

---

# **Government Efficiency & Accountability Council**

**Wednesday, December 12, 2007  
2:30 PM – 4:30 PM  
Morris Hall (17 HOB)**

**Marco Rubio  
Speaker**

**Frank Attkisson  
Chair**

**Council Meeting Notice**  
**HOUSE OF REPRESENTATIVES**

**Speaker Marco Rubio**

**Government Efficiency & Accountability Council**

**Start Date and Time:** Wednesday, December 12, 2007 02:30 pm  
**End Date and Time:** Wednesday, December 12, 2007 04:30 pm  
**Location:** Morris Hall (17 HOB)  
**Duration:** 2.00 hrs

Presentation and discussion regarding the Property Tax Oversight Program of the Florida Department of Revenue.

Update by the Department of Management Services and the Department of Financial Services regarding their review process of energy saving contracts for state government buildings.

Report by Council staff on the Local Government Investment Pool.

**NOTICE FINALIZED on 12/05/2007 15:53 by MXE**



# Property Tax Oversight Program

Bob McKee  
Deputy Executive Director  
Florida Department of Revenue

Presentation to  
House Government Efficiency and Accountability Council  
Meeting  
December 12, 2007

## Roles in the Property Tax Process

- Florida Constitution
  - Requires a “Just” or Fair Market valuation for all properties
    - Establishes that certain properties are assessed on a basis other than just value
      - Agricultural Property
      - High Water Recharge
      - Historical Properties
      - Homestead Property (Save our Homes)
  - Exemptions also established in Florida Constitution

# Roles in Property Tax Process

- Florida Statutes
  - Establishes the manner that property is assessed (Chapter 193)
  - Establishes the Administrative and Judicial Review of the Assessment Process (Chapter 194)
  - Establishes the Oversight Role of the Department of Revenue (Chapter 195)
  - Establishes the manner by which exemptions are applied and administered by the Property Appraisers (Chapter 196)
  - Establishes the tax collection process (Chapter 197)
  - Establishes the manner by which local governments levy against the property tax (Chapter 200)

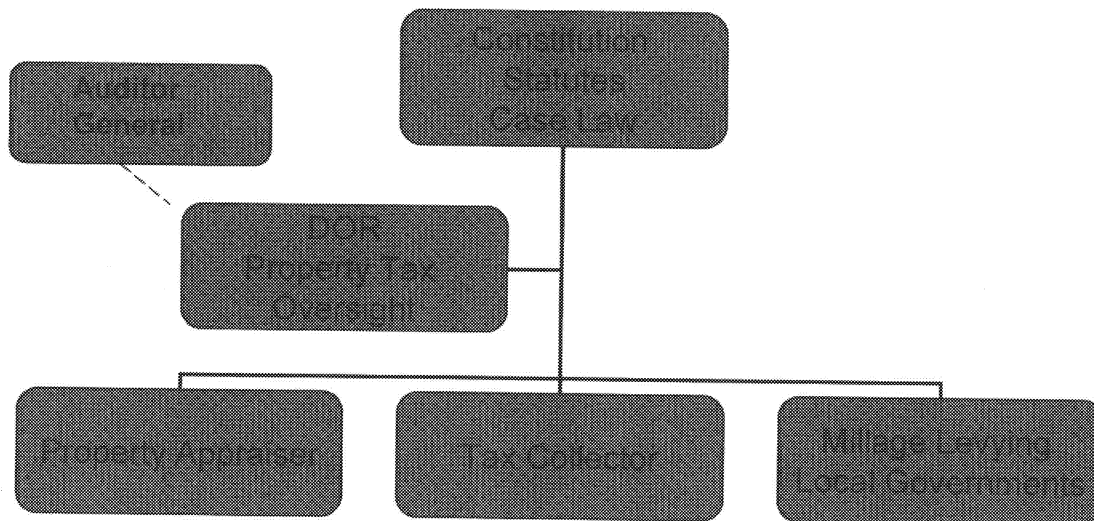
## Constitutional Officers

- Property Appraiser
  - Charged with securing a just valuation for all property each year
  - Administers the exemptions and assessment limitations
  - Responsible for establishing the tax base that local governments levy against
  - Determines the distribution but not the level of taxation
- Tax Collector
  - Sends out tax bills and collects property taxes

# Millage Levying Local Governments

- Levy taxes against the Assessed Value of Property
- Responsible for levels of taxation
- Must provide direct mail notice (Notice of Proposed Taxes)
- Must hold at least two public meetings
- Subject to new restrictions on Property taxes (Chapter 2007-321, L.O.F.)

## Department of Revenue Property Tax Oversight Program



# Property Tax Oversight Program

## State Oversight for Property Tax System

- Chapter 195
- Statement of Legislative Intent (s. 195.0012)
  - It is declared to be the legislative purpose and intent in this entire chapter to recognize and fulfill the state's responsibility to secure a just valuation for ad valorem tax purposes of all property and to provide for a uniform assessment as between property within each county and property in every other county or taxing district

## Property Tax Oversight Program

- Two Primary Statutory Duties
  - Compliance Determination
    - Assessment Roll Evaluation
    - Truth in Millage Compliance
    - Millage Adoption Oversight (New role for Program)
    - Approval of Refunds
  - Aid and Assistance
    - Training
    - Technical Assistance
    - Central Assessment of Railroad Property

# Property Tax Oversight Program

- Tax Roll Evaluation
  - Statutorily required to review assessment rolls (s. 195.096)
    - Required at least once every two years to conduct an in-depth review
    - Conduct non in-depth review of those counties not subject to an in-depth review
      - Non in-depth review uses sales ratio and econometric methods to project valued weighted mean levels of assessment

# Property Tax Oversight Program

- Tax Roll Evaluation
  - In-Depth Review
    - S. 195.096 Requires the study of the following classes of property if the class exceeds 5% of the total value of the assessment roll
      - Residential property, multifamily property, agricultural property, vacant lots, vacant acreage, commercial and industrial properties, and taxable institutional and governmental properties
    - Where sufficient sales exist, the statute requires use of sales ratio studies
    - Where there are not sufficient sales, appraisals are conducted



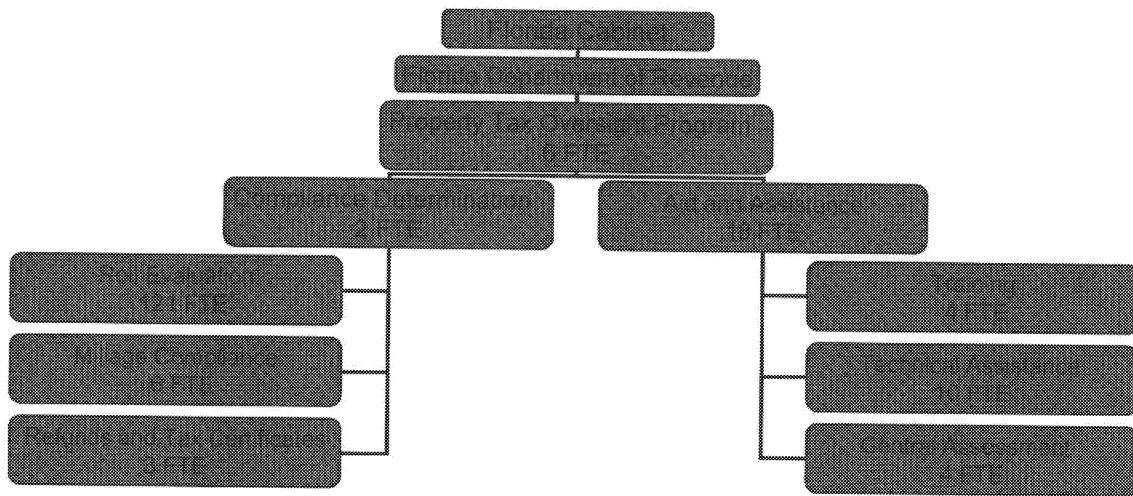
# Property Tax Oversight Program

- Determination of Compliance
  - Level of Assessment of each class (In-depth Review)
  - Overall Level of Assessment (Non In-depth Review)
- Process if an assessment roll is determined not to be in substantial compliance with the law
  - Review notice (s. 193.1142)
    - States specific reasons for issuance
    - Provide remedies for the issues identified in the notice
    - Interim assessment roll adopted until final assessment roll approved
    - Homestead exemption reverts to \$5000 for non-school levies until assessment roll is approved

# Property Tax Oversight Program

- Post Audit Notifications
  - Identifies additional issues with the assessment roll
    - Measures of Equity
      - Coefficient of Dispersion
      - Price Related Differential
    - Sales Qualification study
      - Required Part of the Sales Ratio Studies
    - Joint Opportunity Information Letters
      - Identify opportunities for improvement in the preparation of the assessment roll
        - » More in the role of Aid and Assistance

# Property Tax Oversight Program Structure



## Property Tax Oversight Program New Role Under House Bill 1-B

- Chapter 2007-321, L.O.F.
  - Passed in Special Session B June 14
- Established a new role for the Department of Revenue regarding oversight of the Property Tax System
- Established new requirements for Cities, Counties, and Special Districts regarding the setting of Millage rates
- Required Significant Cooperation from Property Appraisers and Taxing Authorities

## Mandated Millage Reductions For Cities and Counties

- Based on growth in Property Taxes Levied per person from 2001 to 2006
- Those local governments with greater tax increases required to roll back millage further
- Cities and Counties of Special Financial Concern treated separately

## Step One – Reporting of Historic Taxes Levied-Timeline

- June 14 – HB-1B Passed Legislature
- June 21 – Signed into Law
- June 25 – DOR reported to Cities and Counties the tax collections that would be used to compute compound annual growth rates in per capita taxes levied
- July 2<sup>nd</sup> – Cities and Counties must report if historic tax levies are correct
- July 13 – DOR must compute compound annual growth rate of per capita taxes levied

# What is a Compound Annual Growth Rate?

- Compound Annual Growth Rates (CAGR)
  - Measures the annual rate of growth from the beginning and ending values
  - Typically used to measure returns of investments over a multi-year period of time
  - Removes the year to year fluctuations in growth

## County Majority Vote Reductions

Counties		Number of Counties
If the county is a County of Special Financial Concern for which the compound annual growth rate is not more than 5%	100% of rollback	3
If the county is a County of Special Financial Concern for which the compound annual growth rate is more than 5%	97% of rollback	25
If the county does not fit any of the above criteria and the compound annual growth in per capita taxes levied is:		
not more than 7%	97% of rollback	4
greater than 7% and not more than 9%	95% of rollback	11
greater than 9% and not more than 11%	93% of rollback	9
greater than 11%	91% of rollback	15
<b>Total Number of Counties</b>		67

# Municipality Majority Vote Reductions

Municipalities		Number of Cities
If the city is a Municipality of Special Financial Concern	100% of rollback	101
If the city first levied ad valorem taxes after 2002-03	No restrictions	15
If the city does not fit any of the above criteria and the compound annual growth in per capita taxes levied is:		
not more than 6%	100% of rollback	10
greater than 6% and not more than 7.5%	97% of rollback	18
greater than 7.5% and not more than 10.5%	95% of rollback	58
greater than 10.5% and not more than 12.4%	93% of rollback	45
greater than 12.4%	91% of rollback	137
<b>Total Number of Cities</b>		<b>384</b>

## Other Local Governments

- Independent Special Districts – 97% of Rolled Back Rate by Majority Vote
- Dependent Districts or Municipal Service Taxing Units whose predominant purpose is to provide Emergency Medical or Fire Rescue Services – 97% of Rolled Back Rate by Majority Vote
- Schools Boards – Not Affected

# Restrictions on Millage Adoption Process

- New Voting Rules for Cities, Counties, and Special Districts
  - Majority Vote – Must adopt rate at or below mandated reduction amount
  - Two-thirds vote – Must adopt a rate at or below the Rolled Back Rate
  - Unanimous Vote – Can adopt any rate up to the rate adopted in 2006-07

## Added Complexity

- Old Forms
  - DR 420 – Certification of Taxable Value
  - DR 420S – School Certification of TV
  - DR 487 – Certification of Compliance

# Added Complexity

- New and Revised Forms
  - DR 420 (revised) Certification of Taxable Value
  - DR 420C – Maximum Taxes Levied-Counties
  - DR 420C-P Preliminary Maximum Taxes Levied-Counties
  - DR 420M – Maximum Taxes Levied – Municipalities
  - DR 420M-P Preliminary Maximum Taxes Levied- Municipalities
  - DR 420I – Maximum Taxes Levied – Independents
  - DR 420I-P Preliminary Maximum Taxes Levied – Independents
  - DR 420S (revised) – Certification of School TV
  - DR 420TIF – Tax Increment Adjustment Worksheet
  - DR 487 (revised) – Certification of Compliance
  - DR 487 P – Pre-filing Certification of Compliance
  - DR 487 V – Vote Record for Adoption of Millage

## Actual Votes Counties

Counties	Total	Unanimous	Two-thirds	Majority
	3	3	0	0
	25	4	0	21
97% of rollback - other	4	0	0	4
95% of rollback	11	0	0	11
93% of rollback	9	0	1	8
100% of rollback	15	0	0	15
97% of rollback - Special Financial Concern	67	7	1	59

## Actual Votes Municipalities

Municipalities	Total	Unanimous	Two-thirds	Majority
100% of rollback- Special Financial Concern	101	24	0	77
100% of rollback - other	10	1	0	9
97% of rollback	18	5	1	12
95% of rollback	58	7	6	45
93% of rollback	45	8	8	29
91% of rollback	137	16	33	88
<b>Total Number of Cities</b>	<b>369</b>	<b>61</b>	<b>48</b>	<b>260</b>

## Other Local Governments

	Total	Unanimous	Two-thirds	Majority
Special Districts	113	18	18	77
Emergency Medical/ Fire Rescue	60	4	2	54

Reduction rules – Majority vote – 97% of Rolled Back Rate

Two-thirds Vote – 100% of Rolled Back Rate

Unanimous Vote – 2006-07 Adopted Rate



# Outcome of Taxes Levied

	Taxes Levied If 2006 Rate adopted	Taxes Levied if 2007 Rolled Back Rate Adopted	Taxes Levied if 2007 Majority Rate Adopted	Actual 2007 taxes levied	Actual Taxes compared to Majority rate levies
Counties	\$11,121,982,908	\$10,378,913,057	\$9,686,891,530	\$9,672,484,981	100.03%
Municipalities	\$4,512,753,038	\$4,188,930,533	\$3,927,497,862	\$3,971,864,282	101.13%
Independent Special Districts	\$1,599,796,434	\$1,518,665,531	\$1,473,102,443	\$1,463,226,201	99.33%
Emergency Medical/Fire Rescue	\$1,150,628,849	\$1,056,805,243	\$1,024,135,639	\$1,024,849,200	100.07%
Total-All Affected Local Governments	\$18,385,161,228	\$17,142,314,364	\$16,111,627,474	\$16,132,424,663	100.23%

## Questions?

- Email – [mckeebob@dor.state.fl.us](mailto:mckeebob@dor.state.fl.us)
- Phone – (850) 487-1453



Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote If > Majority Required		Taxing Authority In Compliance Unless Noted	
								Yes	No		
Alachua	CITY OF ALACHUA	5.500	4.9541	95%	4.7064	4.7064					
	CITY OF ARCHER	4.750	4.5256	91%	4.1183	4.5000	two-thirds	4	0	0	
	CITY OF GAINESVILLE	4.850	4.3860	97%	4.2544	4.2544					
	CITY OF HAWTHORNE	6.500	5.4258	100%	5.4258	5.4258					
	CITY OF HIGH SPRINGS	6.250	5.5444	91%	5.0454	6.2500	unanimous	4	0	0	
	CITY OF LACROSSE	2.4611	1.8876	100%	1.8876	1.8876					
	TOWN OF MICANOPI	8.000	6.3459	91%	5.7748	8.0000	unanimous	5	0	0	
	CITY OF NEWBERRY	4.450	3.8990	95%	3.6946	3.6946					
	CITY OF WALDO	5.0314	4.8626	93%	4.5222	5.0314	unanimous	5	0	0	
	CITY OF MACCLENNY	3.6500	3.2899	100%	3.2899	3.2899					
	CITY OF LYNN HAVEN	3.2500	2.9754	95%	2.8266	2.8266					
	CITY OF MEXICO BEACH	3.7900	3.6500	91%	3.3215	3.3215					
	CITY OF PANAMA CITY	4.1720	3.7610	100%	3.7610	3.7610					
	CITY OF CALLAWAY	-	-	-	-	-	-	-	-	-	
	CITY OF CEDAR GROVE	-	-	-	-	-	-	-	-	-	
Bradford	CITY OF BROOKER	0.3680	0.2904	100%	0.2904	0.2904					
	CITY OF HAMPTON	0.2760	0.2437	100%	0.2437	0.2432					
	CITY OF LAWTEY	1.5349	1.4588	100%	1.4588	1.5349	unanimous	5	0	0	
	CITY OF STARKE	4.0000	3.7290	100%	3.7290	3.7290					
	CITY OF CAPE CANAVERAL	0.3680	0.3667	91%	0.3337	0.3337					
	CITY OF COCOA	4.5705	4.4891	91%	4.0851	4.4891	two-thirds	4	0	1	
	CITY OF COCOA BEACH	3.8000	3.6466	95%	3.4643	3.4642					
	TOWN OF INDIAN LANTIC	4.3313	4.1621	93%	3.8708	4.3313	unanimous	5	0	0	
	CITY OF INDIAN HARBOUR BCH	4.3675	4.4088	91%	4.0120	4.0118					
	TOWN OF MALABAR	1.3970	1.3361	95%	1.2693	1.2693					
	CITY OF MELBOURNE	4.5081	4.4751	93%	4.1618	4.4751	two-thirds	5	2	0	
	TOWN OF MELBOURNE BEACH	2.6331	2.6434	97%	2.5641	2.6434	two-thirds	4	1	0	
	TOWN OF MELBOURNE VILLAGE	4.5384	4.3147	95%	4.0990	4.5384	unanimous	7	0	0	
	CITY OF PALM BAY	4.6000	4.9944	95%	4.7447	4.7429					
	CITY OF ROCKLEDGE	4.9500	5.0637	95%	4.8105	4.8105					
Brevard	CITY OF SATELLITE BEACH	5.9000	6.1742	93%	5.7420	6.1742	two-thirds	5	0	0	
	CITY OF TITUSVILLE	4.8193	4.7050	100%	4.7050	4.7050					
	CITY OF WEST MELBOURNE	-	-	-	-	-	-	-	-	-	
	TOWN OF GRANT-VALKARIA	-	-	-	-	-	-	-	-	-	
	CITY OF COCONUT CREEK	5.3408	4.8127	91%	4.3796	4.3796					
	CITY OF COOPER CITY	5.4000	5.0215	95%	4.7704	4.7704					
	CITY OF CORAL SPRINGS	3.8715	3.5422	95%	3.3651	3.3651					
	CITY OF DANIA BEACH	6.0679	5.4044	100%	5.4044	5.4044					
	TOWN OF DAVIE	4.9879	4.5291	91%	4.1215	4.1215					
	CITY OF DEERFIELD BEACH	5.8250	5.2165	95%	4.9557	4.9537					
	CITY OF FORT LAUDERDALE	4.8066	4.5028	93%	4.1876	4.1193					
	CITY OF HALLANDALE BEACH	5.9696	5.5479	91%	5.0486	5.0486					
	TOWN OF HILLSBORO BEACH	2.2498	2.1939	100%	2.1939	2.1938					
	CITY OF HOLLYWOOD	6.8051	6.3055	91%	5.7380	5.7380					
	TOWN OF LAUDERDALE-BY-THE-SEA	4.5500	4.1012	100%	4.1012	4.1012					
Broward	CITY OF LAUDERDALE LAKES	6.4007	5.4309	91%	4.9421	5.4309	two-thirds	4	1	1	
	CITY OF LAUDERHILL	6.0200	5.2029	91%	4.7346	4.7340					
	VILLAGE OF LAZY LAKE	3.4736	3.3749	100%	3.3749	4.4736	OVER PRIOR	3	2	0	
	CITY OF LIGHTHOUSE POINT	3.5440	3.3211	93%	3.0886	3.0887					
	CITY OF MARGATE	6.5611	5.9776	93%	5.5592	5.5591					
	CITY OF MIRAMAR	6.5500	5.8214	91%	5.2975	5.2975					
	CITY OF NORTH LAUDERDALE	6.4292	5.5307	91%	5.0329	5.5307	two-thirds	5	0	0	

Comply - Levied less than 5 years  
Comply - Levied less than 5 years

Comply - Levied less than 5 years  
Comply - Levied less than 5 years

Withhold half-cent sales tax

Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote If > Majority Required		Taxing Authority In Compliance Unless Noted
								Yes	No	
Calhoun Charlotte Citrus Clay Collier Columbia Miami-Dade	CITY OF PARKLAND	3.9500	3.5877	95%	3.4083	3.4083	unanimous	5	0	0
	TOWN OF PEMBROKE PARK	8.5000	7.6527	91%	6.9640	8.5000	unanimous	5	0	0
	TOWN OF PEMBROKE PINES	4.5990	4.1725	93%	3.8804	4.1725	two-thirds	4	1	0
	CITY OF PLANTATION	4.5889	4.2102	93%	3.9155	3.9155				
	CITY OF POMPANO BEACH	3.7250	3.4514	95%	3.2788	3.2788				
	CITY OF OAKLAND PARK	5.5823	5.0171	95%	4.7662	4.7662				
	VILLAGE OF SEA RANCH LAKES	6.9500	6.3640	97%	6.1731	6.9500	unanimous	7	0	0
	CITY OF SUNRISE	6.1100	5.5216	95%	5.2455	5.1232				
	CITY OF TAMARAC	6.2224	5.5491	91%	5.0497	5.0496				
	CITY OF WILTON MANORS	6.2764	5.6418	91%	5.1340	5.1340				
	CITY OF WESTON	1.5235	1.4210	93%	1.3215	1.3215				
	TOWN OF SOUTHWEST RANCHES	3.0000	2.7550	91%	2.5071	3.0000	unanimous	5	0	0
	CITY OF WEST PARK	-	-	-	-	-	unanimous	4	0	0
	CITY OF BLOUNTSTOWN	1.5000	1.3380	100%	1.3380	1.5000	unanimous	4	0	0
	CITY OF PUNTA GORDA	2.1772	2.2872	95%	2.1728	2.1728				
CITY OF CRYSTAL RIVER	5.6000	5.6000	93%	5.2080	4.3000					
CITY OF INVERNESS	4.8750	4.5887	97%	4.4510	4.4510					
CITY OF GREEN COVE SPRINGS	2.6000	2.3204	95%	2.2044	2.6000	unanimous	5	0	0	
CITY OF KEYSTONE HEIGHTS	2.0000	1.8178	95%	1.7269	2.0000	unanimous	5	0	0	
TOWN OF ORANGE PARK	5.0000	4.5516	97%	4.4151	5.0000	unanimous	5	0	0	
CITY OF EVERGLADES CITY	2.0814	2.0163	97%	1.9558	1.9558					
CITY OF NAPLES	1.2450	1.2084	91%	1.0996	1.0997					
CITY OF MARCO ISLAND	1.2445	1.3240	91%	1.2048	1.2048					
CITY OF LAKE CITY	3.5550	3.4434	100%	3.4434	3.4434					
MIAMI-DADE BCC	2.4470	2.1491	95%	2.0416	2.0416					
VILLAGE OF BAL HARBOR	2.9020	2.5136	91%	2.2874	2.2874					
TOWN OF BAY HARBOR ISLAND	4.7500	4.0182	91%	3.6566	3.6565					
VILLAGE OF BISCAYNE PARK	9.2000	8.3400	91%	7.5894	8.3400	two-thirds	4	1	0	
CITY OF CORAL GABLES	6.1500	5.4780	91%	4.9850	5.2500	two-thirds	4	1	0	
VILLAGE OF EL PORTAL	8.7000	7.5321	91%	6.8542	7.0312	two-thirds	5	0	0	
CITY OF FLORIDA CITY	8.9000	7.7500	91%	7.0525	7.7500	two-thirds	4	0	1	
TOWN OF GOLDEN BEACH	8.5900	7.4990	93%	6.9741	8.5000	unanimous	5	0	0	
CITY OF HIALEAH	6.8000	5.8330	95%	5.5414	6.5400	unanimous	7	0	0	
CITY OF HIALEAH GARDENS	6.1200	5.3950	91%	4.9095	4.9090					
CITY OF HOMESTEAD	6.2500	5.6686	91%	5.1584	5.1585					
VILLAGE OF INDIAN CREEK	8.2500	7.9290	100%	7.9290	6.5000					
CITY OF ISLANDIA	-	-	-	-	-					
TOWN OF MEDLEY	6.9000	6.0540	95%	5.7513	5.7513					
CITY OF MIAMI	8.3745	7.2999	100%	7.2999	7.2999					
CITY OF NORTH MIAMI	8.3000	7.4663	91%	6.7943	6.7943					
CITY OF SOUTH MIAMI	5.8810	5.0716	95%	4.8180	4.8180					
CITY OF WEST MIAMI	8.4950	7.4040	91%	6.7376	6.7376					
CITY OF MIAMI BEACH	7.3740	6.2212	91%	5.6613	5.6555					
CITY OF NORTH MIAMI BEACH	7.5000	6.6905	91%	6.0884	6.6905	two-thirds	7	0	0	
CITY OF MIAMI SPRINGS	7.5000	6.7707	95%	6.4322	6.3000					
MIAMI SHORES VILLAGE	8.2500	7.1400	91%	6.4974	7.1400	two-thirds	5	0	0	
CITY OF NORTH BAY VILLAGE	5.9000	4.3434	91%	3.9525	4.3434	two-thirds	5	0	0	
CITY OF OPA-LOCKA	9.8000	8.0084	100%	8.0084	8.0084					
CITY OF SWEETWATER	3.9487	3.2786	91%	2.9835	3.2786	two-thirds	5	1	1	
TOWN OF SURFSIDE	5.6000	4.8224	91%	4.3884	4.2500					
VILLAGE OF VIRGINIA GARDENS	4.6000	4.0816	93%	3.7959	4.0816	two-thirds	5	0	0	
VILLAGE OF KEY BISCAYNE	3.4500	2.9660	91%	2.6991	3.2000	unanimous	7	0	0	

Determination not final

Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Votes If > Majority Required		Taxing Authority In Compliance Unless Noted
								Yes	No	
	CITY OF AVENTURA	2.2270	1.8968	91%	1.7261	1.7261				
	VILLAGE OF PINECREST	2.4090	2.1382	91%	1.9458	1.9500				
	CITY OF SUNNY ISLES BEACH	2.9500	2.6351	91%	2.3979	2.3979				
	TOWN OF MIAMI LAKES	2.7403	2.4795	100%	2.4795	2.4795				
	VILLAGE OF PALMETTO BAY	-	-	-	-	-				
	CITY OF DORAL	-	-	-	-	-				
	CITY OF MIAMI GARDENS	-	-	-	-	-				
	CITY OF CUTLER BAY	-	-	-	-	-				
DeSoto	CITY OF ARCADIA	7.9180	7.5587	100%	7.5587	7.5587				
Dixie	TOWN OF HORSESHOE BEACH	3.0000	3.1810	100%	3.1810	3.0000				
	TOWN OF CROSS CITY	6.5000	6.1293	100%	6.1293	6.1293				
Duval	CITY OF ATLANTIC BEACH	2.9974	2.7523	93%	2.5596	2.9974	unanimous	5	0	0
	TOWN OF BALDWIN	3.0000	2.6470	93%	2.4617	2.4617				
	CITY OF JACKSONVILLE BEACH	3.9071	4.0171	91%	3.6556	3.6556				
	CITY OF NEPTUNE BEACH	2.9000	2.6460	91%	2.4079	2.6460	two-thirds	5	0	0
Escambia	TOWN OF CENTURY	0.7640	0.7810	100%	0.7810	0.7810				
	CITY OF PENSACOLA	4.9500	4.8400	95%	4.5980	4.5980				
Flagler	TOWN OF BEVERLY BEACH	2.3198	2.2480	91%	2.0457	2.0456				
	CITY OF BUNNELL	5.9000	4.9368	91%	4.4925	5.9000	unanimous	4	0	0
	CITY OF MARINELAND	-	-	-	-	-				
	CITY OF PALM COAST	3.2500	3.1853	93%	2.9623	2.9623				
Franklin	CITY OF APALACHICOLA	6.2500	6.3600	91%	5.7876	5.7800				
	CITY OF CARRABELLE	5.0000	4.8400	91%	4.4044	4.4000				
Gadsden	CITY OF CHATTAHOOCHEE	0.8023	0.7392	100%	0.7392	0.7392				
	CITY OF GREENSBORO	3.0000	2.7712	100%	2.7712	3.0000	unanimous	5	0	0
	TOWN OF GREYNA	4.2359	3.9300	100%	3.9300	3.9300				
	TOWN OF HAVANA	2.0000	1.6350	100%	1.6350	1.6350				
	CITY OF MIDWAY	3.2159	2.3097	100%	2.3097	2.3097				
Gilchrist	CITY OF QUINCY	2.7500	2.5000	100%	2.5000	2.7500	unanimous	5	0	0
	TOWN OF BELL *	-	-	-	-	-				
	CITY OF TRENTON	-	-	-	-	-				
Glades	CITY OF MOORE HAVEN	4.0000	3.6707	100%	3.6707	3.6707				
Gulf	CITY OF PORT ST JOE	3.9900	3.6524	100%	3.6524	3.6524				
	CITY OF WEWAHITCHKA	6.0000	5.3587	91%	4.8764	6.0000	unanimous	5	0	0
Hamilton	CITY OF JASPER	4.7470	4.4176	100%	4.4176	4.7470	unanimous	5	0	0
	CITY OF JENNINGS	1.3771	1.2290	100%	1.2290	1.2290				
	CITY OF WHITE SPRINGS	3.8585	3.5745	100%	3.5745	3.8585	unanimous	5	0	0
Hardee	CITY OF BOWLING GREEN	7.2500	6.3193	100%	6.3193	7.2500	unanimous	5	0	0
	CITY OF WAUCHULA	5.0200	5.1394	100%	5.1394	5.0200				
Hendry	TOWN OF ZOLFO SPRINGS	9.0000	8.2031	100%	8.2031	9.0000	unanimous	5	0	0
	CITY OF CLEWISTON	5.6341	5.2278	100%	5.2278	5.6341	unanimous	5	0	0
	CITY OF LABELLE	3.5000	3.0400	100%	3.0400	3.0000				
Hernando	CITY OF BROOKSVILLE	7.5000	6.9484	91%	6.3230	6.3230				
	CITY OF WEEKI WACHEE	2.3898	2.3895	91%	2.1744	2.1744				
Highlands	CITY OF AVON PARK	7.5000	6.6476	97%	6.4482	6.4400				
	TOWN OF LAKE PLACID	5.0000	4.5925	100%	4.5925	3.9500				
	CITY OF SEBRING	6.5000	5.8764	100%	5.8764	5.7001				
Hillsborough	CITY OF TAMPA	6.4080	6.0343	95%	5.7326	5.7326				
	CITY OF TEMPLE TERRACE	4.9100	4.5692	100%	4.5692	4.5692				
	CITY OF PLANT CITY	4.7000	4.3845	95%	4.1653	4.1653				
Holmes	TOWN OF ESTO	0.5287	0.4906	100%	0.4906	0.4906				
	TOWN OF NOMA	1.0966	1.1607	100%	1.1607	1.1607				



Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote If > Majority Required		Taxing Authority In Compliance Unless Noted
								Yes	No	
Martin	CITY OF DUNNELLON	6.5000	5.6200	93%	5.2266	5.2266		5	0	0
	TOWN OF MCINTOSH	1.0540	0.8681	100%	0.8681	0.8681				
	CITY OF OCALA	5.6760	4.7671	95%	4.5287	4.5288				
	TOWN OF JUPITER ISLAND	0.7500	0.6934	100%	0.6934	0.7500	unanimous	5	0	0
	TOWN OF OCEAN BREEZE PARK	-	-	-	-	-	-			
	TOWN OF SEWALL'S POINT	2.4000	2.3840	91%	2.1694	2.1690				
	CITY OF STUART	5.1000	4.7615	91%	4.3330	4.3329				
	CITY OF KEY COLONY BEACH	1.2373	1.3092	100%	1.3092	1.3092				
	CITY OF KEY WEST	2.3034	2.0983	97%	2.0354	2.0354				
	CITY OF LAYTON	1.1000	1.0965	93%	1.0197	1.1000	unanimous	5	0	0
Monroe	ISLAMORADA VILLAGE OF ISLANDS	1.9500	1.8122	93%	1.6853	1.6853				
	CITY OF MARATHON	1.7896	1.5826	95%	1.5035	1.4243				
	TOWN OF CALLAHAN	2.7500	2.4370	100%	2.4370	2.4370				
	CITY OF FERNANDINA BEACH	4.1483	3.8359	100%	3.8359	3.8359				
	TOWN OF HILLIARD	0.5016	0.4388	100%	0.4388	0.4388				
	TOWN OF CINCO BAYOU	2.3000	2.2193	93%	2.0639	2.0639				
	CITY OF CRESTVIEW	6.4989	5.8466	100%	5.8466	5.8466				
	CITY OF DESTIN	1.5000	1.5990	91%	1.4551	1.4550				
	CITY OF FT WALTON BEACH	4.6458	4.4196	95%	4.1986	4.1986				
	CITY OF LAUREL HILL	-	-	-	-	-	-			
Okaloosa	CITY OF MARY ESTHER	3.4000	3.2392	93%	3.0125	3.0125				
	CITY OF NICEVILLE	3.5000	3.2669	91%	2.9729	3.2669	two-thirds	5	0	0
	TOWN OF SHALIMAR	2.2000	2.0400	100%	2.0400	2.0000				
	CITY OF VALPARAISO	3.1200	2.8754	100%	2.8754	2.8754				
	CITY OF OKEECHOBEE	7.1899	6.5010	100%	6.5010	6.5010				
	CITY OF APOPKA	3.7619	3.3408	95%	3.1738	3.1738				
	CITY OF BAY LAKE	1.1316	1.0838	91%	0.9863	1.0838	two-thirds	4	0	1
	CITY OF BELLE ISLE	3.6655	3.4068	91%	3.1002	3.4068	two-thirds	6	0	1
	CITY OF LAKE BUENA VISTA	1.0500	0.9436	91%	0.8587	0.9436	two-thirds	5	0	0
	TOWN OF EATONVILLE	6.9040	6.2358	100%	6.2358	6.9040	unanimous	5	0	0
Orange	CITY OF EDGEWOOD	4.7000	4.2444	95%	4.0322	4.7000	unanimous	5	0	0
	TOWN OF OAKLAND	4.9245	4.2626	91%	3.8790	4.9245	unanimous	4	0	1
	CITY OF ORLANDO	5.6916	5.0879	97%	4.9353	4.9307				
	CITY OF MAITLAND	3.8800	3.4915	97%	3.3868	3.8800	unanimous	5	0	0
	CITY OF OCOEE	4.6295	4.2923	95%	4.0777	4.2919	two-thirds	5	0	0
	TOWN OF WINDERMERE	3.9500	3.5381	91%	3.2197	3.2196				
	CITY OF WINTER GARDEN	4.3040	3.7688	91%	3.4296	3.4296				
	CITY OF WINTER PARK	4.7580	4.3901	91%	3.9950	3.9950				
	CITY OF KISSIMMEE	5.5453	5.0215	91%	4.5696	3.7058				
	CITY OF ST CLOUD	4.1790	3.6773	91%	3.3463	3.6773	two-thirds	4	0	0
Osceola	CITY OF ATLANTIS	6.0000	5.9372	100%	5.9372	5.9372				
	CITY OF BELLE GLADE	6.4300	5.9868	100%	5.9868	6.4300	unanimous	5	0	0
	CITY OF BOCA RATON	3.3000	3.2474	93%	3.0201	3.0200				
	CITY OF BOYNTON BEACH	7.1000	6.9412	93%	6.4553	6.4553				
	TOWN OF BRINY BREEZES	2.7504	2.8101	91%	2.5572	2.5571				
	CITY OF DELRAY BEACH	6.8600	6.7527	91%	6.1450	6.1449				
	CITY OF GREENACRES	5.5500	5.1673	91%	4.7022	4.7022				
	TOWN OF GULF STREAM	3.1000	2.9563	100%	2.9563	2.9563				
	TOWN OF HAVERHILL	4.7854	4.2952	95%	4.0804	4.2952	two-thirds	5	0	0
	TOWN OF HIGHLAND BEACH	3.5793	3.6717	91%	3.3412	3.5232	two-thirds	4	1	0
Palm Beach	TOWN OF HYPOLUXO	2.4500	2.4765	95%	2.3527	2.3500				
	TOWN OF JUNO BEACH	3.2000	3.1584	93%	2.9373	2.8000				

Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required		Vote If > Majority Required		Taxing Authority In Compliance Unless Noted
							Rate	%	Yes	No	
Pasco	TOWN OF JUPITER	2.4221	2.4191	93%	2.2498	2.2497					
	TOWN OF JUPITER INLET COLONY	4.0675	4.1024	97%	3.9793	3.9455					
	TOWN OF LAKE CLARKE SHORES	5.3164	4.9650	95%	4.7168	4.8400	two-thirds		5	0	0
	TOWN OF LAKE PARK	8.0000	7.9284	91%	7.2148	7.6350	two-thirds		5	0	0
	CITY OF LAKE WORTH	8.1500	8.0175	91%	7.2959	7.2959					
	TOWN OF LANANA	7.0385	6.8017	91%	6.1895	6.1895					
	TOWN OF MANALAPAN	3.0420	2.9805	95%	2.8315	2.9080	two-thirds		5	1	1
	TOWN OF MANGONIA PARK	9.8000	8.4800	100%	8.4800	9.8000	unanimous		5	0	0
	TOWN OF OCEAN RIDGE	4.7500	4.4803	91%	4.0771	4.7500	unanimous		5	0	0
	CITY OF PAHOKEE	7.0200	6.6787	100%	6.6787	7.0200	unanimous		4	0	0
	TOWN OF PALM BEACH	3.7273	3.5419	95%	3.3648	3.3637					
	CITY OF PALM BEACH GARDENS	5.4950	5.3737	95%	5.1050	5.1050					
	TOWN OF PALM BEACH SHORES	6.2500	6.3100	91%	5.7421	5.7420					
	CITY OF RIVIERA BEACH	8.7500	8.7099	91%	7.9260	8.4260	two-thirds		5	0	0
	CITY OF SOUTH BAY	6.3089	5.4933	100%	5.4933	6.3089	unanimous		5	0	0
	VILLAGE OF TEQUESTA	6.4980	6.3375	91%	5.7671	5.7671					
	TOWN OF SOUTH PALM BEACH	6.2500	6.3240	91%	5.7548	5.9607	two-thirds		5	0	0
	VILLAGE OF GOLF	7.1000	6.8010	91%	6.1889	6.1890					
	VILLAGE OF NORTH PALM BEACH	6.3000	6.1981	91%	5.6403	6.1000	two-thirds		5	0	0
	VILLAGE OF PALM SPRINGS	4.7714	4.4040	91%	4.0076	4.0076					
VILLAGE OF ROYAL PALM BEACH	2.1400	2.0089	100%	2.0089	2.0089						
CITY OF WEST PALM BEACH	7.8500	7.7329	93%	7.1916	7.1916						
VILLAGE OF WELLINGTON	2.7000	2.5716	91%	2.3402	2.3400						
TOWN OF LOXATCHEE GROVES	-	-	-	-	-	-					Comply - Levied less than 5 years
CITY OF DADE CITY	7.8400	7.1040	93%	6.6067	7.1040	two-thirds		5	0	0	
CITY OF NEW PORT RICHEY	7.0000	7.4555	91%	6.7845	6.7840						
CITY OF PORT RICHEY	4.7000	4.5300	93%	4.2129	3.9000						
CITY OF SAN ANTONIO	2.4155	2.2786	91%	2.0735	2.0735						
CITY OF ZEPHYRHILLS	6.4200	5.8640	95%	5.5708	5.5708						
TOWN OF ST LEO	1.5000	1.3781	100%	1.3781	1.3780						
TOWN OF BELLEAIR	4.6389	4.4791	95%	4.2551	4.2118						
CITY OF BELLEAIR BEACH	2.3100	2.2858	91%	2.0801	1.9800						
CITY OF BELLEAIR BLUFFS	4.3500	4.2135	91%	3.8343	3.9997	two-thirds		4	1	0	
TOWN OF BELLEAIR SHORE	0.5164	0.5486	100%	0.5486	0.5256						
CITY OF CLEARWATER	5.2088	5.0298	93%	4.6777	4.6777						
CITY OF DUNEDIN	4.0934	3.8276	93%	3.5597	3.5597						
CITY OF GULFPORT	3.8700	3.6799	91%	3.3487	3.3487						
CITY OF INDIAN ROCKS BEACH	1.5200	1.5471	95%	1.4697	1.4695						
TOWN OF INDIAN SHORES	1.6700	1.7621	91%	1.6035	1.6000						
TOWN OF KENNETH CITY	3.7540	3.5514	93%	3.3028	3.4448	two-thirds		5	0	0	
CITY OF LARGO	4.2758	4.0126	91%	3.6515	3.6514						
CITY OF MADEIRA BEACH	1.9000	1.9730	91%	1.7954	1.7954						
CITY OF OLDSMAR	4.6000	4.3787	93%	4.0722	4.0722						
CITY OF PINELLAS PARK	4.9788	4.7872	95%	4.5478	4.5478						
TOWN OF REDINGTON BEACH	2.1000	2.1330	91%	1.9410	1.9410						
TOWN OF NORTH REDINGTON BEACH	0.8252	0.8254	91%	0.7511	0.7511						
TOWN OF REDINGTON SHORES	1.6800	1.6735	91%	1.5229	1.5229						
CITY OF SAFETY HARBOR	2.7391	2.6202	97%	2.5416	2.5140						
CITY OF SEMINOLE	2.7500	2.6098	95%	2.4793	2.4793						
CITY OF SOUTH PASADENA	1.3872	1.3709	93%	1.2749	1.2749						
CITY OF ST PETERSBURG	6.6000	6.2238	95%	5.9126	5.9125						
CITY OF ST PETE BEACH	2.6000	2.6114	91%	2.3764	2.3764						



Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote If > Majority Required		Taxing Authority In Compliance Unless Noted
								Yes	No	
Polk	CITY OF TARPON SPRINGS	4.7957	4.5357	95%	4.3089	4.3089				
	CITY OF TREASURE ISLAND	2.6272	2.6240	91%	2.3878	2.3878				
	CITY OF AUBURNDALE	4.4100	3.7142	91%	3.3799	3.3799				
	CITY OF BARTOW	4.5000	3.5482	91%	3.2289	3.2289				
	CITY OF DAVENPORT	6.5000	5.5384	91%	5.0399	5.5384	two-thirds	5	0	0
	TOWN OF DUNDEE	7.0000	6.0878	93%	5.6617	7.0000	unanimous	5	0	0
	CITY OF EAGLE LAKE	8.5000	6.9198	91%	6.2970	6.9198	two-thirds	4	1	0
	CITY OF FT MEADE	3.5000	3.1476	91%	2.8643	2.8643				
	CITY OF FROSTPROOF	8.5000	7.8080	95%	7.4176	7.4176				
	CITY OF HAINES CITY	6.8900	6.6605	91%	6.0611	6.8900	unanimous	5	0	0
Putnam	CITY OF HIGHLAND PARK	7.4294	6.5525	93%	6.0938	7.4294	unanimous	3	0	0
	TOWN OF HILLCREST HEIGHTS	0.3571	0.3306	100%	0.3306	0.3206				
	CITY OF LAKE ALFRED	7.0580	4.6575	97%	4.5178	7.0580	unanimous	5	0	0
	TOWN OF LAKE HAMILTON	7.1480	6.2040	91%	5.6456	5.6460	two-thirds	4	0	1
	CITY OF LAKELAND	3.5450	3.2942	91%	2.9977	3.2942	two-thirds	7	0	0
	CITY OF LAKE WALES	8.4400	7.9055	93%	7.3521	7.3521				
	CITY OF MULBERRY	8.5000	8.1565	100%	8.1565	8.0000				
	CITY OF POLK CITY	6.7425	5.7992	91%	5.2773	6.7425	unanimous	4	0	0
	CITY OF WINTER HAVEN	6.9000	6.2358	95%	5.9240	5.9240				
	CITY OF CRESCENT CITY	8.8000	8.1723	100%	8.1723	8.1723				
St. Johns	TOWN OF INTERLACHEN	8.5000	8.9402	100%	8.9402	8.5000				
	CITY OF PALATKA	8.6500	8.6534	100%	8.6534	8.5000				
	TOWN OF POMONA PARK	5.6535	4.7737	100%	4.7737	4.7737				
	TOWN OF WELAKA	6.3000	5.5050	100%	5.5050	5.5050				
	TOWN OF HASTINGS	8.0000	7.4596	93%	6.9374	8.0000	unanimous	5	0	0
	CITY OF ST AUGUSTINE	6.6000	6.3865	91%	5.8117	6.3864	two-thirds	5	0	0
	CITY OF ST AUGUSTINE BEACH	1.8000	1.7433	91%	1.5864	1.5864				
	CITY OF FT PIERCE	5.9823	6.1164	91%	5.5659	5.5659				
	CITY OF PORT ST LUCIE	3.4399	3.5354	91%	3.2172	3.2172				
	TOWN OF ST LUCIE VILLAGE	1.5000	1.4023	91%	1.2761	1.2500				
Santa Rosa	CITY OF GULF BREEZE	1.6283	1.6000	97%	1.5520	1.5520				
	TOWN OF JAY	2.0000	2.1750	97%	2.1098	2.0000				
	CITY OF MILTON	2.7500	2.7737	95%	2.6350	2.7500	two-thirds	5	0	3
	CITY OF NORTH PORT	3.3000	3.2753	91%	2.9805	2.9805				
	CITY OF SARASOTA	2.9022	2.8406	91%	2.5849	2.7771	two-thirds	5	0	0
	CITY OF VENICE	3.1290	3.0590	91%	2.7837	2.7790				
	CITY OF ALTAMONTE SPRINGS	2.6500	2.4343	100%	2.4343	2.4343				
	CITY OF CASSELBERRY	5.0000	4.5411	95%	4.3140	4.5410	two-thirds	5	0	0
	CITY OF LAKE MARY	3.9998	3.7681	95%	3.5797	3.5797				
	CITY OF LONGWOOD	4.9900	4.4974	95%	4.2725	4.9900	unanimous	5	0	0
Sumter	CITY OF OVIEDO	5.3350	4.8995	95%	4.6545	4.6545				
	CITY OF SANFORD	6.3250	5.7560	95%	5.4682	6.3250	unanimous	5	0	0
	TOWN OF WINTER SPRINGS	4.2919	3.9303	91%	3.5766	3.2496				
	CITY OF BUSHNELL	5.0000	4.7400	100%	4.7400	4.7400				
	CITY OF CENTER HILL	4.6000	3.4210	100%	3.4210	3.4210				
	CITY OF WEBSTER	7.0000	6.4170	100%	6.4170	6.4170				
	CITY OF WILDWOOD	4.7900	3.9100	100%	3.9100	3.9100				
	TOWN OF BRANFORD	4.2500	4.2800	100%	4.2800	4.2500				
	CITY OF LIVE OAK	6.7500	6.1430	100%	6.1430	6.1430				
	CITY OF PERRY	4.6675	4.1231	100%	4.1231	4.1231				
Taylor Union	CITY OF LAKE BUTLER	2.2500	2.0390	100%	2.0390	2.2500	unanimous	5	0	0
	TOWN OF WORTHINGTON SPRINGS	1.6800	1.5540	100%	1.5540	1.5540				

Municipality Compliance with Maximum Millage Levy Calculation - as of December 10, 2007

County	Municipality	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote If > Majority Required		Taxing Authority In Compliance Unless Noted
								Yes	No	
Volusia	CITY OF DAYTONA BEACH	5.9939	5.8670	91%	5.3390	5.1749				
	CITY OF DAYTONA BEACH SHORES	3.8370	3.9857	91%	3.6270	3.5140				
	CITY OF SOUTH DAYTONA	4.8000	4.6696	91%	4.2493	4.2493				
	CITY OF DELAND	5.5977	5.0298	91%	4.5771	4.5771				
	CITY OF EDGEWATER	5.7000	5.3740	91%	4.8903	5.2000	two-thirds	5	0	0
	CITY OF HOLLY HILL	4.0800	3.8756	93%	3.6818	3.6818				
	CITY OF LAKE HELEN	5.2000	4.7344	91%	4.3083	4.2000				
	CITY OF NEW SMYRNA BEACH	3.3671	3.4611	95%	3.2880	3.1000				
	CITY OF OAK HILL	5.0626	4.7495	91%	4.3220	4.7495	two-thirds	4	0	1
	CITY OF ORANGE CITY	4.8751	4.3824	100%	4.3824	4.3824				
	CITY OF ORMOND BEACH	3.4400	3.3089	91%	3.0111	3.0110				
	TOWN OF PONCE INLET	4.0950	4.1144	91%	3.7441	3.7440				
	CITY OF PORT ORANGE	4.6600	4.4467	91%	4.0465	4.0440				
	TOWN OF PIERSON	3.0669	2.8359	100%	2.8359	2.8359				
	CITY OF DEBARY	3.0000	2.8272	91%	2.5728	2.5728				
CITY OF DELTONA	4.0145	3.5974	93%	3.3456	3.3455					
CITY OF ST MARKS	4.2500	3.9559	100%	3.9559	3.9559					
CITY OF DEFUNIAK SPRINGS	4.5000	4.2980	97%	4.1691	4.5000	unanimous	5	0	0	
CITY OF FREEPORT	3.9300	2.3796	91%	2.1654	3.9300	unanimous	5	0	0	
CITY OF CHIPLEY	6.0000	5.2437	100%	5.2437	5.2437					
CITY OF VERNON	2.5143	2.2790	100%	2.2790	2.2790					
CITY OF FANNING SPRINGS	2.0000	1.6227	100%	1.6227	2.0000	unanimous	5	0	0	
TOWN OF LONGBOAT KEY	1.4175	1.4062	100%	1.4062	1.4062					
CITY OF FLAGLER BEACH	3.0000	2.9436	91%	2.6787	2.6790					

Wakulla  
Walton

Washington

Multi-county

**County Compliance with Maximum Millage Levy Calculation - as of December 10, 2007**

County	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote if > Maj. Required		Taxing Authority In Compliance Unless Noted
							Yes	No	
Alachua	8.8887	8.0493	95%	7.6468	7.6468				
Baker	8.4599	7.7601	97%	7.5273	7.5273				
Bay	4.1620	4.1665	91%	3.7915	3.7915				
Bradford	9.3756	8.6769	97%	8.4166	9.1769	unanimous	5	0	0
Brevard	3.8558	3.8966	91%	3.5459	3.6440	see note			Overall levy within maj. vote max. - reductions by dep. dists.
Broward	5.6433	5.1463	95%	4.8890	4.8889				
Calhoun	10.0000	8.9919	100%	8.9919	10.0000	unanimous	5	0	0
Charlotte	4.8409	5.1018	91%	4.6426	4.5426				
Citrus	6.3307	6.2017	95%	5.8916	5.8916				
Clay	8.7536	8.0463	95%	7.6440	1.1000				
Collier	3.5790	3.4582	91%	3.1470	3.1469				
Columbia	8.7260	8.0960	97%	7.8531	7.8530				
Miami-Dade	5.6150	4.9026	91%	4.5796	4.5796				
Desoto	7.4000	7.2511	97%	7.0336	7.0336				
Dixie	10.0000	9.3653	97%	9.0843	9.0843				Max. adjusted for hospital contributions per HIB 1B.
Duval	9.6400	8.7465	97%	8.4841	8.4841				
Escambia	8.7560	8.6200	93%	8.0166	8.0170				
Flagler	4.6655	4.4793	91%	4.0762	4.0762				
Franklin	3.8437	3.8084	91%	3.4656	3.4656				
Gadsden	10.0000	9.0201	97%	8.7495	8.7495				
Gilchrist	10.0000	8.5253	97%	8.2695	8.2695				
Glades	10.0000	9.4193	97%	9.1367	9.1367				
Gulf	4.6371	4.9635	91%	4.5168	4.5168				
Hamilton	10.0000	9.7330	97%	9.4410	10.0000	unanimous	5	0	0
Hardee	9.0000	8.0336	97%	7.7926	7.7926				
Hendry	6.5000	6.4000	100%	6.4000	6.5000	unanimous	5	0	0
Hernando	6.7400	6.2776	93%	5.8382	5.4394				
Highlands	8.5000	7.5819	97%	7.3544	7.3544				
Hillsborough	6.5200	6.0469	95%	5.7446	5.7446				
Holmes	9.7500	9.2594	97%	8.9816	9.5000	unanimous	5	0	0
Indian River	3.1914	3.2133	95%	3.0526	3.0526				
Jackson	8.0000	7.5153	97%	7.2898	7.2898				
Jefferson	10.0000	8.5800	97%	8.3226	8.3226				
Lafayette	10.0000	9.1010	97%	8.8280	8.8280				
Lake	5.7470	5.2250	91%	4.7548	4.7410				
Lee	3.5216	3.5120	93%	3.2662	3.6506	see note			Overall levy within maj. vote max. - reductions by dep. dists.
Leon	7.9900	7.4360	97%	7.2129	7.2130				
Levy	7.9000	7.6508	97%	7.4213	7.4212				
Liberty	10.0000	9.3900	97%	9.1083	10.0000	unanimous	5	0	0
Madison	9.2500	8.3320	97%	8.0820	8.0820				
Manatee	7.4021	6.9223	91%	6.2993	6.2993				
Marion	3.6200	2.9893	97%	2.8996	2.7300				
Martin	4.9280	4.7100	93%	4.3803	4.5480	two-thirds	4	0	1

**County Compliance with Maximum Millage Levy Calculation - as of December 10, 2007**

County	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Vote if > Maj. Required		Taxing Authority In Compliance Unless Noted
							Yes	No	
Monroe	2.5609	2.3536	95%	2.2359	2.2656	see note			Overall levy within maj. vote max. - reductions by dep. dists.
Nassau	6.1821	5.5910	95%	5.3115	5.3115				
Okaloosa	3.6500	3.6172	93%	3.3640	3.3443				
Okeechobee	5.8468	5.5028	97%	5.3377	5.3377				
Orange	5.1639	4.6684	95%	4.4350	4.4347				
Osceola	5.9945	5.3570	93%	4.9820	4.9820				
Palm Beach	4.2800	4.1577	91%	3.7835	3.7811				
Pasco	5.9880	5.6013	97%	5.4333	5.4333				
Pinellas	5.4000	5.1742	93%	4.8120	4.8108				
Polk	8.2730	7.5726	91%	6.8911	6.8911				
Putnam	9.2000	8.8418	97%	8.5765	8.5765				
St. Johns	4.9275	4.6393	91%	4.2218	4.2214				
St. Lucie	4.2734	4.3747	91%	3.9810	4.2299	see note			Overall levy within maj. vote max. - reductions by dep. dists.
Santa Rosa	6.6175	6.5541	93%	6.0953	6.0953				
Sarasota	3.5691	3.4751	93%	3.2318	3.2491	see note			Overall levy within maj. vote max. - reductions by dep. dists.
Seminole	4.9989	4.5872	95%	4.3578	4.3578				
Sumter	6.4410	5.9582	97%	5.7795	5.5000				
Suwannee	9.0000	8.4106	97%	8.1583	8.1583				
Taylor	8.0760	7.4556	97%	7.2319	7.2319				
Union	10.0000	8.5902	100%	8.5902	10.0000	unanimous	4	0	I
Volusia	4.2563	4.1007	95%	3.8957	3.8956				Determination not final
Wakulla	8.1800	7.8610	97%	7.6252	7.6252				
Walton	3.8100	3.6882	91%	3.3563	3.3563				
Washington	8.5000	7.8970	97%	7.6601	7.6600				

**Independent Special District Compliance with Maximum Millage Levy - as of December 10, 2007**

County	District	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Actual Vote		Taxing Authority In Compliance Unless Noted
								Yes	No	
Alachua	ALACHUA CO LIBRARY DIST	1.4475	1.3036	97%	1.2645	1.2645	two-thirds	3	0	Determination not final
	BAKER COUNTY HOSPITAL AUTH	1.1500	1.0500	97%	1.0185	1.0500			2	
Bay	BEACH MOSQUITO CONTROL DIST	0.1410	0.1482	97%	0.1438	0.1438				
	MERRITT ISLAND LIBRARY DIST	0.0869	0.0867	97%	0.0841	0.0807				
Brevard	NORTH BROWARD HOSPITAL DIST	1.8317	1.6758	97%	1.6255	1.6255				
	SOUTH BROWARD HOSPITAL DIST	1.3300	1.2004	97%	1.1644	1.1643				
Citrus	CENTRAL BROWARD WATER CONTROL	0.5500	0.4847	97%	0.4702	0.4700				
	FT LAUDERDALE DOWNTOWN DEV	0.6150	0.5086	97%	0.4933	0.4933				
Collier	HILLSBORO INLET DIST	0.1170	0.1087	97%	0.1054	0.0860				
	TINDALL HAMMOCK IRR & SOIL	2.5000	2.2825	97%	2.2140	2.5000	unanimous	3	0	0
Columbia	BROWARD C CHILDREN'S SERV CNCL	0.4073	0.3716	97%	0.3605	0.3572				
	CITRUS CO MOSQUITO CONTROL	0.1200	0.1174	97%	0.1139	0.1174	two-thirds	3	0	0
Franklin	HOMOSASSA SPECIAL WATER DIST	0.6948	0.6849	97%	0.6644	0.6643				
	CITRUS COUNTY HOSPITAL BOARD	0.9200	0.8999	97%	0.8729	0.8999	two-thirds	5	0	0
Hillsborough	COLLIER MOSQUITO CONTROL DIST	0.0680	0.0655	97%	0.0635	0.0635				
	EAST NAPLES FIRE CONT&RES DIS	1.5000	1.3916	97%	1.3499	1.3498				
Miami-Dade	NORTH NAPLES FIRE CONTROL DIST	1.0000	0.9432	97%	0.9149	1.0000	unanimous	5	0	0
	BIG CORKSCREW FIRE CONTROL DIS	2.0000	1.8966	97%	1.8397	1.8397				
Flagler	GOLDEN GATE FIRE CTRL & RESC	1.0000	0.9288	97%	0.9009	0.9288	two-thirds	2	1	0
	IMMOKALEE FIRE CONTROL DIST	3.0000	2.7380	97%	2.6559	2.7380	two-thirds	4	1	0
Franklin	LAKE SHORE HOSPITAL	2.2500	2.0860	97%	2.0234	2.0220				
	DADE CO DOWNTOWN DEV AUTH	0.5000	0.4396	97%	0.4264	0.5000	unanimous	4	0	1
Franklin	THE CHILDREN'S TRUST	0.1680	0.1604	97%	0.1556	0.1550				Determination not final
	EAST FLAGLER MOSQUITO CONTROL	3.0000	3.0152	97%	2.9247	3.0000	two-thirds	5	0	0
Glades	DOG ISLAND CONSERVATION DIST	4.0000	3.8563	97%	3.7406	3.0000				
	EASTPOINT WATER & SEWER DIST	1.9000	1.8728	97%	1.8166	1.8000				
Hardee	ALLIGATOR POINT WATER RES DIST	1.0010	0.9021	97%	0.8750	1.0000	unanimous	3	0	0
	BUCKHEAD RIDGE MOSQUITO CTRL	0.5533	0.3128	97%	0.3034	0.3034				
Hillsborough	HARDEE CO INDIGENT HEALTH CARE	3.0000	2.9054	97%	2.8182	2.8182				
	HENDRY COUNTY HOSPITAL AUTH	0.2200	0.2043	97%	0.1982	0.1982				Did Not Levy
Indian River	TAMPA PORT AUTHORITY	0.5000	0.4634	97%	0.4495	0.4495				
	TAMPA PALMS COMM DEVELOP DIST	0.5000	0.4634	97%	0.4495	0.4495				
Jackson	HILLSBOROUGH TRANSIT AUTH	0.5000	0.4634	97%	0.4495	0.4634	two-thirds	7	0	3
	HILLSBOROUGH CHILDREN'S BOARD	0.2045	0.2060	97%	0.1998	0.1998				
Lake	INDIAN RIVER MOSQUITO CTRL DIS	0.6150	0.6193	97%	0.6007	0.6193	two-thirds	4	0	3
	INDIAN RIVER MEMORIAL HOSPITAL	1.5000	1.4090	97%	1.3580	1.5000	unanimous	4	0	0
Lee	CAMPBELL TON/GRACEVILLE HOSP	1.0000	0.9060	97%	0.8788	1.0000	unanimous	6	0	0
	NORTH LAKE CO HOSPITAL DIST	0.2530	0.2300	97%	0.2231	0.2130				
Lee	LAKE CO WATER AUTH	1.0000	0.8934	97%	0.8666	0.8666				
	SOUTH LAKE CO HOSPITAL DIST	0.0223	0.0221	97%	0.0214	0.0214				
Franklin	LEE CO HYACINTH CONTROL	0.1695	0.1687	97%	0.1636	0.1636				
	LEE CO MOSQUITO CONTROL DIS	3.0000	2.8900	97%	2.8033	2.8000				
Franklin	ALVA FIRE CONTROL DIST	3.4000	3.0944	97%	3.0016	3.4000	unanimous	5	0	0
	BAYSHORE FIRE CONTROL DIST	1.9800	1.8684	97%	1.8123	1.7685				
Franklin	BONITA SPRINGS FIRE CONT DIST	0.6725	0.5851	97%	0.5675	0.5675				
	CAPTIVA FIRE CONTROL DIST	0.1321	0.1149	97%	0.1115	0.1149	two-thirds	4	0	1
Franklin	CAPTIVA EROSION PREVENTION	2.0000	1.8421	97%	1.7868	1.7868				
	ESTERO FIRE RESCUE	2.6500	2.6224	97%	2.5437	2.0014				
Franklin	FT MYERS BEACH FIRE CONT	0.4719	0.4670	97%	0.4530	0.4719	unanimous	7	0	0
	FT MYERS BEACH LIBRARY DIST	0.0620	0.0613	97%	0.0595	0.0580				

Independent Special District Compliance with Maximum Millage Levy - as of December 10, 2007

County	District	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Actual Vote			Taxing Authority In Compliance Unless Noted	
								Yes	No	Not Voting		
Levy Manatee	FT MYERS SHORES FIRE DIST	2.0000	1.8679	97%	1.8119	2.0000	unanimous	5	0	0	Determination not final	
	NORTH FORT MYERS FIRE CTRL	2.5000	2.2888	97%	2.2201	2.5000	unanimous	4	0	1		
	IONA MCGREGOR FIRE DIST	2.1800	2.0442	97%	1.9829	1.9829						
	LEHIGH ACRES FIRE CTRL	2.4969	3.2050	97%	3.1089	2.7517						
	MATLACHA PINE ISLAND FIRE	2.5000	2.4675	97%	2.3935	2.5000	unanimous	5	0	0		
	SAN CARLOS PARK FIRE CNTRL	2.4000	2.0389	97%	1.9777	1.9777						
	SANIBEL FIRE & RESCUE DIST	0.8258	0.7975	97%	0.7736	0.7736						
	SOUTH TRAIL FIRE CONTROL	1.8199	1.6780	97%	1.6277	1.8199	unanimous	5	0	0		
	TICE FIRE CONTROL	3.0000	2.6797	97%	2.5993	2.5993						
	UPPER CAPTIVA FIRE PROT & RESC	2.0900	1.9442	97%	1.8859	2.0900	unanimous	5	0	0		
	Sanibel Public Library	-	-	-	-	-						Comply - Levied less than 5 years
	CEDAR KEY SPEC WATER & SEW DIS	0.6199	0.6678	97%	0.6478	0.6678	two-thirds	5	0	0		
	MANATEE CO MOSQUITO DIST	0.1148	0.1068	97%	0.1036	0.1036						
	PALMS OF TERRA CEIA	4.2500	3.7750	97%	3.6618	4.0000	unanimous	5	0	0		
Marion	CEDAR HAMMOCK FIRE RESCUE	-	-	-	-	-					Comply - Levied less than 5 years Comply - Levied less than 5 years Comply - Levied less than 5 years	
	SOUTHERN MANATEE FIRE & RESCUE	-	-	-	-	-						
	EAST MANATEE FIRE AND RESCUE	-	-	-	-	-						
	CITY OF OCALA DOWNTOWN DEV "A"	1.8667	1.5948	97%	1.5470	1.5470						
	CITY OF OCALA DOWNTOWN DEV "B"	1.5361	1.2352	97%	1.1981	1.1981						
	CITY OF OCALA DOWNTOWN DEV "C"	1.2187	1.0428	97%	1.0115	1.0115						
	MARTIN CO CHILDREN'S SERV	0.3202	0.3064	97%	0.2972	0.2972						
	FLORIDA KEYS MOSQUITO CTRL	0.5505	0.5058	97%	0.4906	0.4175						
	KEY LARGO FIRE RESCUE/EMER MED	-	-	-	-	-						
	AMELIA ISLAND MOSQUITO CONTROL	0.1225	0.1149	97%	0.1115	0.1149	two-thirds	3	0	0		
	DESTIN FIRE CONTROL DIST	0.7700	0.8004	97%	0.7764	0.8004	two-thirds	4	1	0		
	EAST NICEVILLE FIRE DIST	2.0000	1.8836	97%	1.8271	1.9200	unanimous	4	0	1		
	FLOROSA FIRE CONTROL DIST	1.0000	0.9374	97%	0.9093	1.0000	unanimous	5	0	0		
	NORTH BAY FIRE DISTRICT	1.8000	1.7339	97%	1.6819	1.6819						
OCEAN CITY/WRIGHT FIRE CNTRL	1.7800	1.6970	97%	1.6461	1.6460							
Okaloosa	OKALOOSA ISLAND FIRE DISTRICT	1.9855	2.1893	97%	2.1236	2.0250						
	OKEECHOBEE CHILDREN'S SERVICES	0.2800	0.2632	97%	0.2553	0.2632	two-thirds	9	0	1		
	ORANGE COUNTY LIBRARY DIST	0.4325	0.3864	97%	0.3748	0.3748						
	WEST PALM BEACH DWNTWN DEV	1.7500	2.1172	97%	2.0537	1.5000						
	GREATER BOCA RATON BCH & PARK	0.8939	0.8791	97%	0.8527	0.8527						
	JUPITER INLET DISTRICT	0.0916	0.0909	97%	0.0882	0.0909	two-thirds	4	0	0		
	PALM BEACH CHILDREN'S SERVICES	0.6199	0.6003	97%	0.5823	0.5823						
	HEALTH CARE DISTRICT	0.9700	0.9393	97%	0.9111	0.8900						
	PASCO CO MOSQ CONTROL DIST	0.1599	0.1493	97%	0.1448	0.1448						
	PINELLAS JUVENILE WELFARE	0.7963	0.7613	97%	0.7385	0.7384						
	CLEARWATER DOWNTOWN DEV BOARD	1.0000	0.9949	97%	0.9651	0.9651						
	PALM HARBOR SPC FIRE DIST	2.0000	1.8828	97%	1.8263	1.8263						
	PINELLAS SUNCOAST TRANSIT	0.6074	0.5774	97%	0.5601	0.5601						
	PINELLAS PARK WATER MGMT DIST	3.0000	2.8107	97%	2.7264	2.7264						
EAST LAKE TARPON FIRE CNTRL	1.5300	1.4734	97%	1.4292	1.4292							
Polk	LEALMAN FIRE & RESCUE	4.5000	3.9878	97%	3.8682	3.6927						
	LAKELAND AREA MASS TRANSIT DIS	0.4880	0.4687	97%	0.4546	0.4880	unanimous	5	0	0		
	LAKELAND DOWNTOWN DEVELOPMENT	1.9560	1.9366	97%	1.8785	1.9366	two-thirds	6	0	1		
	LAKE REGION LAKES MGMT DIST	0.3635	0.3231	97%	0.3134	0.3134						
St. Johns	PONTE VEDRA MUNCP SERV DIST	0.3700	0.3510	97%	0.3405	0.3510	two-thirds	6	0	1		
	ST AUGUSTINE AIRPORT AUTHORITY	0.2055	0.1932	97%	0.1874	0.1807						
	ANASTASIA MOSQUITO CONTROL	0.1500	0.1410	97%	0.1368	0.1344						

Independent Special District Compliance with Maximum Millage Levy - as of December 10, 2007

County	District	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Actual Vote		Taxing Authority In Compliance Unless Noted
								Yes	No	
St. Lucie	ST AUGUSTINE PORT WTWY & BCH	0.0473	0.0454	97%	0.0440	0.0454	two-thirds	5	0	0
	ST LUCIE CO FIRE DIST	2.4562	2.4953	97%	2.4204	2.2000				
	ST LUCIE CHILDREN'S SERVICES	0.3915	0.3977	97%	0.3858	0.3858				
Santa Rosa	AVALON BEACH/MULAT FIRE DIST	0.8000	0.7730	97%	0.7498	0.7498				
	MIDWAY FIRE PROTECTION DIST	1.4000	1.4017	97%	1.3596	1.4000	two-thirds	5	0	0
Sarasota	SARASOTA CO PUBLIC HOSPITAL	1.0000	0.9701	97%	0.9410	0.9410				
	HALIFAX MEDICAL CENTER	2.7500	2.6784	97%	2.5980	2.5000				
Volusia	SOUTHEAST VOLUSIA HOSP DIST	2.2162	2.2359	97%	2.1688	2.1688				
	WEST VOLUSIA HOSP AUTHORITY	1.2619	1.1433	97%	1.1090	1.2619	unanimous	5	0	0
	SOUTH WALTON FIRE DIST	0.8000	0.7799	97%	0.7565	0.7000				
Walton	SOUTH WALTON MOSQUITO CONTROL	0.0947	0.0924	97%	0.0896	0.0744				

Fire / EMS Compliance with Maximum Millage Levy - as of December 10, 2007

District	Name	2006 Millage	Rolled-Back Rate	Tier	Majority Vote Rate	2007 Rate	Extraordinary Vote Required	Actual Vote		Taxing Authority In Compliance Unless Noted
								Yes	No	
ALACHUA COUNTY BCC	MSTU FIRE PROTECTION SEV	1.2531	1.1420	97%	1.1077	1.1077				
BAY COUNTY BCC	FIRE DIST-MSTU	0.7500	0.7462	97%	0.7238	0.7238				
BREVARD COUNTY BCC	FIRE CTRL COWIDE	0.6529	0.6511	97%	0.6316	0.6316				
CITY OF CAPE CANAVERAL	FIRE/RESCUE	1.0200	1.0165	97%	0.9860	0.9860				
BROWARD COUNTY BCC	FIRE/RESC	2.7500	2.6004	97%	2.5224	2.5224				
CITY OF POMPANO BEACH	POMPANO BCH EMER MD SRVC	0.5000	0.4587	97%	0.4449	0.4449				
CITRUS COUNTY BCC	FIRE DIST	0.4810	0.4707	97%	0.4566	0.4566				
CLAY COUNTY BCC	MSTU-Fire Control	-	-	-	-	-				
COLLIER COUNTY BCC	016 OCHOPEE FIRE	4.0000	3.8132	97%	3.6988	3.6988				
COLLIER COUNTY BCC	039 ISLE OF CAPE FIRE	1.5000	1.5420	97%	1.4957	1.4957				
COLLIER COUNTY BCC	097 CC FIRE CTRL	2.0000	2.0037	97%	1.9436	1.9436				
COLLIER COUNTY BCC	171 GOODLAND/HORRIS IS FI	0.7734	0.8093	97%	0.7850	0.7761				
MIAMI-DADE BCC	FIRE/RESCUE	2.6090	2.2749	97%	2.2067	2.2067				
DESOTO COUNTY BCC	EMS	0.3500	0.3430	97%	0.3327	0.3327				
DIXIE COUNTY BCC	EMERGENCY MD-SRVC-MSTU	2.6000	2.4109	97%	2.3386	2.3386				
GILCHRIST COUNTY BCC	MSTU	-	-	-	-	-				
GULF COUNTY BCC	HOWARD CREEK FIRE DIST	0.5000	0.3837	97%	0.3722	0.5000	unanimous	5	0	0
GULF COUNTY BCC	OVERSTREET FIRE DIST	0.5000	0.5951	97%	0.5772	0.5000				
GULF COUNTY BCC	SPEC TUPELO FIRE DIST	0.5000	0.4973	97%	0.4824	0.5000	unanimous	5	0	0
GULF COUNTY BCC	ST JOSEPH FIRE DIST	0.5000	0.5565	97%	0.5398	0.5000				
HERNANDO COUNTY BCC	EMERGENCY MEDICAL SERV MS	0.6700	0.6177	97%	0.5992	0.5839				
HERNANDO COUNTY BCC	SPRINGHILL F&R MITSU	2.5500	2.3999	97%	2.3279	2.2686				
INDIAN RIVER COUNTY BCC	EMERGENCY SERVICE DIST	1.7639	1.7733	97%	1.7201	1.7201				
LAKE COUNTY BCC	LAKE CO/EM MED	0.5289	0.4795	97%	0.4651	0.4651				
LEE COUNTY BCC	BURNT STORE FIRE	1.0091	0.9849	97%	0.9554	0.9554				
LEE COUNTY BCC	MARAVILLA FIRE DIST	6.0000	5.0205	97%	4.8699	3.0000				
LEE COUNTY BCC	USEPPA ISL FIRE	1.8982	1.7242	97%	1.6725	1.6724				
LEON COUNTY BCC	CO EMS	-	-	-	-	-				
MARION COUNTY BCC	EMS & FIRE PROT/RESC	-	-	-	-	-				
MARION COUNTY BCC	EMT	-	-	-	-	-				
MARION COUNTY BCC	FIRE/RESCUE UNINCORP	2.2830	2.1960	97%	2.1301	2.1480	two-thirds	4	0	1
MONROE COUNTY BCC	LOWER/MID KEYS FIRE/AMB-M	1.1251	1.0899	97%	1.0485	1.0485				
NASSAU COUNTY BCC	MUN SER FUND	1.8224	1.6398	97%	1.5906	1.5906				
ORANGE COUNTY BCC	CO FIRE & EMS	2.5862	2.3131	97%	2.2437	2.2437				
ORANGE COUNTY BCC	EMS FIRE/RESCUE	0.6542	0.5841	97%	0.5666	0.6542	unanimous	5	0	0
PALM BEACH COUNTY BCC	FIRE RESCUE	2.9800	2.8654	97%	2.7794	2.7794				
PALM BEACH COUNTY BCC	GLADES FIRE	1.8240	1.7621	97%	1.7092	1.7621	two-thirds	7	0	0
PALM BEACH COUNTY BCC	JUPITER FIRE/RESCUE	1.4809	1.4757	97%	1.4314	1.4809	unanimous	7	0	0
PASCO COUNTY BCC	MUN SRVC FIRE	1.1000	1.0263	97%	0.9955	0.9955				
PINELLAS COUNTY BCC	BELLAIR BLUFFS FIRE	0.9283	0.8799	97%	0.8535	0.8535				
PINELLAS COUNTY BCC	CLEARWATER FIRE	2.0441	1.9204	97%	1.8628	1.8628				
PINELLAS COUNTY BCC	DUNEDIN FIRE	2.1412	2.0724	97%	2.0102	2.0102				
PINELLAS COUNTY BCC	EMERGENCY MED SRVC*	0.6300	0.6012	97%	0.5832	0.5832				
PINELLAS COUNTY BCC	GANDY FIRE	1.2744	1.2445	97%	1.2072	1.2072				
PINELLAS COUNTY BCC	HIGHPOINT FIRE	2.6416	2.5165	97%	2.4410	2.4410				
PINELLAS COUNTY BCC	LARGO FIRE	2.0488	1.9593	97%	1.9005	1.9005				
PINELLAS COUNTY BCC	PINELLAS PARK FIRE	2.5437	2.4407	97%	2.3675	2.3675				
PINELLAS COUNTY BCC	SAFETY HARBOR FIRE	2.0044	2.0714	97%	2.0093	2.0093				
PINELLAS COUNTY BCC	SEMINOLE FIRE	2.1324	2.0187	97%	1.9581	1.9581				
PINELLAS COUNTY BCC	SOUTH PASADINA FIRE	2.4408	2.2874	97%	2.2188	2.2188				
PINELLAS COUNTY BCC	TARPON SPRGS FIRE	1.8040	1.7358	97%	1.6837	1.6837				
PINELLAS COUNTY BCC	TIERRA VERDE FIRE	1.5000	1.4430	97%	1.3997	1.3997				
PUTNAM COUNTY BCC	FIRE	0.8000	0.7655	97%	0.7425	0.7425				
ST JOHNS COUNTY BCC	FIRE DISTRICT*	1.2000	1.1293	97%	1.0954	1.0954				
SARASOTA COUNTY BCC	EMS	-	-	-	-	-				
SEMINOLE COUNTY BCC	CO FIRE DIST	2.6334	2.4030	97%	2.3299	2.3299				
VOLUSIA COUNTY GOVERNMENT	510-FIRE DIST	3.0000	2.8697	97%	2.7836	2.7836				

Comply - Levy less than 5 years

Comply - Levy less than 5 years

Did Not Levy

Comply - Levy less than 5 years

Comply - Levy less than 5 years

Comply - Levy less than 5 years





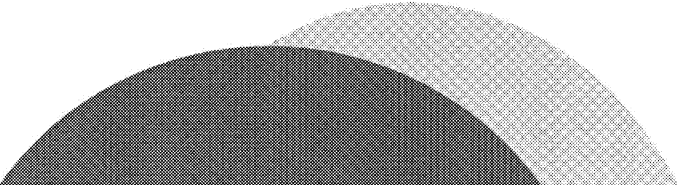


# Guaranteed Energy Performance Savings Contracting

---

Government  
Efficiency & Accountability Council

Prepared by the Department of Management Services and Department of Financial  
Services and presented on 12/12/07



# Agenda

---

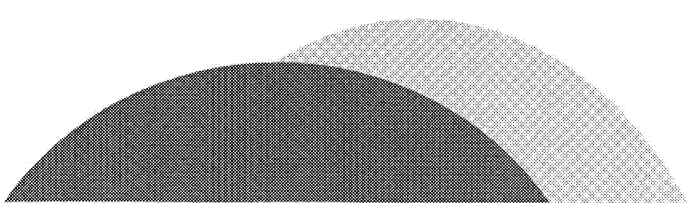
- Purpose
- History
- Program Components
- Program Status
- Process Improvements
- Next Steps



## Purpose

---

- Invest in energy conservation measures that reduce energy consumption and produce cost savings
- Implemented under Chapter 489.145 F.S.
- Provides another mechanism for Agencies to fund energy related capital improvements



## History

---

- 2001 - Added Guarantee and specified Performance and Conservation measures
- 2002 - DMS entered into a State Term Contract with 7 Guaranteed Energy Savings Contractors (ESCOs)
- 2007 - Proposed Law Change HB7123



## Program Components

---

- Investment Grade Audit
- ESCO's Written guarantee for energy cost savings
- Contract with Agency
- Finance Agreement
- Measurement and Verification



## Program Status

---

- New State Term Contract awarded December 2007 to 10 ESCOs
- 5 Audits Being Considered by Agencies
- 2 Audits in Review by DMS
- 1 Contract in Negotiation by Agency
- 3 Contracts Reviewed by DFS (2 Approved, 1 Returned to Agency)

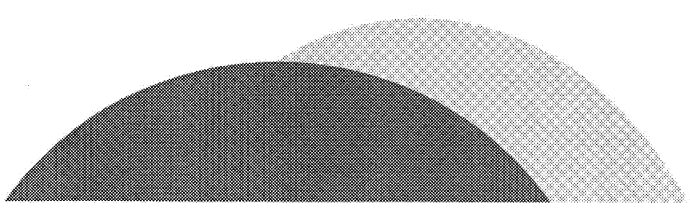


## Process Improvements

---

- Emphasized Agency involvement
- Defined DMS and DFS roles and responsibilities
- Formalized a Process (see handout)
  - Defined Project Selection
  - Clarified DMS Requirements for Investment Grade Audit
  - Clarified DFS Requirements for Contract and Financing
- Established targets for DMS and DFS review periods





## Next Steps

---

- Workshop and Training for Agencies
- Legislative Program Enhancements for 2008
  - Leverage CEFPP Financing
  - Excerpts from HB7123
    - Emphasize Energy related Operational Savings
    - Provided further guidelines for program
- Compliments other Energy Conservation efforts (Executive Order 07 -126)



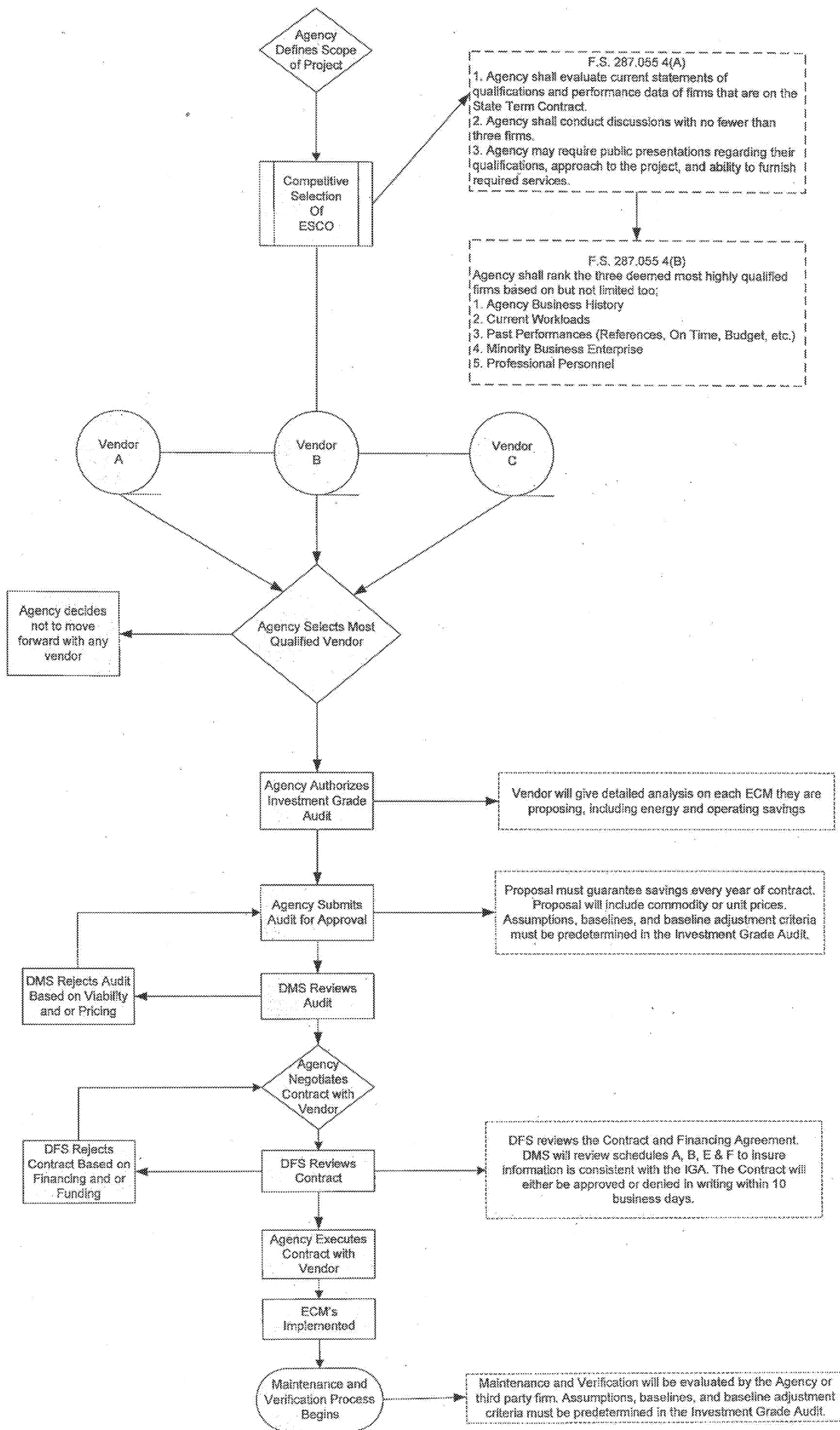
## Questions?

---

- Dean Izzo, Director  
Real Estate Development and  
Management  
Department of Management Services
- Christina Smith, Assistant Director  
Accounting and Auditing  
Department of Financial Services



# Proposed ESCO Flowchart Draft



**LGIP**

# Local Government Investment Pool

## TABLE OF CONTENTS

- TAB 1: State Board of Administration, ss. 215.44-215.53, Florida Statutes
- TAB 2: Composition of SBA's Local Government Investment Pool Advisory Committee
- TAB 3: BlackRock Assessment
- TAB 4: Advisory Committee Recommendations
- TAB 5: LGIP Holdings
- TAB 6: New LGIP Update & Guide for Participants
- TAB 7: FRS Pension Plan: Fact Sheet
- TAB 8: FRS Pension Plan: Details on Downgraded Holdings
- TAB 9: FRS Pension Plan Holdings
- TAB 10: Consolidated SBA Holdings Downgraded Below Purchase Guidelines









215.44 Board of Administration; powers and duties in relation to investment of trust funds.—

(1) Except when otherwise specifically provided by the State Constitution and subject to any limitations of the trust agreement relating to a trust fund, the Board of Administration, hereinafter sometimes referred to as “board,” composed of the Governor as chair, the Chief Financial Officer, and the Attorney General, shall invest all the funds in the System Trust Fund, as defined in s. 121.021(36), and all other funds specifically required by law to be invested by the board pursuant to ss. 215.44-215.53 to the fullest extent that is consistent with the cash requirements, trust agreement, and investment objectives of the fund. Notwithstanding any other law to the contrary, the State Board of Administration may invest any funds of any state agency or any unit of local government pursuant to the terms of a trust agreement with the head of the state agency or the governing body of the unit of local government, which trust agreement shall govern the investment of such funds, provided that the board shall approve the undertaking of such investment before execution of the trust agreement by the State Board of Administration. The funds and the earnings therefrom are exempt from the service charge imposed by s. 215.20. As used in this subsection, the term “state agency” has the same meaning as that provided in <sup>(1)</sup>s. 216.001, and the terms “governing body” and “unit of local government” have the same meaning as that provided in s. 218.403.

(2)(a) The board shall have the power to make purchases, sales, exchanges, investments, and reinvestments for and on behalf of the funds referred to in subsection (1), and it shall be the duty of the board to see that moneys invested under the provisions of ss. 215.44-215.53 are at all times handled in the best interests of the state.

(b) In exercising investment authority pursuant to s. 215.47, the board may retain investment advisers or managers, or both, external to in-house staff, to assist the board in carrying out the power specified in paragraph (a).

(3) Notwithstanding any law to the contrary, all investments made by the State Board of Administration pursuant to ss. 215.44-215.53 shall be subject to the restrictions and limitations contained in s. 215.47.

(4) The board shall prepare and approve an operating budget each fiscal year consistent with the provisions of chapter 216. The approved operating budget shall be submitted to the legislative appropriation committees and the Executive Office of the Governor prior to July 1 of each year.

(5) On or before January 1 of each year, the board shall provide to the Legislature a report including the following items for each fund which, by law, has been entrusted to the board for investment:

(a) A schedule of the annual beginning and ending asset values and changes and sources of changes in the asset value of:

1. Each fund managed by the board; and
2. Each asset class and portfolio within the Florida Retirement System Trust Fund;

(b) A description of the investment policy for each fund, and changes in investment policy for each fund since the previous annual report;

(c) A description of compliance with investment strategy for each fund;

(d) A description of the risks inherent in investing in financial instruments of the major asset classes held in the fund; and

(e) Other information deemed of interest by the executive director of the board.

(6) The Office of Program Policy Analysis and Government Accountability shall examine the board's management of investments every 2 years. The Office of Program Policy Analysis and Government Accountability shall submit such reports to the board, the President of the Senate, and the Speaker of the House of Representatives and their designees.

(7) Investment and debt purchasing procedures and contracts of funds held in trust by the State Board of Administration, whether directly or incidentally related to the investment or debt transactions, are exempt from the provisions of chapter 287.

(8)(a) In order to effectively and efficiently administer the real estate investment program of the State Board of Administration, the Legislature finds a public necessity in protecting specified records of the board. Accordingly, records and information relating to acquiring, hypothecating, or disposing of real property or related personal property or mortgage interests in same, as well as interest in collective real estate investment funds, publicly traded securities, or private placement investments, are confidential and exempt from s. 119.07(1) in order to protect proprietary information requisite to the board's ability to transact arms length negotiations necessary to successfully compete in the real estate investment market. All reports and documents relating to value, offers, counteroffers, or negotiations are confidential and exempt from s. 119.07(1) until closing is complete and all funds have been disbursed. Reports and documents relating to tenants, leases, contracts, rent rolls, and negotiations in progress are confidential and exempt from the provisions of s. 119.07(1) until the executive director determines that releasing such information would not be detrimental to the interests of the board and would not cause a conflict with the fiduciary responsibilities of the State Board of Administration.

(b) In order to effectively and efficiently administer the investment programs of the board, the Legislature finds a public necessity in protecting records other than those described in paragraph (a). Accordingly, records and other information relating to investments made by the board pursuant to its constitutional and statutory investment duties and responsibilities are confidential and exempt from s. 119.07(1) until 30 days after completion of an investment transaction. However, if in the opinion of the executive director of the board it would be detrimental to the financial interests of the board or would cause a conflict with the fiduciary responsibilities of the board, information concerning service provider fees may be maintained as confidential and exempt from s. 119.07(1) until 6 months after negotiations relating to such fees have been terminated. This exemption prevents the use of confidential internal investment decisions of the State Board of Administration for improper personal gain.

(c)1. As used in this paragraph, the term:

a. "Alternative investment" means an investment by the State Board of Administration in a private equity fund, venture fund, hedge fund, or distress fund or a direct investment in a portfolio company through an investment manager.

b. "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure or investment manager through which the State Board of Administration invests in a portfolio company.

c. "Portfolio company" means a corporation or other issuer, any of whose securities are owned by an alternative investment vehicle or the State Board of Administration and any subsidiary of such corporation or other issuer.

d. "Portfolio positions" means individual investments in portfolio companies which are made by the alternative investment vehicles, including information or specific investment terms associated with any portfolio company investment.

e. "Proprietor" means an alternative investment vehicle, a portfolio company in which the alternative investment vehicle is invested, or an outside consultant, including the respective authorized officers, employees, agents, or successors in interest, which controls or owns information provided to the State Board of Administration.

f. "Proprietary confidential business information" means information that has been designated by the proprietor when provided to the State Board of Administration as information that is owned or controlled by a proprietor; that is intended to be and is treated by the proprietor as private, the disclosure of which would harm the business operations of the proprietor and has not been intentionally disclosed by the proprietor unless pursuant to a private agreement that provides that the information will not be released to the public except as required by law or legal process, or pursuant to law or an order of a court or administrative body; and that concerns:

(I) Trade secrets as defined in s. 688.002.

(II) Information provided to the State Board of Administration regarding a prospective investment in a private equity fund, venture fund, hedge fund, distress fund, or portfolio company which is proprietary to the provider of the information.

(III) Financial statements and auditor reports of an alternative investment vehicle.

(IV) Meeting materials of an alternative investment vehicle relating to financial, operating, or marketing information of the alternative investment vehicle.

(V) Information regarding the portfolio positions in which the alternative investment vehicles invest.

(VI) Capital call and distribution notices to investors of an alternative investment vehicle.

(VII) Alternative investment agreements and related records.

(VIII) Information concerning investors, other than the State Board of Administration, in an alternative investment vehicle.

g. "Proprietary confidential business information" does not include:

(I) The name, address, and vintage year of an alternative investment vehicle and the identity of the principals involved in the management of the alternative investment vehicle.

(II) The dollar amount of the commitment made by the State Board of Administration to each alternative investment vehicle since inception.

(III) The dollar amount and date of cash contributions made by the State Board of Administration to each alternative investment vehicle since inception.

(IV) The dollar amount, on a fiscal-year-end basis, of cash distributions received by the State Board of Administration from each alternative investment vehicle.

(V) The dollar amount, on a fiscal-year-end basis, of cash distributions received by the State Board of Administration plus the remaining value of alternative-vehicle assets that are attributable to the State Board of Administration's investment in each alternative investment vehicle.

(VI) The net internal rate of return of each alternative investment vehicle since inception.

(VII) The investment multiple of each alternative investment vehicle since inception.

(VIII) The dollar amount of the total management fees and costs paid on an annual fiscal-year-end basis by the State Board of Administration to each alternative investment vehicle.

(IX) The dollar amount of cash profit received by the State Board of Administration from each alternative investment vehicle on a fiscal-year-end basis.

2. Proprietary confidential business information held by the State Board of Administration regarding alternative investments is confidential and exempt from s. 119.07(1) and s. 24(a), Art. I of the State Constitution for 10 years after the termination of the alternative investment. This exemption applies to proprietary confidential business information held by the State Board of Administration before, on, or after October 1, 2006.

3. Notwithstanding the provisions of subparagraph 2., a request to inspect or copy a record under s. 119.07(1) which contains proprietary confidential business information shall be granted if the proprietor of the information fails, within a reasonable period of time after the request is received by the State Board of Administration, to verify the following to the State Board of Administration through a written declaration in the manner provided by s. 92.525:

- a. That the requested record contains proprietary confidential business information and the specific location of such information within the record;
- b. If the proprietary confidential business information is a trade secret, a verification that it is a trade secret as defined in s. 688.002;
- c. That the proprietary confidential business information is intended to be and is treated by the proprietor as private, is the subject of efforts of the proprietor to maintain its privacy, and is not readily ascertainable or publicly available from any other source; and
- d. That the disclosure of the proprietary confidential business information to the public would harm the business operations of the proprietor.

4. Any person may petition a court of competent jurisdiction for an order for the public release of those portions of any record made confidential and exempt by subparagraph 2. Any action under this subparagraph must be brought in Leon County, Florida, and the petition or other initial pleading shall be served on the State Board of Administration and, if determinable upon diligent inquiry, on the proprietor of the information sought to be released. In any order for the public release of a record under this subparagraph, the court shall make a finding that the record or portion thereof is not a trade secret as defined in s. 688.002, that a compelling public interest is served by the release of the record or portions thereof which exceed the public necessity for maintaining the confidentiality of such record, and that the release of the record will not cause damage to or adversely affect the interests of the proprietor of the released information, other private persons or business entities, the State Board of Administration, or any trust fund, the assets of which are invested by the State Board of Administration.

5. This paragraph is subject to the Open Government Sunset Review Act in accordance with s. 119.15 and shall stand repealed on October 2, 2011, unless reviewed and saved from repeal through reenactment by the Legislature.

(9) In connection with any investment pursuant to s. 215.47, the State Board of Administration may enter into an indemnification agreement provided that, under any such agreement, the liability of the State Board of Administration is limited to the amount of its investment and the State Board of Administration is not obligated to indemnify against loss caused by the negligence or fault of the person seeking indemnification.

History.—ss. 1, 2, ch. 57-353; ss. 1, 10, ch. 67-354; s. 46, ch. 71-355; s. 1, ch. 77-270; s. 97, ch. 79-190; s. 2, ch. 81-295; ss. 1, 2, ch. 83-270; s. 3, ch. 83-332; s. 7, ch. 83-339; s. 52, ch. 86-152; s. 1, ch. 86-236; s. 1, ch. 89-299; s. 25, ch. 91-244; s. 4, ch. 93-162; s. 1150, ch. 95-147; s. 4, ch. 96-177; s. 70, ch. 96-406; s. 1, ch. 98-47; s. 54, ch. 2001-266; s. 9, ch. 2003-6; s. 1, ch. 2006-163.

<sup>[1]</sup>Note.—Repealed by s. 61, ch. 2000-371.

215.441 Board of Administration; appointment of executive director.—The appointment of the executive director of the State Board of Administration shall be subject to the approval by a majority vote of the Board of Trustees of the State Board of Administration, and the Governor must vote on the prevailing side. Such appointment must be reaffirmed in the same manner by the board of trustees on an annual basis.

History.—s. 9, ch. 2001-235.

215.442 Executive director; reporting requirements; public meeting.—

(1) Beginning October 2007 and quarterly thereafter, the executive director shall present to the Board of Trustees of the State Board of Administration a quarterly report to include the following:

(a) The name of each equity in which the State Board of Administration has invested for the quarter.

(b) The industry category of each equity.

(2) The executive director shall present each quarterly report at a meeting of the board of trustees, which shall be open and noticed to the public pursuant to the requirements of s. 286.011 and s. 24(b), Art. I of the State Constitution.

(3) The State Board of Administration shall publish a copy of each quarterly report on its website prior to presenting the report at each quarterly meeting of the board of trustees.

History.—s. 2, ch. 2007-88.

215.444 Investment Advisory Council.—

(1) There is created a six-member Investment Advisory Council to review the investments made by the staff of the Board of Administration and to make recommendations to the board regarding investment policy, strategy, and procedures.

(2) The members of the council shall be appointed by the board and shall be subject to confirmation by the Senate. These individuals shall possess special knowledge, experience, and familiarity with financial investments and portfolio management. Members shall be appointed for 4-year terms. A vacancy shall be filled for the remainder of the unexpired term. The council shall annually elect a chair and a vice chair from its membership. A member may not be elected to consecutive terms as chair or vice chair.

History.—s. 1, ch. 83-270; s. 2, ch. 84-94; s. 53, ch. 86-152; s. 2, ch. 86-236; ss. 1, 3, ch. 93-23; s. 1151, ch. 95-147.

215.45 Sale and exchange of securities.—Securities or investments purchased or held under the provisions of this chapter may be sold or exchanged for other securities or investments;

provided, however, that no sale or exchange shall be at a price less than the market price of the securities or investments to be sold or exchanged unless such sale or exchange is pursuant to a call option having a strike price more than the price of the securities on the date the option was written or unless such sale or exchange has received the unanimous approval of the board.

History.—s. 3, ch. 57-353; s. 1, ch. 82-45.

215.47 Investments; authorized securities; loan of securities.—Subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments under ss. 215.44-215.53 may be invested as follows:

(1) Without limitation in:

(a) Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.

(b) State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.

(c) Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.

(d) Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.

(e) Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.

(f) Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.

(g) Bonds issued by the Florida State Improvement Commission, Florida Development Commission, <sup>[1]</sup>Division of Bond Finance of the <sup>[2]</sup>Department of General Services, or Division of Bond Finance of the State Board of Administration.

(h) Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in chapter 280.



- (i) Notes, bonds, and other obligations of agencies of the United States.
  - (j) Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.
  - (k) Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
  - (l) Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
  - (m) Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
  - (n) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- (2) With no more than 25 percent of any fund in:
- (a) Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.
  - (b) Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.
  - (c) Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.
  - (d) Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.
  - (e) Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or

income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

1. The title to real property acquired under this paragraph shall be vested in the name of the respective fund.
2. For purposes of taxation of property owned by any fund, the provisions of s. 196.199(2)(b) do not apply.
3. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in chapter 253, and the provisions of that chapter do not apply to such real property.

(f) Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

(g) A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

(h) Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in s. 215.475.

(i) United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

(j) Asset-backed securities not otherwise authorized by this section.

(3) With no more than 80 percent of any fund in common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock, provided:

(a) The corporation is organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or

(b) The corporation is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Securities Exchange Act of 1934.

(c) Not more than 75 percent of the fund may be in internally managed common stock.

The board shall not invest more than 10 percent of the equity assets of any fund in the common stock, preferred stock, and interest-bearing obligations having an option to convert into common stock, of any one issuing corporation; and the board shall not invest more than 3 percent of the equity assets of any fund in such securities of any one issuing corporation except to the extent a higher percentage of the same issue is included in a nationally recognized market index, based on market values, at least as broad as the Standard and Poor's Composite Index of 500 Companies, or except upon a specific finding by the board that such higher percentage is in the best interest of the fund.

(4) With no more than 80 percent of any fund, in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.

(5) With no more than 25 percent of any fund in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the board.

(6) With no more than 5 percent of any fund to be invested as deemed appropriate by the board, notwithstanding investment limitations otherwise expressed in this section. Prior to the board engaging in any investment activity not otherwise authorized under ss. 215.44-215.53, excluding investments in publicly traded securities, options, financial futures, or similar instruments, the board shall present to the Investment Advisory Council a proposed plan for such investment. Said plan shall include, but not be limited to, the expected benefits and potential risks of such activity; methods for monitoring and measuring the performance of the investment; a complete description of the type, nature, extent and purpose of the investment, including description of issuer, security in which investment is proposed to be made, voting rights or lack thereof and control to be acquired, restrictions upon voting, transfer, and other material rights of ownership, and the existence of any contracts, arrangements, understandings, or relationships with any person or entity (naming the same) with respect to the proposed investment; and assurances that sufficient investment expertise is available to the board to properly evaluate and manage such activity. The Investment Advisory Council may obtain independent investment counsel to provide expert advice with regard to such proposed investment activity by the board, and the board shall defray such costs.

(7) For the purpose of determining the above investment limitations, the value of bonds shall be the par value thereof, and the value of evidences of ownership and interest-bearing obligations having an option to convert to ownership shall be the cost thereof.

(8) Investments in any securities authorized by this section may be under repurchase agreements or reverse repurchase agreements.

(9) Investments made by the State Board of Administration shall be designed to maximize the financial return to the fund consistent with the risks incumbent in each investment and shall be designed to preserve an appropriate diversification of the portfolio. The board shall discharge its duties with respect to a plan solely in the interest of its participants and beneficiaries. The board

in performing the above investment duties shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this subsection shall prevail.

(10) The board is authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the board by rule authorizes a different market.

(11) The board is authorized to invest in domestic or foreign notional principal contracts.

(12) The State Board of Administration, consistent with sound investment policy, may pledge up to 2 percent of the assets of the Florida Retirement System Trust Fund as collateral for housing bonds issued by the State of Florida or its political subdivisions under chapter 159, part V of chapter 420, or chapter 421 as a supplemental income program for the system. With regard to any collateral program, the State Board of Administration is authorized to coordinate or retain other governmental entities of the State of Florida or private entities to administer this program, as well as receive fees for the use of the designated collateral.

(13) The State Board of Administration, consistent with sound investment policy, may invest the earnings accrued and collected upon the investment of the minimum balance of funds required to be maintained in the State Transportation Trust Fund pursuant to s. 339.135(6)(b). Such investment shall be limited as provided in s. 288.9607(7).

(14) With no more than 5 percent of any fund in alternative investments, as defined in s. 215.44(8)(c)1.a., through participation in the vehicles defined in s. 215.44(8)(c)1.b.

(15) The State Board of Administration is authorized to invest in domestic and foreign group trusts.

(16) Securities or investments purchased or held under the provisions of this section may be loaned to securities dealers or financial institutions, provided the loan is collateralized by cash or securities having a market value of at least 100 percent of the market value of the securities loaned.

(17) The State Board of Administration may sell short any of the securities and investments authorized under this section.

History.—s. 5, ch. 57-353; s. 1, ch. 61-462; s. 1, ch. 63-341; s. 1, ch. 63-446; s. 1, ch. 65-551; s. 2, ch. 67-354; ss. 22, 35, ch. 69-106; s. 18, ch. 69-216; s. 1, ch. 70-47; ss. 1, 2, ch. 73-183; s. 65, ch. 73-333; s. 14, ch. 77-301; s. 2, ch. 79-262; s. 1, ch. 80-317; s. 123, ch. 81-259; s. 3, ch. 82-45; s. 35, ch. 83-3; s. 16, ch. 83-215; s. 1, ch. 83-229; s. 2, ch. 83-270; s. 1, ch. 84-137; s. 1, ch. 84-166; s. 213, ch. 85-342; s. 54, ch. 86-152; s. 3, ch. 86-236; s. 5, ch. 88-171; s. 2, ch. 88-385; s. 2, ch. 89-299; s. 26, ch. 91-244; s. 150, ch. 92-279; s. 8, ch. 92-312; s. 55, ch. 92-326; s. 5, ch. 93-162; s. 45, ch. 93-187; s. 64, ch. 93-268; s. 2, ch. 94-264; s. 5, ch. 94-332; s. 130, ch. 95-417;

s. 5, ch. 96-177; s. 2, ch. 98-47; s. 5, ch. 2004-71; s. 6, ch. 2005-253; s. 3, ch. 2006-205; s. 1, ch. 2007-98.

<sup>[1]</sup>Note.—Transferred to the State Board of Administration by s. 2, ch. 92-279.

<sup>[2]</sup>Note.—Redesignated as the Department of Management Services by s. 4, ch. 92-279.

<sup>[3]</sup>215.471 Divestiture by the State Board of Administration.—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:

(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 Cuba, or with agencies or instrumentalities thereof in violation of federal law.

(2) 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 pursuant to s. 4 of the Cuban Democracy Act of 1992.

History.—s. 2, ch. 93-218; s. 4, ch. 2000-152.

<sup>[1]</sup>Note.—Section 6, ch. 93-218, provides that “[t]he Governor may waive the requirements of this act in the event that there is a collapse of the existing regime in Cuba and there is a need for immediate aid to Cuba prior to the convening of the Legislature or for humanitarian reasons as a result of a national disaster on the Island of Cuba.”

<sup>[2]</sup>215.472 Prohibited investments.—Notwithstanding any other provision of law, each state agency, as defined in s. 216.011, is prohibited from investing in:

(1) 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 makes any loan, extends credit of any kind or character, advances funds in any manner, or purchases or trades any goods or services with Cuba, the government of Cuba, or any company doing business in or with Cuba in violation of federal law.

(2) Any financial 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 pursuant to s. 4 of the Cuban Democracy Act of 1992.

History.—s. 3, ch. 93-218.

<sup>[1]</sup>Note.—Section 6, ch. 93-218, provides that “[t]he Governor may waive the requirements of this act in the event that there is a collapse of the existing regime in Cuba and there is a need for immediate aid to Cuba prior to the convening of the Legislature or for humanitarian reasons as a result of a national disaster on the Island of Cuba.”

§215.473 Divestiture by the State Board of Administration; Sudan; Iran.—

(1) DEFINITIONS.—As used in this act, the term:

(a) “Active business operations” means all business operations that are not inactive business operations.

(b) “Business operations” means engaging in commerce in any form in Sudan or Iran, including, but not limited to, acquiring, developing, maintaining, owning, selling, possessing, leasing, or operating equipment, facilities, personnel, products, services, personal property, real property, or any other apparatus of business or commerce.

(c) “Company” means any sole proprietorship, organization, association, corporation, partnership, joint venture, limited partnership, limited liability partnership, limited liability company, or other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, parent companies, or affiliates of such entities or business associations, that exists for the purpose of making profit.

(d) “Complicit” means taking actions during any preceding 20-month period which have directly supported or promoted the genocidal campaign in Darfur, including, but not limited to, preventing Darfur's victimized population from communicating with each other; encouraging Sudanese citizens to speak out against an internationally approved security force for Darfur; actively working to deny, cover up, or alter the record on human rights abuses in Darfur; or other similar actions.

(e) “Direct holdings” in a company means all securities of that company that are held directly by the public fund or in an account or fund in which the public fund owns all shares or interests.

(f) “Government of Iran” means the government of Iran, its instrumentalities, and companies owned or controlled by the government of Iran.

(g) “Government of Sudan” means the government in Khartoum, Sudan, that is led by the National Congress Party, formerly known as the National Islamic Front, or any successor government formed on or after October 13, 2006, including the coalition National Unity Government agreed upon in the Comprehensive Peace Agreement for Sudan, and does not include the regional government of southern Sudan.

(h) “Inactive business operations” means the mere continued holding or renewal of rights to property previously operated for the purpose of generating revenues but not presently deployed for such purpose.

(i) “Indirect holdings” in a company means all securities of that company that are held in an account or fund, such as a mutual fund, managed by one or more persons not employed by the public fund, in which the public fund owns shares or interests together with other investors not subject to the provisions of this act.

- (j) "Iran" means the Islamic Republic of Iran.
- (k) "Marginalized populations of Sudan" include, but are not limited to, the portion of the population in the Darfur region that has been genocidally victimized; the portion of the population of southern Sudan victimized by Sudan's north-south civil war; the Beja, Rashidiya, and other similarly underserved groups of eastern Sudan; the Nubian and other similarly underserved groups in Sudan's Abyei, Southern Blue Nile, and Nuba Mountain regions; and the Amri, Hamadab, Manasir, and other similarly underserved groups of northern Sudan.
- (l) "Military equipment" means weapons, arms, military supplies, and equipment that may readily be used for military purposes, including, but not limited to, radar systems, military-grade transport vehicles, or supplies or services sold or provided directly or indirectly to any force actively participating in armed conflict in Sudan.
- (m) "Mineral-extraction activities" include the exploring, extracting, processing, transporting, or wholesale selling or trading of elemental minerals or associated metal alloys or oxides (ore), including gold, copper, chromium, chromite, diamonds, iron, iron ore, silver, tungsten, uranium, and zinc, as well as facilitating such activities, including providing supplies or services in support of such activities.
- (n) "Oil-related activities" include, but are not limited to, owning rights to oil blocks; exporting, extracting, producing, refining, processing, exploring for, transporting, selling, or trading of oil; constructing, maintaining, or operating a pipeline, refinery, or other oil-field infrastructure; and facilitating such activities, including providing supplies or services in support of such activities, except that the mere retail sale of gasoline and related consumer products is not considered an oil-related activity.
- (o) "Petroleum resources" means petroleum, petroleum byproducts, or natural gas.
- (p) "Power-production activities" means any business operation that involves a project commissioned by the National Electricity Corporation (NEC) of Sudan or other similar entity of the government of Sudan whose purpose is to facilitate power generation and delivery, including, but not limited to, establishing power-generating plants or hydroelectric dams, selling or installing components for the project, providing service contracts related to the installation or maintenance of the project, as well as facilitating such activities, including providing supplies or services in support of such activities.
- (q) "Public fund" means all funds, assets, trustee, and other designates under the State Board of Administration pursuant to chapter 121.
- (r) "Scrutinized active business operations" means active business operations that have resulted in a company becoming a scrutinized company.
- (s) "Scrutinized business operations" means business operations that have resulted in a company becoming a scrutinized company.

(t) "Scrutinized company" means any company that meets any of the following criteria:

1. The company has business operations that involve contracts with or provision of supplies or services to the government of Sudan, companies in which the government of Sudan has any direct or indirect equity share, consortiums or projects commissioned by the government of Sudan, or companies involved in consortiums or projects commissioned by the government of Sudan, and:

a. More than 10 percent of the company's revenues or assets linked to Sudan involve oil-related activities or mineral-extraction activities; less than 75 percent of the company's revenues or assets linked to Sudan involve contracts with or provision of oil-related or mineral-extracting products or services to the regional government of southern Sudan or a project or consortium created exclusively by that regional government; and the company has failed to take substantial action; or

b. More than 10 percent of the company's revenues or assets linked to Sudan involve power-production activities; less than 75 percent of the company's power-production activities include projects whose intent is to provide power or electricity to the marginalized populations of Sudan; and the company has failed to take substantial action.

2. The company is complicit in the Darfur genocide.

3. The company supplies military equipment within Sudan, unless it clearly shows that the military equipment cannot be used to facilitate offensive military actions in Sudan or the company implements rigorous and verifiable safeguards to prevent use of that equipment by forces actively participating in armed conflict. Examples of safeguards include post-sale tracking of such equipment by the company, certification from a reputable and objective third party that such equipment is not being used by a party participating in armed conflict in Sudan, or sale of such equipment solely to the regional government of southern Sudan or any internationally recognized peacekeeping force or humanitarian organization.

4. The company has business operations that involve contracts with or provision of supplies or services to the government of Iran, companies in which the government of Iran has any direct or indirect equity share, consortiums, or projects commissioned by the government of Iran, or companies involved in consortiums or projects commissioned by the government of Iran and:

a. More than 10 percent of the company's total revenues or assets are linked to Iran and involve oil-related activities or mineral-extraction activities; and the company has failed to take substantial action; or

b. The company has, with actual knowledge, on or after August 5, 1996, made an investment of \$20 million or more, or any combination of investments of at least \$10 million each, which in the aggregate equals or exceeds \$20 million in any 12-month period, and which directly or significantly contributes to the enhancement of Iran's ability to develop the petroleum resources of Iran.



(u) “Social-development company” means a company whose primary purpose in Sudan is to provide humanitarian goods or services, including medicine or medical equipment; agricultural supplies or infrastructure; educational opportunities; journalism-related activities; information or information materials; spiritual-related activities; services of a purely clerical or reporting nature; food, clothing, or general consumer goods that are unrelated to oil-related activities; mineral-extraction activities; or power-production activities.

(v) “Substantial action specific to Iran” means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within 1 year and to refrain from any such new business operations.

(w) “Substantial action specific to Sudan” means adopting, publicizing, and implementing a formal plan to cease scrutinized business operations within 1 year and to refrain from any such new business operations; undertaking humanitarian efforts in conjunction with an international organization, the government of Sudan, the regional government of southern Sudan, or a nonprofit entity evaluated and certified by an independent third party to be substantially in a relationship to the company’s Sudan business operations and of benefit to one or more marginalized populations of Sudan; or, through engagement with the government of Sudan, materially improving conditions for the genocidally victimized population in Darfur.

## (2) IDENTIFICATION OF COMPANIES.—

(a) Within 90 days after the effective date of this act, the public fund shall make its best efforts to identify all scrutinized companies in which the public fund has direct or indirect holdings or could possibly have such holdings in the future. Such efforts include:

1. Reviewing and relying, as appropriate in the public fund’s judgment, on publicly available information regarding companies having business operations in Sudan, including information provided by nonprofit organizations, research firms, international organizations, and government entities;
2. Contacting asset managers contracted by the public fund that invest in companies having business operations in Sudan; or
3. Contacting other institutional investors that have divested from or engaged with companies that have business operations in Sudan.
4. Reviewing the laws of the United States regarding the levels of business activity that would cause application of sanctions for companies conducting business or investing in countries that are designated state sponsors of terror.

(b) By the first meeting of the public fund following the 90-day period described in paragraph (a), the public fund shall assemble all scrutinized companies that fit criteria specified in subparagraphs (1)(t)1., 2., and 3. into a “Scrutinized Companies with Activities in Sudan List” and shall assemble all scrutinized companies that fit criteria specified in subparagraph (1)(t)4. into a “Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.”

(c) The public fund shall update and make publicly available quarterly the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List based on evolving information from, among other sources, those listed in paragraph (a).

(d) Notwithstanding the provisions of this act, a social-development company that is not complicit in the Darfur genocide is not considered a scrutinized company under subparagraph (1)(t)1., subparagraph (1)(t)2., or subparagraph (1)(t)3.

(3) REQUIRED ACTIONS.—The public fund shall adhere to the following procedure for assembling companies on the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List:

(a) Engagement.—

1. The public fund shall immediately determine the companies on the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List in which the public fund owns direct or indirect holdings.

2. For each company identified in this paragraph that has only inactive business operations, the public fund shall send a written notice informing the company of this act and encouraging it to continue to refrain from initiating active business operations in Sudan or Iran until it is able to avoid scrutinized business operations. The public fund shall continue such correspondence semiannually.

3. For each company newly identified under this paragraph that has active business operations, the public fund shall send a written notice informing the company of its scrutinized company status and that it may become subject to divestment by the public fund. The 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 business operations in order to avoid qualifying for divestment by the public fund.

4. If, within 90 days after the public fund's first engagement with a company pursuant to this paragraph, that company ceases scrutinized business operations, the company shall be removed from the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, and the provisions of this act shall cease to apply to that company unless that company resumes scrutinized business operations. If, within 90 days after the public fund's first engagement, the company converts its scrutinized active business operations to inactive business operations, the company is subject to all provisions relating to inactive business operations. A company may be removed from one list but remain on the other list, in which case the company shall be subject to the provisions applicable to the list on which the company remains.

(b) Divestment.—

1. If, after 90 days following the public fund's first engagement with a company pursuant to paragraph (a), the company continues to have scrutinized active business operations, and only while such company continues to have scrutinized active business operations, the public fund shall sell, redeem, divest, or withdraw all publicly traded securities of the company, except as provided in paragraph (d), from the public fund's assets under management within 12 months after the company's most recent appearance on the Scrutinized Companies with Activities in Sudan List or on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List.

2. If a company that ceased scrutinized active business operations following engagement pursuant to paragraph (a) resumes such operations, this paragraph immediately applies, and the public fund shall send a written notice to the company. The company shall also be immediately reintroduced onto the Scrutinized Companies with Activities in Sudan List or on the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List, as applicable.

(c) Prohibition.—The public fund may not acquire securities of companies on the Scrutinized Companies with Activities in Sudan List or the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List that have active business operations, except as provided in paragraph (d).

(d) Exemption.—A company that the United States Government affirmatively declares to be excluded from its present or any future federal sanctions regime relating to Sudan or Iran is not subject to divestment or the investment prohibition pursuant to paragraphs (b) and (c).

(e) Excluded securities.—Notwithstanding the provisions of this act, paragraphs (b) and (c) do not apply to indirect holdings in actively managed investment funds. However, the public fund shall submit letters to the managers of such investment funds containing companies that have scrutinized active business operations requesting that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the public fund shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, a private equity fund is deemed to be an actively managed investment fund.

(f) Further exclusions.—Notwithstanding any other provision of this act, the public fund, when discharging its responsibility for operation of a defined contribution plan, shall engage the manager of the investment offerings in such plans requesting that they consider removing scrutinized companies from the investment offerings or create an alternative investment offering devoid of scrutinized companies. If the manager creates an alternative investment offering and the offering is deemed by the public fund to be consistent with prudent investor standards, the public fund shall consider including such investment offering in the plan.

#### (4) REPORTING.—

(a) The public fund shall file a report with each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of

Representatives that includes the Scrutinized Companies with Activities in Sudan List and the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List within 30 days after the list is created. This report shall be made available to the public.

(b) At each quarterly meeting of the Board of Trustees thereafter, the public fund shall file a report, which shall be made available to the public and to each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives, and send a copy of that report to the United States Presidential Special Envoy to Sudan and the United States Presidential Special Envoy to Iran, or an appropriate designee or successor, which includes:

1. A summary of correspondence with companies engaged by the public fund under subparagraphs (3)(a)2. and 3.;
2. All investments sold, redeemed, divested, or withdrawn in compliance with paragraph (3)(b);
3. All prohibited investments under paragraph (3)(c);
4. Any progress made under paragraph (3)(e); and
5. A list of all publicly traded securities held directly by this state.

(5) EXPIRATION.—This act expires upon the occurrence of all of the following:

(a) If any of the following occur, the public fund shall no longer scrutinize companies according to subparagraphs (1)(t)1., 2., and 3. and shall no longer assemble the Scrutinized Companies with Activities in Sudan List, shall cease engagement and divestment of such companies, and may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List:

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 Darfur genocide has been halted for at least 12 months;
2. The United States revokes all sanctions imposed against the government of Sudan;
3. 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 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; or
4. 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 mandatory divestment of the type provided for in this act interferes with the conduct of United States foreign policy.

(b) If any of the following occur, the public fund shall no longer scrutinize companies according to subparagraph (1)(t)4. and shall no longer assemble the Scrutinized Companies with Activities in the Iran Petroleum Energy Sector List and shall cease engagement, investment prohibitions, and divestment. The public fund may reinvest in such companies as long as such companies do not satisfy the criteria for inclusion in the Scrutinized Companies with Activities in Sudan List:

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;
2. The United States revokes all sanctions imposed against the government of Iran; or
3. 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 act interferes with the conduct of United States foreign policy.

(6) INVESTMENT POLICY STATEMENT OBLIGATIONS.—The public fund's actions taken in compliance with this act, including all good faith determinations regarding companies as required by this act, shall be adopted and incorporated into the public fund's investment policy statement (the IPS) as set forth in s. 215.475.

(7) REINVESTMENT IN CERTAIN COMPANIES HAVING SCRUTINIZED ACTIVE BUSINESS OPERATIONS.—Notwithstanding any other provision of this act to the contrary, the public fund may cease divesting from certain scrutinized companies pursuant to paragraph (3)(b) or reinvest in certain scrutinized companies from which it divested pursuant to paragraph (3)(b) if clear and convincing evidence shows that the value of all assets under management by the public fund becomes equal to or less than 99.50 percent, or 50 basis points, of the hypothetical value of all assets under management by the public fund assuming no divestment for any company had occurred under paragraph (3)(b). Cessation of divestment, reinvestment, or any subsequent ongoing investment authorized by this act is limited to the minimum steps necessary to avoid the contingency set forth in this subsection or that no divestment of any company is required for less than fair value. For any cessation of divestment, reinvestment, or subsequent ongoing investment authorized by this act, the public fund shall provide a written report to each member of the Board of Trustees of the State Board of Administration, the President of the Senate, and the Speaker of the House of Representatives in advance of initial reinvestment, updated semiannually thereafter as applicable, setting forth the reasons and justification, supported by clear and convincing evidence, for its decisions to cease divestment, reinvest, or remain invested in companies having scrutinized active business operations. This act does not apply to reinvestment in companies on the grounds that they have ceased to have scrutinized active business operations.

History.—s. 3, ch. 2007-88.

<sup>[1]</sup>Note.—Section 4, ch. 2007-88, provides that “[i]f any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the act that can be given effect without the invalid provision or application, and to this end the provisions of this act are severable. The Legislature hereby declares that it would have passed this act and each provision of this act, irrespective of the fact that any one or more provisions of this act might be declared invalid, illegal, unenforceable or unconstitutional, including, but not limited to, each of the engagement, divestment, and prohibition provisions of this act.” 215.475 Investment policy statement.—

(1) In making investments for the System Trust Fund pursuant to ss. 215.44-215.53, the board shall make no investment which is not in conformance with the Florida Retirement System Defined Benefit Plan Investment Policy Statement, hereinafter referred to as “the IPS,” as developed by the executive director and approved by the board. The IPS must include, among other items, the investment objectives of the System Trust Fund; permitted types of securities in which the board may invest; and evaluation criteria necessary to measure the investment performance of the fund. As required from time to time, the executive director of the board may present recommended changes in the IPS to the board for approval.

(2) Prior to any recommended changes in the IPS being presented to the board, the executive director of the board shall present such changes to the Investment Advisory Council for review. The council shall present the results of its review to the board prior to the board's final approval of the IPS or changes in the IPS.

History.—s. 3, ch. 89-299; ss. 3, 4, ch. 90-192; s. 4, ch. 93-23; s. 6, ch. 2004-71.

215.48 Consent and ratification of appropriate board, agency, or of the judicial branch.—By and with the consent and approval of any constitutional board or agency, or the judicial branch, now having the constitutional power to make investments, and in accordance with the provisions of ss. 215.44-215.53, the State Board of Administration shall have the power to make purchases, sales, exchanges, investments and reinvestments for and on behalf of any such board.

History.—s. 6, ch. 57-353; s. 3, ch. 67-354; s. 45, ch. 79-164; s. 22, ch. 92-142.

215.49 Making funds available for investment.—

(1) It shall be the duty of each state agency, and the judicial branch, now or hereafter charged with the administration of the System Trust Fund, as defined in s. 121.021(36), or other funds specifically required by law to be invested by the State Board of Administration pursuant to ss. 215.44-215.53 to make such moneys available for investment as fully as is consistent with the cash requirements of the particular fund and to transfer such moneys to the board for investment.

(2) Monthly, and more often as circumstances require, such agency and the judicial branch shall notify the State Board of Administration of the amount available for investment, the moneys shall be transferred to the board, and the investment shall be made by the board. Such

notification shall include the name and number of the fund for which the investments are to be made, and of the life of the investment if the principal sum is to be required for meeting obligations; however, nothing herein shall be construed as legislative intent to make available for investment any funds other than those referred to in s. 215.44.

(3) If requested by the board, it shall be the duty of the agency and the judicial branch to furnish the board an inventory of all securities in the particular fund, together with such additional information as may be requested.

History.—s. 7, ch. 57-353; s. 4, ch. 67-354; s. 3, ch. 81-295; s. 23, ch. 92-142.

215.50 Custody of securities purchased; income.—

(1) All securities purchased or held may, with the approval of the board, be in the custody of the Chief Financial Officer or the Chief Financial Officer as treasurer ex officio of the board, or be deposited with a bank or trust company to be held in safekeeping by such bank or trust company for the collection of principal and interest or of the proceeds of the sale thereof.

(2) It shall be the duty of the board or of the Chief Financial Officer, as custodian of the securities of the board, to collect the interest or other income on, and the principal of, such securities in their custody as the sums become due and payable and to pay the same, when so collected, into the investment account of the fund to which the investments belong.

(3) The Chief Financial Officer, as custodian of securities owned by the Florida Retirement System Trust Fund and the Florida Survivor Benefit Trust Fund, shall collect the interest, dividends, prepayments, maturities, proceeds from sales, and other income accruing from such assets. As such income is collected by the Chief Financial Officer, it shall be deposited directly into a commercial bank to the credit of the State Board of Administration. Such bank accounts as may be required for this purpose shall offer satisfactory collateral security as provided by chapter 280. In the event funds so deposited according to the provisions of this section are required for the purpose of paying benefits or other operational needs, the State Board of Administration shall remit to the Florida Retirement System Trust Fund in the State Treasury such amounts as may be requested by the Department of Management Services.

(4) Securities that the board selects to use for options operations under s. 215.45 or for lending under s. 215.47(16) shall be registered by the Chief Financial Officer in the name of a third-party nominee in order to facilitate such operations.

History.—s. 8, ch. 57-353; s. 5, ch. 67-354; s. 6, ch. 80-242; s. 2, ch. 80-317; s. 8, ch. 81-285; s. 4, ch. 82-45; s. 1, ch. 83-60; s. 79, ch. 83-217; s. 4, ch. 98-47; s. 72, ch. 99-255; s. 218, ch. 2003-261.

215.51 Investment accounts; changes, notice, etc.—

(1) The board shall keep, for each fund for which investments are made, a separate account, to be designated by name and number, which shall record the individual amounts and the totals of

all investments belonging to such fund. Every receipt and collection or disbursement when received or made shall be immediately reported to the board for recording to the particular fund to which it belongs.

(2) The board shall make written report monthly to each and every interested state official or agency and the judicial branch the changes in investments made during the preceding month for their respective fund or funds, and, in addition, shall furnish the details on the investment transaction of any fund upon written request of such state official or agency or judicial branch or head thereof.

History.—s. 9, ch. 57-353; s. 24, ch. 92-142.

#### 215.515 Investment accounts; charges for services.—

(1) The State Board of Administration shall make reasonable charges for all investment services performed for any agency, the judicial branch, or any fund in accordance with the provisions of ss. 215.44-215.53 or other provisions of law. The agency, fund, or judicial branch shall pay the charges, and such sums as may be necessary for this purpose are hereby appropriated from earnings on investments held by such agency, fund, or the judicial branch. The amount to be paid by each agency, fund, or the judicial branch shall be determined in such proportion as the service rendered to each agency, fund, or the judicial branch bears to the total service rendered to all agencies and funds and the judicial branch.

(2) The State Board of Administration Administrative Expense Trust Fund may be invested by the board to the extent that such investment is consistent with the cash requirements and investment objectives of the board.

History.—s. 2, ch. 77-270; s. 97, ch. 79-400; s. 5, ch. 82-45; s. 25, ch. 92-142; s. 84, ch. 92-279; s. 55, ch. 92-326; s. 5, ch. 98-47.

215.52 Rules and regulations.—The board shall have the power and authority to make reasonable rules and regulations necessary to carry out the provisions of ss. 215.44-215.53.

History.—s. 10, ch. 57-353; s. 6, ch. 67-354.

215.53 Powers of existing officers and boards, the judicial branch, and agencies not affected.—It is the intent of the Legislature that transfer of the powers, duties, and responsibilities of existing state agencies or the judicial branch made by ss. 215.44-215.53 to the board shall include only the particular powers, duties, and responsibilities hereby transferred, and all other existing powers shall in no way be affected by said sections. The powers, duties, and responsibilities conferred by ss. 215.44-215.53 upon the board are additional and supplemental to the existing powers of the officers composing the said board.

History.—s. 11, ch. 57-353; s. 7, ch. 67-354; s. 26, ch. 92-142.





## **Composition of SBA's Local Government Investment Pool Advisory Committee**

### **Florida Association of Court Clerks and Comptrollers Designees**

Karen Nicolai, Clerk and Comptroller of **Hernando County**  
Ken Burke, Clerk and Comptroller of **Pinellas County**  
Bob Inzer, Clerk and Comptroller of **Leon County**

### **Florida League of Cities Designees**

Jeannie Garner, Director of Financial Services, Florida League of Cities  
Thomas Bonfield, City Manager, City of **Pensacola**  
Donald Nelson, Director of Finance, City of **Coral Gables**

### **Florida Association of Counties Designees**

Eric Johnson, Director, **Hillsborough** County Office of Management and Budget  
Davin Suggs, Director, **Gadsden** County Office of Management and Budget  
Marie Gouin, Director, **St. Lucie** County Office of Management and Budget

### **Florida School Boards Association Designees**

Tom Greer, **Osceola** County School Board  
Bill Graham, **Palm Beach** County School Board  
Dr. Jack R. Lamb, Chair, **Hillsborough** County School Board

### **Florida Association of District School Superintendents Designees**

Dr. Margaret "Peg" A. Smith, Superintendent, **Volusia** County School District  
Mrs. MaryEllen Elia, Superintendent **Hillsborough** County School District  
Dr. David Gayler, Superintendent, **Charlotte** County School District

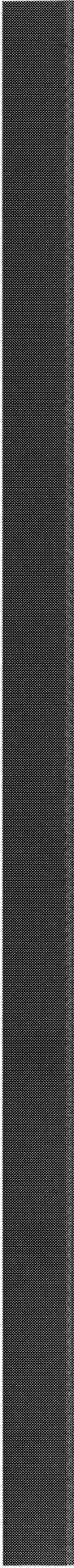
### **Citizens Property Insurance Corporation Designee**

Sharon A. Binnun, Chief Financial Officer, Citizens Property Insurance

### **Florida Tax Collectors Association, Inc.**

Patsy Heffner, Osceola County Tax Collector

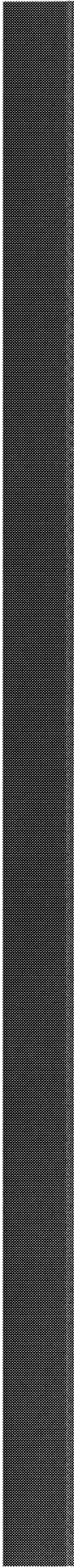




December 4, 2007

Barbara Novick, Vice Chairman  
Simon Mendelson, Managing Director, COO of Cash Management  
Chris Stavrakos, CFA, Managing Director, Co-Head of Cash Portfolio Management

—→ BLACKROCK



BlackRock has prepared this report for the State Board of Administration (SBA) in connection with an Advisory Services Agreement. The information included in this report is subject to, and qualified by, the various risk considerations, disclosures and acknowledgments of SBA, as well as the liability limitations contained in the Agreement. The information and options presented in this report are derived from proprietary and non-proprietary sources, including information provided by SBA, all of which sources are assumed by BlackRock to be reliable, may not be comprehensive and which cannot be guaranteed as to completeness or accuracy. The report is based on various assumptions regarding the Local Government Investment Pool and market conditions which are based on our reasonable judgment at the time, but which may not prove to be correct in the future. The information contained in this report is as of the date hereof and is obviously subject to change based on market conditions or as additional information is provided.

## Executive Summary

The State Board of Administration (“SBA”) has engaged BlackRock to undertake an assessment of the current status of the investments of the Local Government Investment Pool (“LGIP”)

- This assessment is intended to address the investment exposures currently in the portfolio, and to make recommendations about a way forward to optimize fund value and liquidity

Using the portfolio information provided by SBA, BlackRock has analyzed the portfolio with regards to credit characteristics and maturity structure

Depending upon the needs of investors, two primary options are considered in this presentation:

- “Run-off” Option - In this option, the LGIP would become a liquidating trust with projected cash distributions over time
- “Operating” Option - In this option, SBA would create two pools. One would be run as a cash vehicle for investors. The other pool would contain the distressed assets.

Other options that have been considered include:

- Potential for State or SBA to provide “guarantees” or to invest in LGIP
  - Within statutory, fiduciary and available cash limitations
- Liquidate the portfolio immediately albeit at a “distressed” price
- More complex structures in which distressed assets might be treated as “warrants”

## LGIP Faces Two Inter-related Challenges

### Credit risk

- This is the risk that some securities will not pay out as promised
- When a security defaults there is a real economic loss to the holder
- The LGIP currently has securities with face amounts equal to about 6% of the fund that are currently in default, have defaulted or extended
- The actual recovery amount and timing is currently unknown

### Liquidity issues

- This is the cost of selling large quantities of a security into the market or of selling illiquid securities - prices that can be achieved will be lowered resulting in additional loss
- This risk exists even for securities that will pay fully and on time
- In that case, it may be better to hold the security to maturity rather than sell it
- There are some embedded losses in the fund at this point. If the SBA were to sell substantial assets now, losses would increase due to market illiquidity

### Options going forward must try to balance two competing needs of shareholders

- The desire to maximize economic value
- The need for liquidity

## Evaluation of Local Government Investment Pool (“LGIP”)

BlackRock received from the SBA information regarding the investment holdings of the LGIP

These holdings were uploaded to BlackRock’s proprietary risk systems for evaluation

A team of senior liquidity portfolio management and credit research professionals undertook to evaluate each individual position

### Initial observations on the portfolio:

- \$14 billion face amount
- Market value today is less than book value
- \$867 million face amount (~6% of fund) is held in securities that are in default, have defaulted or extended, which adds uncertainty to timing and amount of payments
- \$1.2 billion face amount (~8% of fund) is held in securities that are under stress due to credit issues
- \$12.0 billion face amount (~86% of fund) are high quality money market instruments
- Of the high quality assets, the securities have maturities ranging between December 2007 and December 2008

Note that while much is known about this portfolio, many uncertainties exist, especially as market conditions change



## Run-off Option

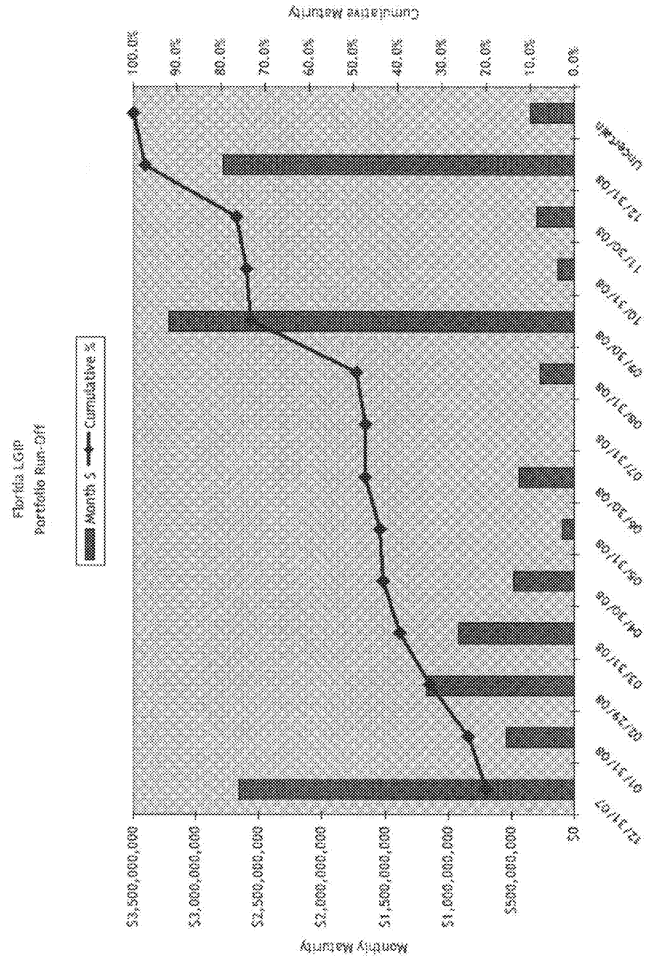
The LGIP would continue to be managed as one fund

Investors would receive distributions as income and principal is received by LGIP

The chart below shows the expected maturity schedule of LGIP assets. Assuming no changes occur, investors would receive the majority of their funds between December 2007 and December 2008

The maturity dates of approximately 6% of the holdings are considered “uncertain” today as these issuers have defaulted or extended, and a workout is needed

It is possible that additional securities could default



## Run-off Option: Pros and Cons

### Pros

- Every investor in LGIP will be treated the same
- Minimizes economic losses
- Enhances probability of investors receiving their money back as measured by total payout vs. current capital balance

### Cons

- Liquidity limited to cashflows from underlying securities
- Investors have no other access to cash from the pool
- LGIP becomes a liquidating trust

## Operating Option

In this scenario, LGIP would be divided into two parts

### “FUND A”

- Would contain all money-market appropriate assets
- ~\$12 billion or ~86% of current LGIP

### “FUND B”

- Would consist of assets in default, impaired or having significant credit risk
- ~\$2 billion or ~14% of current LGIP

## Operating Option - Overview of "FUND A"

Fund A is a managed cash vehicle, offering money market yields

There are several ways to address liquidity for shareholders in Fund A. Note that solutions are in part dependent upon withdrawal requests versus deposits.

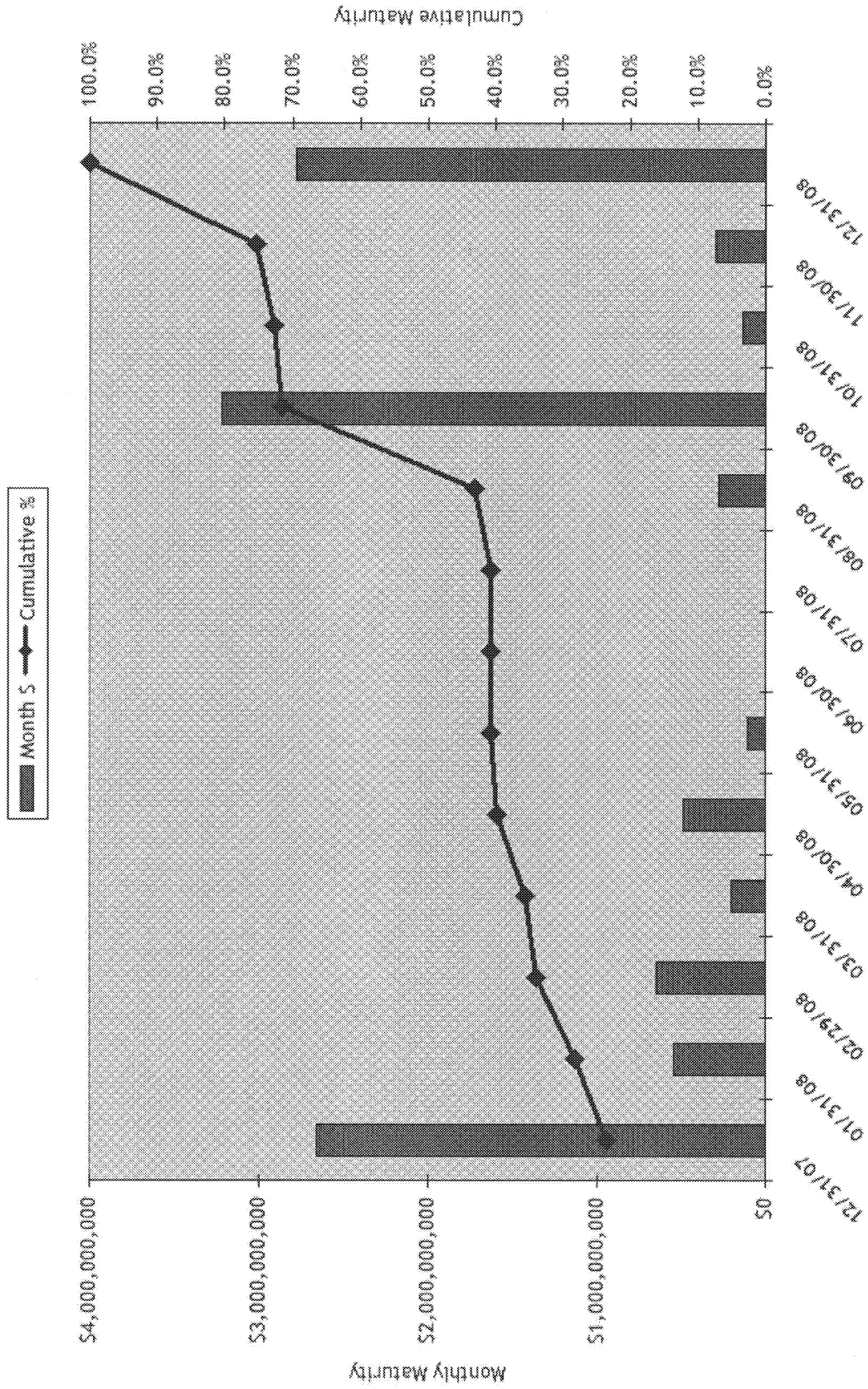
1. Need to ascertain which investors are willing to commit to stay in the pool and/or make new investments in the pool
2. Need to verify amount of liquidity available "today". Currently estimating \$2 billion available to meet near-term redemption requests
3. Currently shareholders will be allowed to redeem (with no fees) *the greater of*:
  - a) Up to 15% of their holdings, or
  - b) \$2 million

This amount is based on fund balances today and is expected to increase over time. New amounts will be posted based on continuous evaluation of the fund

4. Arrange a public-private partnership to allow shareholders to borrow cash against their shares
  - Shareholders would pledge shares in Fund A as collateral
  - Shareholders would pay interest on loan and would receive income on fund shares
5. For shareholders who need additional funds and are not able to make use of the credit facility, they can redeem shares, however, subject to redemption fees
  - a) This fee will *not* apply to redemptions described in #3 above
  - b) Transfers between shareholders will *not* be treated as redemptions
  - c) New deposits will *not* be subject to redemption fees
  - d) The redemption fee will decline over time as the liquidity structure of the fund improves
  - e) The redemption fee schedule needs to be determined prior to re-opening the fund
  - f) All redemption fees collected will be retained in Fund A reserve account for benefit of remaining shareholders

# Operating Option - Expected Maturities for "FUND A"

Fund A Maturity Distribution



## Operating Option - Overview of “FUND B”

This new pool would be comprised of assets in default or currently considered at-risk

The November LGIP income plus the loss reserve account will be added to Fund B

- Goal is to offset some of the lost value

Fund B’s shares will be illiquid and are not tradable

Distribution policy needs to be determined

- Payouts need to balance the desire of participants to get cash sooner with the desire to have a full return of capital



## What does this mean for a shareholder?

Example 1:	Current LGIP Ownership:	\$10 million
	Fund A Shares:	\$8.6 million face amount
	Fund B Shares:	\$1.4 million face amount
	Near term liquidity from Fund A:	\$2 million (as this is greater of 15% or \$2 million)
	Additional liquidity from credit facility:	Loan terms to be negotiated. Anticipate \$5.3 to \$5.9 million can be borrowed*.
Example 2:	Current LGIP Ownership:	\$100 million
	Fund A Shares:	\$86 million face amount
	Fund B Shares:	\$14 million face amount
	Near term liquidity from Fund A:	\$12.9 million (15%)
	Additional liquidity from credit facility:	Loan terms to be negotiated. Anticipate \$58.5 to \$65.8 million can be borrowed*.

\* This represents 80-90% of the value.



## Operating Option - Pros and Cons

### Pros

- Creates greater freedom for shareholders in managing their own liquidity needs
- Problem assets are identified and segregated
- Chance of emerging with a viable ongoing entity

### Cons

- Current investors must weigh tradeoffs of immediate liquidity versus redemption fee or cost of credit line
- May increase economic loss in meeting liquidity needs

## Steps to Enhance Investors' Confidence

Move rapidly to make decisions

Ensure complete transparency in the underlying securities

Get a AAA rating on Fund A

- Process takes time
- Rating agencies need familiarity with the manager

Bring in new assets to Fund A as soon as possible to increase liquidity

Determine manager characteristics that will inspire confidence

## Key Steps to Move Forward

Meet with LGIP Advisory Committee to further discuss and refine the recommendation

Select the fund manager

- Abbreviated search in consultation with LGIP Advisory Committee, or
- Issue RFP to potential liquidity managers, or
- Hire interim manager for next 90 days

Determine immediate liquidity needs for Fund A

Confirm operational approach and prepare for launch

- Accounting and recordkeeping
- Call center / Order placement by shareholders
- Imposition of redemption fees

Create Fund B and transfer identified assets immediately

Approach investors for potential investments in Fund A

Negotiate terms of credit facility with one or more banks

Initiate conversations with ratings agencies to obtain a AAA rating on Fund A

Prepare shareholder communications

- Immediate transparency on Fund A portfolio - ratings, maturities, etc.
- Near-term transparency on Fund B portfolio



State Board of Administration's Local Government Investment Pool

**Advisory Committee**

**Recommendations**

December 4, 2007

**BACKGROUND**

The Local Government Investment Pool (LGIP), as managed by the SBA, is an invaluable tool for local governments. As quoted from the website, it "was established to provide local governments a low cost, low risk, fully transparent investment option for their surplus funds." For many local governments, it is their main investment vehicle and is heavily relied upon to assure that all local dollars, not just surplus funds, are invested and readily available. Without this service, many local governments would not have access to low cost investment opportunities for their funds.

All local governments are required by Section 218.415, Florida Statutes, to adopt and follow an investment policy. As stated in the statute, "Such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity." The holdings of the LGIP in recent months do not appear to meet the intent of the statute. Even though the LGIP has over the years saved taxpayers hundreds of millions of dollars through additional interest earnings, some finance officers, concerned about the safety and liquidity of the public funds entrusted to them, have reduced or liquidated their investment with the LGIP.

The primary objectives for the Trustees at this time should be: 1) the minimization of losses and 2) the continuation of the fund as the primary investment vehicle for local governments. It is important for the Trustees to focus on these objectives in seeking solutions. The assets held in the LGIP are taxpayer monies and any losses will be paid for by the taxpayer.

For 25 years, local government officials have trusted and relied with confidence on the LGIP to be able to return immediately 100% of the principal investment. The recent withdrawals from the pool were a result of the downgrading of certain investments and a concern by the participants that they may not receive their invested principal. To re-establish the trust and confidence of the local governments in the LGIP, the following actions should be taken immediately. These steps are necessary to maintain current deposits and to encourage other deposits. These deposits would provide additional liquidity while the investment portfolio is restructured and would allow current depositors to withdraw funds required to sustain current operations.

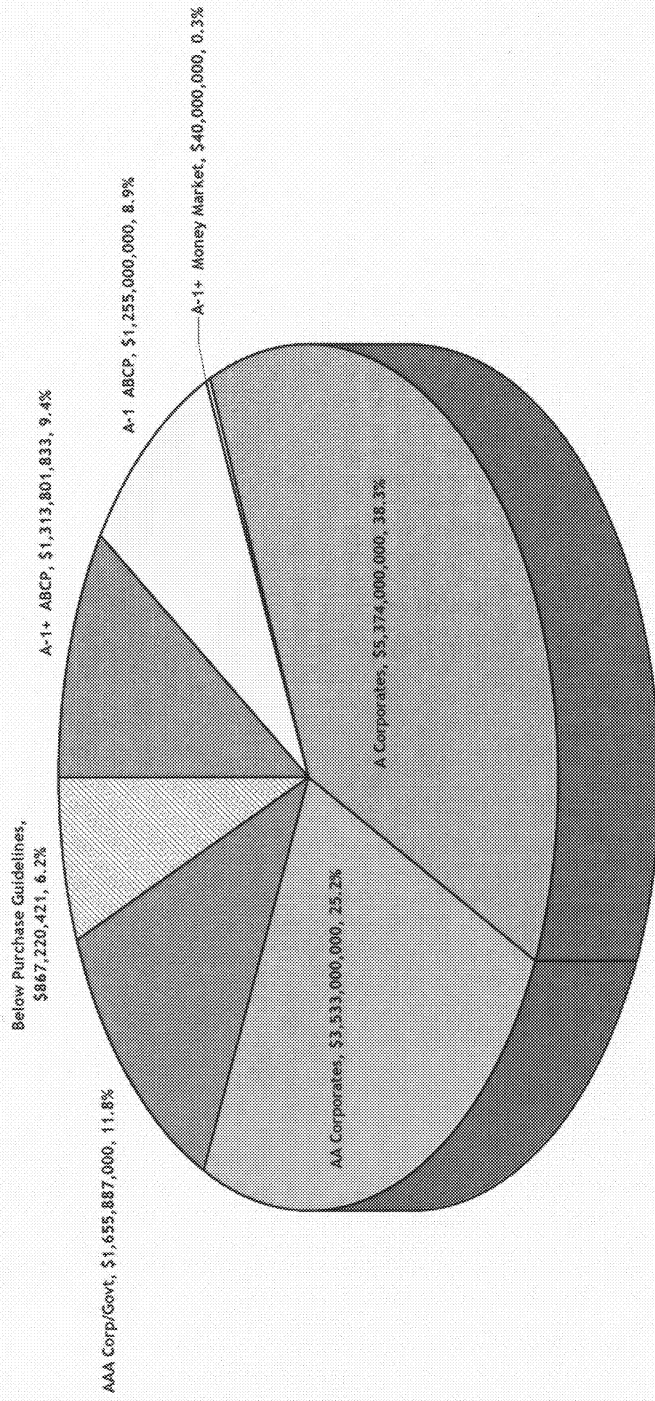
## RECOMMENDATIONS

1. The State should provide a guarantee that participants will receive 100% of their assets back. This can be subject to reasonable withdrawal provisions to meet liquidity needs.
2. The State should continue to use an independent advisory firm for the following purposes; 1) to assist in the review of current holdings; 2) to establish an interim investment statement emphasizing safety and liquidity; and 3) to develop a plan to restructure the portfolio to reflect the new investment statement.
3. The Advisory Committee supports the BlackRock proposal of utilizing a "Fund A" and a "Fund B" structure, with Fund B holding questionable at risk securities only and Fund A securing and maintaining a AAA rating.
4. The Advisory Committee is strongly against redemption fees for withdrawal. The Advisory Committee supports implementing temporary withdrawal provisions for participants to meet immediate needs such as payroll, debt service, construction draws and operations. These provisions would last only until sufficient liquidity is restored. The Advisory Committee can assist in developing the provisions.
5. The State should promote renewed and enhanced communication between the SBA and the participants. Communications must include full disclosure and transparency of the pool's portfolio, current assets and liquidity potential. Reports should be prepared and distributed monthly, holdings updated daily online, and any significant changes immediately communicated to participants.
6. A permanent advisory committee should be established comprised of depositors (local government officials as well as finance officers that manage government funds) to work with the SBA staff and a permanent investment advisor to establish a new long-term investment policy. The policy should, in turn, include limits by type of security, sector and issuer. The primary goal of the policy should be to (1) assure safety of principal and (2) assure liquidity of funds, and lastly to provide an appropriate yield. The policy should also provide guidelines to prevent excessive withdrawals. The committee should meet at least quarterly to review reports and provide feedback to the SBA staff. The committee should perhaps also possess the authority to request additional oversight from another agency such as the auditor general to assure that the investment policy is being followed.
7. The state should recognize and assure that the statutory requirement for tax collectors to distribute collected revenue by December 31<sup>st</sup> to the taxing authorities is met.

**If these recommendations are adopted, the Advisory Committee will actively work to reestablish trust and confidence in the fund and encourage participants to reinvest in, and provide needed liquidity, to the fund.**



**LGIP HOLDINGS**  
**As of November 30, 2007:**  
**Percent of Total Fund and Amount**



Preliminary Data





To: Participants in the Florida Local Government Investment Pool (LGIP)

From: The State Board of Administration

Date: December 5, 2007

### An Update

We are pleased to announce that the LGIP will reopen on 12/6/07 at 7:30am. As you know, the LGIP was closed to redemptions on 11/29/07. At the direction of the Trustees, the SBA engaged an independent investment advisor to review the situation and recommend the best way forward.

The SBA engaged BlackRock for the assignment. BlackRock is the largest publicly traded asset manager in the United States with over \$1.3 trillion of assets under management. They are also one of the largest managers of cash and liquidity in the world, with over \$290 billion under management; including almost \$220 billion of traditional money market assets under management in the United States. Their charge was to optimize participants' value in the fund, to provide the greatest possible liquidity to participants and to give us the best chance of creating a new LGIP that will rebuild participant confidence and be an ongoing entity.

BlackRock's plan was presented yesterday to the Trustees and was accepted by unanimous vote. At that meeting, the LGIP Advisory Committee also recommended that in order to restore confidence in the fund, management of the assets be moved from the SBA to a world-class manager with deep experience in money market funds. The Trustees named BlackRock as the new manager for the assets in the fund on an interim basis (meaning that the permanent manager will be named within 90 days). Below is a participants' guide to the plan. It describes how the LGIP will be restructured under the plan, how it will work and where you can turn should you have additional questions.

We thank you for your patience and support during these difficult times. It has been an unprecedented time in the capital markets and for the SBA, and we know that the issues with the LGIP have created difficulty for you; and for that we are sorry. However, we believe we now have a very positive way forward and we look forward to working with each of you in meeting your needs.

### Guide to the Changes in the LGIP

#### *Who is doing what?*

As mentioned above, BlackRock was selected to be the manager of the assets in the fund. This means that all investment decisions will move from the SBA to BlackRock. However, all of service, order entry and statementing functions will remain with the SBA. Therefore, the way you interact with the LGIP in terms of phone numbers, contact people, statements, account numbers, user IDs, passwords and websites will remain unchanged.

#### *What will happen to the fund itself?*

The LGIP will be divided into two pools, the new Local Government Investment Pool A and the Local Government Investment Pool B.

The new Local Government Investment Pool A (LGIP Pool A) will buy only top-tier, money-market assets of the highest quality. This will be the ongoing fund for participants and it represents about 86% of the assets in the current LGIP. All new deposits will go into this fund.

The Local Government Investment Pool B (LGIP Pool B) will contain all the securities from the current pool that have had problems; defaulted on a payment, paid more slowly than expected or

have any significant credit risk. This does not mean that these are bad securities. While they have experienced some problems, they have solid underlying assets. But for one reason or another, their payout timing and amount has become less certain. All securities like that will be isolated in the LGIP Pool B and this represents 14% of the assets in the current LGIP.

*What do I get?*

Every participant in the current LGIP will receive shares in both the new LGIP Pool A and LGIP Pool B. You will receive 86% of your balance in shares of the new LGIP Pool A and 14% of your balance in shares of LGIP Pool B.

Example: A participant with a current balance of \$1 million would receive \$860,000 of shares in the new LGIP Pool A and \$140,000 in shares in LGIP Pool B.

Exception: Very small participants in the current LGIP – those with balances of \$1,000 or less – will receive their balance only in the new LGIP Pool A.

*How will the new LGIP Pool A work at first?*

The new LGIP Pool A has only the highest quality money-market assets in it and this will be the ongoing fund for participants. However, due to the rapid redemptions of the past several weeks and due to unusual current market conditions, this fund cannot immediately pay out an unlimited amount of cash to everyone. In other words, it can pay people in full, but it cannot do so immediately. It is just like your bank – if people behave normally, everyone can easily get their money. But, if everyone wants their money on the same day, there is a problem.

As a result, this fund will open with some restrictions on redemptions. We expect these restrictions to go away over time, as the fund returns to normal operating mode, but to be cautious we are opening the fund with these restrictions:

Participants are allowed to redeem an amount equal to 15% of their current balance or \$2 million per account, whichever is greater. This amount is the portion of your balance that is immediately available for withdrawal or "ALB" (available liquid balance).

Example: An account with \$20 million can redeem up to \$3 million (15% times \$20 million).

Example: An account with \$10 million can redeem \$2 million (because \$2 million is greater than 15% times \$10 million).

Example: An account with \$1 million can redeem the full \$1 million (the \$2 million limit applies but the balance is only \$1 million)

The amount of your ALB will be on your monthly statement and on the website.

Some very important exceptions to this limit:

- New deposits are not subject to any limitations after 24 hours – you can always take out new money you put in
- These limits do not apply to transfers of balances between accounts – you can always freely move shares between accounts and between participants
- Transferred shares may or may not increase your ALB

*What if I need more than that amount of money out?*

Many of you are at a time of year where you will be adding money to your accounts. For those that need money out, you can take 15% or \$2 million whichever is more (as described above) and

any new money you put in. But for some, this may still not be enough. For those participants there are two ways to get more cash out.

- You can borrow the cash. We expect to arrange a relationship with several banks to allow you to borrow against the value of your shares in the new LGIP.

This program will likely be the least expensive way to get additional cash out for short term needs.

We have a number of large banks that are very interested in setting up the program and discussions are underway. More details will be provided the week of December 10<sup>th</sup>.

- You can take out more from the new LGIP Pool A, but pay a fee. For any amount more than your "15% or \$2 million" amount (ALB), there is a fee of 2%.

Example: You have used up your 15% (or \$2 million) available cash and need an additional \$98,000. The loan program above is not useful because you need the cash to be out for a long period or because you cannot participate in a borrowing program for other reasons. You redeem \$100,000, pay a 2% fee of \$2,000, and take your \$98,000.

*How long will these restrictions on redemptions last? When will the new LGIP Pool A return to normal money market operation?*

As soon as possible. We will be watching subscription and redemption behavior and will be creating more and more available cash in the fund (liquidity) every day. We expect to increase the ALB rule (15% or \$2 million) periodically and eventually all such restrictions will go away. The new LGIP Pool A should be free of all restrictions on redemptions over time as conditions permit.

*What about my holdings in the LGIP Pool B?*

This new pool is comprised of assets that have defaulted, are in default or have extended payout times, or are subject to potentially elevated credit risk. Because of that, these shares are not subject to redemption – you will need to hold them to maturity.

*How much will they be worth?*

We do not know at this time. On the one hand, these securities have uncertain value. On the other hand, they represent real underlying assets and all shareholders should receive some level of recovery from this portion over time.

*Who can I call if I have further questions?*

Please reach out to your customer service contact at the SBA.



- FRS Pension Plan benefits are guaranteed under Florida law and are not dependent on investment results.
- The FRS Pension Plan has the largest surplus of any state retirement system, currently \$9.1 billion.
- According to Standard and Poor's, the FRS Pension Plan has the highest funded ratio of any state retirement system in the country.
- The SBA has an outstanding record of delivering high returns at a level of risk reasonable for a defined benefit trust fund.

#### FRS Pension Plan Return and Risk Data

Annualized returns for period indicated as of 2007 fiscal year-end	Total Return	Return Per Unit Risk*
10 years	8.46%	0.58%
5 years	11.52%	0.36%
3 years	12.88%	1.31%
12 months	18.07%	0.42%

*\*According to industry standards, for a broadly diversified portfolio such as the FRS total fund, a return per unit risk (i.e., information ratio) greater than zero is considered acceptable, a return per unit risk of 0.20% is considered good, and a return per unit risk of 0.40% is considered excellent.*

- The investment objective for the FRS Pension Plan portfolio is to deliver a return of 5% above inflation over a 15-year horizon. As such, the fund can and should make investments whose return over short periods may be volatile, yet which deliver more attractive returns over the long run. Overly relying on conservative investments would necessarily increase the taxpayer costs of the FRS.
- Attractive long-term investments exhibit short-term volatility because their returns ebb and flow with changing perceptions of risk in the marketplace, economic cycles, and shifts in monetary policy, as well as changes in corporate profitability, creditworthiness and underlying company fundamentals.
- In a portfolio of \$137 billion and about 14,000 securities, it is natural that from time to time some bond and money market securities will be downgraded below the credit quality requirements for purchase. In those cases, investment managers must make prudent and diligent decisions regarding how to manage such securities. Currently, commercial paper downgraded below the FRS Pension Plan purchase requirements shares represent about one-half of 1% of total assets.



**FRS Pension Plan: Details on Downgraded Holdings**

December 5, 2007

**Table 1: FRS Pension Plan Holdings Downgraded Below Purchase Guidelines**

Issuer	Par Values as of November 30, 2007	Percent of Total Fund
Axon	\$250,000,000	0.18%
KKR Atlantic	\$414,464,694	0.30%
OTTIMO	\$91,854,636	0.07%
<b>Total</b>	<b>\$756,319,330</b>	<b>0.56%</b>

**Notes**

- Axon was downgraded by S&P on November 27, 2007. This is the primary change since November 9, 2007 Trustees Report and impacts the reported holdings downgraded below purchase guidelines for FRS Cash
- KKR Pacific is still within the purchase guidelines for FRS Cash (A-1 Rated by S&P) and FRS Cash has \$292 MM of such par. KKR Pacific has defaulted, been restructured and resumed paying.
- Countrywide Fin. Corp. is still within the purchase guidelines for HIS and FRS cash (BBB+ Rated by S&P); FRS Cash has \$55 MM and HIS has \$5 MM of such par
- Preliminary data that has not been through final accounting reconciliation

**Table 2: FRS Pension Plan Holdings Downgraded Below Purchase Guidelines Ratings and Status as of November 30, 2007**

	S&P	Moody's	Fitch	Status
Axon	D	NP	D	Missed 11/26/07 interest payment and is restructuring
KKR Atlantic	A-2 *-	NP	NR	Has defaulted, been restructured and resumed paying
OTTIMO	NR	NR	NR	Has defaulted, been restructured and resumed paying

**Notes**

- Preliminary data that has not been through final accounting reconciliation
- NP designates Non-Prime
- NR designates Not rated
- \*- designates on negative creditwatch

**Table 3: FRS Pension Plan Holdings Downgraded Below Purchase Guidelines Recent 2007 Payments**

ISSUE	August 2007	September 2007	October 2007	November 2007	Four Month Total
AXON	\$ -	\$ 3,461,667	\$ -	\$ -	\$ 3,461,667
KKR ATLANTIC	\$ 64,313,605	\$ 9,082,840	\$ 11,448,075	\$ 7,206,425	\$ 92,050,945
OTTIMO	\$ 1,615,210	\$ 1,220,238	\$ -	\$ 1,912,337	\$ 4,747,785
<b>Total</b>	<b>\$ 65,928,815</b>	<b>\$ 13,764,745</b>	<b>\$ 11,448,075</b>	<b>\$ 9,118,761</b>	<b>\$ 100,260,396</b>

**Notes**

- Preliminary data that has not been through final accounting reconciliation
- KKR Pacific is still within the purchase guidelines for FRS Cash (A-1 Rated by S&P) and FRS Cash has \$292 MM of such par. KKR Pacific has defaulted, been restructured and resumed paying. \$36,983,017 has been collected on the KKR Pacific investment over the time period described in the table.

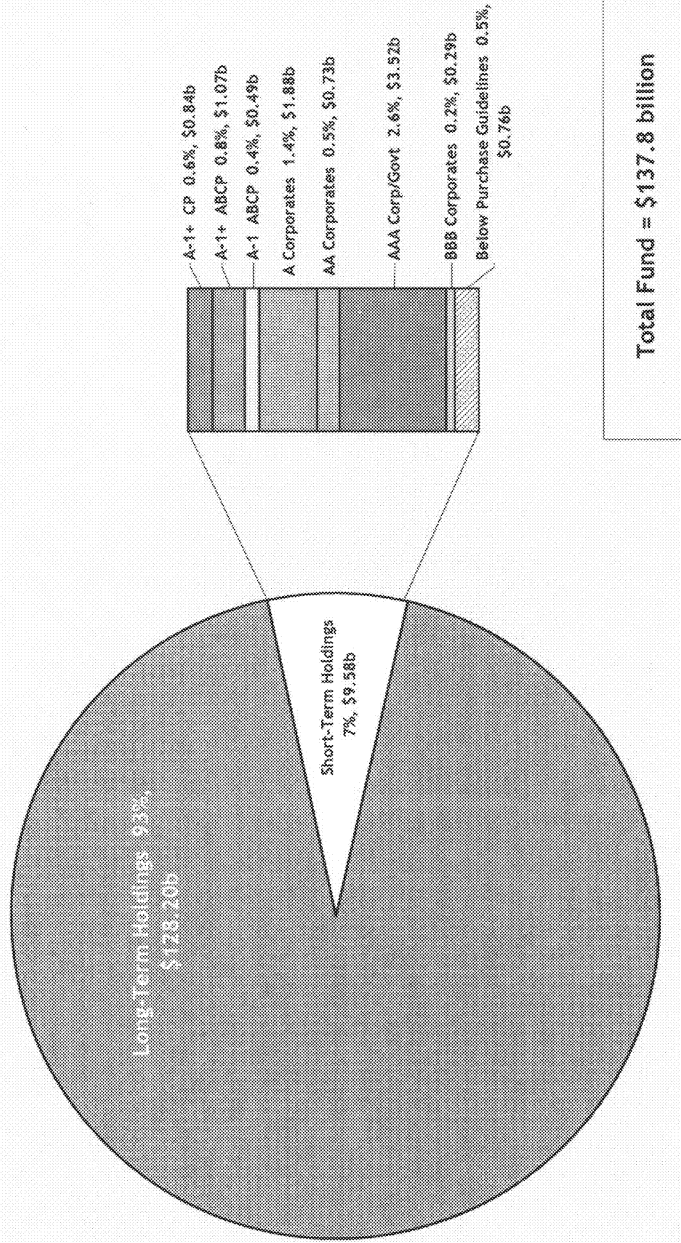




**FRS PENSION PLAN HOLDINGS**

As of November 30, 2007:

Percent of Total Fund and Amount (\$ billions)



Preliminary Data



**Consolidated SBA Holdings Downgraded Below Purchase Guidelines  
Par Values as of November 30, 2007**

	(1)	(2)	(3)	(4)	(5)	(6)
	FRS Pension Plan	Local Govt. Investment Pool	Hurricane Catastrophe Fund (Composite)	Citizens Insurance (Composite)	CAMP MM	Total
Axon	\$ 250,000,000	\$ 175,000,000	\$ -	\$ 225,000,000	\$ -	\$ 650,000,000
Countrywide Financial Corp.	\$ -	\$ -	\$ 111,000,000	\$ 13,570,000	\$ 10,000,000	\$ 134,570,000
Countrywide Home Loans Inc.	\$ -	\$ -	\$ -	\$ 1,450,000	\$ -	\$ 1,450,000
KKR Atlantic	\$ 414,464,694	\$ 165,785,878	\$ 58,025,057	\$ 184,135,888	\$ 16,578,588	\$ 838,990,104
KKR Pacific	\$ -	\$ 349,987,356	\$ 98,844,344	\$ 100,730,090	\$ 17,976,602	\$ 567,538,392
OTTIMO	\$ 91,854,636	\$ 176,447,187	\$ -	\$ 46,516,366	\$ -	\$ 314,818,189
<b>Total</b>	<b>\$ 756,319,330</b>	<b>\$ 867,220,421</b>	<b>\$ 267,869,401</b>	<b>\$ 571,402,343</b>	<b>\$ 44,555,189</b>	<b>\$ 2,507,366,685</b>
Percent of Total Trust Fund Assets	0.55%	6.18%	3.35%	11.18%	8.46%	1.45%

Notes:

Axon was downgraded by S&P on November 27, 2007. This is the primary change since November 9, 2007 Trustees Report and impacts the reported holdings downgraded below purchase guidelines for FRS Cash.

KKR Pacific is still within the purchase guidelines for FRS Cash (A-1 Rated by S&P) and FRS Cash has \$292 MM of such par.

Countrywide Fin. Corp. is still within the purchase guidelines for HIS and FRS Cash (BBB+ Rated by S&P); FRS Cash has \$80 MM and HIS has \$5 MM of such par.  
Preliminary data - has not been through accounting reconciliation.