But if you hone in on that 13 set of McLagan peers, it's right at 525. And so we've set 525 as the more aggressive, but we think certainly defensible approach. And then on the lower end would be 500.

MR. PRICE: So the chairman comes out at 525. I don't know if the committee would like to discuss that.

MR. DANIELS: I would second that. This is Les. I would second that.

MR. COLLINS: This is Peter. I would agree with that.

MR. PRICE: That's good. Chuck, do you have any thoughts?

AMBASSADOR COBB: I would -- I think 525 is very appropriate, Mr. Chairman.

MR. PRICE: Good. Gary? Vinny? Hello?

MR. OLMSTEAD: I'm sorry. This is Vinny. I agree with all the -- the consensus here. I think it's absolutely justified and merited.

MR. PRICE: So I would like to make a recommendation that the subcommittee recommend to the IAC an increase in the executive director's comp

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to 525,000 annually, and also on the high end of the individual component of the incentive, which I believe gives us another 32. I believe that's the number. Is that right, Jon?

MR. MASON: The math of 455 times 15 percent; is that right? Or of the revised 525?

MR. COLLINS: You're talking about the individual 32,366 component of the individual?

MR. PRICE: I thought the individual number was 32 and change.

MR. COLLINS: 32,366. 32,366, yeah.

MR. PRICE: Right, right, right. 32,366. And I believe the organizational component has to do with the look-back on performance. Is that right, Ash?

MR. WILLIAMS: That's correct. That is based on audited performance. It's quantitative, and it's designed to be self-executing. We will have the audited performance numbers in Q4. But the initial numbers that I referred to actually as a dollar gain earlier, but the one-year number was a return of 8.99 percent versus a benchmark of 8.22 or 77 basis points of value added for the aggregate portfolio, that's an unaudited number, preliminary.

MR. PRICE: So that would result in what

organizational component number? Do you know? Is it the target or the max?

MR. WILLIAMS: It's on --

MR. PRICE: Or somewhere in between?

MR. WILLIAMS: Well, it's a trailing three years. And until we've got everything, at this point we're not sure, but I think we still -- it looks like we're headed for hitting the max, which you can see --

MR. PRICE: Okay. So it might be close to the max.

MR. WILLIAMS: Yes.

MR. PRICE: So just to sum this up, the all-in comp would be the new salary of 525 going forward, the 32 of individual, and something close to 180 on the organizational; is that right?

MR. WILLIAMS: Yes.

MR. PRICE: Okay. So is the committee clear on that?

So I would like to make a motion for the committee to approve that recommendation on the individual and the salary change. And what the organizational component is is not under our control.

MR. DANIELS: I would second that. This is

Les.

MR. PRICE: All in favor?

(Affirmative responses.)

MR. PRICE: Good. We need to, I believe, approve the minutes from the September 18, 2017, meeting that were attached to this memo. So could I get an approval of the minutes?

MR. WILLIAMS: I think we need a motion.

MR. PRICE: Move it, please.

MR. DANIELS: Second.

MR. PRICE: Moved and seconded.

MR. WILLIAMS: Who moved, and who seconded?

MR. PRICE: All in favor.

(Affirmative responses.)

MR. TAYLOR: For the record, we're going to record that as Mr. Price moved it and Les Daniels seconded. That's what we had picked up. If we're incorrect, please let us know.

MR. PRICE: That's fine.

Is there any other business before the committee, any comments or remarks?

I think the process has been very good. It's gone over a number of months. It's been very inclusive. And as I said before, I think we're very lucky to have Ash in the role he's in, and I

look forward to working with him in the future.

MR. COLLINS: I would agree with that. Mr. Chairman, Peter Collins. I have one more question, if I could.

MR. PRICE: Sure.

MR. COLLINS: So, Ash, in the presentation that you all did that was in the package, you have some statistics there on retirement.

MR. WILLIAMS: Yes.

MR. COLLINS: Sixty percent of the 207 employees are eligible to retire by the end of 2023?

MR. WILLIAMS: Correct. I think it's around --

MR. COLLINS: And 34 of 67 eligible to retire are manager/supervisor level and above?

MR. WILLIAMS: That's right.

MR. COLLINS: So potentially, say 40 percent of your senior level management can retire in the next five years. How do you weigh compensating the good people that you have -- and we've certainly come a long way in that -- and keeping an eye on their personal horizons with the board and what you need to do there?

MR. WILLIAMS: Well, we're pretty thorough with it. And the good news is that we have enough depth in the organization that we've been able to go through an awful lot of this without huge disruptions. When I got here, that 25 percent of management number within the next five years was more like 50 or 60 percent of management in the next five years, so we've already digested a huge amount of turnover very successfully.

And we do a couple of things. For example, one of the obvious tells is -- on somebody intending to leave is they go into DROP, because if they go into the DROP program, which is something that's an opportunity that occurs when people hit normal retirement age or normal retirement service, there's an absolute hard maximum by law of five more years that they can serve. So that tells us exactly when we know they're going to be gone by.

We have -- we've brought in significant additional talent in HR over the past few years, including Randy Harrison, the new director of HR, and Greg Ortego joining us as the compensation specialist. And most recently, we've brought on a full-time person to help us with recruiting in HR.

So we're very actively and thoughtfully looking ahead, mapping out succession. And where we can groom an internal candidate, we do. And where we think we have particular technical or

other -- or leadership gaps in the remaining roster of talent, then we will augment that from outside and put in place a plan for exactly what kind of talent we want to capture and where we think we could likely get that talent.

As an example, we recently had a vacancy come up, and we are looking for a financial professional. We're trying to increase our pluralism a bit. And one of the things we did was ask our recruiter to reach out to the Toigo Foundation, which provides scholarships to people of color on the basis of academic or the basis of financial need to absolutely top-drawer financial institutions. So we're in touch with them. They're based out in Los Angeles, Oakland, to be specific, I guess. And at any rate, that's an example of the breadth of the net we're casting for talent.

MR. COLLINS: Great. I saw those numbers, and it was -- it seemed high to me. But I hear what you're saying about it was even higher before. And it is nice about the DROP. You do get some notification. But thanks for commenting on that.

MR. WILLIAMS: Certainly.

MR. PRICE: Any other questions or comments?

MR. WILLIAMS: This is Ash again.

MR. PRICE: Chuck, Les, Vinny?

MR. WILLIAMS: I would just thank you all for what you've done in terms of leadership and oversight and the invaluable role you play in giving the trustees the peace of mind that, based on your expert overview of our operations and conduct, that we merit their support, because I talk to peers all the time, and our governance is the envy of our peer group.

And as proof positive of that, in the next month, I'm going in front of inquiry boards, or dialing into them if not physically in front of them, in two different states who are trying desperately to improve their governance to achieve results that are more like ours than they are the ones they currently have. And I think that reflects very well on the job you all have done, and I thank you for it.

MR. PRICE: Terrific. Well, with that, I would like to adjourn the meeting. Could I get a motion?

MR. DANIELS: Motion to adjourn.

MR. COLLINS: Second.

MR. PRICE: All in favor?

(Affirmative responses.)

MR. PRICE: Thank you very much.

MR. WILLIAMS: Thank you.

(Proceedings concluded at 4:11 p.m.)

CERTIFICATE OF REPORTER

STATE OF FLORIDA:
COUNTY OF LEON:

I, MARY ALLEN NEEL, Registered Professional Reporter, do hereby certify that the foregoing proceedings were taken before me at the time and place therein designated; that my shorthand notes were thereafter translated under my supervision; and the foregoing pages numbered 1 through 32 are a true and correct record of the aforesaid proceedings.

I FURTHER CERTIFY that I am not a relative, employee, attorney or counsel of any of the parties, nor relative or employee of such attorney or counsel, or financially interested in the foregoing action.

DATED THIS 27th day of September, 2018.

Mary Allen Neel
MARY ALLEN NEEL, RPR, FPR
ACCURATE STENOTYPE REPORTERS, INC.
2894-A Remington Green Lane
Tallahassee, Florida 32308
850.878.2221

Attachment 2

Incentive Plan Design ED/CIO - FY 2018-19

- Individual component level for ED/CIO position accounts for 15% of total award
- Organizational and individual component payouts at various incentive achievement levels are shown below. Evalaution criteria for individual component was determined by IAC Compensation Subcommittee in June 2015.

		Incentive as a % of Salary		
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	17.500%	35.000%	52.500%
Organizational Component	85%	14.875%	29.750%	44.625%
Individual Component	15%	2.625%	5.250%	7.875%

Incentive Opportunity Breakdown (Annual Salary = $455,000)				
	Mix	Threshold	Target	Maximum
Total Incentive Opportunity	100%	$79,625	$159,251	$238,875
Organizational Component	85%	$67,681	$135,363	$203,044
Individual Component	15%	$11,944	$23,888	$35,831

Attachment 3A

ED/CIO Incentive Plan Evaluation Process - FY 18-19

ED/CIO Individual/Qualitative Measurement

The sections below outline the approved criteria and process for evaluating the ED/CIO's individual/qualitative performance, which constitutes 15% of his incentive award (the other 85% of the award is determined by the level of outperformance of the FRS Pension Fund). Any changes to the criteria for the next Performance Period (fiscal year) need to be determined and communicated to the ED/CIO prior to July 1.

ED/CIO Individual/Qualitative Performance Criteria

Criteria Approved for FY18-19 Performance Period

In line with the overall framework for the incentive plan, criteria for the individual/qualitative performance portion of the ED/CIO's incentive award approved in June 2015 are: (1) Overall Mission; (2) People; (3) Efficiencies/ Infrastructure/ Operations; and (4) Interaction with the Investment Advisory Council, PLGAC and Audit Committee. The Qualitative Evaluation Form on the following pages includes more descriptive information regarding each rating area.

Process and Schedule for ED/CIO Qualitative Performance Rating

In June 2015 it was decided the Compensation Subcommittee will rate the qualitative performance of the ED/CIO and recommend to the full IAC the amount of incentive to be awarded for the Performance Period. The IAC will vote to approve or disapprove the recommendation.

July 1-14: ED/CIO prepares summary of accomplishments in each of the four areas (Mission, People, Efficiencies/Infrastructure/Operations, and Interaction with IAC, PLGAC and Audit Committee). As part of the summary, the ED/CIO may want to encourage the individual Compensation Subcommittee or IAC raters to speak with individual members of the Audit Committee and/or PLGAC to gain additional perspective on interactions with them.

By July 15: ED/CIO sends his/her Summary to raters (members of Compensation Subcommittee) along with the attached evaluation form.

By July 31: Raters evaluate ED/CIO and return form to Mercer. Mercer may seek clarification of the ratings and/or comments of individual raters.

By August 31: Mercer compiles final ratings and all final comments from raters and sends them to the ED/CIO, who will compile the materials for a noticed public meeting of the Compensation Subcommittee to review/discuss the evaluation with ED/CIO and provide an overall recommendation to Trustees. The Subcommittee will present its recommendation to the IAC for its approval or disapproval prior to sending the recommendation to the Trustees.

Following the public meetings of the Subcommittee and the IAC, the Subcommittee Chair communicates the recommendation regarding qualitative incentive award and supporting rationale to Trustees, with a copy to IAC members, as materials for a noticed public meeting of the Trustees.

September: Trustees consider recommendation in public meeting.

Attachment 3B

STATE BOARD OF ADMINISTRATION FLORIDA

EXECUTIVE DIRECTOR PERFORMANCE EVALUATION SUMMARY

AUGUST 2019

Jon Mason
Josh Wilson

Atlanta

INTRODUCTION

- Mercer has advised State Board of Administration Florida on a variety of human capital needs since 2012.
- Mercer acts as the independent party in the annual review process of the Executive Director/CIO for SBA by the Compensation Subcommittee of the IAC
- In this process, Mercer collects the performance evaluations completed by the Compensation Subcommittee members and disseminates a summary of the findings.
- Performance reviews were completed by the following members:
  - Gary Wendt
  - Peter Collins
  - Vinny Olmstead
  - Ambassador Chuck Cobb
- The following pages include an overall summary of the responses and detailed pages on the survey questions

EXECUTIVE SUMMARY

Question	2019 Average Rating (out of a possible score of 4)	2018 Average Rating (out of a possible score of 4)
Overall Mission	4	4
People	3.5	3.8
Efficiencies/ Infrastructure /Operations	4	3.8
Interaction with Committees	3.75	3.4
Individual Rating	4	3.9*

*meets and exceeds were circled in one response

- The ED continues to receive high marks across the board with all members selecting "exceeds" for three of the five categories
- The only category to receive a lower score in 2019 (albeit, still a high mark at 3.5) was "People"

- Mercer converted the verbal rating scale to a numerical scale as follows:
  - Exceeds = 4 out of 4
  - Meets = 3 out of 4
  - Below = 2 out of 4
  - Poor = 1 out of 4

OVERALL MISSION

- The rating for this category should reflect the degree to which the ED/CIO has:
- Assured appropriate alignment with the investment policy of the SBA's mandates (e.g., FRS Defined Benefit Pension Fund, FRS Investment Plan, Florida PRIME, Florida Hurricane Catastrophe Fund (FHCf), etc.), considering the long term needs of the relevant fund, the risk tolerance of SBA Trustees, and the perceived market environment.
- Provided leadership for effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
- Maintained/strengthened the reputation/brand and performance of the SBA in relation to its large public pension fund peers; external communications and issue management

4 OUT OF 4

Comments:

- *"Exceptional leader who reinforces mission and vision"*

PEOPLE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Developed subordinate staff
  - Recruited and retained key talent

3.5 OUT OF 4

Comments:

- *"Front level of staff seem competent and dedicated. Little exposure to entire organization"*

EFFICIENCIES/INFRASTRUCTURE/OPERATIONS

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Assured the development of organizational structures, systems and processes that enable effective functioning of the SBA, FHCF and the Office of Defined Contribution Programs.
    - This includes such areas as communication of knowledge; development and institutionalization of systems and structures to enhance performance and control risk; efficient acquisition and use of data and other resources; business continuity planning, etc.

4 OUT OF 4

Comments:

- *"External audits find few deficiencies and have limited suggestions for improvement"*

INTERACTION WITH IAC & AUDIT COMMITTEE

- The rating for this category should reflect the degree to which the ED/CIO has:
  - Maintained effective working relationships with individual IAC members and the Council as a whole, and with members of the Audit Committee on matters within the concern of each body.
  - Provided requested information and transparency. Note: As part of the evaluation process, individual raters may speak with individual members of the IAC, Audit Committee to gain perspective on ED/CIO interactions with them.

3.75 OUT OF 4

Comments:

- *“Good communication. IAC might be more effective if provided more opportunity to interact with key personnel.”*

OVERALL INDIVIDUAL/QUALITATIVE PERFORMANCE RATING FOR THIS PERIOD

4 OUT OF 4

Note: There was no comments section provided for this final rating

MERCER

MAKE TOMORROW, TODAY

Appendix to Attachment 3B

STATE BOARD OF ADMINISTRATION
OF FLORIDA

1801 HERMITAGE BOULEVARD, SUITE 100
TALLAHASSEE, FLORIDA 32308
(850) 488-4406

POST OFFICE BOX 13300
32317-3300

July 15, 2019

Mr. Robert Vincent "Vinny" Olmstead
Vocap Investment Partners
2770 Indian River Blvd., Suite 501
Vero Beach, Florida 32960

Dear Vinny:

Consistent with the process adopted by the Investment Advisory Council (IAC) Compensation Subcommittee and affirmed by the IAC, following is my self-assessment, inclusive of the fiscal year ended June 30, 2019, together with a Qualitative Evaluation Form (attachment 1) for you to complete and return to Jon Mason at Mercer by July 31. For your convenience, an addressed, stamped envelope is enclosed for this purpose. Mercer will review the responses and may contact responders for clarification. They will then compile the ratings and final comments from raters and return them to me by August 31. I will share them with you and the other Subcommittee members and compile materials for a noticed public meeting of the Subcommittee to discuss and adopt a recommendation for the IAC. Please see "ED/CIO Incentive Plan Evaluation Process – FY 18-19" (attachment 2) for additional process details.

As a reminder, in keeping with Florida's Sunshine Law, please do not discuss this evaluation with any other members of the IAC. All members will have the chance to discuss this evaluation at the noticed public meeting planned for later this year.

<u>Background</u>

Upon being triggered by audited total fund performance as of fiscal year-end June 30, implementation of SBA's incentive compensation structure is based on achievement as evidenced by quantitative investment performance measures and qualitative assessment of each incentive plan participant's contributions to the accomplishment of SBA's objectives. These are summarized at a high level in our Mission and Vision Statements:

Our <u>mission</u> is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards. Our <u>vision</u> is to be the best public sector investment and administrative service provider while exemplifying the principles of trust, integrity and performance.

As Executive Director & CIO, my priority is to keep our organization's team, culture, reputation, credibility and resources at a strength that empowers mission and vision fulfillment. This is consistent with the Trustees' delegation of authority to the Executive Director & CIO. Our most visible output is investment results, the adequacy or inadequacy of which is readily seen. Taking a long term view, what is actually more important but less visible is the team and culture building, policy and strategy formation, resource provision, risk management and execution that create the many investment outcomes that sum to the total fund's return. If these are right, the probability of consistent investment outcomes that earn trust, enhance the SBA's reputation and build brand value is vastly enhanced. The result is a virtuous cycle where our credibility and performance help garner critical policy support from key SBA stakeholders (Trustees, Legislature, local governments, beneficiaries, taxpayers, media, etc.), which in turn, positions us as a serious, stable, and desirable investment partner in the marketplace. This enables us to build well-aligned relationships with other exceptional organizations and capture superior deal flow with more favorable terms and pricing, driving the performance that earns trust, enhances reputation and builds brand value. I take responsibility for ensuring that the SBA executes effectively at all levels of this cycle.

After many successive years of benchmark beating performance, clean audits, consistent adherence to risk and compliance standards, low cost of service delivery and wide recognition for thought leadership and professional excellence among industry peers, investment partners and stakeholders, it would be easy to become complacent. That would be a serious mistake. Those unfamiliar with history might presume the SBA has always been in the enviable posture we now enjoy. With the tenth anniversary of the Great Financial Crisis falling during FY18-19, a look back at SBA's journey over that decade provides a reminder that excellence in organizations, cultures, the individuals that comprise them and what they accomplish, is fragile and must be earned and constantly nurtured to be sustained.

If resources (tangible or intangible) are withheld or management is inattentive, weakness somewhere in the organization will result. Initially, weaknesses are potential points of failure; if not addressed they will be points of failure. A 2007 liquidity crisis in an SBA managed cash pool for Florida local governments exposed gaps in SBA's management controls and led to a corrosive decline in credibility at the beginning of the financial crisis. The resulting media and political maelstrom led to the resignation of the Executive Director. A former Trustee, General Bob Milligan, then assumed the role in an acting capacity while working with a search firm to recruit a permanent leader for the SBA. The differences between today's SBA and the SBA of late 2008 when I returned essentially reflect a complete reconstruction of the control environment and extensive enhancement of the investment side.

The first priority was to upgrade the control environment across our "businesses" and portfolios, a foundational responsibility in any investment organization. Consistent with "tone at the top" a new Risk and Compliance unit was created, a new COO/CFO was brought in, together with a new Chief Audit Executive and upgrades to the Internal Audit team. I worked closely with the IAC, Audit Committee, Participant Local Government Advisory Committee (repealed 2018) and Trustees on the premise that the resources required were the foundation for coming enhancements on the investment side that would prudently drive net returns and lower the likelihood of avoidable errors that can lose money, breach security, impair performance and erode trust.

Upgrading the investment side has been a larger and more complex undertaking, holistically revisiting *what* we invest in and *how* we invest. Recruiting, organizing, retaining and growing talent is the obvious central theme; the IAC's sustained leadership and support for rationalizing SBA's compensation plan is clearly paying off in improved motivation, retention and recruitment. Two additional themes dominate our investment evolution: greater diversification and more internal asset management. First, our portfolios are more global, to capture opportunities and benefit from faster growing economies, wherever they may be. Second, the strategies we use go far beyond those of a decade ago. We still have large liquid equity and fixed income portfolios, increasingly internally managed, with passive cores enhanced with value adding active strategies where the risk and cost are likely to be rewarded. We still have a largely unique real estate investment approach, distinguished by a large component of internally managed "principal investments" that reduce costs and disconnect our investment decisions from the artificial timeframes imposed by partnership vehicles. Our private equity program is now mature and thoughtfully constructed with GPs who have demonstrated persistent ability to add value through specialization in certain industries, geographies, etc. Strategic Investments, the newest asset class, is structured to capture our long term real return objective through investments minimally or negatively correlated to global equity, reducing total portfolio risk and serving a defensive purpose. With the benefit of healthy turnover, asset class leadership and investment professional staff are excellent and stable, with sufficient depth to support continued growth in internal management of assets and sophisticated partnerships with private firms that extend SBA's reach and potential.

Developing our organization has not been without cost, but the net benefits are clear. Looking across the entire SBA, including the FRS Pension Plan, Investment Plan and the Florida Hurricane Catastrophe Fund, from July 1, 2008 to July 1, 2019, total headcount has grown by 49 people, to a total of 217. Of these, 44 are investment and investment support including Accounting, Financial Operations, IT, Risk & Compliance, Legal, HR, etc. Headcount in the Investment Plan (DC) has grown by one person and the Cat Fund has grown by four. Focusing on the trailing 10 year period from June 30, 2019, Florida Retirement System Trust Fund assets under management grew from $99.58 billion to $162.95 billion (estimated), net of $61.33 billion in benefit payments, for an estimated total investment gain of $124.70 billion. Total FRS Pension Fund trailing ten year performance is 9.79% (unaudited), 96 bps ahead of benchmark. That outperformance amounts to $11.74 billion, a very generous multiple of the entire SBA budget, much less incremental headcount growth over the period.

While effective strategy execution and policy engagement describe my responsibilities at a high level, the purpose of this letter is to communicate specifically my performance over the past year for your consideration. Evaluation of the Executive Director & CIO and recommending an appropriate level of qualitative incentive compensation falls to the IAC Compensation Subcommittee, which may also make a recommendation on base compensation. Final action on the ED/CIO compensation is reserved for the SBA Trustees. Following are my thoughts on my contribution and accomplishments relating to each of the four central performance areas for the ED/CIO to be evaluated by the Subcommittee and addressed on the Evaluation Form.

1) Overall Mission

I believe the SBA continues to be in its strongest position ever, reflecting the performance of a stable, highly competent team under thoughtful, consistent leadership that recognizes and rewards merit and embraces constructive change. Investment performance is an obvious threshold metric for management success. While preliminary FY year-end numbers show value added in all asset classes and total fund relative to benchmarks; the incentive plan documentation requires that we rely on audited numbers (available Q4) so that final market values and necessary income/expense accruals are included and the resulting performance calculations are definitive. The focus of this evaluation is qualitative so I will focus on elements of my management performance beyond specific investment returns and over/under performance. Examples include:

- SBA clearly has historically performed well, continually adding value relative to benchmarks. Initial estimated investment performance numbers for FY 18-19 are also sound. Total pension fund return was 6.17%, 83 bps (unaudited) ahead of target, and we grew the FRS Trust Fund by $2.5 billion, net of distributing $7.0 billion in benefit payments. The FRS Investment Plan (DC) also had a good year, returning 5.24% (unaudited) and meeting its benchmark for the year. All other major mandates beat their benchmarks.
- Controls and risk management were effective; all asset classes and the total fund remained within budgeted risk tolerances.
- While adding value the SBA has done so with all in costs of 45.8 bps, among the lowest of our US large pension fund peers.
- The portion of SBA asset managed in house continues to increase, currently 45% across the global equity, fixed income, and real estate asset classes, up from 36% since 2009. Successfully growing internal management reflects competent, stable professional talent and support for portfolio and risk analytics, trading, systems, portfolio accounting, compliance, etc. The value of these resources is captured in the cost savings of internal vs. external management. Internally managed assets have achieved desired investment results within stated risk tolerances.
- During FY 18/19, I was re-elected chair of the Council of Institutional Investors and remain on the Institutional Advisory Board of Fidelity Investments. In addition, I continue my service on the advisory boards of the Alternative Investment Forum, Institutional Investor Roundtable, Managed Funds Association, National Institute for Public Finance, and the Robert Toigo Foundation.
- Control and compliance are sound; we achieve desired investment results consistent with ethical, legal, regulatory, compliance and fiduciary bounds. These standards are extended to our external investment partners, who are required to annually certify compliance with a range of relevant policies and statutory obligations. Annually, the SBA undergoes numerous audits among our business units and investment holding companies. FY 18/19 was another year of clean financial statements and no material exceptions in any audits. Following last year's very positive external review of our "Governance, Risk and Compliance (GRC)" structure, processes and execution; we have advanced on a number of recommendations (see below).
- The Florida Hurricane Catastrophe Fund remains financially strong. Loss reserves totaling $5.2 billion are in place for hurricanes Irma and Michael; Irma losses continue to develop, which could lead to a reserve increase of approximately $750 million. Net of these reserves and the maturing pre-event debt issuance, the Cat Fund's cash balance is $12.4 billion. Despite the recent firming

in global reinsurance pricing, we successfully executed $920 million of risk transfer through private reinsurance for the 2019 hurricane season, at the same rate (adjusted for exposure) and attachment point as last year. Other transactions show Florida hurricane risk transfer costing an average of 15% more than the 2018 season. In addition to capturing a price advantage, we deliberately came to market after the June 1 hurricane season start to ensure that we did not take capacity from Florida primary insurers. Legislative interest in the Cat Fund and its assets remains high; contrary to our recommendations, the law was changed in the 2019 session to double the Fund's allowance for loss adjustment expenses from 5% to 10%. We remain vigilant on such issues and are realistic in our appreciation that there are many influential groups whose interests do not align with those of the Cat Fund.

- Florida PRIME AUM ended FY 18-19 at $13.45 billion, growing by $2.48 billion. PRIME was again certified to be operating in accordance with all applicable laws and regulations. Looking ahead, we are reviewing possible operational changes that could improve disaster recovery and security for PRIME operations. PRIME is the top performing, lowest cost, and most liquid and transparent cash management option for Florida governments.

2) People

Talent recruitment, motivation and retention continues to be very effective. Over the FY just ended, we had 15 terminations, a normal level driven by a mix of factors and offering no particular cause for concern. Five of the terminations involved investment staff and only one involved compensation. We completed related new hires with solid talent. We continue to have succession exposure, with 33% of SBA employees eligible to retire over the next five years. Nearly 60% of this group is supervisory/management level staff. We are managing the succession risk through a formal succession management program, which is working well. We have increased recruiting capability with the addition of a dedicated staff person in HR for this purpose. We anticipate needs and manage succession related staff development, training and recruitment in an orderly manner. The progress made in mitigating human capital risk is very significant to the continued ability of the SBA to fulfill our mission. We are grateful to the IAC and Trustees for their sustained focus and support.

3) Efficiencies/Infrastructure/Operations

Initiatives in these three areas have been empowered with budget support from the Trustees. I believe an important part of earning their support is our an internal budget process, which subjects each business unit's budget request to peer review; bringing relative priorities into focus quickly and establishing a clear cost/benefit analysis of our resource requests. Our compensation structure incentivizes smarter resource use at all levels. Accomplishments over the past year include:

- Information Security – We continue to focus on the seriousness of cyber risk and systematically harden the SBA as a target. You will recall that over the past couple of years we have brought in a new IT Head and Director of IT Security. This year we brought in a Director of Vendor Management, a recommendation from the GRC review. Outside of investment managers, our largest vendor relationships and spending is with IT related service providers. The Vendor Management position formalizes and focuses our oversight of the security and business continuity of our service providers to maximize value from these relationships. Numerous other IT security initiatives underway will better protect the SBA's information, processes and assets.

- Cloud Migration - We have mapped a strategic plan and budgeted for cloud migration. This simple statement belies a complex set of opportunities, risks and counter-dependencies we are evaluating and balancing toward a goal of having a more secure, efficient and robust platform for SBA operations.
- Robotic Process Automation – We are analyzing SBA processes that could be automated to free up existing staff resources, increase accuracy and reduce costs. Experience of our Master Custodian and other business partners suggest this is a promising area.
- Sustainability – Understanding how current policy decisions can affect longer term cost, effectiveness and viability of the Florida Retirement System and providing executive and legislative leadership with relevant facts and context to support their decisions is a continuing responsibility. For example, while the FRS Pension Plan's actuarial investment return assumption has declined from 7.75% to 7.4% over the past several years, it is still substantially higher (approximately 100 bps) than the consensus of major independent investment advisors and the recommendation of our independent general plan consultant, Aon. This has implications for the Pension Plan's future costs and funding ratio. Additionally, since the statutory change in the plan choice (DB or DC) default provision took effect, experience suggests a more pronounced shift to DC than originally expected. This in turn has negative implications for the DB plan's future capacity for volatile or illiquid investments. Given the substantial return contributions of Private Equity, Real Estate, Emerging Markets, Venture Capital, Opportunistic/Distressed credit, all of which are illiquid, volatile, or both, potential future reduction of exposure to these areas places a greater importance on a realistic, or conservative, return assumption. We are closely monitoring these issues and will keep stakeholders informed appropriately.

4) Interaction with the Investment Advisory Council and Audit Committee

Our experience working together on the IAC speaks for itself, so I defer to your judgement as to the quality and productivity of our relationship. With regard to the Audit Committee, I have attended and actively participated in most of their meetings, built relationships with the members and worked with them on resolving issues. You are welcome to contact any of the members of the Audit Committee individually to hear their perception of my interaction with them (see attachment 3 for their contact information).

Thank you for your service on the IAC and especially for making the additional commitment of serving on the Compensation Subcommittee. As you can see from several of my comments above, your work has made a real and valuable difference for our team and organization, as well as our beneficiaries and Florida taxpayers.

Best regards,

Ash Williams

cc: Jon Mason
Josh Wilson

Attachment 3C

MERCER
MAKE TOMORROW, TODAY

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Atlanta, GA 30326
jon.mason@mercer.com
www.mercer.com

MEMO

TO: Vinny Olmstead, Chairman, Compensation Subcommittee of the Investment Advisory Council, State Board of Administration

DATE: August 28, 2019

FROM: Jon Mason & Josh Wilson, Mercer

SUBJECT: Mercer's Review of SBA Compensation study and Salary Recommendation for Executive Director/Chief Investment Officer (ED/CIO)

Dear Mr. Olmstead

In 2012-13, Mercer was engaged to conduct a compensation study for the State Board of Administration of Florida (SBA). Near the conclusion of that study, Mercer issued a letter of recommendation to Chuck Newman, a prior Chairman of the Compensation Subcommittee of the Investment Advisory Council, State Board of Administration with regard to the SBA's ED/CIO (Mr. Ash Williams) compensation. The recommendation was to increase the ED/CIO's annual salary to $410,000 which approximated the median of the five largest public pension funds in the United States. Mr. Williams' salary was adjusted from $325,000 to $367,500 effective 12/10/13 and adjusted again to $389,500 effective 12/1/2014. Mr. Williams' salary was not adjusted in 2015.

In 2016, the SBA refreshed the analysis done in 2013 but did so internally (as a fee savings measure) and Mercer reviewed and validated the work. In Mercer's view, the process undertaken by the SBA was appropriate and consistent with the approach Mercer would have taken. Mercer's recommendation for 2016 was to increase Mr. Williams' base salary to $425,000 (with the intention of ultimately adjusting the ED/CIO to $455,000, but over a two-year period. However, in 2016 Mr. Williams' base salary was actually adjusted to $411,000.

In 2017 & 2018, SBA continued conducting the benchmarking work internally with validation from Mercer. Based on the 2017 assessment and the ED/CIO's annual performance review, Mercer maintained its prior recommendation of an ultimate adjustment to $455,000 which the Subcommittee accepted. In 2018 Mercer recommended two alternatives for adjustments and the IAC adopted the higher of the two proposals (a salary of $525,000) based on Mr. Williams' performance and positioning in the marketplace.

This year, the SBA again conducted the ED/CIO salary analysis internally and has asked Mercer to review the analysis and provide a base pay recommendation for the ED/CIO. We again believe the process undertaken by the SBA was appropriate and consistent with the approach Mercer would have taken.

Annual Review of ED/CIO's performance

Mercer received feedback from all four members of the Compensation Subcommittee pertaining to the annual performance of the ED/CIO. Mr. Williams received high marks in all categories, with all Subcommittee members giving the highest possible ratings with respect to performance related to the organization's mission, Efficiencies/Operations/Infrastructure and Mr. Williams' overall individual performance. The Subcommittee has consistently communicated its desire to retain Mr. Williams and the intention to provide market competitive compensation to all SBA employees, including Mr. Williams.

Mercer's Recommendations Regarding SBA's ED/CIO Compensation

The SBA compiled multiple salary market reference points for the ED/CIO position including:

1) Median of top 5 public pension funds - $475,000 (Group consists of CalPERS, CalSTRS, New York State Common, New York City Retirement, Teachers Retirement System of Texas)
2) 75th percentile of Larger Public Pension Funds peer group (n=14) - $582,500
3) 75th percentile of Broader Public Pension Funds peer group (n=20) - $575,500

Given, Mr. Williams exceptional performance, his criticality to SBA, the dynamic nature of the market, and our review of comparable funds Mercer would advise an increase to approximately $575,000. A more conservative approach, as secondary alternative, would be to target the average of the three market reference points listed above, which would yield a target base pay of approximately $545,000.

Additionally, several SBA employees, including Mr. Williams, are eligible for a performance based incentive which is closely tied to the results of the funds. Mr. Williams is eligible for incentive compensation ranging from 17.5% to 52.5% of salary and Mercer remains comfortable that the incentive compensation is reasonable but conservative.

If you have any questions, please do not hesitate to contact us.

Thank you,
Jon & Josh

Attachment 4

2018-2019 SBA Compensation Update

SBA FLORIDA
STATE BOARD OF ADMINISTRATION

SBA Incentive Compensation Update

	FY2015-2016	FY2016-2017	FY2017-2018	FY2018-2019
Total Eligible Positions	63	63	63	63
Total Participants Receiving an Award	57	59	54	59^
Maximum Possible Quantitative Award	$1,786,970	$1,783,384	$1,831,456	$1,950,361
Actual Quantitative Award (Paid over 2 years)	$1,382,538	$1,610,799	$1,648,299	N/A
Maximum Possible Individual Award	$339,580	$343,442	$350,144	$369,615
Actual Individual Award (Paid over 2 years)	$255,999	$296,867	$311,107	N/A
Maximum Possible Award	$2,126,550	$2,126,827	$2,181,600	$2,319,976
Actual Total Award Earned (Paid over 2 years)	$1,638,535	$1,907,665	$1,959,406	N/A
Total Earned Quantitative ÷ Max Possible	77%	90%	90%	N/A
Total Earned Individual ÷ Max Possible	75%	86%	89%	N/A
Total Earned ÷ Max Possible	77%	90%	90%	N/A
% Participants Earning Max Possible	53%	63%	69%	N/A
Total Awards Paid in December following FY	$869,218*	$1,728,304	$1,886,568	N/A
Total Awards Deferred to December after next FY	$769,318	$953,833	$979,703	N/A

*More than 50% of earned awards were paid out due to two individuals reaching age 65 in the calendar year and triggering 100% payout pursuant to the Plan document.

^Per the Plan document, there are 59 employees in the 63 incentive eligible positions who are eligible to receive incentive for FY2018-2019. If any of the 59 employees terminate prior to the payout date of the incentive, he/she would forfeit the incentive award.

NOTE: The Manager of Asset Allocation & Investment Analytics was added to the Incentive Compensation Program for FY2019-2020. This is the first position added to the Incentive Compensation Program since its inception on 07/01/2015.

SBA Base Compensation Comparison for 2017 & 2018 Salary Adjustments

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	December 2017 Adjustments	December 2018 Adjustments	December 2017 Adjustments	December 2018 Adjustments	December 2017 Adjustments	December 2018 Adjustments
Total Employees	194	193	134	135	60	58
Employees as % of Total Employees	-	-	69%	70%	31%	30%
SBA Compa-Ratio (Total Salaries ÷ Total Midpoints)	92%	94%	95%	98%	88%	90%

The table above reflects SBA employees only.

	All SBA Employees		Non-Incentive Eligible		Incentive Eligible	
	December 2017 Adjustments	December 2018 Adjustments	December 2017 Adjustments	December 2018 Adjustments	December 2017 Adjustments	December 2018 Adjustments
Aggregate Rate Increase	$702,238	$734,384	$435,083	$467,413	$267,155	$266,971
Median Base Pay Increase	$3,400	$4,001	$3,000	$3,550	$4,320	$5,768
Average Base Pay Increase	$4,107	$4,800	$3,751	$4,328	$4,857	$5,933
Median % of Base Pay Increase	4.3%	5.0%	4.7%	5.5%	4.0%	4.2%
Average % of Base Pay Increase	4.6%	5.1%	5.0%	5.6%	3.9%	4.1%

The table above reflects adjustments to SBA employees only and excludes position reclassifications and the ED/CIO adjustment.

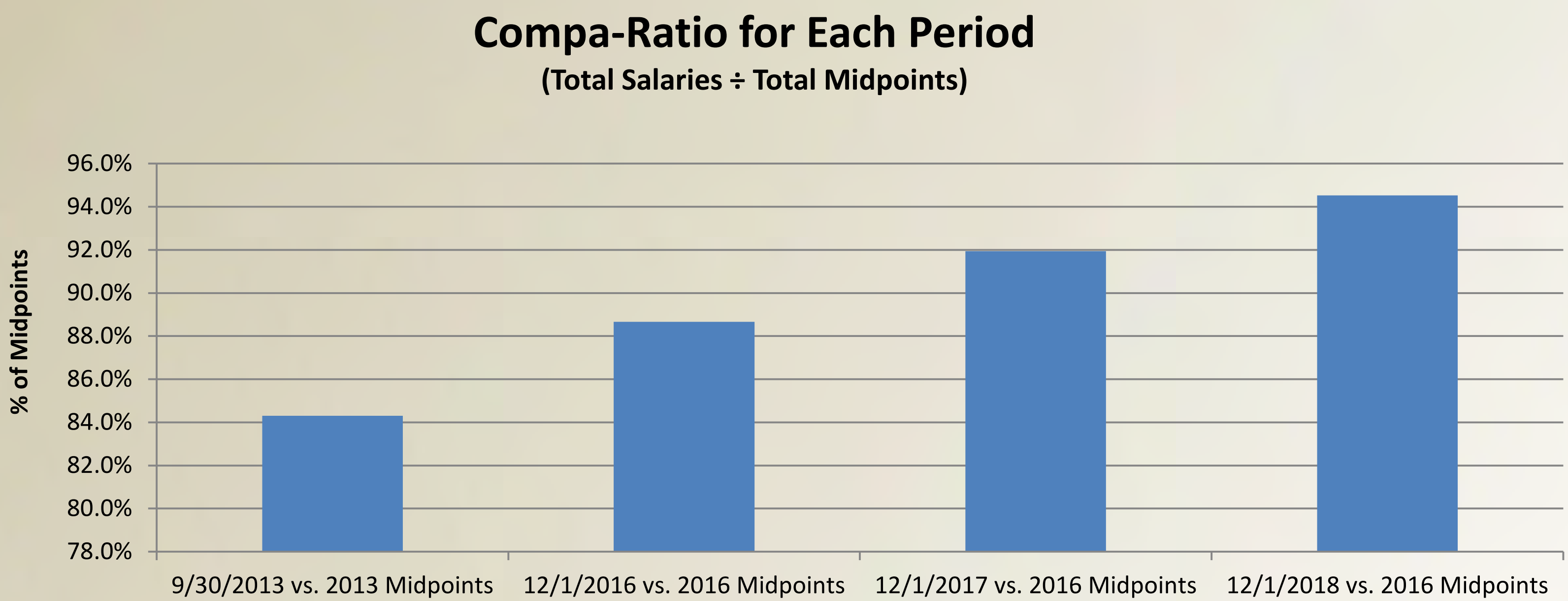
SBA Base Compensation Distribution Update as of December 2018 – Latest Cycle

	All SBA Employees		SBA Non-Incentive Eligible		SBA Incentive Eligible	
Percentage Increase	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**	**# of Employees**	**% of Employees**
0% - 3%	22	14%	14	13%	8	18%
3.1% - 6%	89	58%	57	53%	32	71%
6.1% - 10%	37	24%	32	30%	5	11%
Greater than 10%	5	3%	5	5%	0	0%

The table above reflects adjustments to SBA employees only and excludes position reclassifications and the ED/CIO adjustment.

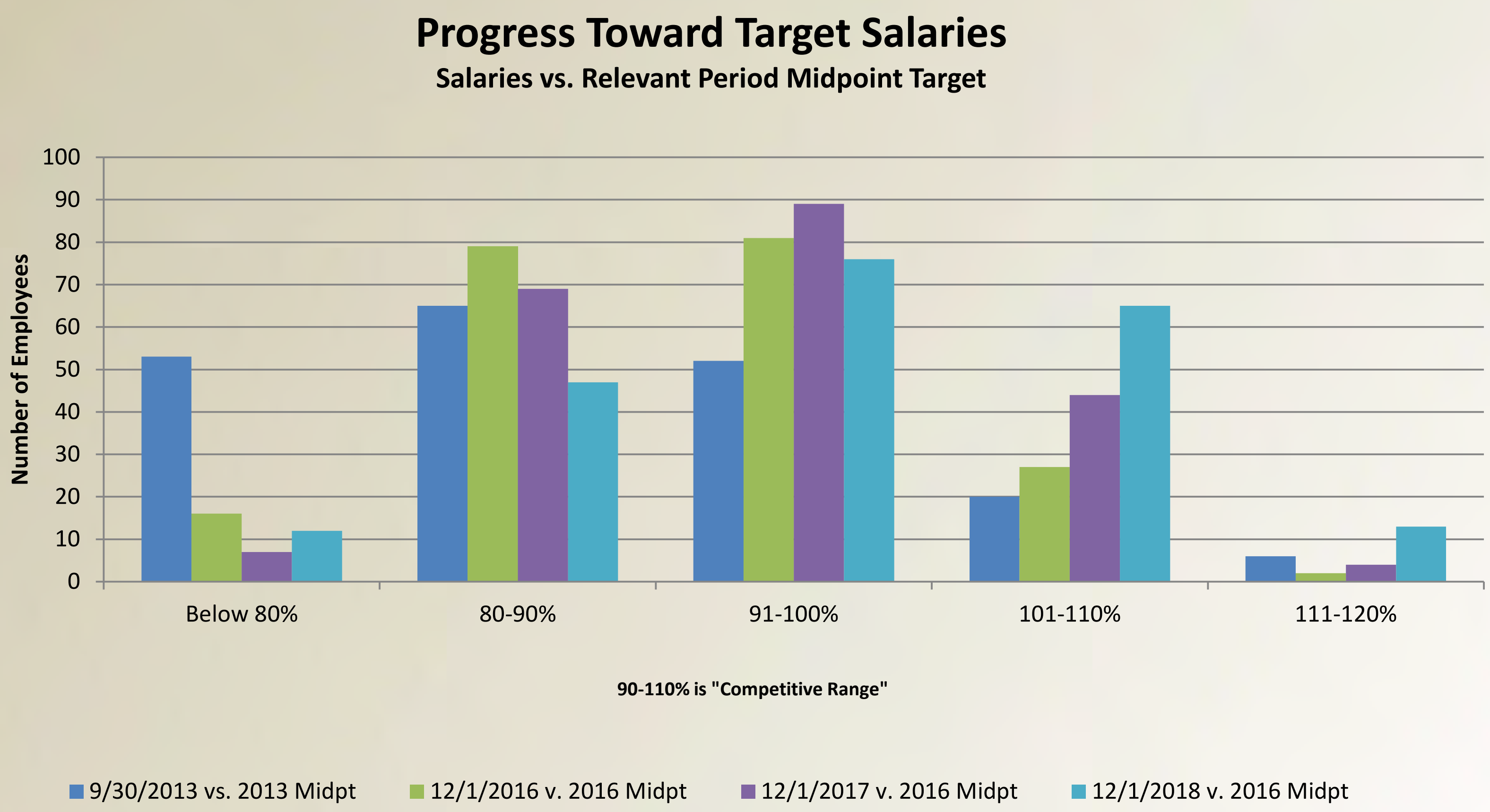
Progress Toward Target Salaries

(Organization-wide Compa-Ratio)



Progress Toward Target Salaries

(Distribution of Employees by Compa-Ratio)



Current Base Pay Plan & Proposed Pay Plan

The SBA's current pay plan was implemented on 04/01/2016. The market has moved and necessitates a change in the SBA pay plan. Below are the current and proposed pay plans, with the percentage change between the two pay plans.

Current Pay Plan				Proposed Pay Plan				% Change from Current Pay Plan to Proposed Pay Plan		
Grade	Minimum	Midpoint	Maximum	Grade	Minimum	Midpoint	Maximum	Minimum	Midpoint	Maximum
1	$23,400	$29,200	$35,000	1	$24,000	$30,000	$36,000	2.6%	2.7%	2.9%
2	$26,900	$33,600	$40,300	2	$27,600	$34,500	$41,400	2.6%	2.7%	2.7%
3	$30,900	$38,600	$46,300	3	$31,700	$39,700	$47,600	2.6%	2.8%	2.8%
4	$35,500	$44,400	$53,300	4	$36,800	$46,000	$55,200	3.7%	3.6%	3.6%
5	$40,900	$51,100	$61,300	5	$42,700	$53,400	$64,100	4.4%	4.5%	4.6%
6	$47,400	$59,300	$71,200	6	$49,500	$61,900	$74,300	4.4%	4.4%	4.4%
7	$55,000	$68,800	$82,600	7	$57,400	$71,800	$86,100	4.4%	4.4%	4.2%
8	$63,800	$79,800	$95,800	8	$66,600	$83,300	$99,900	4.4%	4.4%	4.3%
9	$74,100	$92,600	$111,100	9	$77,300	$96,700	$116,000	4.3%	4.4%	4.4%
10	$85,900	$107,400	$128,900	10	$89,700	$112,200	$134,600	4.4%	4.5%	4.4%
11	$103,100	$128,900	$154,700	11	$107,600	$134,500	$161,400	4.4%	4.3%	4.3%
12	$123,800	$154,700	$185,600	12	$129,100	$161,400	$193,700	4.3%	4.3%	4.4%
13	$148,500	$185,600	$222,700	13	$154,900	$193,700	$232,400	4.3%	4.4%	4.4%
14	$178,200	$222,700	$267,200	14	$185,900	$232,400	$278,900	4.3%	4.4%	4.4%
15	$213,800	$267,200	$320,600	15	$223,100	$278,900	$334,700	4.3%	4.4%	4.4%
16	$256,500	$320,600	$384,700	16	$267,700	$334,700	$401,600	4.4%	4.4%	4.4%
17	$364,000	$455,000	$546,000	17	$416,000	$520,000	$624,000	14.3%	14.3%	14.3%
PM1	$72,000	$90,000	$108,000	PM1	$76,000	$95,000	$114,000	5.6%	5.6%	5.6%
PM2	$93,800	$125,000	$156,300	PM2	$95,500	$129,000	$162,400	1.8%	3.2%	3.9%
PM3	$126,000	$180,000	$234,000	PM3	$127,500	$184,900	$242,300	1.2%	2.7%	3.5%
PM4	$175,000	$250,000	$325,000	PM4	$185,000	$268,300	$351,500	5.7%	7.3%	8.2%

Employee Recruitment & Retention Rate for FY2019-2020

SBA = $800,000

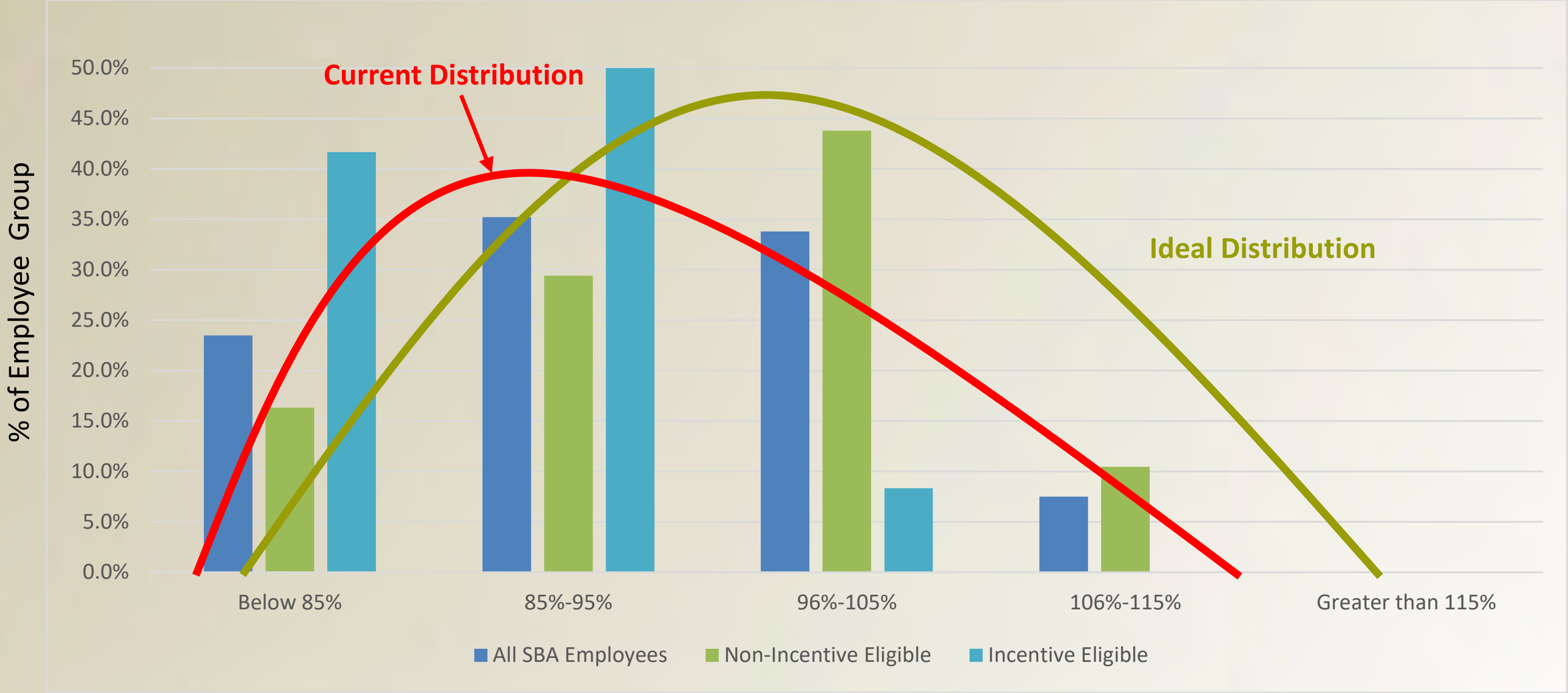
ODCP = $33,014

FHCF = $53,255

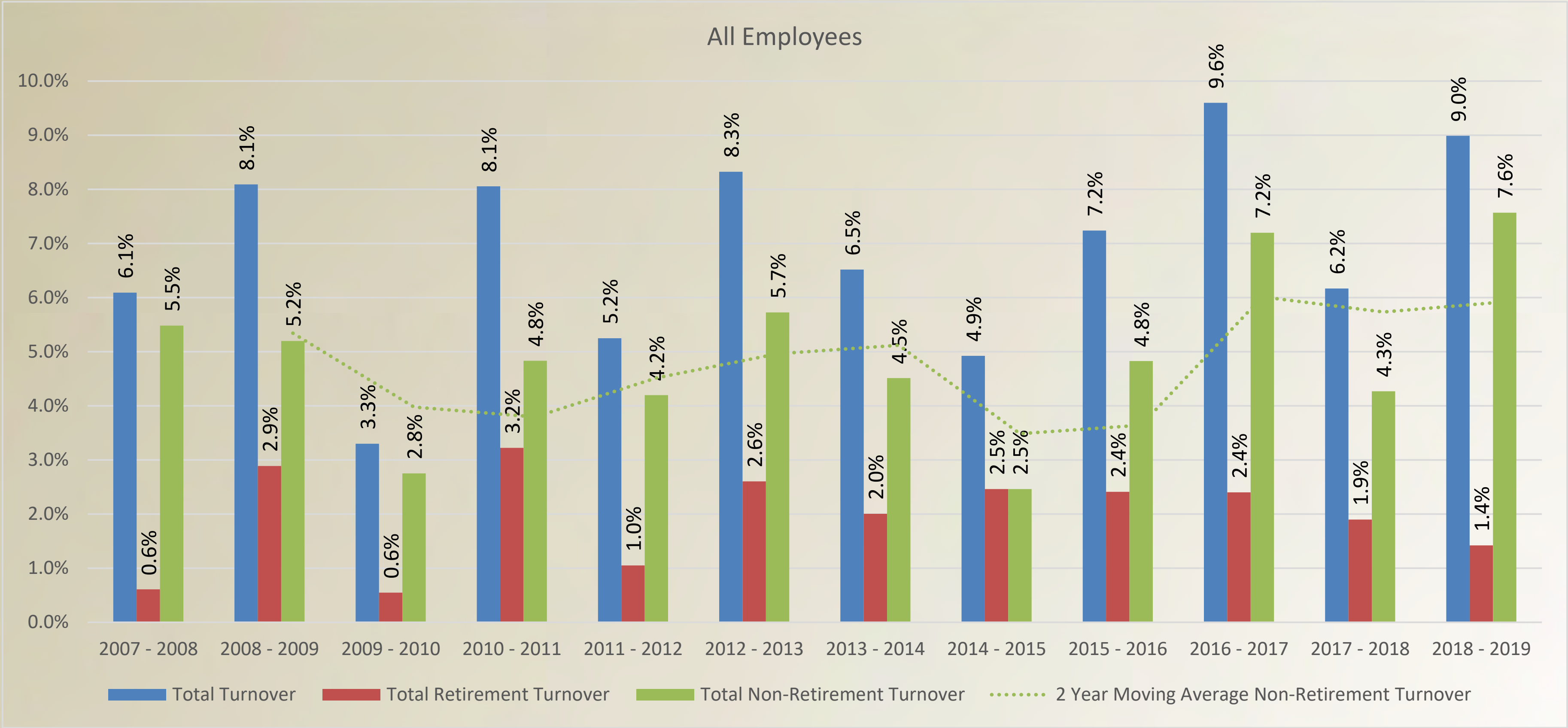
Organization's Salaries vs. Proposed Pay Plan Midpoints

Employees who are fully proficient in their jobs are typically between 96% and 105% of the market. A bell-shaped curve around 96% to 105% is ideal. The majority of employees should fall in the middle three groupings (85%-95%, 96%-105%, and 106%-115%). Highly experienced employees should be at or above midpoint and approaching the maximum. Only 19% of employees are at or above midpoint.

The organization-wide compa-ratio for the proposed pay plan (organization salaries ÷ proposed pay plan midpoints) is 90%. This means that, on average across all positions, the SBA pays about 90% of what our peer organizations are paying for similar jobs. For example, at the individual level, the SBA pays $90,000 for a position that peer organizations are paying $100,000.



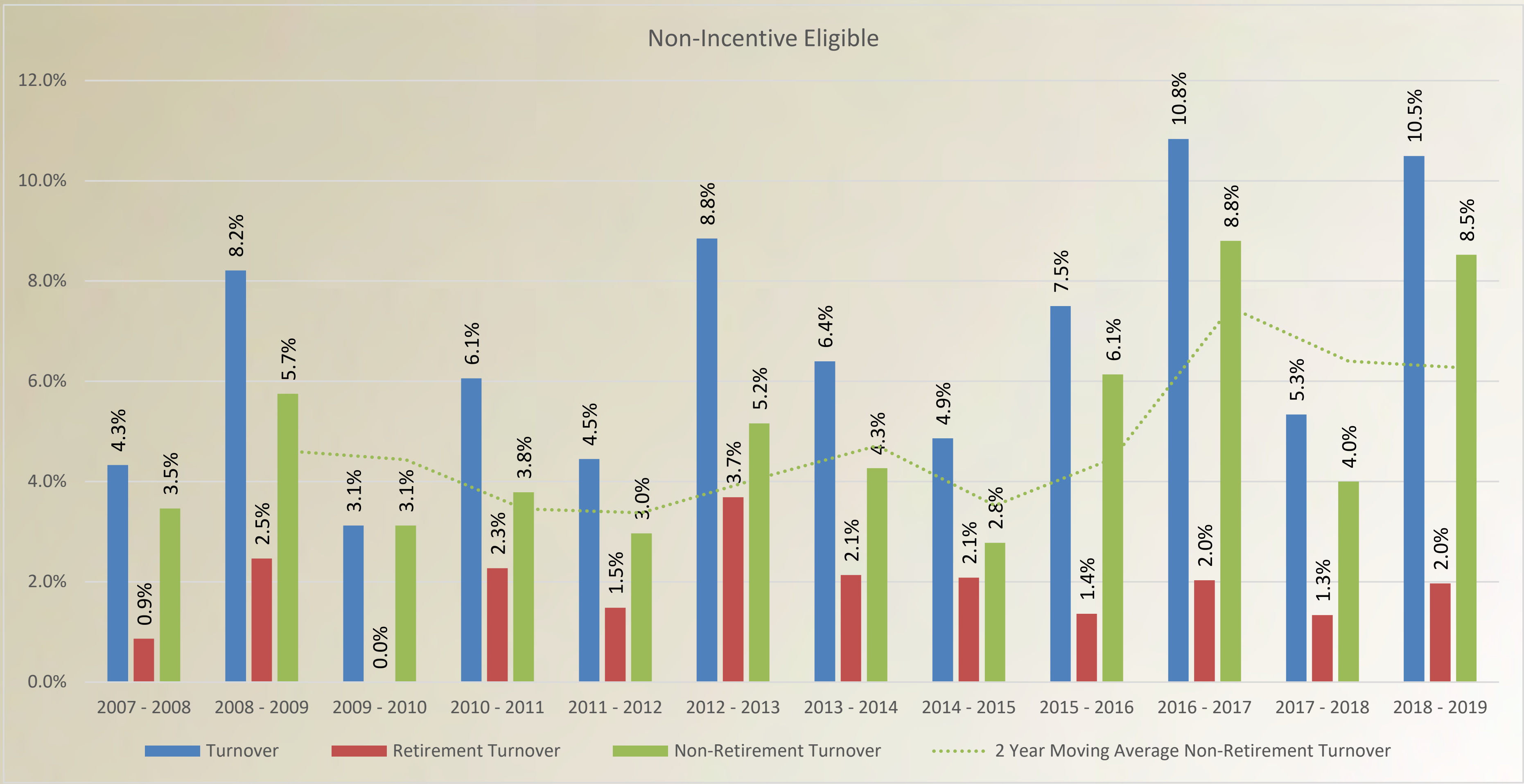
Turnover for all SBA, ODCP, and FHCF Staff



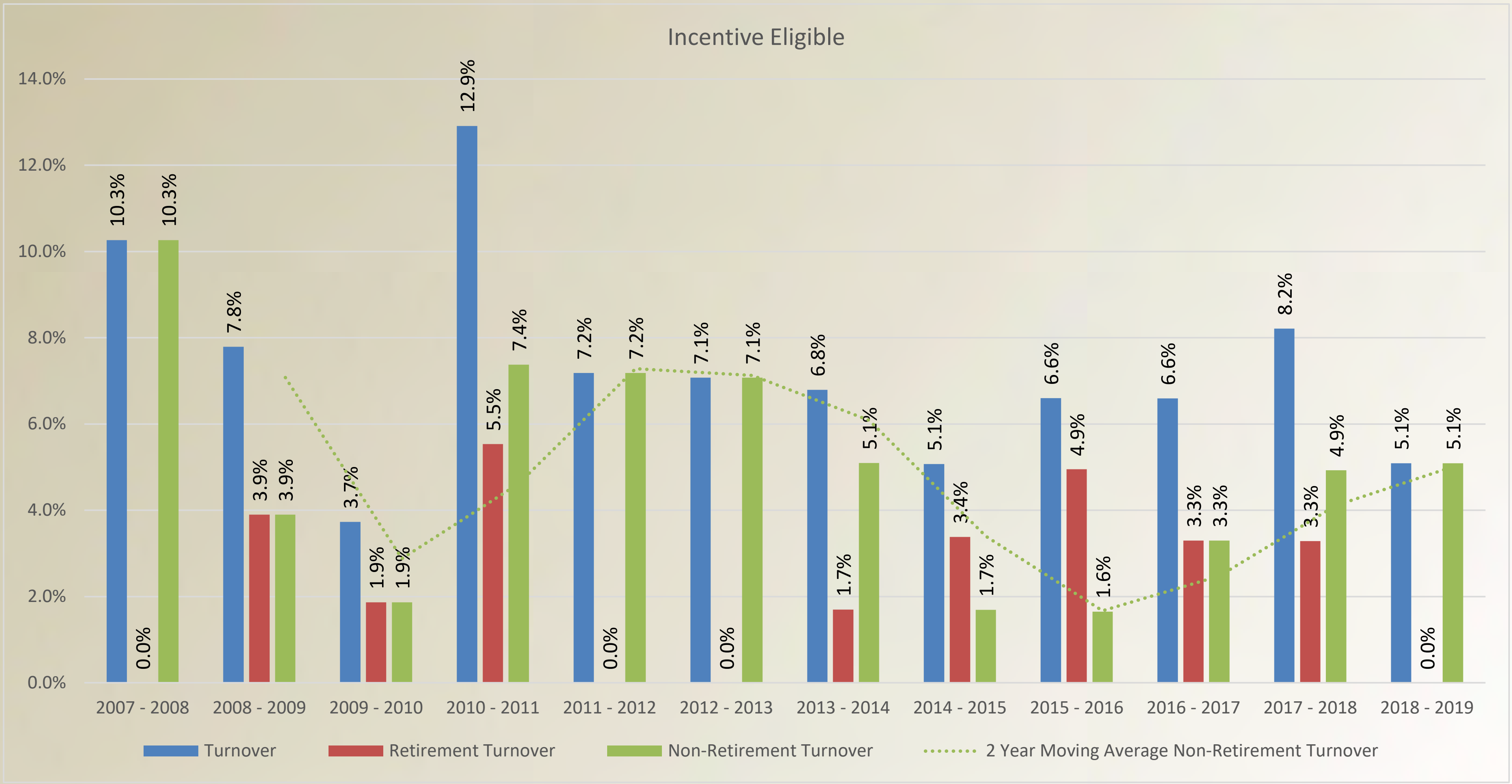
Based on a 2017 survey, the average turnover rate for the SBA's pension peers was 8.4%. The median turnover rate was 8.8%. Most of the SBA's pension peers have average turnover between 3.0% and 9.0%.

Total FY2018-2019 SBA, ODCP, and FHCF turnover is 9.0%. Based on the survey, total FY2018-2019 turnover is above the average and median.

Turnover for all SBA, ODCP, and FHCF Non-Incentive Eligible Staff



Turnover for all SBA, ODCP, and FHCF Incentive Eligible Staff



Projected Retirements by December 2024 for all SBA, ODCP, and FHCF Staff

- 70 (32.6%) of 215 employees are eligible to retire by the end of 2024.
- 41 (58.6%) of 70 employees eligible to retire are manager/supervisor-level and above.
- There are 41 (46.6%) manager/supervisor-level and above employees eligible to retire of the 88 total manager/supervisor-level and above employees. This means that 46.6% of the SBA's manager/supervisor-level and above positions could be replaced by the end of 2024.
- Of the 70 employees eligible to retire, 14 (20.0%) are already in DROP. Of the 14 in DROP, 8 (57.1%) are supervisor/manager-level and above.
- Of the 70 employees eligible to retire, 14 (20.0%) are in an asset class and 56 (80.0%) are in operations.
- There are 62 filled incentive eligible positions with 18 (29.0%) eligible to retire by the end of 2024.

State Board of Administration
Position Description

Position Number:	00000001	*Human Resources Use Only*
Position Title:	Executive Director & CIO	
Department:	100 - Executive Director	**Current Action:** ____________
Current Incumbent:	Williams Jr.,Ashbel C	
Wage Class:	Executive	**Effective Date:** ____________
Salary Grade:	017	
Hrs/Wk:		**Last Revision Date:** ____________
Annual Salary/Eff. Date:	$575,000 / December 3, 2019	

Job Responsibilities:

The State Board of Administration (SBA) is governed by the Board of Trustees, composed of the Governor as Chair, the Chief Financial Officer and the Attorney General. The Board of Trustees have delegated to the Executive Director & Chief Investment Officer (ED & CIO) the authority and responsibility for all administrative, operational and investment management functions, in compliance with federal and state laws, administrative rules and policies of the SBA. The ED & CIO responsibilities include the development of investment policies and the prudent investment of assets of the Florida Retirement System (FRS) Pension Plan (defined benefit), FRS Investment Plan (defined contribution), Lawton Chiles Endowment Fund, Local Government Investment Pool, miscellaneous trust funds, debt service and other mandates and trusts. The ED & CIO must discharge his/her fiduciary duties while adhering to the highest ethical, fiduciary, and professional standards.

Develops and maintains relationships with stakeholders and provides leadership for investment management, administrative, and operational functions
- Maintains effective relationships with SBA Trustees, Investment Advisory Council members, Audit Committee members, legislators, clients, and other stakeholders
- Provides leadership to employees managing and directing the day-to-day operations of the SBA to include, but not limited to: administrative, procurement, human resources, budget, external communications, accounting, finance, corporate governance, audit, Inspector General, legal, information technology, trust services, risk and compliance, and Florida Hurricane Catastrophe Fund functions
- Provides leadership to employees managing and directing the day-to-day investment management of the SBA to include, but not limited to: fixed income, global equity, private equity, strategic investments, and real estate asset classes; investment policy; and defined contribution programs

Oversees investment and fiduciary responsibilities mandated to the SBA
- Provides leadership to employees managing and directing all aspects of the implementation and oversight of investment management functions to achieve risk and return objectives, including the strategic and tactical allocation of investment assets
- Provides leadership to employees developing specific individual investment portfolio objectives and policy guidelines and applying analytical models to measure risk tolerance and portfolio performance against appropriate benchmarks
- Provides leadership to employees maintaining diversified portfolios, and maximizing returns with respect to the broadly diversified market standards of individual asset classes, consistent with appropriate risk constraints
- Provides leadership to employees evaluating the appropriateness of the goals and objectives of the SBA in light of actuarial studies and recommends changes to the Board of Trustees when appropriate
- Reviews and approves investment strategies and annual investment work plans
- Provides leadership to employees monitoring investment performance and portfolio risk characteristics
- Oversees investment manager selection, retention, termination and monitoring
- Consults with investment managers, investment consultants, industry experts and peers
- Provides the Board of Trustees with regular reports of investment activities

Provides leadership and oversight of enterprise risk management
- Identifies, monitors and controls/mitigates key investment and operational risks
- Maintains an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise-level
- Maintains an appropriate and effective control environment for SBA investment and operational responsibilities
- Approves risk allocations and limits, including total fund and asset class risk budgets

Performs other duties delegated by the Board of Trustees to guide the SBA in carrying out the strategic direction of the day-to-day financial investments and operations functions

Job Requirements:

A bachelor's degree from an accredited college or university in finance, economics, accounting, or a related field and ten years of progressively complex investment related and policymaking experience, with five years in a senior management role.

Preferences:
- Master of Business Administration or master's degree from an accredited college or university in finance, economics, accounting, or a related field; or Juris Doctor
- Chartered Financial Analyst (CFA) credential
- Experience in senior management with fiduciary responsibilities in a public sector multibillion dollar pension plan

Knowledge, Skills and Abilities:
- Extensive knowledge of and experience in asset management industry (investment and operational practices), including risk management, investment management, and operational and administrative oversight
- Exceptional leadership and mentoring skills with a commitment to colleague development
- Excellent interpersonal skills with colleagues at all levels of the organization and external stakeholders to build trust and cooperation
- Exceptional verbal and written communications skills
- Ability to provide leadership effectively across functional areas and business units within the SBA
- Ability to adapt well to change and serve as a change agent within the SBA
- Strategic thinker with the ability to oversee the implementation of creative solutions to investment management
- Personal integrity, emotional intelligence, professionalism and accountability
- Exhibits the highest level of fiduciary care
- Travels frequently to various locations throughout the United States and/or internationally. Involves work outside of normal business hours and working remotely to maintain contact with others and normal office-related duties

Employees must abide by the rules, procedures, and policies of the State Board of Administration.

The State Board of Administration is an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, the State Board of Administration will provide reasonable accommodations to qualified individuals with disabilities and encourages both prospective and current employees to discuss potential accommodations with the employer.

Physical Demands:
- vision
  - near acuity (continuously)
  - far acuity (frequently)
  - depth perception (frequently)
  - color vision (continuously)
  - peripheral vision (frequently)
- hearing (continuously)
- talking (continuously)
- manual dexterity (continuously)
- repetitive use of hands/arms (continuously)
- reaching (frequently)
- lifting and carrying
  - 10 lbs or less (frequently)
  - 11 lbs to 25 lbs (occasionally)
- pushing and pulling
  - 10 lbs or less (frequently)
  - 11 lbs to 25 lbs (occasionally)
- sitting (continuously)
- standing (frequently)
- walking (frequently)

- crouching (occasionally)
- stooping (occasionally)

For information related to accommodation due to a disability, please refer to the Reasonable Accommodation Request Guidelines or contact Human Resources.

General Requirements: Must be capable of executing all terms and conditions set forth in the State Board of Administration's policies and procedures manual, including, but not limited to:

a. Works in a safety conscious manner, ensuring that safe work practices are used in order not to pose a risk to self or others in the workplace
b. Complies with the State Board of Administration's policies and procedures, and local, state, and federal regulations
c. Interacts in a tactful, diplomatic, and humanistic manner with supervisors, guests/visitors, and colleagues
d. Maintains confidentiality of necessary information
e. Maintains a dependable attendance record

Supervisor's Position Number:	00000001	**Supervisor's Title:**	Executive Director & CIO

Subordinate Position Number	**Subordinate Title**
00000221	Inspector General
00000062	General Counsel
00000098	Executive Assistant
00000196	Chief Audit Executive
00000021	Sr Invstmt Off-Fixed Income
00000004	Chief Operating/Financial Off.
00000242	Chief Risk & Compliance Off
00000046	Sr Invstmt Off-Real Estate
00000225	SIO-Private Equity
00000025	Sr Invstmt Off-Global Equity
00000039	SIO-Strategic Investments
00000215	Deputy Executive Dir
00000158	Chief of DC Programs
00000150	Chief Operating Officer - FHCF
00000051	Sr Investment Policy Officer
00000045	Sr Off-Invst Prog & Governance
00000175	Sr Invstmt Off-Global Equity

I certify that these are the job responsibilities and requirements for the position.

__________________________ ____________
Signature of Immediate Supervisor *Date*

These job responsibilities and requirements have been explained to me and I understand that I am responsible for the satisfactory execution of the job responsibilities.

__________________________ ____________
Signature of Incumbent *Date*

These job responsibilities and requirements have been reviewed and are in accordance with organization policies and guidelines.

__________________________ ____________
Signature of Human Resources Representative *Date*