

**Florida College System Council of Presidents  
Agenda Item Request Form**

**1. Agenda Item Name:**

FCSRMC Report

**2. Date of COP Meeting for Agenda Item Consideration:**

October 18, 2018

**3. Presenter:**

Dr. John Holdnak & Dr. Grosskopf to be listed as presenters

- Chauncey Fagler, Executive Director, FCSRMC will be introduced by Dr. John Holdnak & Dr. Grosskopf

**4. Description of Agenda Item:**

- 2019 EBP Benefits Recommendations Post-Facto
- Armed Security Deductible
- 2017 Property/Casualty Program Audit
- Information Items - Review of the FCSRMC financials, PC Program Items & Operations Committee Membership.

**5. Action Requested:**

- COP Ratification   X
- Information Item   X
- Discussion Item

**6. List Background Information Provided** (materials must be provided one week before the meeting):

FCSRMC will forward an electronic booklet to Sharlee Whiddon, AFC as soon as it is ready the week before COPs. Printed copies will be handed out at the meeting.

**Disposition of Item**

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FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM

# Risk Management Council Meeting

*Friday, October 05, 2018*

*FCSRMC Mission Statement:*

*FCSRMC delivers comprehensive and innovative enterprise-wide risk management services and solutions to support the educational mission of the Florida College System.*



## Risk Management Council Meeting October 05, 2018

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### AGENDA

#### Action Items:

- 1. Employee Benefit Plans 2019 Recommendations Post-Facto ..... pg 01
- 2. Property/Casualty Program:
  - a. Armed Security Deductible ..... pg 05
  - b. Property/Casualty Program Audit:
    - 1. Triplett & Company 2017 Audit ..... pg 07
    - 2. Management Letter ..... pg 36
    - 3. Actuary Letter ..... pg 37

#### Information Items:

- 3. Property/Casualty Program:
  - a. Legislative Funding Request ..... pg 39
  - b. Hurricane Irma Update ..... pg 41
  - c. Authorized Applicant/FEMA Update ..... pg 47
  - d. Active Shooter Update ..... pg 49
- 4. FCSAA Discussion ..... pg 50
- 5. Financial Statements:
  - a. Employee Benefit Plans ..... pg 51
  - b. Property/Casualty Program ..... pg 54
  - c. Investment Program ..... pg 57
- 6. Operations Committee Members ..... pg 81

Action Item 1.  
Employee Benefit Plans

2019 Recommendations Post-Facto

## ACTION

Council of Presidents - Risk Management Council  
October 05, 2018

Action Item: 1.

### *Employee Benefit Plans 2019 Recommendations Post-Facto*

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*Employee Benefit Plans 2019 Recommendations Post-Facto*

1.

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Motion to ratify the Employee Benefit Plans 2019 Recommendation as submitted.

At their August 17 meeting, the Operations Committee approved FCSRMC employee benefit plan offerings as follows **effective January 1, 2019**:

#### **SELF-INSURED HEALTH PROGRAM**

- FCSRMC offers nine benefit plans for the colleges to select from. The plan options include 5 PPO's, 3 HMO's and a Health Savings Account.
- There will be no change in the level of currently offered benefits.
- The overall rate change for all health plans will be **7.19%**.
- After discussion and review, the Committee elected to eliminate CVS / Target as participating pharmacies due to some changing dynamics in the pharmacy delivery system. CVS acquired Aetna and FCSRMC health plan administrator Florida Blue entered into a long term, deep discount arrangement with Walgreens. The Committee also reviewed an option of offering only Walgreens as a participating pharmacy.
- Eliminating CVS / Target saved one half-million dollars in expected claim dollars for next year and reduced the overall program rate change from 7.62% to 7.19% effective January 1, 2019.
- All other current participating pharmacies will continue in the FCSRMC health program ( Costco, Publix, Sams, Walgreens, Walmart and a host of independent pharmacies).

#### **FULLY INSURED PRODUCTS**

- All fully insured product renewals were approved by the Operations Committee.
- An (11.9%) rate decrease and a two year rate guarantee were secured with Delta Dental. This action will result in a (\$653,628) reduction in premium.
- An (8.6%) rate decrease and a three year fixed rate structure was secured from New Directions employee assistance program carrier.
- UNUM life and disability along with VSP vision product rates will not change in 2019.
- Florida Health Care HMO (Daytona) rates will increase 5%.
- BlueMedicare rates will decrease (13.4%).

Discussion:

AFC to provide voting results.



# **EMPLOYEE BENEFIT PLANS**

# **2019**

# **RATE FUNDING RECOMMENDATIONS**

**Effective January 1, 2019**

# SELF-INSURED HEALTH PROGRAM

## KEY MEASUREMENTS

**BENEFITS:** Annual actuarially credible and certified by Milliman USA benchmark studies have indicated that FCSRMC health plan benefits are more favorable than national, regional and industry specific comparisons for the past ten years.

**RATES:** During the past ten years, FCSRMC health program average annual rate changes have been 5.06% compared to the marketplace of 8.80%.

**RESERVES:** FCSRMC health program reserves during the past ten years have been reviewed and approved by the State of Florida Office of Insurance Regulation.

**ADMINISTRATION:** 94.6% of FCSRMC health program premiums are used to pay member claims.

## 2019 RATE / FUNDING RECOMMENDATIONS

**OVERALL POOL** **7.62%<sup>1</sup>**

Recommended for all self-insured health plans at all participating colleges.

### PHARMACY NETWORK OPTIONS

- **ELIMINATE CVS / TARGET (*recommended*)** **7.19%**

This option would retain all current participating pharmacies except for CVS and Target. 98.8% of enrolled members living in an urban area would have an average distance of 0.8 miles to a participating pharmacy, suburban members 1.2 miles and rural members 2.7 miles.

- **WALGREENS ONLY** **7.08%**

In this option, only prescriptions from Walgreen's pharmacies would be covered. All other pharmacies would be excluded. 87.7% of the urban members would have an average distance of 1.3 miles to a participating pharmacy, suburban members 1.9 miles and rural members 5.4 miles.

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<sup>1</sup> The rating worksheet is in the Exhibit section of this paper.

## **ALTERNATIVE HEALTH PLAN OPTIONS**

Colleges can choose from nine different health plans:

- Premium rate savings up to 35% from Platinum plans
- Five PPO plans
- Three HMO plans
- Health Savings Account plan

## **INDIVIDUAL COLLEGE VISITS**

FCSRMC Enterprise Risk Managers will continue their meetings with each college to review and discuss their specific cost and utilization data along with the identification of benefit design alternatives to meet their goals and objectives.

Action Item 2.a.  
Property/Casualty Program  
Armed Security Deductible

## ACTION

Council of Presidents - Risk Management Council  
October 05, 2018

Action Item: 2.a.

*Property/Casualty Program  
Armed Security Deductible*

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*Presentation of the Armed Security Deductible*

2.a.

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Motion to ratify the Armed Security Deductible as submitted:

FCSRMC recommends the deductible requirement be removed for armed security exposures that elect not to purchase a separate insurance policy. FDLE police departments are still required to obtain a separate insurance policy.

Discussion:

AFC to provide voting results.



## Armed Security Deductible

Three colleges now arm a portion of their security guards. This is a growing trend and several other colleges have expressed interest in pursuing this option.

### United Educators Seamless Coverage Endorsement – Police Professional Protection

- Requires GL and ELL coverage to be written by U.E.
- Specifically addresses these protections for actions of police or security staff:
  - Wrongful acts
  - Allegations of unreasonable / excessive use of force
  - Violation of property rights
  - Allegations of discrimination
  - Use of mace or pepper spray
  - Defense costs for allegation of dishonest and fraudulent acts

Coverage will apply to “armed” security guards while acting within course and scope of their employment. Any liability arising out of actions that a security guard takes will be covered by the Plan Document as well as the United Educators excess policy.

Currently we require armed security exposures to have a separate policy or the college is responsible for the \$200,000 GL and \$50,000 E&O deductible. Coverage for these exposures is very expensive and very difficult to obtain. Current policies in place:

- EFSC - \$15,961 for 13 officers (did not purchase)
- SJRSC – \$10,079 for 12 officers (did not purchase)
- SPC – Currently not able to get a quote

Based on the fact that this is an exposure that all colleges are facing, we recommend the deductible requirement be removed for armed security exposures that elect not to purchase a separate insurance policy. FDLE police departments are still required to obtain a separate insurance policy.

Action Item 2.b.1.  
FCSRMC Annual Audits

Property/Casualty Program  
Triplett & Company 2017 Audit

## ACTION

**Council of Presidents - Risk Management Council  
October 05, 2018**

**Action Item: 2.b.(1.-3.)**

***Property/Casualty Program  
FCSRMC Annual Audit***

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Presentation of the Property/Casualty Program 2017 Audit

2.b.(1.-3.)

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Motion to ratify the Property/Casualty Program Audit as submitted:

1. Triplett & Company 2017 Audit
2. Management Letter
3. Actuary Letter

Discussion:

AFC to provide voting results.

*Linda F.*  
*Triplett, CPA, PA*

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August 6, 2018

To the Operations Committee  
Florida College System Risk Management Consortium  
Property and Casualty Plan

We have audited the financial statements of Florida College System Risk Management Consortium Property and Casualty Plan for the year ended February 28, 2018, and have issued our report thereon dated August 6, 2018. Professional standards require that we provide you with the following information related to our audit.

*Our Responsibility under U.S. Generally Accepted Auditing Standards*

As stated in our engagement letter dated January 20, 2017, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

*Planned Scope and Timing of the Audit*

We performed the audit according to the planned scope and timing previously communicated to management in our discussion about planning matters on February 22, 2018.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Consortium are described in the footnotes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal 2018. We noted no significant transactions entered into by the Consortium during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements was:

Management's estimate of the liability for claims incurred but not reported in light of historical experience, the nature and volume of anticipated future claims, currently unknown adverse situations which may exist regarding covered employers or employees, and unknown future costs to pay for covered events. The evaluation of these factors is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. Because of the size and complexity of this liability, management engages competent, independent actuaries to evaluate all the relevant factors and report on their estimate of a reasonable amount to record for this liability. The amount determined by the actuaries is used by management in the preparation of the Consortium's financial statements.

*Certified Public Accountant*  
2630 N.W. 4<sup>th</sup> Street · Suite B · Gainesville, Florida 32606  
Phone 352 378-4126 · Fax: 352 378-8988

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The discussions in Note 5 that the claims and claim adjustment expense reserves, even though determined by qualified actuaries, are dependent on subjective judgments, while having a major impact on the determination of net earnings. This means that full and informative disclosures are of high importance to users of the statements.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such known misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated August 6, 2018.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Consortium's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Consortium's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Council of Presidents, the Operations Committee and management of Florida College System Risk Management Consortium and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Cinda F. Siplett, CPA, P.A.*

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**FLORIDA COLLEGE SYSTEM  
RISK MANAGEMENT CONSORTIUM**

**PROPERTY AND CASUALTY PLAN  
FEBRUARY 28, 2018 AND 2017**

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	2 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 8
BALANCE SHEETS	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY	10
STATEMENTS OF CASH FLOWS	11
NOTES TO FINANCIAL STATEMENTS	12 - 26

**INDEPENDENT AUDITORS' REPORT**

Risk Management Council  
and Operations Committee  
Florida College System  
Risk Management Consortium

**Report on the financial Statements**

We have audited the accompanying financial statements of the Florida College System Risk Management Consortium Property and Casualty Plan as of February 28, 2018 and 2017, which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of revenues, expenses and changes in fund equity and cash flows, and the related notes to the financial statements for the years then ended.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida College System Risk Management Consortium Property and Casualty Plan as of February 28, 2018 and 2017, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Certified Public Accountant  
2630 N.W. 4<sup>th</sup> Street · Suite B · Gainesville, Florida 32606  
Phone 352 378-4126 · Fax: 352 378-8988*

## Other Matters

### *Required Supplementary Information*

Accounting Principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Cinda F. Juppitt, CPA, P.A.*

August 6, 2018

# ***MANAGEMENT’S DISCUSSION AND ANALYSIS***

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Management’s discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida College System Risk Management Consortium (the “Consortium”) Property and Casualty Plan (PC PLAN) for the year ended February 28, 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of management.

<b>OVERVIEW OF FINANCIAL STATEMENTS</b>
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The Property and Casualty Plans basic financial statements are prepared on the basis of accounting principles generally accepted in the United States of America for governmental entities and public entity risk pools. The Consortium exists as a risk-sharing pool formed by the Florida College System District Board of Trustees under a mutual agreement. Florida Statutes allow the creation of the Consortium to develop a cooperative system of risk management under one comprehensive plan. In addition, the colleges have the authority to participate in self-insurance, excess insurance and specific insurance programs through the Consortium. The primary purpose of the Property and Casualty Plan of the Consortium is to provide members risk management and insurance-related services in the areas of liability, property loss and workers’ compensation.

The three financial statements presented within the basic financial statements are as follows:

**Balance Sheet:** This statement presents information reflecting the PC Plan’s assets, liabilities, and fund equity. Fund equity represents the amount of total assets less total liabilities. The balance sheet does not distinguish between current and noncurrent assets and liabilities.

**Statement of Revenues, Expenses and Changes in Fund Equity:** This statement reflects the PC Plan’s revenues and expenses during the year. The major source of revenue is member funding assessments to cover insurance premiums and the major source of expenses are the premiums paid for the insurance coverage and the incurred claims in excess of insurance coverage. The change in fund equity is similar to net profit or loss for a private sector insurance company.

**Statement of Cash Flows:** The statement of cash flows is presented on the direct method of reporting, which reflects cash flows from operating, capital and related financing, and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the fiscal year.

One of the most important questions asked about the PC Plan’s finances is, “Is the Property and Casualty Plan, as a whole, better off or worse off as a result of the year’s activities?” The balance sheet and the statement of revenues, expenses, and changes in fund equity provide information on the PC Plan as a whole and on its activities in a way that helps answer this question. When revenues exceed expenses, the result is an increase in fund equity. When the

**Florida College System Risk Management Consortium  
Management Discussion and Analysis  
Property and Casualty Plan**

reverse occurs, the result is a decrease in fund equity. The relationship between revenues and expenses may be thought of as the operating results.

These two statements report the fund equity and changes in them. You can think of the fund equity (assets less liabilities) as one way to measure the financial health, or financial position. Over time, increases or decreases in the fund equity are one indication of whether its financial health is improving or deteriorating. You need to consider many other nonfinancial factors, such as participating members needs and continuing budgetary pressures, incurred claim trends, and state and federal mandates to assess the overall financial health.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector industries. All of the current year's revenues and expenses are taken into account when earned or incurred, regardless of when cash is received or paid.

**FINANCIAL HIGHLIGHTS**

The management of the Consortium offers readers of its PC Plan's financial statements this narrative overview and analysis of the financial activities of the entity for the years ended February 28, 2018, 2017, and 2016.

	<b>2017-18</b>	<b>February 2016-17</b>	<b>2015-16</b>	<b>2017-18 vs. 2016-17 Change Amount</b>	<b>2017-18 vs. 2015-17 Percentage Change</b>
Cash and Investments	\$ 52,224,300	\$ 46,425,576	\$ 51,194,941	\$ 5,798,724	12.5%
Other Assets	24,803,069	22,118,905	14,226,406	2,684,164	12.1%
Equipment - Net	37,460	13,714	20,323	23,746	173.1%
<b>Total Assets</b>	<b>\$ 77,064,829</b>	<b>\$ 68,558,196</b>	<b>\$ 65,441,670</b>	<b>\$ 8,506,633</b>	<b>12.4%</b>
Claims and Claim Adjustment Expense Reserves	\$ 52,202,644	\$ 37,501,393	\$ 30,723,035	\$ 14,701,251	39.2%
Unearned Funding Assessment	10,702,989	9,120,235	8,444,562	1,582,754	17.4%
Accounts Payable and Accrued Liabilities	220,684	156,342	192,208	64,342	41.2%
<b>Total Liabilities</b>	<b>63,126,317</b>	<b>46,777,970</b>	<b>39,359,805</b>	<b>16,348,347</b>	<b>34.9%</b>
<b>Fund Equity</b>					
Undesignated	13,938,512	20,780,226	25,081,865	(6,841,714)	-32.9%
Designated for Cyber Liability	0	1,000,000	1,000,000	(1,000,000)	-100.0%
	13,938,512	21,780,226	26,081,865	(7,841,714)	-36.0%
<b>Total Liabilities and Fund Equity</b>	<b>\$ 77,064,829</b>	<b>\$ 68,558,196</b>	<b>\$ 65,441,670</b>	<b>\$ 8,506,633</b>	<b>12.4%</b>

**Florida College System Risk Management Consortium  
Management Discussion and Analysis  
Property and Casualty Plan**

	<u>2017-18</u>	<u>February 2016-17</u>	<u>2015-16</u>	<u>2017-18 vs. 2016-17 Change Amount</u>	<u>2017-18 vs. 2015-17 Percentage Change</u>
Net Premiums Earned	\$ 12,089,884	\$ 7,729,121	\$ 7,886,783	\$ 4,360,763	56.4%
Investment Income, Net	714,077	659,576	653,557	54,501	8.3%
<b>Total Revenue</b>	<u>12,803,961</u>	<u>8,388,697</u>	<u>8,540,340</u>	<u>4,415,264</u>	<u>52.6%</u>
Incurred Claims, Adjustments/ Servicing Fees	19,662,258	11,776,277	7,161,923	7,885,981	67.0%
Administrative Expenses	983,417	914,058	879,165	69,359	7.6%
<b>Total Expenses</b>	<u>20,645,675</u>	<u>12,690,336</u>	<u>8,041,088</u>	<u>7,955,339</u>	<u>62.7%</u>
<b>(Deficit) Excess of Revenue Over Expenses</b>	<u>(7,841,714)</u>	<u>(4,301,638)</u>	<u>499,252</u>	<u>(3,540,076)</u>	<u>82.3%</u>
<b>Fund Equity, Beginning of Year</b>	<u>21,780,227</u>	<u>26,081,865</u>	<u>25,582,613</u>	<u>(4,301,638)</u>	<u>-16.5%</u>
<b>Fund Equity, End of Year</b>	<u>\$ 13,938,513</u>	<u>\$ 21,780,227</u>	<u>\$ 26,081,865</u>	<u>\$ (7,841,714)</u>	<u>-36.0%</u>

The Property and Casualty Plan's total assets for the fiscal year ended February 28, 2018 increased by approximately 12.4% from the previous year, where there was an increase of approximately 4.8% in 2017. Cash and investments increased by approximately \$5.8 million or 12.5% during 2017-18 primarily due to an increase in member assessments; conversely, 2016-17 showed an approximate decrease of \$4.8 million or 9.3%.

In 2017-18, the PC Plan earned approximately \$835 thousand in interest income, experienced \$31 thousand in realized losses and \$90 thousand in unrealized losses, and paid \$53 thousand in investment expenses for a net investment gain of \$55 thousand. In 2016-17, the PC Plan earned approximately \$727 thousand in interest income, experienced \$4 thousand in realized gains and \$71 thousand in unrealized losses, and paid \$50 thousand in investment expenses for a net investment gain of \$6 thousand. The PC Plan's investment allocation at February 28, 2018 comprised of \$6.5 million invested in a long-term managed portfolio (see note 3 for investment sector breakdown) and \$45.7 million in cash and cash equivalent accounts. The PC Plan's investment allocation at February 28, 2017 comprised of \$6.5 million invested in a long-term managed portfolio (see note 3 for investment sector breakdown) and \$40.0 million in cash and cash equivalent accounts.

For the year ended February 28, 2018, other assets increased from the prior year by \$2.7 million primarily due to net increases in anticipated reinsurance recoverable balances following Hurricane Irma in 2017. In the prior year, other assets increased by approximately \$7.9 million due to an increase in premium receivables over the same time the year before, as well as an increase in anticipated reinsurance recoverables.

Total liabilities as of February 28, 2018 increased approximately \$16.3 million from February 28, 2017 primarily due to an increase in claims liabilities and incurred losses associated with property damage from Hurricane Irma 2017. Total liabilities as of February 28, 2017 increased

**Florida College System Risk Management Consortium**  
**Management Discussion and Analysis**  
**Property and Casualty Plan**

by a approximately \$7.4 million from February 28, 2016 due to increased claims and incurred losses.

The PC Plan saw an overall increase in net premiums earned for 2017-18 of \$4.4 million primarily due to an increase in member assessment revenue and minimal change in the cost of insurance coverages purchased. In 2016-17, the PC Plan saw a slight decrease in net premiums earned totaling \$200 thousand due to a decrease in member assessment revenue and the cost of insurance coverage purchased.

Actual and estimated incurred claims, net of insurance recoveries, comprise of approximately 90.2% and 85.5% of the PC Plan's total expenses in 2017-18 and 2017-16, respectively. For the years ended February 28, 2018 and 2017, total actual and estimated incurred claims, net of recoveries, increased by approximately \$7.8 million and \$4.7 million, or 71.8% and 75.0% over the prior year. The increases for 2017-18 is primarily the result of an increase in reported losses and loss adjustment expenses, net of reinsurance. Reported increases in net losses and loss adjustment expenses are driven by catastrophic claims attributed to Hurricane Irma.

Claim adjustment and servicing fees have remained stable year over year. This is due to a multiyear fee agreement that hold rates consistent.

Administrative expenses increased by \$70 thousand in 2017-18 over 2016-17. Administrative expenses increased by \$35 thousand in 2016-17 over 2015-16 primarily due to increased personnel cost stemming from a salary equity study and implementation as well as increased costs for professional services.

The PC Plan experienced a decrease in total fund equity of approximately \$7.8 million, or 36.0%, for the year ended February 28, 2018. For 2016-17, there was a decrease of \$4.3 million, or 16.5%.

Claims and claim adjustment expense reserves represent estimates for the ultimate cost of unpaid reported and unreported claims incurred and related expenses. The Consortium performs a continuing review of its claims and claim adjustment expense reserves including reserving techniques and the impact of reinsurance. A summary of claims and claim adjustment expense reserve activity is summarized below:

**Florida College System Risk Management Consortium  
Management Discussion and Analysis  
Property and Casualty Plan**

<u>At and for the year ended February 28, in thousands</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Claims and Claim adjustment expense reserves at the beginning of year	\$ 37,501,393	\$ 30,723,035	\$ 35,093,209	\$ 30,779,000
Less reinsurance recoverable	9,888,000	7,338,000	8,438,000	6,843,000
Net Reserves at Beginning of Year	27,613,393	23,385,035	26,655,209	23,936,000
Claims Incurred Related to:				
Current Year	18,919,000	10,465,000	7,828,000	12,020,000
Prior Years	3,806,966	1,006,897	(636,752)	3,412,170
Total Incurred	22,725,966	11,471,897	7,191,248	15,432,170
Claims Paid Related to:				
Current Year	2,761,000	2,402,000	1,876,000	3,280,000
Prior Years	9,767,637	4,841,539	8,585,422	9,432,961
Total Paid	12,528,637	7,243,539	10,461,422	12,712,961
Net Balance at end of year	37,810,722	27,613,393	23,385,035	26,655,209
Add Reinsurance Recoverable	14,391,922	9,888,000	7,338,000	8,438,000
Balance at end of year	<u>\$ 52,202,644</u>	<u>\$ 27,613,393</u>	<u>\$ 23,385,035</u>	<u>\$ 26,655,209</u>

**ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE**

The Consortium Board sets member assessments (premiums) for the Property and Casualty plan with the goal of member stability year over year, while simultaneously protecting the financial position to assure coverage and future stability. The PC Plan operates in an environment dependent on various external markets including investments, reinsurance, commercial insurance, and international financing networks that enable high limit coverage. Some external influences will continue to impact the PC Plan:

- The severity of geographic exposure throughout Florida to catastrophic losses, which can be caused by hurricanes, tornadoes, and other windstorms, hail, wildfires and floods are inherently unpredictable.
- Coverage and rates for reinsurance remain stable for liability and workers' compensation.
- Cyber liability continues to emerge as a growing risk along with the expansion of technology itself. The Consortium continues to modify and enhance coverage to protect members from data security issues and other liabilities derived from cyber activity.
- Replacement cost values and increases to property values.

**REQUESTS FOR INFORMATION**

Questions concerning information provided in the MD&A or other required supplementary information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the Vice President for Administrative Affairs/CFO, Santa Fe College, 3000 Northwest 83<sup>rd</sup> Street, Gainesville, Florida 32606.

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
BALANCE SHEETS  
FEBRUARY 28, 2018 AND 2017**

**PROPERTY AND CASUALTY PLAN**

	<b>ASSETS</b>	
<b>ASSETS</b>	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 45,745,850	\$ 39,953,083
Accrued Interest Receivable	25,075	20,110
Premiums Receivable	5,689,906	7,345,588
Prepaid Insurance	1,176,106	1,208,674
Investments in Managed Account - Available For Sale	6,478,450	6,472,493
Reinsurance Recoverables	14,391,922	9,888,000
Restricted Deposit	3,520,060	3,656,533
Property and Equipment - Cost Less Depreciation	<u>37,460</u>	<u>13,714</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 77,064,829</u></u>	<u><u>\$ 68,558,196</u></u>
 <b>LIABILITIES AND FUND EQUITY</b>  		
<b>LIABILITIES</b>		
Claims and Claim Adjustment Expense Reserves	\$ 52,202,644	\$ 37,501,393
Unearned Funding Assessment Revenues	10,702,989	9,120,235
Accounts Payable and Accrued Liabilities	<u>220,684</u>	<u>156,342</u>
<b>TOTAL LIABILITIES</b>	<u>63,126,317</u>	<u>46,777,970</u>
 <b>FUND EQUITY</b>		
Unreserved:		
Undesignated	13,938,512	20,780,226
Designated for Cyber Liability	-	1,000,000
<b>TOTAL FUND EQUITY</b>	<u>13,938,512</u>	<u>21,780,226</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$ 77,064,829</u></u>	<u><u>\$ 68,558,196</u></u>

The accompanying notes are an integral part of these financial statements.

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY  
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017**

**PROPERTY AND CASUALTY PLAN**

	<u>2018</u>	<u>2017</u>
<b>REVENUE</b>		
Premiums Earned - Member Assessments	\$ 28,749,350	\$ 24,874,514
Premiums Ceded to Reinsurers	<u>(16,659,466)</u>	<u>(17,145,393)</u>
Net Premiums Earned	12,089,884	7,729,121
Interest Income	835,237	726,651
Net (Losses) Gains on Investments	<u>(121,160)</u>	<u>(67,075)</u>
<b>TOTAL REVENUE</b>	<u>12,803,961</u>	<u>8,388,697</u>
<b>EXPENSES</b>		
Incurred Claims	18,630,178	10,846,252
Claim Adjustments/Servicing Fees	<u>1,032,080</u>	<u>930,025</u>
Total Incurred Losses	19,662,258	11,776,277
Administrative Expenses	<u>983,417</u>	<u>914,059</u>
<b>TOTAL EXPENSES</b>	<u>20,645,675</u>	<u>12,690,336</u>
<b>(DEFICIT) EXCESS OF REVENUE OVER EXPENSES</b>	(7,841,714)	(4,301,639)
<b>FUND EQUITY - BEGINNING</b>	<u>21,780,226</u>	<u>26,081,865</u>
<b>FUND EQUITY - ENDING</b>	<u><u>\$ 13,938,512</u></u>	<u><u>\$ 21,780,226</u></u>

The accompanying notes are an integral part of these financial statements.

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 2017**

**PROPERTY AND CASUALTY PLAN**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(DEFICIT) EXCESS OF EXPENSES OVER REVENUES	(7,841,714)	\$ (4,301,639)
ADJUSTMENTS TO RECONCILE NET LOSS TO NET CASH PROVIDED BY OPERATIONS		
Depreciation	5,420	6,609
(Gain) Loss on Sale of Investments	31,099	(4,196)
Unrealized Losses (Gains) on Investments	90,061	71,271
Changes in Assets and Liabilities:		
(Increase) Decrease In:		
Accrued Interest Receivable	(4,965)	(1,150)
Prepaid Insurance	32,567	(90,371)
Premiums Receivable	1,655,681	(5,250,013)
Recoveries Receivable	(4,503,922)	(2,550,000)
Restricted Workers Compensation Deposit	136,474	(965)
(Decrease) Increase In:		
Claims & Claim Adjustment Expense Reserves	14,701,251	6,778,358
Unearned Funding Assessments	1,582,755	675,673
Accounts Payable - Operations and Accrued Liabilities	64,341	(35,866)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>5,949,048</b>	<b>(4,702,289)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(4,927,805)	(5,785,456)
Investments Redeemed	4,800,689	5,672,283
Purchase of Property and Equipment	(29,165)	-
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(156,281)</b>	<b>(113,173)</b>
<b>NET INCREASE DECREASE IN CASH AND CASH EQUIVALENTS</b>	5,792,767	(4,815,462)
<b>CASH AND EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>39,953,083</b>	<b>44,768,545</b>
<b>CASH AND EQUIVALENTS AT END OF YEAR</b>	<b>\$ 45,745,850</b>	<b>\$ 39,953,083</b>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES**

The Consortium recognized unrealized losses of \$90,016 and \$71,271 in fiscal years 2018 and 2017, respectively. The unrealized gains were recognized as additions to investment income on the statement of revenues, expenses, and changes in fund equity, but are not cash transactions for the statement of cash flows.

The accompanying notes are an integral part of these financial statements.

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

The Florida College System Risk Management Consortium (the "Consortium") was created by mutual agreement of twenty-seven Florida College District Boards of Trustees for the purpose of joining in cooperative effort to develop, implement and participate in a coordinated statewide college system risk management program. The Consortium is not a legal entity and the colleges are ultimately responsible for all insurance risks not transferred through reinsurance contracts. No insurance risk is transferred to the Consortium, which administers the self-insurance programs. The colleges also retain all rights granted by Florida law, including that of sovereign immunity which limits lawsuits for damages against them to \$200,000 per person and \$300,000 per occurrence. The Florida College System Risk Management Council, comprised of representatives of each of the member colleges, is charged with the responsibility for the administration of the risk management program which includes the establishment and approval of policies, guidelines and procedures for administering the insurance programs. The Operations Committee consists of nine voting members, three non-voting members consisting of a representative from the Division of Florida Colleges, a representative of the fiscal agent, and the Executive Director of the Consortium. The Operations Committee provides overall supervision of the PC Plan and associated activities. The fiscal agent, one of the member colleges, has the responsibility for receiving, disbursing, and administering all the monies due to or payable for the Consortium in accordance with the policies and procedures adopted by the Council of Presidents consistent with Florida Statutes. The Property and Casualty Plan had twenty-seven member colleges participating during the fiscal years ended in 2018 and 2017.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, using applicable accounting principles for public entity risk pools.

**Accounts Receivable**

Receivables are due from member colleges or reinsurance companies and are carried at billed amounts, which is realizable value. No bad debts have ever been experienced by the Consortium.

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. The Consortium has a capitalization threshold of \$5,000 for tangible personal property and \$25,000 for leasehold improvements. Expenditures for repairs and maintenance are charged to expense as they are incurred. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Leasehold Improvements - 10 years or the associated lease period if shorter
- Property and Equipment - 3 to 5 years

Depreciation expenses were \$5,420 and \$6,609 in 2018 and 2017, respectively.

**Recognition of Premium Revenues**

Premiums are recognized as revenue on a pro rata basis over the policy term. The portion of premiums that will be earned in the future are deferred and reported as unearned funding assessments.

**Income Taxes**

Federal and state statutes exempt state supported colleges and universities from income tax liability. Since the Florida College System Risk Management Consortium consists solely of state supported colleges, it is exempt from any income tax liability.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Subsequent Events**

In preparing these financial statements the Consortium has evaluated events and transactions for potential recognition or disclosure through August 6, 2018, the date the financial statements were issued.

**Basis of Presentation**

Certain items in the 2017 financial statements have been reclassified to conform to the 2018 presentation.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash maintained in the fiscal agent's demand accounts, funds invested with the State Board of Administration (SBA) Florida PRIME investment pool and the State Treasury Special Purpose Investment Account (SPIA). For the purpose of reporting cash flows, the fiscal agent considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Under this definition, the Consortium considers amounts invested in the SPIA and SBA Florida PRIME investment pool to be cash equivalents. Cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

The Consortium reported as cash equivalents at fair value \$42,373,756 and \$39,093,616 at February 28, 2018 and 2017 respectively, of monies held in the State Treasury SPIA investment pool representing ownership of a share of the pool, not the underlying securities (Level 3 inputs, as discussed in Note 3). The SPIA carried a credit rating of A+f by Standard and Poor's. The Consortium relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

At February 28, 2018 and 2017, respectively, the Consortium reported as cash equivalents at fair value \$315 and \$311 of monies held in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The Consortium's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, are similar to money market funds in which shares are owned in the fund rather than underlying investments. At February 28, 2018 the Florida PRIME investment pool carried a credit rating of AAAM by Standard and Poor's and had a weighted average maturity (WAM) of 29 days. A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in Florida PRIME investment pool are reported at amortized cost.

**NOTE 3 - INVESTMENTS**

The Consortium has adopted written investment policies providing that surplus funds shall be invested in those institutions and instruments permitted under provisions of Florida Statutes. Section 218.415(16), Florida Statutes authorizes the Consortium to invest in the Florida PRIME investment pool administered by the State Board of Administration; Securities and Exchange registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest bearing time deposits and savings accounts in qualified public depositories, as defined by Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interest in, certain open-end or closed-end management-type investment companies; and other investments approved by the Consortium as authorized by law.

The Consortium categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

The general investment policy of the Consortium is to apply the prudent person rule: investments are made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment. In addition to the investments allowed by Section 218.415, Florida Statutes, the investment policy authorizes investments in repurchase agreements, corporate notes, and money market instruments, and asset-backed securities.

The Consortium's recurring fair value measurements as of February 28, 2018, are valued using a matrix-pricing model (Level 2 inputs), with the exception of United States Treasury Notes which are valued using the quoted market price (Level 1 inputs).

	<b>February 28, 2018</b>		
	<b>Fair Value Measurements Using</b>		
	<b>Quoted Prices In Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	
<b>Investment by fair value level</b>	<b>Amount</b>	<b>(Level 1)</b>	<b>(Level 2)</b>
United States Treasury Notes	\$1,475,386	\$1,475,386	-
Obligations of United States Government and Government-Sponsored Enterprises	219,428		219,428
Commercial Paper	381,844		381,844
Corporate Notes	2,515,052		2,515,052
Federal Agency Collateralized Mortgage Obligations	125,751		125,751
Foreign Notes	704,296		704,296
Asset Backed Securities	751,493		751,493
Mortgage-backed Pass-throughs	268,140		268,140
Money Market Mutual Funds	37,060		37,060
<b>Total Investments for fair value level</b>	<b><u>\$6,478,450</u></b>	<b><u>\$1,475,386</u></b>	<b><u>\$5,003,064</u></b>

	<b>February 28, 2017</b>		
	<b>Fair Value Measurements Using</b>		
	<b>Quoted Prices In Active Markets for Identical Assets</b>	<b>Significant Other Observable Inputs</b>	
<b>Investment by fair value level</b>	<b>Amount</b>	<b>(Level 1)</b>	<b>(Level 2)</b>
United States Treasury Notes	\$1,565,296	\$1,565,296	-
Obligations of United States Government and Government-Sponsored Enterprises	921,132		921,132
Commercial Paper	238,806		238,806
Corporate Notes	2,218,932		2,218,932
Federal Agency Collateralized Mortgage Obligations	164,777		164,777
Foreign Notes	615,097		615,097
Asset Backed Securities	282,717		282,717
Mortgage-backed Pass-throughs	331,696		331,696
Money Market Mutual Funds	134,040		134,040
<b>Total Investments for fair value level</b>	<b><u>\$6,472,493</u></b>	<b><u>\$1,565,296</u></b>	<b><u>\$4,907,197</u></b>

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Other Investments**

The following risks apply to investments:

*Interest Rate Risk:* Interest rate risk is the risk that changing interest rates will adversely affect the fair value of an investment. The investment policies of the Consortium limit the maximum effective duration of the aggregate portfolio to three years. The performance benchmark for the Consortium is the Bank of America/Merrill Lynch 1-5 Year U.S. Treasury Index.

At February 28, 2018, the Bank of America/Merrill Lynch 1 -5 Year U.S. Treasury Index's effective duration was 2.59. The effective duration of the Consortium's portfolio at February 28, 2018 and 2017 respectively was 2.47 and 2.58 years. Recognizing that market volatility is a function of duration, the investment policy of the Consortium states that the portfolio is to be maintained as short-to intermediary-term duration portfolio. The maximum duration of floating rate and individual securities from the date of purchase is 5.5 years. At February 28, 2018, the Consortium's longest individual security effective duration was 4.63 years.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The investment policies of the Consortium provide for the following regarding credit risk:

Sector	Sector Maximum (%)	Per Issuer Maximum	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity
U.S. Treasury	100%	100%	N/A	5.50 Years (5.50 Years Avg. life <sup>4</sup> for GMNA)
Government National Mortgage Association (GNMA)		40%		
Other U.S. Government Guaranteed; (e.g. Agency for International Development, Government Trust Certificates)		10%		
Federal Agency/Government Sponsored Enterprise (GSE); Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks, Federal Farm Credit Banks	75%	40% <sup>3</sup>	N/A	5.50 Years
Federal Agency/GSE other than those above		10%		
Supranationals where U.S. is a shareholder and voting member	25%	10%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Supranationals other than those above		5%		5.50 Years
Foreign Govern Governments (Organization for Economic Cooperation and Development countries only) and Canadian Provinces	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years
Foreign Govern Agencies (OECD Countries only)	10%	5%	Highest ST or Two Highest LT Rating Categories (A-1/P-1, AA-/Aa3, or equivalent)	5.50 Years

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

Sector	Sector Maximum (%)	Per Issuer Maximum	Minimum Ratings Requirement <sup>1</sup>	Maximum Maturity
Corporates	50% <sup>2</sup>	5%	Highest ST or Three Highest LT Rating Categories (A-1/P-1, BBB/Baa, or equivalent)	5.50 Years
Municiples	25%	5%	Highest ST or Three Highest LT Rating Categories (SP-1/MIG 1, A-/A3, or equivalent)	5.50 Years
Agency Mortgage-Backed Securities	25%	40% <sup>3</sup>	N/A	5.50 Years
Asset Backed Securities	25%	5%	Highest ST or LT Rating (A-1+/P-1, AAA-/Aaa, or equivalent)	5.50 Years Avg. life <sup>4</sup>
Non-Negotiable Collateralized Bank Deposits or Savings Accounts	50%	None, if fully collateralized	None, if fully collateralized	2 Years
Commercial Paper	50% <sup>2</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	270 Days
Bankers' Acceptances	10% <sup>2</sup>	5%	Highest ST Rating Category (A-1/P-1, or equivalent)	180 Days
Repurchase Agreements	40%	20%	Counterparty (or, if the counterparty is not rated by a Nationally Recognized Statistical Rating Organization (NRSRO), then the counterparty's parent) must be rated in the Highest ST Rating Category (A-1/P-1, or equivalent) If the counterparty is a Federal Reserve Bank no rating is required	1 Year
Money Market Funds	50%	25%	Highest Fund Rating by all NRSROs who rate the fund (AAA1/Aaa-mf or equivalent)	N/A
Fixed Income Mutual Funds & Exchange Traded Funds	20%	10%	N/A	N/A
Intergovernmental Pools	50%	25%	Highest Fund Quality and Volatility Rating Categories by NRSROs who rate the fund (AAAm/AAAf, S1, or equivalent)	N/A

Notes: (1) Rating by at least one SEC-registered NRSRO, unless otherwise noted. ST=Short-term; LT=Long-term.

(2) Maximum allocation to all corporate and bank credit instruments is 50% combined.

(3) Maximum exposure to any one Federal Agency, including the combined holdings of Agency debt and Agency MBS is 40%

(4) The maturity limit for MBS and ABS is based on the expected average life at the time of purchase, measured using Bloomberg or other industry standard methods.

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

At February 28, 2018, the investments of the Consortium in Obligations of the United States Government and Government-Sponsored Enterprises, Federal agency collateralized mortgage obligations, corporate notes, mortgage-backed pass-throughs, commercial paper, foreign notes, asset-backed securities, and money market funds were rated by Standard & Poor's as follows:

<u>Investment type</u>	<u>Fair Value</u>	<u>Credit Quality Rating</u>
United States Treasury Notes	<u>\$1,475,386</u>	AA+
Obligations of United States Government and Government Sponsored Enterprises	<u>\$219,428</u>	AA+
Commercial Paper	<u>\$381,844</u>	A-1 to A-1+
Corporate Notes	<u>\$2,515,052</u>	BBB to AA
Federal Agency Collateralized Mortgage Obligations	<u>\$125,751</u>	AA+
Foreign Notes	<u>\$704,296</u>	A+ to AA-
Asset Backed Securities	<u>\$751,493</u>	AAA
Mortgage-Backed Pass-Throughs	<u>\$268,140</u>	AA+
Money Market Mutual Funds	<u>\$37,060</u>	AAAm

United States Government and Government-sponsored enterprises, Federal agency collateralized mortgage obligations, corporate notes, mortgage-backed pass-throughs, commercial paper, foreign notes, asset-backed securities, and money market funds held by the Consortium are considered to be *available-for-sale*. As such the securities could be sold in response to rate changes, prepayment risk, liquidity, availability of and the yield on alternative investments, and other market and economic factors.

*Custodial Credit Risk:* Custodial Credit Risk is the risk that, in the event of failure of the counterparty to a transaction, the Consortium will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The investment policy of the Consortium requires that all securities purchased be properly designated as an asset of the Consortium and held in safekeeping by a third-party custodial bank or other third-party custodial institution. The Consortium's investments are held by a safekeeping agent in the name of the Consortium.

*Concentration of Credit Risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of the Consortium's investment in a single issuer. The investment policy of the Consortium provides that a maximum of five percent of the portfolio's individual corporate exposure may be invested in a single issuer, excluding U.S. Government, government agencies, government sponsored enterprise securities, and money market funds.

For purposes of cash flows, the funds held in the managed investment accounts, including money market funds which are available on demand, are not considered to be cash equivalents due to management's intent that such funds be held for long-term investment.

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**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

The scheduled maturities of securities at fair value are as follows:

	<u>2018</u>	<u>2017</u>
Due in one year or less	\$ 458,558	\$ 689,032
Due in 1 - 5 years	5,626,001	5,286,988
Due in more than 5 years	<u>393,891</u>	<u>496,473</u>
Total	<u>\$6,478,450</u>	<u>\$6,472,493</u>

The following summarizes the gains and losses on investment securities as shown in the statements of operations:

	<u>2018</u>	<u>2017</u>
Realized (Losses) Gains on Sales of Securities	\$( 31,099)	\$ 4,196
Unrealized (Losses) for Year	<u>( 90,061)</u>	<u>( 71,271)</u>
Net (Losses) on Securities	<u>\$(121,160)</u>	<u>\$(67,075)</u>

**NOTE 4 - WORKERS COMPENSATION COLLATERAL AGREEMENTS**

Pursuant to a collateral agreement, the Consortium has a \$3,520,060 collateral deposit held by an insurance company for workers' compensation insurance claims. Although the Consortium is required to reimburse the company for claims paid, the company is authorized to use the collateral to pay any and all of the Consortium's obligations owed under the agreement. The deposit is held by the company in an interest bearing account; however, the deposit is exposed to custodial credit risk because it is not covered by depository insurance and is uncollateralized. The Consortium does not have a policy for custodial credit risk.

**NOTE 5 – CLAIMS AND CLAIM ADJUSTMENT EXPENSE RESERVES**

Claims and claim adjustment expense reserves represent estimates for the ultimate cost of unpaid reported and unreported claims incurred and related expenses. The Consortium performs a continuing review of its claims and claim adjustment expense reserves including reserving techniques and the impact of reinsurance. The reserves are also reviewed regularly by the Consortium's independent actuary who considers estimates, trends, prior experience, and statistical models to determine the estimated ultimate cost of settling the claim. While anticipated price increases due to inflation are considered when estimating the ultimate claim costs, the increase in average severity of claims is caused by factors that vary with the individual type of policy written. Future average severities are projected based on historical trends adjusted for implemented changes in underwriting standards, policy provisions and general economic trends. These economic trends are monitored based on actual development and the estimated liabilities are modified, if necessary. The Consortium does not discount liabilities for unpaid claims and claim adjustment reserves.

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

Claims and claim adjustment expense reserve activity is summarized as follows:

	<u>2018</u>	<u>2017</u>
Claim and claim adjustment expense reserves at beginning of year	\$37,501,393	\$30,723,035
Less reinsurance recoverable on reserves	<u>( 9,888,000)</u>	<u>( 7,338,000)</u>
Net claims and claim adjustment expense reserves at beginning of year	27,613,393	23,385,035
Incurred related to:		
Current year	18,919,000	10,465,000
Prior years	<u>3,806,966</u>	<u>1,006,897</u>
Total incurred	22,725,966	11,471,897
Paid related to:		
Current year	2,761,000	2,402,000
Prior years	<u>9,767,637</u>	<u>4,841,539</u>
Total paid	<u>12,528,637</u>	<u>7,243,539</u>
Net claim and claim adjustment expense reserves at end of year	37,810,722	27,613,393
Add reinsurance recoverable	<u>14,391,922</u>	<u>9,888,000</u>
Balance at end of year	<u>\$52,202,644</u>	<u>\$37,501,393</u>

The provision for claim and claim adjustment expense reserves increased by \$8.865 million in 2018. Of this amount an estimated case reserve of \$8.031 million is attributable to Hurricane Irma, which made landfall in Florida in September, 2017. The net Incurred But Not Reported (IBNR) claims for February 28, 2018 does not include any IBNR associated with Hurricane Irma because it is assumed that there will be no IBNR with respect to this hurricane as of February 28, 2018. Case reserves increased by \$2.537 million in 2017 due to changes in estimates of insured events in prior years. The liability includes a provision for workers compensation claims incurred which exceeds the amounts that were contractually designated by the workers compensation reinsurance carrier as the amounts that must be available to pay the deductible per claim for years ended February 29, 2000 through February 28, 2018.

Reinsurance recoverables include known and estimated amounts which may be received from salvage, subrogation, or amounts covered by reinsurance contracts for claims which exceed specified contractual limits for individual claims or aggregate limits for applicable plan years where aggregate stop-loss insurance is in force.

The claims development tables that follow present, by event year, incurred and cumulative paid claims and allocated claim adjustment expense on a historical basis. This claims development information is presented on an undiscounted, net of reinsurance basis for ten years, or for the number of years for which claims are outstanding if less than ten years. The claims development tables also provide the historical average annual percentage payout of incurred claims by age, net of reinsurance, as supplemental information (identified as unaudited in the tables below).

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Workers Compensation**

(In thousands)

Incurred claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28											As of February 28, 2018	
Unaudited												
Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total of Incurred but not reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2009	5,056	4,469	4,269	4,185	4,256	4,331	4,470	4,364	4,601	4,562	710	572
2010		4,404	4,724	5,038	4,978	5,065	5,188	5,310	5,444	5,338	819	563
2011			6,065	6,301	5,655	5,367	5,221	5,192	5,216	5,001	738	611
2012				6,427	5,694	4,895	4,702	4,727	4,565	4,385	771	655
2013					7,077	5,877	5,459	5,591	5,427	5,090	1013	590
2014						8,548	7,107	7,038	6,776	6,757	1764	606
2015							7,663	5,905	5,361	5,001	1389	584
2016								5,213	5,265	4,688	1740	607
2017									6,182	6,751	3388	552
2018										8,788	6611	539
Total incurred claims 2009 - 2018										<u>\$ 56,361</u>		

Cumulative Paid claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28												
Unaudited												
Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Liability for Claims and Allocated Claims Adjustment Expenses Net of Reinsurance	
2009	1,231	2,227	2,784	3,106	3,290	3,552	3,623	3,771	3,810	3,851		
2010		1,151	2,320	3,248	3,609	3,884	4,302	4,354	4,407	4,519		
2011			1,713	3,108	3,659	4,007	4,064	4,192	4,247	4,263		
2012				1,528	2,827	3,292	3,482	3,538	3,608	3,614		
2013					1,575	2,883	3,642	3,953	4,045	4,077		
2014						2,039	3,753	4,328	4,665	4,993		
2015							1,822	3,013	3,391	3,613		
2016								1,241	2,704	2,948		
2017									1,509	3,363		
2018										2,177		
Total Paid Claims 2009 - 2018										<u>\$ 37,418</u>	Total Net Liability	<u>\$ 23,717</u>

Average Annual Percentage payout of Incurred Claims by Age, Net of Reinsurance										
Unaudited										
Years	1	2	3	4	5	6	7	8	9	10
	28.9%	26.1%	10.9%	5.8%	3.1%	3.5%	0.9%	1.5%	1.5%	0.9%

Continued

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**General Liability**

(In thousands)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28											As of February 28, 2018	
Unaudited												
Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total of Incurred but not reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2009	428	592	639	580	524	485	491	535	534	534	5	79
2010		551	751	662	785	1,041	1,119	1,134	1,091	1,090	11	87
2011			541	874	756	855	827	794	778	774	8	66
2012				1,233	1,138	1,125	950	780	747	728	11	95
2013					863	831	919	860	777	854	22	92
2014						819	638	542	695	797	150	84
2015							974	913	895	808	229	68
2016								745	444	973	783	97
2017									1,460	1,441	936	105
2018										<u>2,718</u>	2597	120
Total Incurred Claims 2009 - 2018										<u>\$ 10,717</u>		

Paid claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28												
Unaudited												
Accident Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Liability for Claims and Allocated Claims Adjustment Expenses Net of Reinsurance	
2009	22	99	230	329	432	452	472	529	529	529		
2010		15	159	223	453	806	1,060	1,073	1,079	1,079		
2011			11	131	316	546	766	766	766	766		
2012				29	215	407	626	715	716	717		
2013					35	112	464	635	687	832		
2014						39	134	274	386	646		
2015							56	403	555	579		
2016								57	146	189		
2017									135	505		
2018										<u>121</u>		
Total Paid Claims 2009 - 2018										<u>\$ 5,963</u>	Total Net Liability	<u>\$ 4,769</u>
											<b>2009 - 2018</b>	<b>Before 2009</b>
											<u>\$ 4,754</u>	<u>\$ 15</u>

Continued

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Errors and Omissions**

(In thousands)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance  
For the Years Ended February 28

As of February 28, 2018

Accident Year	Unaudited										Total of Incurred but not reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
2009	405	412	386	388	399	398	397	441	492	444		3
2010		470	483	456	445	463	455	505	504	455		4
2011			816	841	820	807	759	867	866	783		9
2012				1,183	1,049	987	943	997	992	897		10
2013					953	745	651	782	751	608		13
2014						640	582	767	719	574		13
2015							754	671	620	490		11
2016								1,372	1,324	1,108		83
2017									1,134	1,022		239
2018										810		
Total Incurred Claims 2009 - 2018										<u>\$ 7,191</u>		

Paid claims and Allocated Claim Adjustment Expenses, Net of Reinsurance  
For the Years Ended February 28

Accident Year	Unaudited										Liability for Claims and Allocated Claims Adjustment Expenses Net of Reinsurance	2009 - 2018	Before 2009
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018			
2009	52	301	341	366	392	392	394	394	441	441			
2010		77	342	407	419	426	452	451	451	451			
2011			136	579	730	750	753	774	774	774			
2012				298	798	836	887	887	887	887			
2013					242	519	548	573	578	595			
2014						164	451	571	576	561			
2015							102	405	463	479			
2016								400	923	1,026			
2017									322	784			
2018										216			
Total Paid Claims 2009 - 2018										<u>\$ 6,214</u>		<u>\$ 977</u>	<u>\$ 15</u>
											Total Net Liability	<u>\$ 992</u>	

Average Annual Percentage payout of Incurred Claims by Age, Net of Reinsurance

Years	Unaudited									
	1	2	3	4	5	6	7	8	9	10
	26.3%	52.9%	11.7%	3.5%	1.0%	2.2%	1.0%	1.0%	0.0%	4.0%

Continued

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Auto Liability**

*(In thousands)*

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28						As of 28-Feb-18	
Unaudited							
Accident Year	2014	2015	2016	2017	2018	Total of Incurred but not reported Liabilities Plus Expected Development on Reported	Cumulative Number of Reported Claims
2014	112	138	108	114	112	-	18
2015		95	45	41	74	36	21
2016			122	213	388	151	20
2017				575	337	226	14
2018					135	107	22
Total Incurred Claims 2014 - 2018					<u>\$ 1,046</u>		

Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28							
Unaudited							
Accident Year	2014	2015	2016	2017	2018	Liability for Claims and Allocated Claims Adjustment Expenses Net of Reinsurance	
2014	18	79	102	112	112		
2015		20	36	39	39		
2016			18	36	237		
2017				77	111		
2018					28		
Total Paid Claims 2014 - 2018					<u>\$ 527</u>	<u>2015 - 2018</u>	<u>Before 2014</u>
						<u>\$ 519</u>	<u>\$ 2</u>
						Total Net Liability	<u>\$ 521</u>

Average Annual Percentage payout of Incurred Claims by Age, Net of Reinsurance					
Unaudited					
Years	1	2	3	4	5
	18.3%	22.7%	25.5%	4.5%	0.0%

*Continued*

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Property**

Excluding Hurricane Irma - see Note 5 discussion for case reserve associated with that event

(In thousands)

Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28						As of 28-Feb-18	
Unaudited							
Accident Year	2014	2015	2016	2017	2018	Total of Incurred but not reported Liabilities Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2014	563	524	510	509	508	1	9
2015		2,107	1,932	1,868	1,863	4	18
2016			585	532	422	2	19
2017				1,249	1,598	95	35
2018					297	78	283
<b>Total Incurred Claims 2014 - 2018</b>					<u><u>\$ 4,688</u></u>		

Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance For the Years Ended February 28							
Unaudited							
Accident Year	2014	2015	2016	2017	2018	Liability for Claims and Allocated Claims Adjustment Expenses Net of Reinsurance	
2014	501	507	507	507	507	2015 - 2018	Before 2014
2015		1,280	1,859	1,859	1,859		
2016			160	436	420		
2017				359	1,503		
2018					219		
<b>Total Paid Claims 2014- 2018</b>					<u><u>\$ 4,508</u></u>	<u><u>\$ 180</u></u>	<u><u>\$ 17</u></u>
						<b>Total Net Liability</b>	<u><u>\$ 197</u></u>

Average Annual Percentage payout of Incurred Claims by Age, Net of Reinsurance					
Unaudited					
Years	1	2	3	4	5
	60%	40%			

Continued

**FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM  
NOTES TO FINANCIAL STATEMENTS  
PROPERTY AND CASUALTY PLAN**

**Catastrophe Exposure**

The Consortium has geographic exposure throughout Florida to catastrophic losses, which can be caused by a variety of events, including hurricanes, tornadoes, and other windstorms, hail, wildfires and floods. Catastrophes can also result from terrorist attack (including those involving nuclear, biological, chemical, or radiological events), explosions, infrastructure failures, or as a consequence of political instability. The incidence and severity of catastrophes are inherently unpredictable.

**NOTE 6 - REINSURANCE**

The Consortium members are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. They retain the risk for insuring losses up to a specific limit ("attachment point") for each type of insurance it offers and purchases reinsurance to cover losses above that point. The attachment points per insured event are for property damage the greater of \$2.5 million or 3% of the values of damaged buildings/contents if caused by a named windstorm and \$2.5 million for other flood occurrence; \$500,000 for workers compensation; \$200,000 for excess liability; \$50,000 for errors & omissions; \$50,000 (excess of \$5,000) for employee fidelity; \$50,000 (excess of \$5,000) for fiscal agent fidelity; and \$50,000 (excess of \$10,000) for lightning damage due to equipment breakdown. The costs for such reinsurance are shown as premium revenues ceded to reinsurers in the statement of operations. Recoveries from reinsurance policies for amounts in excess of attachment points reduce incurred losses.

Amounts recoverable from reinsurers on unpaid losses and loss adjustment expenses (LAE) are estimated based on current estimates for subject losses. Actual amounts recoverable will depend on the ultimate settlement of losses and LAE.

The Consortium is required to participate in certain workers compensation reinsurance arrangements with the state of Florida.

**Terrorism risk Insurance Program**

The Terrorism Risk Insurance Program is a Federal Program administered by the Department of the Treasury authorized through December 31, 2020 that provides for a system of shared public and private compensation for certain insured losses resulting from certified acts of terrorism or war committed by or on behalf of a foreign interest.

In order for a loss to be covered under the program (subject losses), the loss must meet certain aggregate industry loss minimums and must be the result of an event that is certified as an act of terrorism by the U. S. Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Attorney General of the United States. The annual aggregate industry loss minimum under the program was \$140 million for 2017 and is \$160 million for 2018. This amount will increase to \$200 million by December 2020.

**NOTE 7 - ANNUAL ASSESSMENT REVENUES**

The Consortium annually establishes a "loss fund" which is an amount estimated to be necessary to cover claims expected to be incurred in the coming plan year. To determine the annual assessment to members the loss fund is increased by the estimated costs of reinsurance and administration expenses of the Consortium and reduced by anticipated investment income. The annual assessment is billed in two parts, one being due March 1<sup>st</sup> and the other due July 1<sup>st</sup>. Periodically, the loss funds for prior plan years are compared to the actual experience for those years, and estimated refunds or surcharges for those years are determined. Such refunds or surcharges are made through adjustments to the current year's annual assessment previously determined.

*Continued*

**NOTE 8 - COMPENSATED ABSENCES**

Employee leave and attendance policies include provisions for granting specified numbers of sick and vacation leave days with pay each year. Such leave not taken may become payable upon termination of employment. This liability, included in accounts payable and accrued liabilities on the accompanying balance sheet, amounted to \$95,944 at February 28, 2018, and \$81,743 at February 28, 2017.

**NOTE 9 - RENTALS UNDER OPERATING LEASES**

The Consortium rents office space for \$6,722 monthly plus annual 3% increases under a lease through September 30, 2020. The Property and Casualty Plan is responsible for 50% of the lease obligation. Minimum future lease payments for the plan are \$114,437

**NOTE 10 - RETIREMENT BENEFITS**

The Consortium's employees are employed by the District Board of Trustees of Santa Fe College, the fiscal agent. The Consortium does not administer a separate retirement plan for its employees; however, pursuant to law, all salaried employees are members of retirement plans of the State of Florida. The retirement plans accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits and other related matters are the responsibility of the Florida State Department of Administration, Division of Retirement. Other post-employment benefits (OPEB), consisting primarily of subsidized premiums for health insurance, are provided by the fiscal agent. The complete disclosures for the retirement plan and OPEB are in the Notes to Financial Statements for Santa Fe College.

**NOTE 11 - DESIGNATED FUND EQUITY**

On May 19, 2017 the Operations Committee approved a motion to move the Fund Equity designated for cyber liability into undesignated fund equity. The Consortium has reinsurance for cyber liability for both fiscal years ended February 28, 2017 and 2018.

Action Item 2.b.2.  
FCSRMC Annual Audits

Property/Casualty Program  
Management Letter

*Linda F.  
Triplett, CPA, PA*

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August 6, 2018

Risk Management Council and Operations Committee  
Florida College System Risk Management Consortium  
Property and Casualty Plan

In planning and performing our audit of the financial statements of Florida College System Risk Management Consortium Property and Casualty Plan as of and for the year ended February 28, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Consortium's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Consortium's internal control. Accordingly, we do not express an opinion on the effectiveness of the Consortium's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as described above.

This communication is intended solely for the information and use of management, the Risk Management Council, the Operations Committee and authorized representatives of agencies of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Linda F. Triplett, CPA, P.A.*

*Certified Public Accountant  
2630 N.W. 47<sup>th</sup> Street · Suite B · Gainesville, Florida 32606  
Phone 352 378-4126 · Fax: 352 378-8988*

Action Item 2.b.3.  
FCSRMC Annual Audits

Property/Casualty Program  
Actuary Letter



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**STATEMENT OF ACTUARIAL OPINION**

March 14, 2018

I, George T. Dunlap IV, am an Actuarial Consultant with Cornerstone Actuarial Solutions, LLC (CORNERSTONE). I am a member of the American Academy of Actuaries and meet its qualification standards. I am also an Associate of the Casualty Actuarial Society and meet its qualification standards. I have been retained by the Florida College System Risk Management Consortium (FCSRMC) with regard to loss and allocated loss adjustment expense (ALAE) reserves.

I have relied upon representations, underlying records, and unaudited summaries prepared by the responsible individual of the FCSRMC. The individual who provided such summaries was Tony Ganstine, Enterprise Risk Manager of the FCSRMC. Specifically, I assumed the quality of the basic contracts or the collectibles.

Primarily, my work revolved around the net and gross reserve needs for the Workers Compensation, General Liability, Automobile Liability, Errors & Omissions, and Property coverages. Net reserves for this opinion mean net of specific excess and aggregate reinsurance, and all reserves (net, gross and ceded) are net of estimated subrogation & salvage recoverables and recoverables from the Second Disability Trust Fund (S.D.T.F.) which are reflected implicitly (the data provided was net of subrogation & salvage and S.D.T.F. received). The loss and ALAE reserves were derived by accepted and recognized actuarial methods.

In my opinion, the amounts set forth in this opinion on account of the items identified above:

- 1) Are computed in accordance with accepted loss reserving standards and are fairly stated in accordance with sound loss reserving principles;
- 2) Are based on factors relevant to the provisions of the FCSRMC;
- 3) Should make a good and sufficient provision for all net unpaid loss and loss expense obligations for the FCSRMC under the terms of its policies and agreements;

Due to the requirement of G.A.S.B. 30, I provide reserves on a net, gross and ceded basis with respect to reinsurance. My point estimates are as follows:

Loss + ALAE Reserves as of February 28, 2018  
 (000's)

	<u>Net</u>	<u>Gross</u>	<u>Ceded</u>
Total Undiscounted	\$37,614	\$51,986	\$14,372
Ceded = Gross - Net			

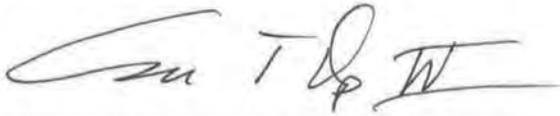
The IBNR estimates make no provision for the extraordinary future emergence of either new classes of losses, post-contractual expansions of policy coverage, nor for any extraordinary development of reserves that may have been established specifically for these events. Also, the IBNR estimates make no provision for changes in claim settlement, evaluation, reporting, and booking or variations in loss development other than that contained in the supporting work papers.

I did not review any of the FCSRMC's assets and I did not form any opinion as to their validity or value. The following opinion rests on the assumption that the FCSRMC's February 28, 2018 reserves identified herein are funded by valid assets, which have scheduled maturities and/or adequate liquidity to meet cash flow requirements.

My review related only to those reserves identified herein and I do not express an opinion on the FCSRMC's financial statement taken as a whole.

This opinion, actuarial report, and supporting work papers were prepared solely for the purpose of fulfilling regulatory requirements and for the outside auditor and is not intended for any other purpose. I expect the outside auditor for the FCSRMC to so notify me should any material problems appear during their review.

Sincerely,

A handwritten signature in cursive script, appearing to read "G. T. Dunlap IV". The signature is written in dark ink and is positioned above a horizontal line.

George T. Dunlap IV, A.C.A.S., M.A.A.A.

Information Item 3.a.  
Property/Casualty Program  
Legislative Funding Request



## Legislative Funding Request

### **FINAL DRAFT**

#### **Legislative Request:**

The State Colleges request that the legislature make a one-time appropriation of \$12,154,186 in favor of the Division of Florida Colleges to fund the property insurance deductible as a result of Hurricane Irma and outstanding FEMA reimbursement requests from 2007 to 2016.

#### **Issue:**

1. Unlike the State University System, 27 of the 28 State Colleges purchase insurance to protect their facilities through the Florida College System Risk Management Consortium (FCSRMC), as afforded by F.S. 1001.64 (27).
2. FCSRMC funds the property insurance deductible, per F.S. 1004.725.
3. Historically, FCSRMC has not actuarially funded for hurricane losses.
4. Due to insurance market forces, after the storms of 2004 and 2005, the property insurance deductible increased to 3% of affected values vs. a flat \$2,500,000 per occurrence.
5. As of 7/9/18 the retained loss from Hurricane Irma is estimated to be \$6,690,593.
6. As a result of Hurricane Irma the net position of the fund balance is estimated to be reduced from \$21,522,299 (8/30/17) to \$15,513,299 (11/30/17). There will be further erosion of the fund balance once all claims are realized in the financials.
7. FEMA is no longer a feasible alternative to replenish retained losses.
  - a. FEMA – Then: After the storms of 2004 and 2005 FEMA deemed FCSRMC as an applicant through the Division of Community Colleges. With that status FCSRMC was able to recover retained losses for the storms of 2004 and 2005 to replenish the fund balance.
  - b. FEMA – Now
    1. Recovery of the retention for the following losses remain outstanding:

2007	Daytona State College	Tornado	Denied	\$1,850,106
2014	PeSC	Flood	Pending	\$2,500,000
2016	Hurricane Matthew	Hurricane	Pending	\$1,113,487
2017	Hurricane Irma	Hurricane	Unauthorized applicant	\$6,690,593 as of 7/9/18
	<b>Total</b>			<b>\$12,154,186</b>

2. Hurricane IRMA – FEMA has advised that FCSRMC will not be deemed an authorized applicant.
8. Going forward FCSRMC will work with the participating colleges to determine the best approach to fund retained hurricane losses including analysis of:
  - a. Fully funding for hurricane retained losses.
  - b. Sharing the retention with the affected college and partially funding for hurricane retained losses.
  - c. Moving the retention for hurricane retained losses to the affected colleges.

From Cornerstone Actuarial Solutions, letter dated 1/17/18:

In light of the 2004 and 2005 and 2017 hurricane experience, we would recommend a **minimum fund balance of \$25 million to \$30 million to cover catastrophes as well as variability of ultimate loss estimates assuming a 3% hurricane deductible**, and a minimum fund balance of \$35 million to \$45 million to cover catastrophes as well as variability of ultimate loss estimates assuming a 5% hurricane deductible.

***FINAL DRAFT***

**Information Item 3.b.  
Property/Casualty Program**

**Hurricane Irma Update**



Re: FCSRMC  
Hurricane Irma CAT 1744 - BI / PD / EE  
Date of Loss: September 9-11, 2017

**SUMMARY OF YORK'S ESTIMATED DAMAGES FOR FCSRMC 7/31/2018 (A)**

College/Category	York's Total Estimated Damage / Actual when Final (C)	SOV Amount	3% Insurance Deductible	3% Deductible Amounts, if Estimated Damage is below the Deductible	3% Deductible Amounts, if Estimated Damage Exceed the Deductible	York Estimated Damages, Net if Deductible	FCSRMC Retained Estimated Loss (Equal to or Below Deductible)	Plus: Landscaping (\$1M Insurance Limit)	Tree Debris - Not Covered (FEMA)	Not Covered
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Broward College</b>										
Building	496,000	67,667,246	2,030,017	2,024,392	5,625	6,375	489,625	-	-	-
Contents	60,000	29,238	877	-	877	59,123	877	-	-	-
Outdoor Structure	105,000	845,000	25,350	-	25,350	79,650	25,350	-	-	-
Landscaping	350,000	-	-	-	-	-	-	350,000	-	-
Debris	380,000	-	-	-	-	-	-	-	-	380,000
<b>Broward College Total</b>	<b>1,391,000</b>	<b>68,541,484</b>	<b>2,056,245</b>	<b>2,024,392</b>	<b>31,852</b>	<b>145,148</b>	<b>515,852</b>	<b>350,000</b>	<b>380,000</b>	<b>-</b>
<b>College of Central Florida</b>										
Building	5,000	4,788,760	143,663	143,663	-	-	5,000	-	-	-
Landscaping	50,000	-	-	-	-	-	-	50,000	-	-
Debris	50,000	-	-	-	-	-	-	-	-	50,000
<b>College of Central Florida Total</b>	<b>105,000</b>	<b>4,788,760</b>	<b>143,663</b>	<b>143,663</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-</b>
<b>Daytona State College</b>										
Building	196,000	84,644,608	2,539,338	2,539,338	-	-	196,000	-	-	-
Outdoor Structure	7,500	250,000	7,500	7,500	-	-	7,500	-	-	-
Landscaping	5,000	-	-	-	-	-	-	5,000	-	-
Debris	7,500	-	-	-	-	-	-	-	-	7,500
<b>Daytona State College Total</b>	<b>216,000</b>	<b>84,894,608</b>	<b>2,546,838</b>	<b>2,546,838</b>	<b>-</b>	<b>-</b>	<b>203,500</b>	<b>5,000</b>	<b>7,500</b>	<b>-</b>
<b>Eastern Florida State College</b>										
Building	772,550	270,933,240	8,127,997	7,973,706	154,291	235,209	537,341	-	-	-
Outdoor Structure	53,000	500,000	15,000	3,000	12,000	39,000	14,000	-	-	-
Landscaping	46,000	-	-	-	-	-	-	46,000	-	-
Debris	25,000	-	-	-	-	-	-	-	-	25,000
<b>Eastern Florida State College Total</b>	<b>896,550</b>	<b>271,433,240</b>	<b>8,142,997</b>	<b>7,976,706</b>	<b>166,291</b>	<b>274,209</b>	<b>551,341</b>	<b>46,000</b>	<b>25,000</b>	<b>-</b>
<b>Florida Gateway College (B)</b>										
Building	93,714	1,258,940	37,768	-	37,768	55,946	37,768	-	-	-
Contents	15,653	650,000	19,500	19,500	-	-	15,653	-	-	-
<b>Florida Gateway College Total</b>	<b>109,368</b>	<b>1,908,940</b>	<b>57,268</b>	<b>19,500</b>	<b>37,768</b>	<b>55,946</b>	<b>53,422</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Florida Keys Community College</b>										
Building	10,175,318	56,975,241	1,709,257	-	1,709,257	8,466,061	1,709,257	-	-	-
Contents	2,130	108,239	3,247	3,247	-	-	2,130	-	-	-
Outdoor Structure	49,041	630,000	18,900	-	18,900	30,141	18,900	-	-	-
Extra Expense	1,159	-	-	-	-	1,159	-	2,400	-	-
Landscaping	2,400	-	-	-	-	-	-	-	-	-
Debris	1,500	-	-	-	-	-	-	-	-	1,500
<b>Florida Keys Community College Total</b>	<b>10,231,547</b>	<b>57,713,480</b>	<b>1,731,404</b>	<b>3,247</b>	<b>1,728,157</b>	<b>8,497,361</b>	<b>1,730,287</b>	<b>2,400</b>	<b>1,500</b>	<b>-</b>
<b>Florida Southwestern State College</b>										
Building	414,500	170,316,278	5,109,488	5,109,488	-	-	414,500	-	-	-
Outdoor Structure	10,000	1,015,507	30,465	30,465	-	-	10,000	-	-	-
Landscaping	100,000	-	-	-	-	-	-	100,000	-	-
Debris	190,000	-	-	-	-	-	-	-	-	190,000

PRELIMINARY:  
FOR DISCUSSION PURPOSES ONLY

**SUMMARY OF YORK'S ESTIMATED DAMAGES FOR FCSRMC 7/31/2018 (A)**

College/Category	York's Total Estimated Damage / Actual when Final (C)	SOV Amount	3% Insurance Deductible	3% Deductible Amounts, if Estimated Damage is below the Deductible	3% Deductible Amounts, if Estimated Damage Exceed the Deductible	York Estimated Damages, Net if Deductible	FCSRMC Retained Estimated Loss to or Below Deductible	Plus: Landscaping (\$1M Insurance Limit)	Tree Debris - Not Covered (FEMA)	Not Covered
Florida Southwestern State College Total	714,500	171,331,785	5,139,954	5,139,954	-	-	424,500	100,000	190,000	-
<b>Hillsborough Community College</b>										
Building	12,250	57,734,941	1,732,048	1,732,048	-	-	12,250	-	-	-
Outdoor Structure	12,500	295,396	8,862	-	8,862	3,638	8,862	-	-	-
Landscaping	3,000	-	-	-	-	-	-	3,000	-	-
Debris	7,500	-	-	-	-	-	-	-	7,500	-
Hillsborough Community College Total	35,250	58,030,337	1,740,910	1,732,048	8,862	3,638	21,112	3,000	7,500	-
<b>Indian River State College</b>										
Building	282,500	125,732,572	3,771,977	3,735,557	36,420	72,080	210,420	-	-	-
Outdoor Structure	23,500	783,333	23,500	23,500	-	-	23,500	-	-	-
Landscaping	20,500	-	-	-	-	-	-	20,500	-	-
Debris	14,000	-	-	-	-	-	-	-	14,000	-
Indian River State College Total	340,500	126,515,905	3,795,477	3,759,057	36,420	72,080	233,920	20,500	14,000	-
<b>Lake-Sumter State College</b>										
Building	167,250	84,651,236	2,539,537	2,539,537	-	-	167,250	-	-	-
Outdoor Structure	87,500	3,533,333	106,000	106,000	-	-	85,000	-	-	2,500
Landscaping	5,000	-	-	-	-	-	-	5,000	-	-
Debris	17,500	-	-	-	-	-	-	-	17,500	-
Lake-Sumter State College Total	277,250	88,184,569	2,645,537	2,645,537	-	-	252,250	5,000	17,500	2,500
<b>Miami Dade College</b>										
Building	1,375,500	374,204,824	11,226,145	11,189,638	36,506	138,494	1,237,006	-	-	-
Outdoor Structure	180,000	4,251,143	127,534	119,267	8,267	161,733	18,267	-	-	-
Landscaping	145,000	-	-	-	-	-	-	145,000	-	-
Debris	210,000	-	-	-	-	-	-	-	210,000	-
Miami Dade College Total	1,910,500	378,455,967	11,353,679	11,308,906	44,773	300,227	1,255,273	145,000	210,000	-
<b>Palm Beach State College (B)</b>										
Building	25,167	35,861,944	1,075,858	1,075,858	-	-	25,167	-	-	-
Outdoor Structure	6,961	567,400	17,022	16,860	162	3,432	3,529	-	-	-
Landscaping	7,164	-	-	-	-	-	-	7,164	-	-
Debris	67,000	-	-	-	-	-	-	-	67,000	-
Palm Beach State College Total	106,293	36,429,344	1,092,880	1,092,718	162	3,432	28,696	7,164	67,000	-
<b>Pasco-Hernando State College (B)</b>										
Building	7,027	23,517,333	705,520	705,520	-	-	7,027	175	-	-
Landscaping	175	-	-	-	-	-	-	-	-	-
Debris	9,690	-	-	-	-	-	-	-	9,690	-
Pasco-Hernando State College Total	16,892	23,517,333	705,520	705,520	-	-	7,027	175	9,690	-
<b>Polk State College</b>										
Building	255,000	97,124,174	2,913,725	2,901,845	11,880	620	254,380	-	-	-
Contents	-	-	-	-	-	-	-	-	-	-
Outdoor Structure	-	-	-	-	-	-	-	-	-	-
Landscaping	12,500	-	-	-	-	-	-	12,500	-	-
Debris	5,000	-	-	-	-	-	-	-	5,000	-

**SUMMARY OF YORK'S ESTIMATED DAMAGES FOR FCSRMC 7/31/2018 (A)**

College/Category	York's Total Estimated Damage / Actual when Final (C)	SOV Amount	3% Insurance Deductible	3% Deductible Amounts, if Estimated Damage is below the Deductible	3% Deductible Amounts, if Estimated Damage Exceed the Deductible	York Estimated Damages, Net if Deductible	FCSRMC Retained Estimated Loss (Equal to or Below Deductible)	Plus: Landscaping (\$1M Insurance Limit)	Tree Debris - Not Covered (FEMA)	Not Covered
Polk State College Total	272,500	97,124,174	2,913,725	2,901,845	11,880	620	254,380	12,500	5,000	-
<b>Seminole State College of Florida</b>										
Building	466,500	141,387,120	4,241,614	4,241,614	-	-	466,500	-	-	-
Outdoor Structure	35,000	1,572,000	47,160	42,000	5,160	7,340	7,660	-	-	20,000
Landscaping	55,000	-	-	-	-	-	-	55,000	-	-
Debris	112,000	-	-	-	-	-	-	-	112,000	-
Seminole State College of Florida Total	668,500	142,959,120	4,288,774	4,283,614	5,160	7,340	474,160	55,000	112,000	20,000
<b>South Florida State College</b>										
Building	235,000	13,296,372	398,891	298,159	100,733	79,267	155,733	-	-	-
Outdoor Structure	12,000	400,000	12,000	12,000	-	-	12,000	-	-	-
Extra Expense	7,500	-	-	-	-	7,500	-	-	-	-
Landscaping	20,000	-	-	-	-	-	-	20,000	-	-
Debris	25,000	-	-	-	-	-	-	-	25,000	-
South Florida State College Total	299,500	13,696,372	410,891	310,159	100,733	86,767	167,733	20,000	25,000	-
<b>St Johns River State College</b>										
Building	373,143	33,992,619	1,019,779	928,983	90,795	31,420	341,723	-	-	-
Outdoor Structure	10,000	549,478	16,484	16,484	-	-	10,000	-	-	-
Landscaping	20,000	-	-	-	-	-	-	20,000	-	-
Debris	20,000	-	-	-	-	-	-	-	20,000	-
St Johns River State College Total	423,143	34,542,097	1,036,263	945,468	90,795	31,420	351,723	20,000	20,000	-
<b>St. Petersburg State College</b>										
Building	54,000	86,444,684	2,593,341	2,593,341	-	-	54,000	-	-	-
Outdoor Structure	23,000	2,443,439	73,303	65,191	8,112	6,888	16,112	-	-	-
Landscaping	12,500	-	-	-	-	-	-	12,500	-	-
Debris	10,000	-	-	-	-	-	-	-	10,000	-
St. Petersburg State College Total	99,500	88,888,123	2,666,644	2,658,531	8,112	6,888	70,112	12,500	10,000	-
<b>State College Of FL Manatee-Sarasota</b>										
Building	54,195	75,602,256	2,268,068	2,267,618	450	1,550	52,645	-	-	-
Landscaping	59,300	-	-	-	-	-	-	59,300	-	-
Debris	20,112	-	-	-	-	-	-	-	20,112	-
State College Of FL Manatee-Sarasota Tot	133,607	75,602,256	2,268,068	2,267,618	450	1,550	52,645	59,300	20,112	-
<b>Valencia College</b>										
Building	176,500	123,089,945	3,692,698	3,690,508	2,190	2,810	173,690	-	-	-
Contents	75,000	7,400,000	222,000	222,000	-	-	75,000	-	-	-
Outdoor Structure	10,000	1,106,500	33,195	33,195	-	-	10,000	-	-	-
Landscaping	12,500	-	-	-	-	-	-	12,500	-	-
Debris	8,500	-	-	-	-	-	-	-	8,500	-
Valencia College Total	282,500	131,596,445	3,947,893	3,945,703	2,190	2,810	258,690	12,500	8,500	-
<b>Grand Total</b>	<b>\$ 18,529,899</b>	<b>\$ 1,956,154,339</b>	<b>\$ 58,684,630</b>	<b>\$ 56,411,024</b>	<b>\$ 2,273,606</b>	<b>\$ 9,489,435</b>	<b>\$ 6,911,622</b>	<b>\$ 926,039</b>	<b>\$ 1,180,302</b>	<b>\$ 22,500</b>

For Reference:

PRELIMINARY:  
FOR DISCUSSION PURPOSES ONLY

**SUMMARY OF YORK'S ESTIMATED DAMAGES FOR FCSRMC 7/31/2018 (A)**

College/Category	York's Total Estimated Damage / Actual when Final (C)	SOV Amount	3% Insurance Deductible	3% Deductible Amounts, if Estimated Damage is below the Deductible	3% Deductible Amounts, if Estimated Damage Exceed the Deductible	York Estimated Damages, Net if Deductible	FCSRMC Retained Estimated Loss (Equal to or Below Deductible)	Plus: Landscaping (\$1M Insurance Limit)	Tree Debris - Not Covered (FEMA)	Not Covered
Total exceeds Policy minimum Deductible of \$2.5M	\$ 2,500,000									
College Deductible (\$10k Each) X 20 Colleges							\$ 200,000			
Landscaping Limit								\$ 1,000,000		
<b>Total Net of Additional Deductibles / Limits</b>	<b>\$ 16,029,899</b>						<b>\$ 6,711,622</b>	<b>\$ (73,961)</b>		

Notes:  
 (A) Information from York's Estimate and FCSRMC SOV.  
 (B) Amounts reflect final costs submitted by the college.  
 (C) Amounts will change once final costs are submitted.

Re: FCSRMC  
 Hurricane Irma CAT 1744 - BI/PD/EE  
 Date of Loss: September 9-11, 2017

Summary of Analysis of Adjuster's Review and Deductibles - By Coverage Category  
 PRELIMINARY & TENTATIVE - FOR DISCUSSION PURPOSES ONLY

Coverage Category	Amount Submitted	HSNO Adjustments/Under Review	Amount for Review	Adjuster Exception	Amount Per Adjuster	3% Insurance - Deductible Amount For All Units of Insurance	Deductible Amounts for Units Not in Claim	Deductible Amounts for Units in Claim	Net Claim After Deductibles
Building	\$ 11,993,418.64	\$ 28,263.47	\$ 11,965,155.17	\$ 11.00	\$ 11,965,144.17	\$ 56,715,426.03	\$ 1,419,824.82	\$ 1,935,127.80	\$ 8,610,191.55
Extra Expense	63,423.50	-	63,423.50	4,817.50	58,606.01	-	-	-	58,606.01
Outdoor Structure	278,449.10	354.00	278,095.10	-	278,095.10	1,480,668.96	96,209.30	45,935.31	135,950.49
Preservation of Property	25,811.73	0.20	25,811.53	-	25,811.53	-	-	-	25,811.53
Contents	181,805.29	-	181,805.29	-	181,805.29	1,292,625.44	155,242.20	13,166.49	13,396.60
Walkways	900.00	-	900.00	900.00	-	-	-	-	-
Land	65,298.30	-	65,298.30	65,298.30	-	-	-	-	-
Builders Risk	19,578.15	-	19,578.15	19,578.15	-	-	-	-	-
Not Covered	15,179.66	-	15,179.66	15,179.66	-	-	-	-	-
Landscaping	299,473.87	-	299,473.87	44,588.17	254,885.70	30,000.00	-	30,000.00	224,885.70
Landscaping Debris	254,885.70	-	254,885.70	-	254,885.70	-	-	-	254,885.70
Debris	875,109.74	-	875,109.74	875,109.74	-	-	-	-	-
<b>Total</b>	<b>\$ 14,073,333.67</b>	<b>\$ 28,617.67</b>	<b>\$ 14,044,716.00</b>	<b>\$ 1,025,482.51</b>	<b>\$ 13,019,233.50</b>	<b>\$ 59,518,720.43</b>	<b>\$ 1,671,276.32</b>	<b>\$ 2,024,229.60</b>	<b>\$ 9,323,727.58</b>

PRELIMINARY:  
 FOF DISCUSSION PURPOSES ONLY



Information Item 3.c.  
Property/Casualty Program

Authorized Applicant/FEMA Update



## Authorized Applicant FEMA Update

FEMA has established eligibility guidelines which are based, in part, upon legal responsibility and ownership of facilities. The Division of Community Colleges (DCC) filed a Request for Public Assistance in the 2004 and 2005 storms which was approved. This approval allowed DCC to directly receive the Federal funding for the Consortium's retention. The DCC, in turn, remitted those funds directly to the Consortium. This process negated the Consortium having to seek reimbursement from each respective college which resulted in a more streamlined approach.

**For Hurricane Irma**, FEMA and Florida Department of Emergency Management have indicated the Division cannot serve as the Legal Applicant for the receipt of these funds, as neither have legal responsibility for repair of damaged college facilities. Therefore requiring that the Consortium seek reimbursement from each college of the Federal funding related to the 3% deductible. The recouping of the retained losses will be a time-consuming process which may be further delayed due to each college's budgetary constraints and authority, procurement processes as well as Obtain and Maintain Insurance Requirements.

### Current Procedure

For named hurricane, our property program has a 3% per item deductible. Each college has a \$10,000 deductible (one \$10,000 deductible per occurrence or event). The FCSRMC loss fund pays the College for the amount above the \$10,000 college deductible up to the excess property policy deductible. As each college is paid from collective FCSRMC member college funds, if/when a college receives FEMA reimbursement, it is expected that any amount above the \$10,000 will be returned to the FCSRMC loss fund.

- The college may not be reimbursed over the \$10,000 deductible as the Consortium is currently viewed as other funding. The college cannot receive a duplication of benefits.
- FEMA reimbursement is subject to obtain and maintain requirements
- FEMA reimbursement is subject to Federal Purchasing guidelines
- Colleges are the rightful applicant in FEMA's view as they have legal responsibility for repair of damaged college facilities.

### UPDATE AS OF 8/7/2018:

- College FEMA claims for reimbursement are in process. We are not expecting reimbursement over the \$10,000 deductible.
- Disaster Recovery Services, LLC, a FEMA consultant, has demonstrated to staff they may be able to assist in FEMA recovery due to their work for a similar organization at the State of Georgia. They have presented a success fee arrangement.

## Historical Hurricane Losses

Year	Hurricane	TIV	Total Loss	Net Loss	Deductible	Total Losses Adjusted for Inflation*	TIV Adjusted for Inflation*
1992	Andrew	\$1.9B	\$11,204,954	\$10,704,661	\$500,000	\$20,009,668	\$3,392,996,436
1995	Opal	\$2.5B	\$1,012,433	\$12,433	\$1,000,000	\$1,664,443	\$4,110,006,562
2004	Charley	\$4.3B	\$3,300,307	\$800,307	\$2,500,000	\$4,337,336	\$5,703,270,514
2004	Frances	\$4.3B	\$9,295,062	\$6,795,062	\$2,500,000	\$12,328,431	\$5,703,270,514
2004	Ivan	\$4.3B	\$7,704,404	\$5,204,404	\$2,500,000	\$10,218,675	\$5,703,270,514
2004	Jeanne	\$4.3B	\$1,885,264	\$0	\$2,500,000	\$2,500,505	\$5,703,270,514
2005	Dennis	\$4.5B	\$5,360,327	\$2,860,327	\$2,500,000	\$6,876,644	\$5,772,949,309
2005	Wilma	\$4.5B	\$9,228,864	\$6,728,864	\$2,500,000	\$11,829,503	\$5,772,949,309
2016	Hermine	\$7.2B	\$7,384	\$0	3%	\$7,708	\$7,516,160,779
2016	Matthew	\$7.2B	\$869,059	\$0	3%	\$907,220	\$7,516,160,779
2017	Irma**	\$8.1B	\$16,500,000	TBD	3%	TBD	\$8,279,302,383
	<b>Totals</b>		<b>\$66,368,058</b>	<b>\$33,106,058</b>		<b>\$70,680,133</b>	

\*Adjusted to 2018

\*\*Estimate

Information Item 3.d.  
Property/Casualty Program

Active Shooter Update

## Active Shooter Update

AIG provides Prevention, Training and Crisis Plans to full response capabilities during an incident.

### Response Coverage

Insureds can make certain they are prepared in the event an attack does occur. A number of post-event services and coverages are available via CrisiSolution's Assault Endorsement.

- Coverage available via the endorsement includes, but is not limited to:
  - Death or dismemberment
  - Business interruption
  - Legal liability
  - Loss of attraction
- Expenses:
  - Psychiatric and medical support
  - Public relations support
  - Increased cost of security
- Off premises cover when traveling on behalf of or at direction of the insured organization, including employees, students, volunteers, and parishioners
- No media stipulation required to trigger coverage

Alternatively the coverage may be paired with Threat Assessment coverage. This coverage pays for the Response Consultants to deploy and neutralize emerging threats before incidents can occur. From working with law enforcement to human resources and the judicial system, the Response Consultants can help ensure that issues are dealt with swiftly as they arise. Additionally, the consultants can help conduct training exercises and create crisis management plans as part of the prevention allowance afforded to our customers.

Insureds can test and improve their ability to prevent and, in worst case, respond to an attack via an in-depth training and support program provided by global risk and crisis management consultancy NYA. Training and support can include (but is not limited to) the following:

- Workshops and Services
  - Corporate Reviews
  - Security Risk/Crisis Management Policies and Plans
  - eLearning
- Ongoing Support
  - Threat Assessments including post incident support
  - Behavioral Assessments
  - Site Surveys including Security Staff SOPs
  - Emergency Management Plans
  - Incident Management Training/Simulated Incidents

Information Item 4.  
Property/Casualty Program

FCSAA Discussion



## Florida College System Activities Association

Kelly Warren is the Executive Director of FCSAA, which is the fiscal agent for all of the athletic and academic tournaments within the Florida College System; Athletics, Student Government, Brain Bowl, Forensics, Music, Theatre, Publications, Forensics, and Model UN. Currently FCSAA is filed as a (501c3) corporation and not a “participate” in FCSRMC coverage. All of the funds come directly from member colleges.

FCSAA is the top level organizer for all the state tournaments, handling RFPs and contract negotiations with vendors and site managers.

Concerns:

- General Liability is a premises only policy (coverage only at scheduled location, which is main office), because of coverage exclusion FCSAA cannot endorse policy to add others as additional insureds
- No current crime policy (Fiscal agent for colleges)
- Kelly is paid by TCC and is listed as a TCC employee contracted to be the Executive Director of the Activities Association. FCSAA and TCC sign an agreement for TCC to be fiscal agent for employment purposes.
- Assistant is paid by AFC, but willing to move to TCC if needed.

FSWSC’s concerns:

When asked about a waiver of insurance requirements for a facility use my response was that a local waiver for insurance coverage may address the facility use issue at FSW but it does not address the larger issue of the FCSAA exposure to uninsured loss. For example, if the FCSAA was sued as a result of an act or omission of an individual acting on behalf of the occurring away from the office:

- The FCSAA would be exposed to the cost of a legal defense.
- If a judgment was recovered against the corporation its assets could be exposed.

**Information Item 5.a.  
Financial Statements**

**Employee Benefit Plans**

FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM

EMPLOYEE BENEFIT PLANS  
REVENUES AND EXPENDITURES BUDGET REPORT  
As of June 30, 2018

	TOTAL ACTUAL, 6 MONTHS				TOTAL ESTIMATED 2018		
	CURRENT BUDGET	REALIZED	UNREALIZED	% UNREALIZED	PROJECTED THRU 12/31/18	% CURRENT BUDGET	
<b>REVENUES</b>							
46620 Life Assess EBP	3,179,052.00	1,622,770.99	1,556,281.01	48.95%	3,245,000.00	102.07%	
46621 Health Assess EBP	123,065,776.00	60,222,158.47	62,843,617.53	51.07%	120,450,000.00	97.87%	
<b>Members Assessments</b>	<b>126,244,828.00</b>	<b>61,844,929.46</b>	<b>64,399,898.54</b>	<b>51.01%</b>	<b>123,695,000.00</b>	<b>97.98%</b>	
46624 Recoveries- Pharmacy Rebates/ERRP	3,000,000.00	3,578,836.92	(578,836.92)	-19.29%	4,800,000.00	160.00%	
46625 Recoveries- Other	-	-	-	0.00%	-	0.00%	
<b>Recoveries</b>	<b>3,000,000.00</b>	<b>3,578,836.92</b>	<b>(578,836.92)</b>	<b>-19.29%</b>	<b>4,800,000.00</b>	<b>160.00%</b>	
48130 Int on Invest-Long Term	180,000.00	110,327.62	69,672.38	38.71%	220,000.00	122.22%	
48150 Int on Invest-SBA	5,000.00	19.20	4,980.80	99.62%	40.00	0.80%	
48170 Int on Invest-SPIA	390,000.00	228,629.36	161,370.64	41.38%	457,000.00	117.18%	
48200 Gain-Loss on Investments	-	(56,821.08)	56,821.08	100.00%	(115,000.00)	0.00%	
48210 Unreal (Gain)/Loss	-	(77,206.45)	77,206.45	100.00%	(150,000.00)	0.00%	
63850 Investment Costs	-	(19,918.04)	19,918.04	100.00%	(40,000.00)	0.00%	
<b>Interest &amp; Investment Income, Net</b>	<b>575,000.00</b>	<b>185,030.61</b>	<b>370,051.35</b>	<b>64.36%</b>	<b>372,040.00</b>	<b>64.70%</b>	
<b>TOTAL REVENUES</b>	<b>\$ 129,819,828.00</b>	<b>\$ 65,608,796.99</b>	<b>\$ 64,191,112.97</b>	<b>49.45%</b>	<b>\$128,867,040.00</b>	<b>99.27%</b>	
<b>EXPENDITURES</b>							
63700 Life & AD/D Premium	3,179,052.00	1,622,694.46	1,556,357.54	48.96%	3,245,000.00	102.07%	
63751 Blue Options Svc Fee	5,111,971.00	2,479,026.60	2,632,944.40	51.51%	4,960,000.00	97.03%	
63752 Blue MediCare PPO	1,116,133.00	654,180.97	461,952.03	41.39%	1,305,000.00	116.92%	
63754 Transitional Fee	-	-	-	100.00%	-	0.00%	
63756 Blue Options S/L	4,393,111.00	2,169,777.51	2,223,333.49	50.61%	4,338,000.00	98.75%	
63762 Capital Health Plan	5,606,787.00	2,869,219.81	2,737,567.19	48.83%	5,700,000.00	101.66%	
63763 Horizon Health (EAP Services)	104,378.00	49,606.86	54,771.14	52.47%	100,000.00	95.81%	
63764 Florida Health Care Plan	3,540,075.00	1,650,533.18	1,889,541.82	53.38%	3,300,000.00	93.22%	
63770 FBMC Benefits Administration	790,000.00	342,209.13	56,767.00	391,023.87	49.50%	680,000.00	86.08%
63771 Plan C (Hospital, Dental, Vision)	3,163,299.00	1,629,871.94	1,533,427.06	48.48%	3,260,000.00	103.06%	
63776 Wellness Initiative Refund	100,000.00	114,030.07	(14,030.07)	-14.03%	115,000.00	115.00%	
63507 PCORI Fee	-	11,194.76	(11,194.76)	0.00%	25,000.00	0.00%	
63880 46623 Incurred Claims includes Stop Loss	101,150,697.00	49,871,561.26	51,279,135.74	50.70%	99,742,000.00	98.61%	
63888 I.B.N.R Liability Changes	590,769.00	-	590,769.00	0.00%	(129,749.00)	0.00%	
<b>Premiums, Claims &amp; Fees</b>	<b>128,846,272.00</b>	<b>63,463,906.55</b>	<b>56,767.00</b>	<b>65,325,598.45</b>	<b>50.70%</b>	<b>126,640,251.00</b>	<b>98.29%</b>
50120 Admin Cost EBP-Payroll	495,862.00	201,686.23	294,175.77	59.33%	500,000.00	100.83%	
60120 Admin Cost EBP-Current Expenses	323,444.00	117,928.37	205,515.63	63.54%	300,000.00	92.75%	
62504 Service Contracts/Agreements	-	61,500.00	1,050.00	(62,550.00)	0.00%	100,000.00	0.00%
65001 Consultant Fees	100,000.00	-	100,000.00	100.00%	-	0.00%	
65004 Auditing Fees	25,000.00	9,500.00	675.00	14,825.00	59.30%	25,000.00	100.00%
65702 Software Administrative	-	-	2,500.00	(2,500.00)	0.00%	2,500.00	0.00%
70120 Admin Cost EBP-Capital	29,250.00	24,918.50	4,331.50	14.81%	30,000.00	102.56%	
<b>Administrative Expenses</b>	<b>973,556.00</b>	<b>415,533.10</b>	<b>4,225.00</b>	<b>\$ 553,797.90</b>	<b>56.88%</b>	<b>957,500.00</b>	<b>98.35%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 129,819,828.00</b>	<b>\$ 63,879,439.65</b>	<b>60,992.00</b>	<b>\$ 65,879,396.35</b>	<b>50.75%</b>	<b>\$ 127,597,751.00</b>	<b>98.29%</b>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 1,729,357.34</b>				<b>\$ 1,269,289.00</b>	

**Florida College System Risk Management Consortium**  
**Employee Benefit Plans**  
**Balance Sheet**  
**June 30, 2018 and 2017**

<b>ASSETS</b>	<u><b>2018</b></u>	<u><b>2017</b></u>
Cash in Banks	\$ 2,007,054.57	\$ 3,694,057.11
Investment State Board of Admin.	2,067.27	2,034.12
Investment Special Purpose Investment Acct.	25,747,051.62	24,712,847.27
Cash and Cash Equivalents	<u>27,756,173.46</u>	<u>28,408,938.50</u>
Investment Securites-Managed Account	9,917,925.20	9,792,267.77
Unrealized Holding Gain/(Loss) on Investments	(168,020.64)	(36,395.58)
Investments Available for Sale	<u>9,749,904.56</u>	<u>9,755,872.19</u>
Accrued Interest Receivable	94,391.59	94,019.31
Recoveries, Rebates and Other Receivables	3,989,981.07	4,099,467.32
Prepaid Expenses	-	-
Deposits <sup>(1)</sup>	104,873.45	30,450.00
Property and Equipment - Net of Depreciation	<u>10,007.77</u>	<u>15,914.04</u>
<b>TOTAL ASSETS</b>	<u><u>41,705,331.90</u></u>	<u><u>42,404,661.36</u></u>
<b>LIABILITIES</b>		
Accounts Payable-Claims	8,209,478.73	9,137,542.91
Accounts Payable-Claim Service Fees	410,957.36	-
Claims Incurred but not Reported	7,279,749.00	5,394,000.00
Liability for Losses Incurred	<u>15,900,185.09</u>	<u>14,531,542.91</u>
Deferred Revenue	677,238.46	1,122,055.20
Accounts Payable-Operations	1,388,791.44	1,873,832.23
Accrued Liability-Compensated Absences	<u>94,775.70</u>	<u>79,667.35</u>
<b>TOTAL LIABILITIES</b>	<u><u>18,060,990.69</u></u>	<u><u>17,607,097.69</u></u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 23,644,341.21</u></u>	<u><u>\$ 24,797,563.67</u></u>

(1) Deposits receivable consists of funds held by Health Equity for prefunding of plans.

**Florida College System Risk Management Consortium**  
**Employee Benefit Plans**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Months Ending June 30, 2018 and 2017**

<b>REVENUES</b>	<u>2018</u>	<u>2017</u>
Premiums Earned - Member Assessments	\$ 61,844,929.46	\$ 59,789,754.91
Premiums Ceded to Reinsurers		
Life and AD/D Premium	(1,622,694.46)	(1,587,333.57)
Plan Blue Choice/Options/HMO/HRA S/L Premium	(2,169,777.51)	(2,193,237.66)
Fully Insured Premium (CHP, CHIP, Medicare, EAP, FHCP)	(6,853,412.76)	(6,773,858.09)
Net Premiums Earned	<u>51,199,044.73</u>	<u>49,235,325.59</u>
Interest Earned on Investment-SBA	19.20	2,533.02
Interest Earned on Investment-SPIA	228,629.36	201,573.78
Interest Earned on Investment-Managed Account	110,327.62	99,107.07
Investment Costs	(19,918.04)	(23,678.76)
Investment Income	<u>319,058.14</u>	<u>279,535.11</u>
Realized Gain or (Loss) on Sale of Securities	(56,821.08)	(13,123.83)
Unrealized Gain or (Loss) on Investments	(77,206.45)	(164,123.80)
Net Gain or (Loss) on Investments	<u>(134,027.53)</u>	<u>(177,247.63)</u>
<b>Total Revenue</b>	<u>51,384,075.34</u>	<u>49,337,613.07</u>
<b>EXPENSES</b>		
Incurred Claims	50,046,540.50	47,891,911.04
Recoveries-Stop Loss Adjustments	(174,979.24)	(188,048.62)
Recoveries-Pharmacy Rebates/ERRP	(3,578,836.92)	(2,218,555.68)
Incurred Claims Net of Recoveries	<u>46,292,724.34</u>	<u>45,485,306.74</u>
Plan Blue Choice/Option/HMO/HRA/SVC ACCT	2,946,460.56	2,676,870.80
Claims Servicing Fees	<u>2,946,460.56</u>	<u>2,676,870.80</u>
Administrative Costs	<u>415,533.10</u>	<u>490,898.19</u>
<b>Total Expenses</b>	<u>49,654,718.00</u>	<u>48,653,075.73</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>1,729,357.34</b>	<b>684,537.34</b>
<b>NET POSITION, BEGINNING</b>	<u>21,914,983.87</u>	<u>24,113,026.33</u>
<b>NET POSITION, ENDING</b>	<u>\$ 23,644,341.21</u>	<u>\$ 24,797,563.67</u>

Information Item 5.b.  
Financial Statements

Property/Casualty Program

FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM

PROPERTY AND CASUALTY PLAN

REVENUES AND EXPENDITURES BUDGET REPORT  
As of June 30, 2018

REVENUES	TOTAL ACTUAL, 4 MONTHS, 2018-2019				TOTAL ESTIMATED 2018-2019		
	CURRENT BUDGET	REALIZED	UNREALIZED	% UNREALIZED	PROJECTED THRU 02/28/19	% CURRENT BUDGET	
46610 Annual Assessment	25,860,102.00	8,620,034.00	17,240,068.00	66.67%	25,860,102.00	100.00%	
46612 Allied Health	325,000.00	91,470.25	233,529.75	71.86%	275,000.00	84.62%	
46614 Inter-Collegiate	1,900,000.00	677,108.64	1,222,891.36	64.36%	2,031,000.00	106.89%	
46615 Facilities Use	10,000.00	-	10,000.00	100.00%	-	0.00%	
46616 Other SP Assessment	500,000.00	76,425.26	423,574.74	84.71%	80,000.00	16.00%	
46617 Master Builder's Risk	-	17,042.00	(17,042.00)	-	17,042.00	-	
46618 Educ/Tng Student	360,000.00	92,168.00	267,832.00	74.40%	276,500.00	76.81%	
46619 WC SIR Assessment	219,132.00	38,118.18	181,013.82	82.60%	114,355.00	52.19%	
<b>Members Assessments</b>	<b>29,174,234.00</b>	<b>9,612,366.33</b>	<b>19,561,867.67</b>	<b>67.05%</b>	<b>28,653,999.00</b>	<b>98.22%</b>	
46624 Recoveries	200,000.00	38,047.18	161,952.82	80.98%	115,000.00	57.50%	
46625 Recoveries-Excess	250,000.00	3,960.60	246,039.40	98.42%	12,000.00	4.80%	
<b>Recoveries</b>	<b>450,000.00</b>	<b>42,007.78</b>	<b>407,992.22</b>	<b>90.66%</b>	<b>127,000.00</b>	<b>28.22%</b>	
48130 Int on Invest-Long Term	100,000.00	48,303.91	51,696.09	51.70%	145,000.00	145.00%	
48140 Bank Int Earned - ACE/Chubb	-	12,817.96	(12,817.96)	-	38,455.00	-	
48150 Int on Invest-SBA	10,000.00	2.08	9,997.92	99.98%	7.00	0.07%	
48170 Int on Invest-SPIA	390,000.00	214,422.71	175,577.29	45.02%	600,000.00	153.85%	
48200 Realized (Gain)/Loss	-	(26,042.75)	26,042.75	-	(80,000.00)	-	
48210 Unrealized (Gain)/Loss	-	(388,334.62)	388,334.62	-	(200,000.00)	-	
63850 Investment Costs (Reporting Fees)	(55,000.00)	(15,854.94)	(39,145.06)	71.17%	(50,000.00)	90.91%	
<b>Interest and Investment Income, Net</b>	<b>445,000.00</b>	<b>(154,685.65)</b>	<b>599,685.65</b>	<b>134.76%</b>	<b>453,462.00</b>	<b>101.90%</b>	
<b>TOTAL REVENUES</b>	<b>\$ 30,069,234.00</b>	<b>\$ 9,499,688.46</b>	<b>\$ 20,569,545.54</b>	<b>68.41%</b>	<b>\$ 29,234,461.00</b>	<b>97.22%</b>	
EXPENDITURES	CURRENT BUDGET	EXPENDED	ENC'D	UNENC'D	% UNENC'D	PROJECTED THRU 02/28/19	% CURRENT BUDGET
63790 Annual Ins Premium	16,361,717.00	4,985,025.35	-	11,376,691.65	69.53%	14,960,000.00	91.43%
63820 WC-Carrier Audit	25,000.00	-	-	25,000.00	100.00%	10,000.00	40.00%
63830 Special Assessment	510,000.00	54,953.01	-	455,046.99	89.22%	80,000.00	15.69%
63831 Master Builder's Risk Assessment	-	17,042.00	-	(17,042.00)	-	17,042.00	-
63835 Claims/Loss Svc Fees	866,479.00	287,928.00	575,862.00	2,689.00	0.31%	864,000.00	99.71%
63880 Incurred Claims (Clms Pd+IBNR Change)	10,000,000.00	(690,061.81)	-	10,690,061.81	106.90%	3,000,000.00	30.00%
63881 Claims Catastrophic Event	-	5,465,862.21	-	(5,465,862.21)	-	13,465,862.21	-
63882 Claims Boiler & Machinery	-	2,304.53	-	(2,304.53)	-	10,000.00	-
46633 Recoveries-Excess Carrier	-	(5,465,862.21)	-	5,465,862.21	-	(5,619,862.21)	-
63887 Cyber Risk Claims	-	94,375.80	-	(94,375.80)	-	285,000.00	-
46626 Recoveries Cyber	-	(81,181.08)	-	81,181.08	-	(115,000.00)	-
63889 WC SIR Expense	219,132.00	38,118.18	-	181,013.82	82.60%	114,355.00	52.19%
<b>Premiums &amp; Claims Expenses</b>	<b>27,982,328.00</b>	<b>4,708,503.98</b>	<b>575,862.00</b>	<b>22,697,962.02</b>	<b>81.12%</b>	<b>27,071,397.00</b>	<b>96.74%</b>
50110 Salary P/C	495,863.00	182,410.76	-	313,452.24	63.21%	548,000.00	110.51%
60110 Admin Cost P/C	323,443.00	100,165.53	-	223,277.47	69.03%	300,500.00	92.91%
62001 Printing Services	17,500.00	-	-	17,500.00	100.00%	-	0.00%
62504 Service Contracts/Agreements	-	-	-	-	-	-	-
63895 Conf/Training/Seminars	35,000.00	-	-	35,000.00	100.00%	35,000.00	100.00%
64501 SREF Inspection	132,050.00	72,200.00	59,850.00	-	0.00%	132,050.00	100.00%
64502 Institutional Memberships	-	750.00	-	(750.00)	-	750.00	-
65001 Consulting Services	30,000.00	206.25	49,850.00	(20,056.25)	-66.85%	50,000.00	166.67%
65003 Legal Fees	-	-	-	-	-	-	-
65004 Auditing Fees	-	-	-	-	-	-	-
65007 Other Professional Fees (Actuary)	45,500.00	13,850.00	28,650.00	3,000.00	6.59%	45,500.00	100.00%
65008 Accreditation Fees	-	-	-	-	-	-	-
65702 Software Administrative (RMIS)	83,300.00	-	-	83,300.00	100.00%	83,300.00	100.00%
66503 Food and Food Products	-	-	-	-	-	-	-
66504 Materials & Supplies	-	10,800.00	1,200.00	(12,000.00)	-	12,000.00	-
67001 Subscriptions	-	-	-	-	-	-	-
70110 Capital Cost P/C	29,250.00	-	-	29,250.00	100.00%	10,000.00	34.19%
<b>Administrative Expenses</b>	<b>1,191,906.00</b>	<b>380,382.54</b>	<b>139,550.00</b>	<b>671,973.46</b>	<b>56.38%</b>	<b>1,217,100.00</b>	<b>102.11%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 29,174,234.00</b>	<b>\$ 5,088,886.52</b>	<b>\$ 715,412.00</b>	<b>\$ 23,369,935.48</b>	<b>80.10%</b>	<b>\$ 28,288,497.00</b>	<b>96.96%</b>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>\$ 895,000.00</b>	<b>\$ 4,410,801.94</b>				<b>\$ 945,964.00</b>	

**Florida College System Risk Management Consortium**  
**Property and Casualty Plan**  
**Balance Sheet**  
**June 30, 2018 and 2017**

	FY 2018-19	FY 2017-18
<b>ASSETS</b>		
CASH IN BANKS	\$ 8,170,255.68	\$ 859,155.79
INVESTMENT STATE BOARD OF ADMINISTRATION	317.27	311.06
INVESTMENT SPECIAL PURPOSE INVESTMENT ACCT.	<u>30,726,541.21</u>	<u>39,093,616.45</u>
CASH INVESTMENTS - STATE INVESTMENT POOLS	30,726,858.48	39,093,927.51
INVESTMENT SECURITIES - Managed Account	6,615,671.03	6,507,700.03
UNREALIZED HOLDING GAIN OR (LOSS) ON SECURITIES	<u>(115,203.30)</u>	<u>(35,206.89)</u>
MANAGED INVESTMENTS AVAILABLE FOR SALE	6,500,467.73	6,472,493.14
ACCRUED INTEREST RECEIVABLE	82,767.28	20,110.40
A/R OTHER	-	-
A/R ALLIED HEALTH	-	-
A/R ANNUAL ASSESSMENT	7,303,225.00	7,319,785.00
A/R BOILER / MACHINERY	6,410.00	-
A/R CYBER RISK	87,316.74	-
A/R FACILITIES USE	-	-
A/R INTERCOLLEGIATE ATHLETIC ASSESSMENT	-	-
A/R EDUCATION / TRAINING	-	-
A/R SELF INSURER ASSESSMENT	5,749.02	23,517.66
A/R OTHER SPECIAL ASSESSMENT	5,617.20	2,285.00
PREPAID EXPENSES	<u>-</u>	<u>60,945.00</u>
PREMIUMS RECEIVABLE & PREPAID CLAIMS	7,408,317.96	7,406,532.66
PREPAID INSURANCE	8,613,131.67	-
REINSURANCE RECOVERABLES	4,246,248.18	-
RESTRICTED DEPOSIT <sup>(1)</sup>	3,532,877.48	3,656,533.38
PROPERTY AND EQUIPMENT - NET DEPRECIATION	<u>37,459.53</u>	<u>13,714.36</u>
<b>TOTAL ASSETS</b>	<u>69,318,383.99</u>	<u>57,522,467.24</u>
<b>LIABILITIES</b>		
CLAIMS INCURRED BUT NOT REPORTED OR PAID	33,368,592.95	27,309,000.00
ACCOUNTS PAYABLE - CLAIMS	<u>-</u>	<u>304,393.20</u>
CLAIM LIABILITIES AND INCURRED LOSSES	33,368,592.95	27,613,393.20
UNEARNED FUNDING ASSESSMENT REVENUES	17,503,633.50	9,120,234.83
UNEARNED FUNDING ASSESSMENTS - NET OF PREPAID INSURANCE PREMIUMS	<u>-</u>	<u>(1,147,728.49)</u>
UNEARNED FUNDING ASSESSMENTS - NET OF PREPAID INSURANCE PREMIUMS	17,503,633.50	7,972,506.34
ACCOUNTS PAYABLE - OPERATIONS	900.00	74,599.22
ACCRUED LIABILITY - COMPENSATED ABSENCES	<u>95,943.91</u>	<u>81,742.92</u>
<b>TOTAL LIABILITIES</b>	<u>50,969,070.36</u>	<u>35,742,241.68</u>
<b>NET POSITION</b>		
UNDESIGNATED	18,349,313.63	20,780,225.56
DESIGNATED FOR LOSS CONTINGENCY	-	1,000,000.00
DESIGNATED FOR LOSS CONTINGENCY	<u>-</u>	<u>-</u>
<b>TOTAL NET POSITION</b>	<u>\$ 18,349,313.63</u>	<u>\$ 21,780,225.56</u>

(1) Restricted Deposit consists of collateral held by ACE/Chubb for workers compensation

**Florida College System Risk Management Consortium**  
**Property and Casualty Plan**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Months Ending June 30, 2018 and 2017**

	<b>FY 2018-19</b>	<b>FY 2017-18</b>
<b>REVENUES</b>		
ALLIED HEALTH ASSESSMENT	\$ 91,470.25	\$ 282,360.36
ANNUAL ASSESSMENT	8,620,034.00	21,978,770.00
INTERCOLLEGIATE ASSESSMENT	677,108.64	1,990,874.16
EDUCATION / TRAINING	92,168.00	323,880.00
WC SIR ASSESSMENT	38,118.18	211,524.47
MASTER BUILDER'S RISK ASSESSMENT	17,042.00	90,831.00
OTHER SPECIAL ASSESSMENT	76,425.26	207,798.28
PREMIUMS EARNED - Members Assessments	9,612,366.33	25,086,038.27
ANNUAL ASSESSMENTS	(4,985,025.35)	(16,836,346.43)
WC - CARRIER AUDIT (PRIOR YEAR)	-	(10,682.00)
MASTER BUILDER'S RISK ASSESSMENT	(17,042.00)	(90,831.00)
SPECIAL ASSESSMENTS	(54,953.01)	(207,533.28)
PREMIUMS CEDED TO REINSURERS	(5,057,020.36)	(17,145,392.71)
NET PREMIUMS EARNED	4,555,345.97	7,940,645.56
INTEREST EARNED FROM BANK	12,817.96	965.12
INTEREST EARNED ON INVESTMENT - SBA	2.08	12,287.46
INTEREST EARNED ON INVESTMENT - SPIA	214,422.71	592,539.98
INTEREST EARNED ON INVESTMENTS - Managed Account	48,303.91	120,858.35
INVESTMENT COSTS	(15,854.94)	(50,102.93)
INTEREST INCOME	259,691.72	676,547.98
REALIZED GAIN OR (LOSS) ON SALE OF SECURITIES	(26,042.75)	4,196.59
UNREALIZED GAIN OR (LOSS) ON SALE OF SECURITIES	(388,334.62)	(71,271.35)
NET GAINS (LOSSES) ON INVESTMENTS	(414,377.37)	(67,074.76)
<b>TOTAL REVENUES</b>	<b>4,400,660.32</b>	<b>8,550,118.78</b>
<b>EXPENSES</b>		
INCURRED CLAIMS	(690,061.81)	11,399,727.31
INCURRED CLAIMS - Hurricane	5,465,862.21	-
INCURRED CLAIMS - Boiler & Machinery	2,304.53	72,169.66
INCURRED CLAIMS - Cyber Risk	94,375.80	-
WC SIR ASSESSMENT	38,118.18	211,524.47
RECOVERIES	(42,007.78)	(625,644.57)
RECOVERIES - Cyber	(81,181.08)	-
RECOVERIES - Hurricane	(5,465,862.21)	-
INCURRED CLAIMS	(678,452.16)	11,057,776.87
CLAIM ADJUSTMENTS & SERVICING FEES	287,928.00	799,575.00
ADMINISTRATIVE COSTS	380,382.54	994,406.51
SUBSCRIPTIONS	-	-
ADMINISTRATIVE EXPENSES	380,382.54	994,406.51
<b>TOTAL EXPENSES</b>	<b>(10,141.62)</b>	<b>12,851,758.38</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	4,410,801.94	(4,301,639.60)
<b>NET POSITION, BEGINNING</b>	13,938,511.69	26,081,865.16
<b>NET POSITION, ENDING</b>	\$ 18,349,313.63	\$ 21,780,225.56

Information Item 5.c.  
Financial Statements

Investment Program



# FCSRMC

FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM

## Investment Performance Review For the Quarter Ended June 30, 2018

### Investment Advisors

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1 of 47

For the Quarter Ended June 30, 2018

FLORIDA COLLEGE SYSTEM RISK MANAGEMENT CONSORTIUM

[Table of Contents](#)

### Tab I

- Market Update

### Tab II

- Executive Summary
- 1-5 Year Investment Portfolio

### Tab III

- Asset Allocation Chart
- Quarterly Account Summary
- Compliance Report
- Managed Account Detail of Securities Held
- Important Disclosures

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# Tab I



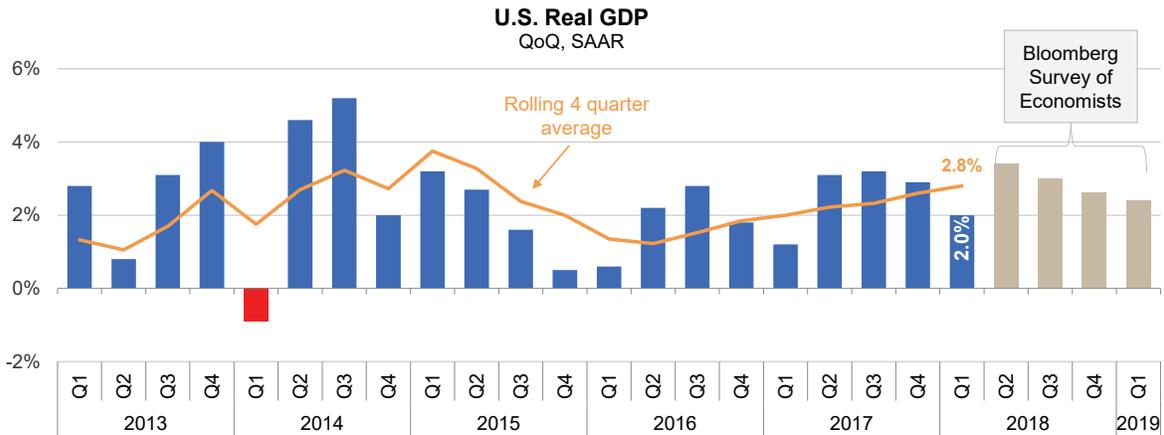
## Current Market Themes

- U.S. economic conditions are characterized by:
  - A strong labor market with unemployment at 4.0%
  - Strong corporate profits driven in part by savings from tax cuts
  - Continued optimistic business outlook, with key indicators pointing to strong industrial and services output in the second quarter
  - Core inflation reached the Fed's long-run target of 2% for the first time in six years
- The Treasury yield curve flattened further in June as the 10-year yield was unchanged over the month, but shorter-term yields rose.
- The Fed raised the target range for the federal funds rate  $\frac{1}{4}$  percent at its June 13 meeting to 1.75% - 2.00%.
  - The median forecast for number of total rate hikes in 2018 was upgraded to 4
- S&P 500 index was up 0.5% in June, and up 1.7% for the year
  - The European Union, Canada, and India began implementing tariffs on U.S. imports, in retaliation for the steel and aluminum tariffs that went into effect earlier in June. Several corporations cited concerns about tariffs in relation to growth and sales going forward.
- Global political risks remain in the forefront as the Trump administration initiates controversial tariff programs that could trigger a trade war, the Eurozone grapples with migration problems, and denuclearization in North Korea remains unclear.



## Economic Growth Slowed in Q1 2018

- U.S. Gross domestic product (GDP) grew at an annualized rate of 2.0% in the first quarter of 2018, slower than in the prior three quarters.
- GDP reflected positive contributions from business investment, consumer spending, exports, private inventory investment, and both federal and state and local government spending.

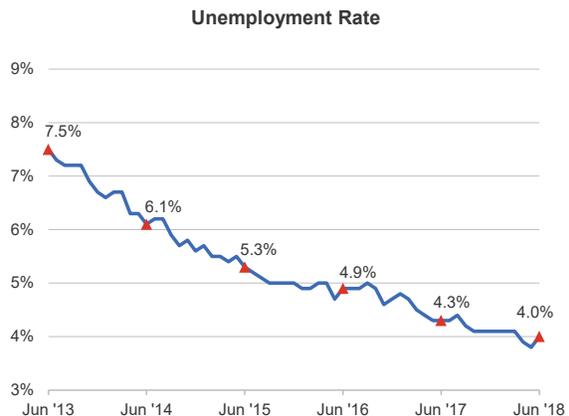
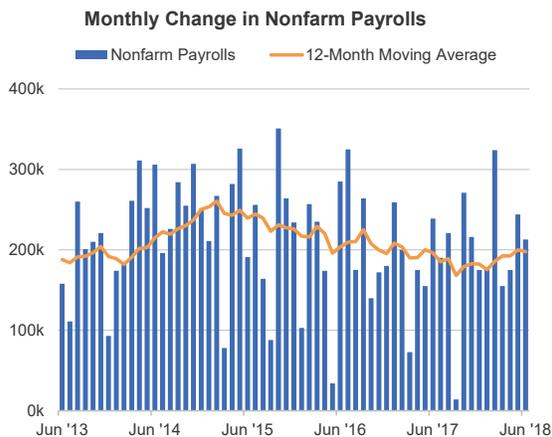


Source: Bloomberg, as of Q1 2018. SAAR is seasonally adjusted annualized rate. Orange denotes rolling four-quarter averages.



## Labor Market Remained Strong in June

- The U.S. labor market added 213k jobs in June
  - The headline unemployment rate rose slightly to 4.0%, but remained near historic lows
  - Wage growth remained modest, with average hourly earnings – a key measure of wage growth – matched May's level of 2.7% year-over-year.

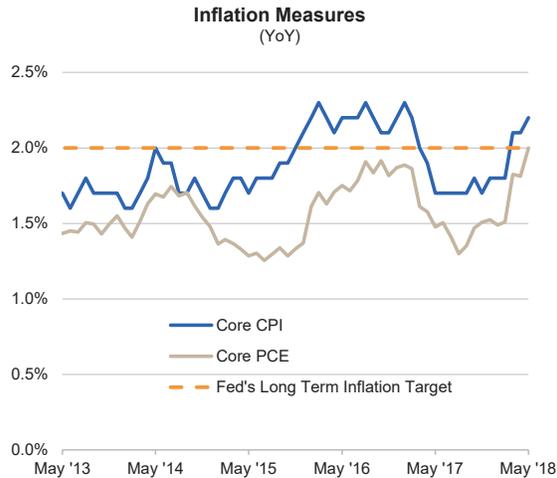


Source: Bloomberg, as of June 2018.



## Inflation Hit Fed's 2% Target for the First Time in Six Years in May

- The core personal consumption expenditures (PCE) price index, the Fed's preferred measure of inflation, rose to 2.0% year-over-year in May
- Forward-looking inflation expectations remain anchored around the 2% level

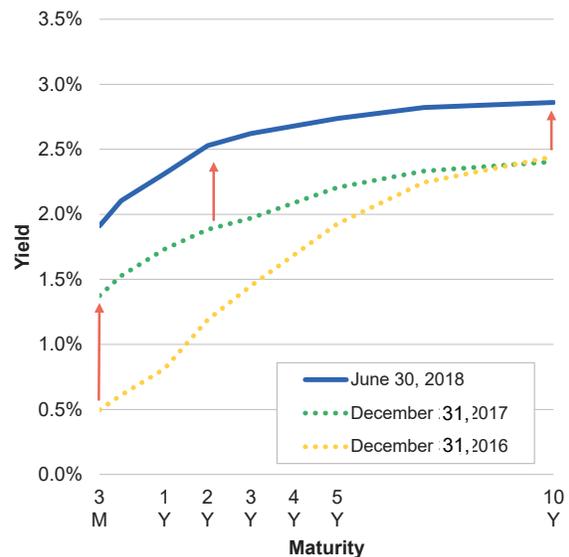


Source: Bloomberg, latest data available as of June 2018. Inflation expectations based on yield difference between 5-year Treasury note and 5-year Treasury Inflation Protected Securities (TIPS).



## U.S. Treasury Yield Curve

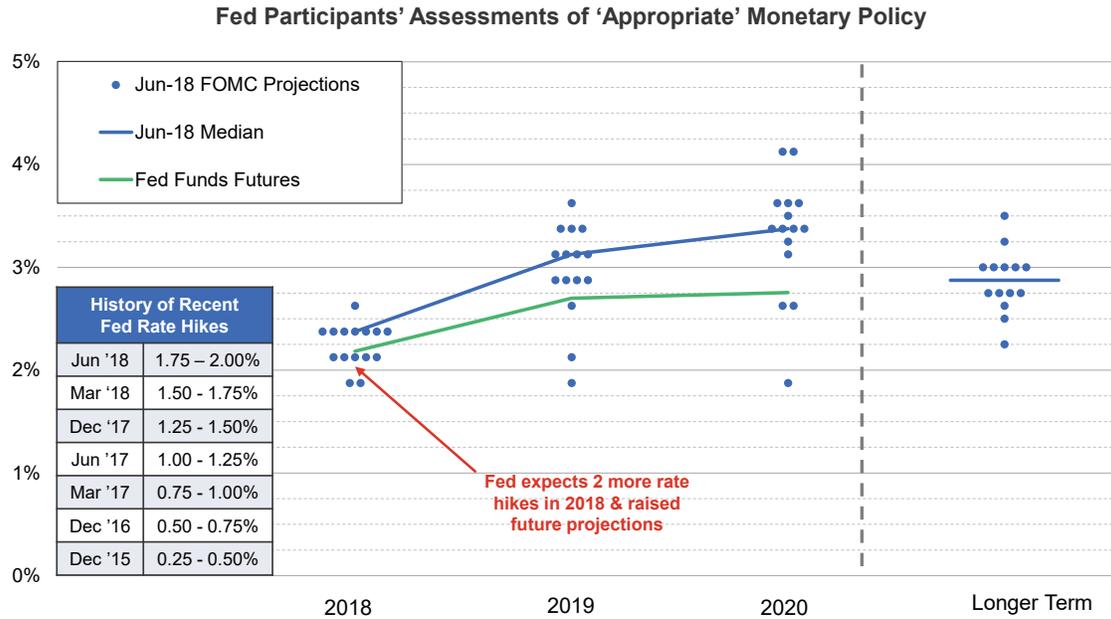
	Current 6/30/18	Year-End 12/31/17	Year-End 12/31/16
3 month	1.91%	1.38%	0.50%
6 month	2.10%	1.53%	0.61%
1 year	2.31%	1.73%	0.81%
2 year	2.53%	1.88%	1.19%
3 year	2.62%	1.97%	1.45%
5 year	2.74%	2.21%	1.93%
10 year	2.86%	2.41%	2.44%



Source: Bloomberg, as of 6/30/2018.



## FOMC “Dot Plot” – June 2018 Update



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members’ judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end. Fed funds futures as of 6/14/18.



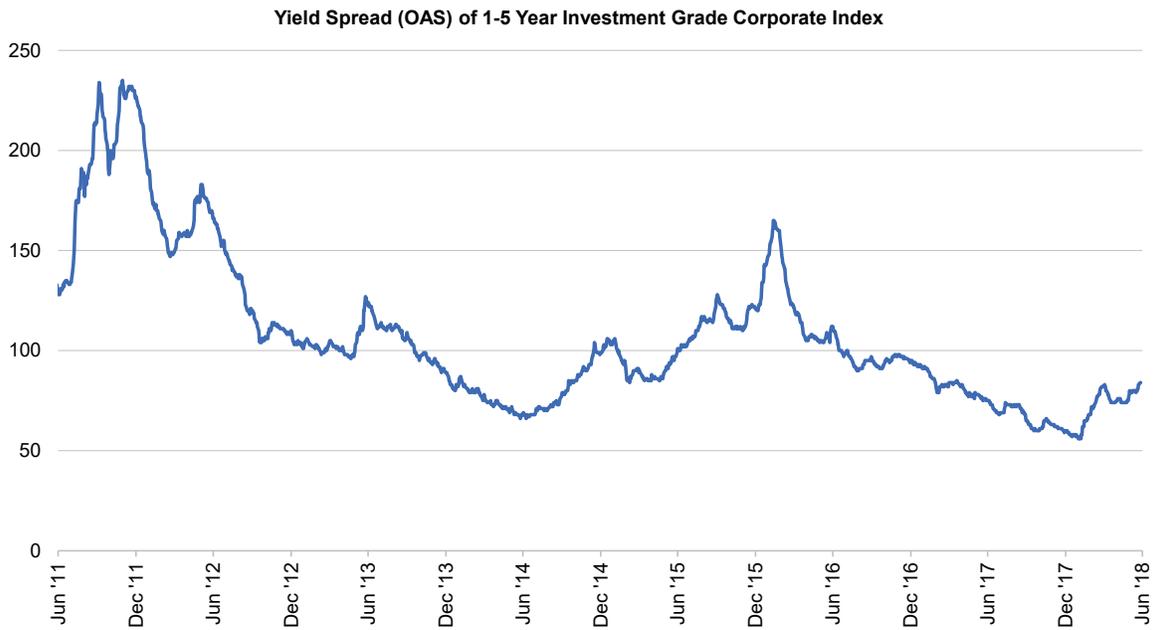
## The Fed’s Updated (June) Economic Projections Are Optimistic

Indicator	2018		2019		2020		Longer run	
	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.	Mar.	Jun.
Real GDP (YoY)	2.7%	2.8%	2.4%	2.4%	2.0%	2.0%	1.8%	1.8%
Unemployment Rate	3.8%	3.6%	3.6%	3.5%	3.6%	3.5%	4.5%	4.5%
PCE Inflation (YoY)	1.9%	2.1%	2.0%	2.1%	2.1%	2.1%	2.0%	2.0%
Core PCE (YoY)	1.9%	2.0%	2.1%	2.1%	2.1%	2.1%	-	-
Federal Funds Rate (Median)	2.1%	2.4%	2.9%	3.1%	3.4%	3.4%	2.9%	2.9%

Source: Federal Reserve, as of June 2018. Green denotes an improved projection in June compared to March, red for lower projection.



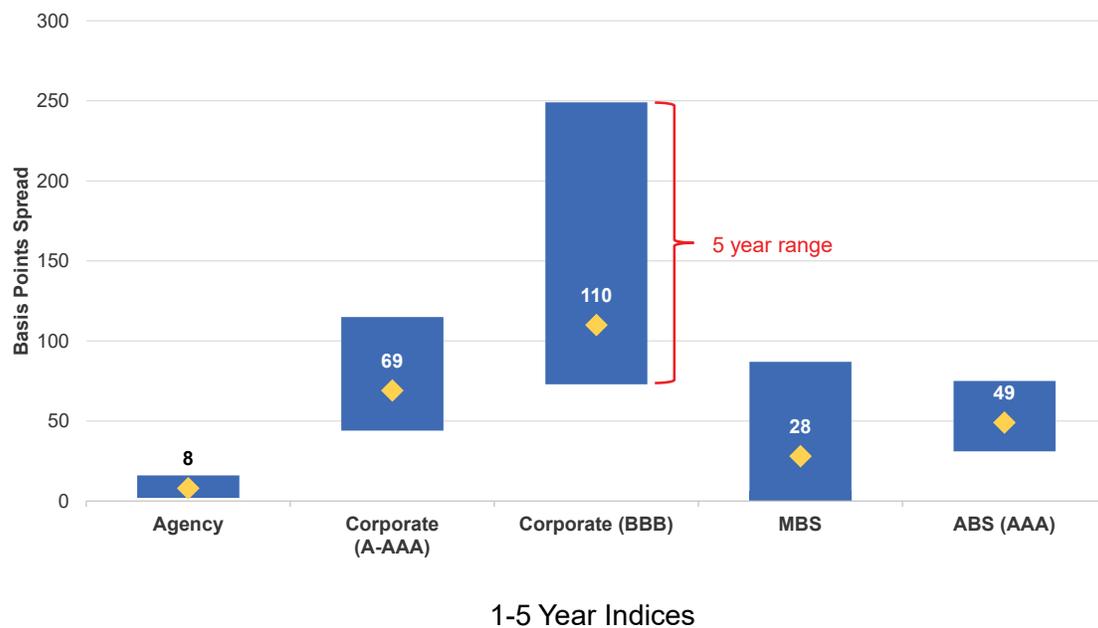
## Historical Corporate Yield Spreads



Source: Bloomberg, ICE BofAML Indices. OAS is option adjusted spread. As of 6/30/2018.



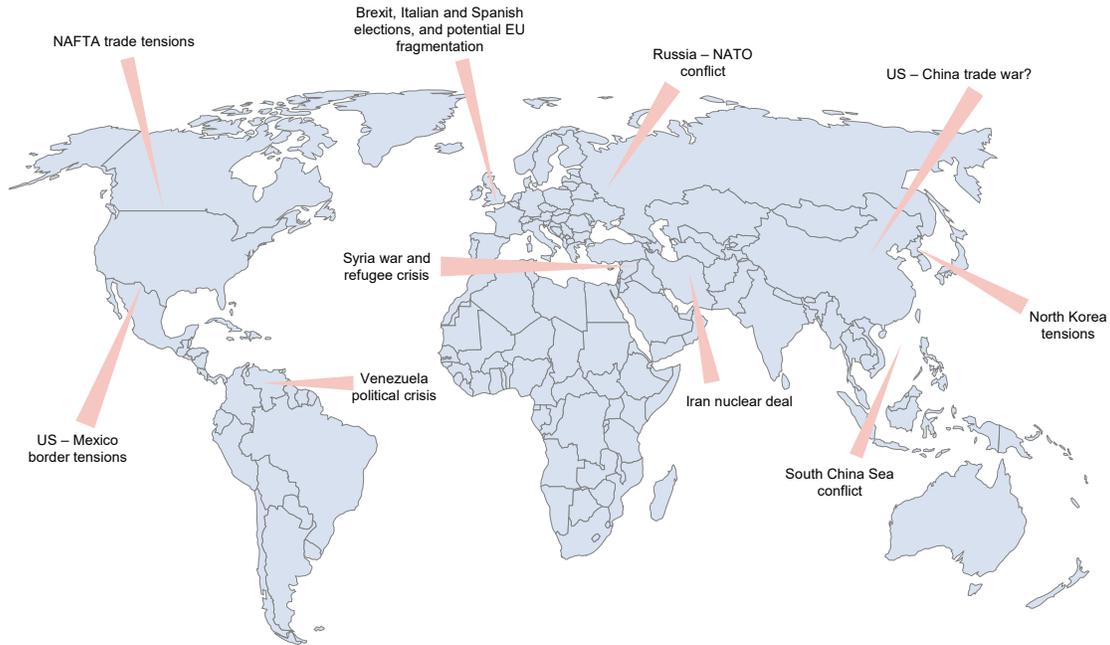
## Sector Spreads Remain Narrow



Source: ICE BofAML Indices, as of 7/2/18.



## Geopolitical Risks Around the Globe



## Disclosures

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

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## Tab II

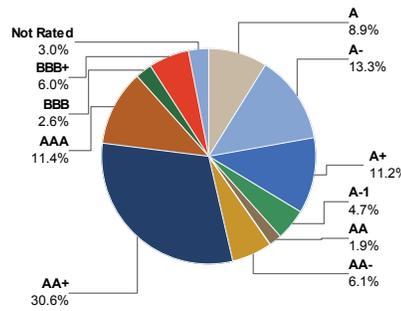
- The Consortium's Investment Portfolio is of high credit quality and invested in U.S. Treasury, federal agency/GSE, federal agency/CMO, mortgage-backed securities, asset-backed securities, corporate note, commercial paper and supranational securities.
- The Investment Portfolio's quarterly total return performance of 0.35% outperformed the benchmark's performance of 0.13% by 0.22%. Over the past year, the Portfolio earned 0.08%, versus -0.35% for the benchmark.
- Despite the myriad of global headwinds to economic growth, including global trade wars and geopolitical uncertainty, the strength and resolve of domestic economic themes continued to rule the day:
  - U.S. GDP grew at 2% in Q1 with YOY growth up to 2.8%;
  - Inflation trended higher, as the personal consumption expenditures (PCE) core price index grew at 2% YOY for the first time since 2012;
  - The labor market saw continued strength as the U.S. unemployment rate reached a multi-decade low of 3.8% (before bouncing back to 4% in June), job growth remained robust, and wages trended modestly higher;
  - The S&P 500 Index grinded out a 3.4% return for the quarter;
  - The Fed increased short-term rates by an additional  $\frac{1}{4}$  percent in June and is expected to continue to pursue additional gradual rate hikes over the near-term.
- In light of continued economic growth, inflation near the Fed's symmetric target of 2%, and strong labor market conditions, the Fed appears poised to raise rates further. As a result of the expectation for one or two additional hikes in 2018 and three to four more in 2019, our view remains that the general trend of interest rates will be to increase gradually over the near-term. Therefore, we plan to maintain a defensive duration posture to mitigate a portion of interest rate risk relative to benchmarks.

**Portfolio Statistics**

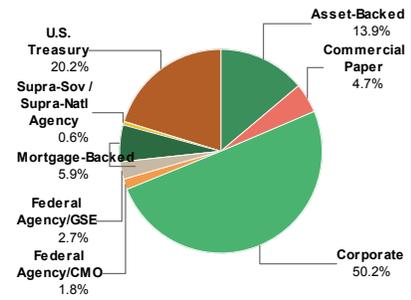
As of June 30, 2018

Par Value:	\$16,359,838
Total Market Value:	\$16,340,310
Security Market Value:	\$16,138,892
Accrued Interest:	\$84,036
Cash:	\$117,381
Amortized Cost:	\$16,391,734
Yield at Market:	2.90%
Yield at Cost:	2.30%
Effective Duration:	2.41 Years
Duration to Worst:	2.68 Years
Average Maturity:	3.77 Years
Average Credit: *	AA

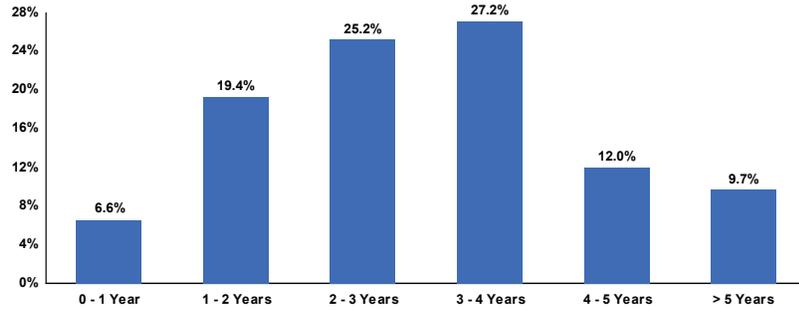
**Credit Quality (S&P Ratings)**



**Sector Allocation**



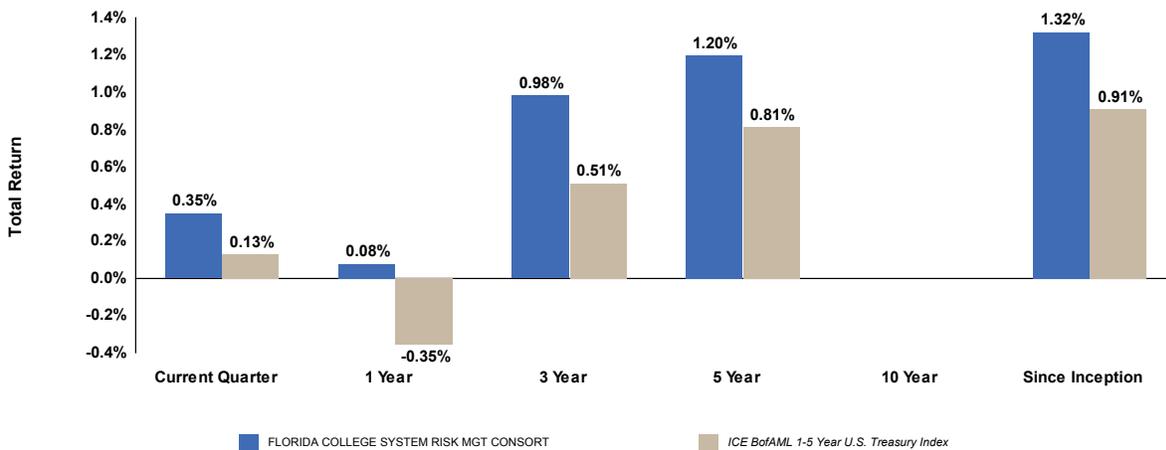
**Maturity Distribution**



\* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Portfolio Performance (Total Return)**

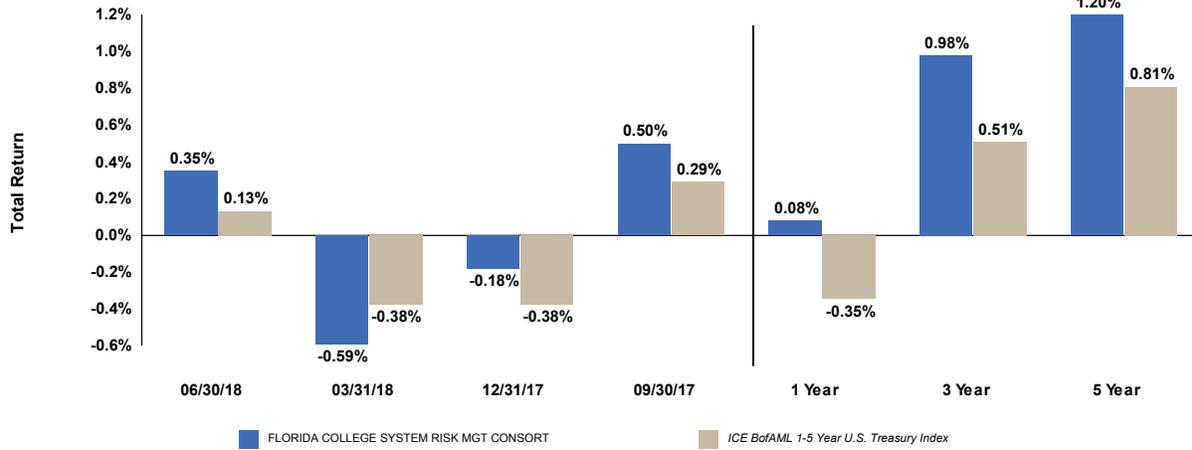
Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (09/30/10) **
			1 Year	3 Year	5 Year	10 Year	
FLORIDA COLLEGE SYSTEM RISK MGT CONSORT	2.41	0.35%	0.08%	0.98%	1.20%	-	1.32%
ICE BofAML 1-5 Year U.S. Treasury Index	2.58	0.13%	-0.35%	0.51%	0.81%	-	0.91%
Difference		0.22%	0.43%	0.47%	0.39%	-	0.41%



Portfolio performance is gross of fees unless otherwise indicated. \*\*Since Inception performance is not shown for periods less than one year.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Quarter Ended				Annualized Return		
		06/30/18	03/31/18	12/31/17	09/30/17	1 Year	3 Year	5 Year
FLORIDA COLLEGE SYSTEM RISK MGT CONSORT	2.41	0.35%	-0.59%	-0.18%	0.50%	0.08%	0.98%	1.20%
ICE BofAML 1-5 Year U.S. Treasury Index	2.58	0.13%	-0.38%	-0.38%	0.29%	-0.35%	0.51%	0.81%
Difference		0.22%	-0.21%	0.20%	0.21%	0.43%	0.47%	0.39%



Portfolio performance is gross of fees unless otherwise indicated.

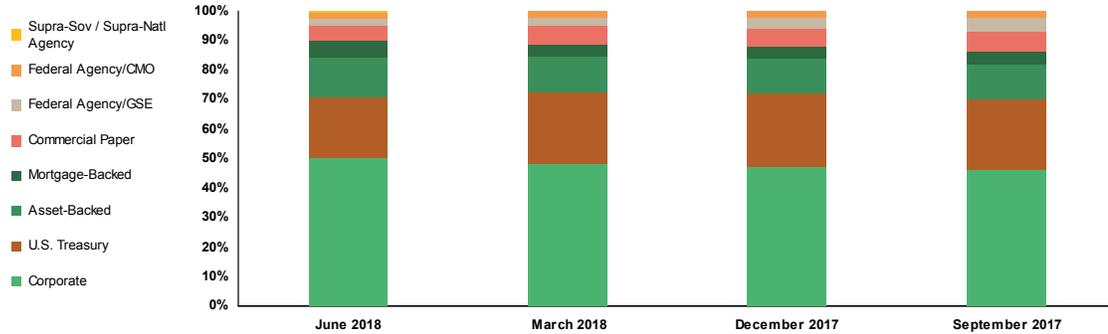
Portfolio Earnings

Quarter-Ended June 30, 2018

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2018)	\$16,084,075.03	\$16,342,260.33
Net Purchases/Sales	\$86,287.72	\$86,287.72
Change in Value	(\$31,470.32)	(\$36,813.80)
Ending Value (06/30/2018)	\$16,138,892.43	\$16,391,734.25
Interest Earned	\$89,182.74	\$89,182.74
Portfolio Earnings	\$57,712.42	\$52,368.94

Sector Allocation

Sector	June 30, 2018		March 31, 2018		December 31, 2017		September 30, 2017	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
Corporate	8.1	50.2%	7.7	48.1%	7.6	47.0%	7.6	46.4%
U.S. Treasury	3.3	20.2%	3.9	24.1%	4.1	25.2%	3.9	23.6%
Asset-Backed	2.2	13.9%	2.0	12.5%	1.9	11.5%	1.9	11.8%
Mortgage-Backed	0.9	5.9%	0.7	4.1%	0.7	4.3%	0.7	4.5%
Commercial Paper	0.8	4.7%	1.0	5.9%	1.0	5.9%	1.1	6.5%
Federal Agency/GSE	0.4	2.7%	0.5	2.9%	0.7	4.1%	0.9	5.2%
Federal Agency/CMO	0.3	1.8%	0.4	2.4%	0.3	2.0%	0.3	2.0%
Supra-Sov / Supra-Natl Agency	0.1	0.6%	0.0	0.0%	0.0	0.0%	0.0	0.0%
<b>Total</b>	<b>\$16.1</b>	<b>100.0%</b>	<b>\$16.1</b>	<b>100.0%</b>	<b>\$16.2</b>	<b>100.0%</b>	<b>\$16.3</b>	<b>100.0%</b>

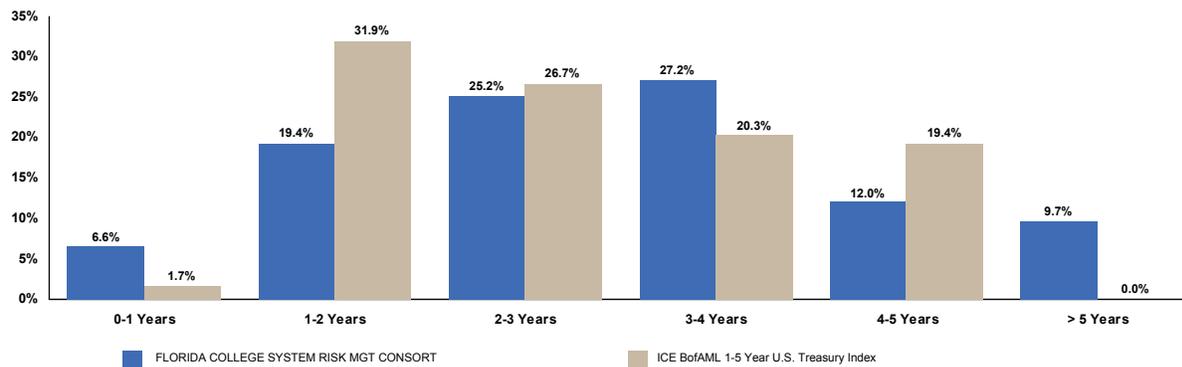


Detail may not add to total due to rounding.

Maturity Distribution

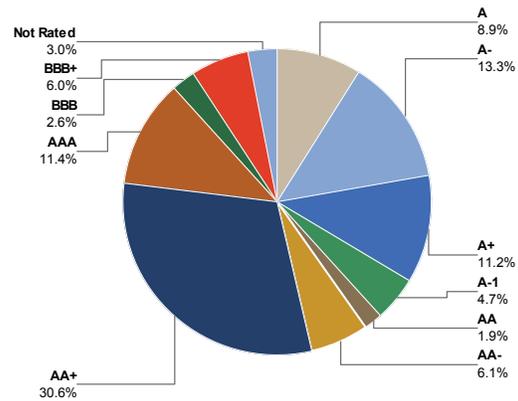
As of June 30, 2018

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
FLORIDA COLLEGE SYSTEM RISK MGT CONSORT	2.90%	3.77 yrs	6.6%	19.4%	25.2%	27.2%	12.0%	9.7%
ICE BofAML 1-5 Year U.S. Treasury Index	2.59%	2.77 yrs	1.7%	31.9%	26.7%	20.3%	19.4%	0.0%



**Credit Quality**  
As of June 30, 2018

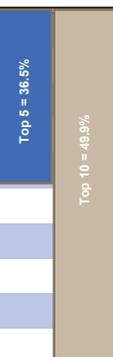
S&P Rating	Market Value (\$)	% of Portfolio
AA+	\$4,938,775	30.6%
A-	\$2,149,618	13.3%
AAA	\$1,847,178	11.5%
A+	\$1,813,637	11.2%
A	\$1,438,896	8.9%
AA-	\$989,021	6.1%
BBB+	\$966,530	6.0%
A-1	\$763,658	4.7%
Not Rated	\$492,657	3.1%
BBB	\$425,408	2.6%
AA	\$313,516	1.9%
<b>Totals</b>	<b>\$16,138,892</b>	<b>100.0%</b>



Detail may not add to total due to rounding.

**Issuer Distribution**  
As of June 30, 2018

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	3,264,779	20.2%
FREDDIE MAC	840,306	5.2%
FANNIE MAE	645,319	4.0%
JP MORGAN CHASE & CO	593,193	3.7%
AMERICAN EXPRESS CO	540,446	3.4%
THE BANK OF NEW YORK MELLON CORPORATION	500,675	3.1%
BANK OF NOVA SCOTIA	433,509	2.7%
CNH EQUIPMENT TRUST	416,072	2.6%
GOLDMAN SACHS GROUP INC	410,442	2.5%
CITIGROUP INC	402,935	2.5%
ALLY AUTO RECEIVABLES TRUST	381,063	2.4%
HYUNDAI AUTO RECEIVABLES	335,008	2.1%
TOYOTA MOTOR CORP	313,635	1.9%
WAL-MART STORES INC	313,516	1.9%
MORGAN STANLEY	311,182	1.9%
BANK OF MONTREAL	307,352	1.9%
BNP PARIBAS	298,203	1.9%
CANADIAN IMPERIAL BANK OF COMMERCE	273,225	1.7%



Issuer	Market Value (\$)	% of Portfolio
WELLS FARGO & COMPANY	271,142	1.7%
mitsubishi UFJ FINANCIAL GROUP INC	267,116	1.7%
BB&T CORPORATION	263,732	1.6%
BP PLC	257,505	1.6%
TORONTO-DOMINION BANK	256,047	1.6%
HONDA AUTO RECEIVABLES	246,462	1.5%
AMERICAN HONDA FINANCE	234,508	1.5%
ROYAL BANK OF CANADA	223,887	1.4%
GENERAL ELECTRIC CO	207,310	1.3%
BANK OF AMERICA CO	204,930	1.3%
CISCO SYSTEMS INC	198,752	1.2%
STATE STREET CORPORATION	193,756	1.2%
FORD CREDIT AUTO OWNER TRUST	164,395	1.0%
NATIONAL RURAL UTILITIES CO FINANCE CORP	163,773	1.0%
WESTPAC BANKING CORP	157,743	1.0%
FORD MOTOR COMPANY	157,703	1.0%
COMCAST CORP	157,029	1.0%
IBM CORP	155,042	1.0%
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION	148,617	0.9%
NISSAN AUTO RECEIVABLES	131,339	0.8%
PACCAR FINANCIAL CORP	128,181	0.8%

Issuer	Market Value (\$)	% of Portfolio
UNITED PARCEL SERVICE INC	126,808	0.8%
UNION PACIFIC CORP	120,082	0.7%
ANHEUSER-BUSCH INBEV NV	118,346	0.7%
CATERPILLAR INC	116,857	0.7%
DEERE & COMPANY	102,879	0.6%
GENERAL MOTORS CORP	102,648	0.6%
INTER-AMERICAN DEVELOPMENT BANK	98,460	0.6%
GENERAL DYNAMICS CORP	89,902	0.6%
AT&T	85,145	0.5%
CVS HEALTH CORP	79,912	0.5%
HOME DEPOT INC	78,561	0.5%
HERSHEY COMPANY	75,084	0.5%
JOHN DEERE OWNER TRUST	69,515	0.4%
GLAXOSMITHKLINE PLC	65,109	0.4%
FEDERAL HOME LOAN BANKS	39,756	0.3%
<b>Grand Total:</b>	<b>16,138,892</b>	<b>100.0%</b>

● Interest Rate Sensitivity Stress Test:

- Analysis performed on portfolio holdings as of June 30, 2018.
- Portfolio market value results based on instantaneous rate shock over multiple scenarios, ranging from -0.50% to 0.50%.
- The impact of an instantaneous rate shock results in portfolio market values that range from \$16.1 to \$16.5 million, under rate shock changes of 0.50% to -0.50%.

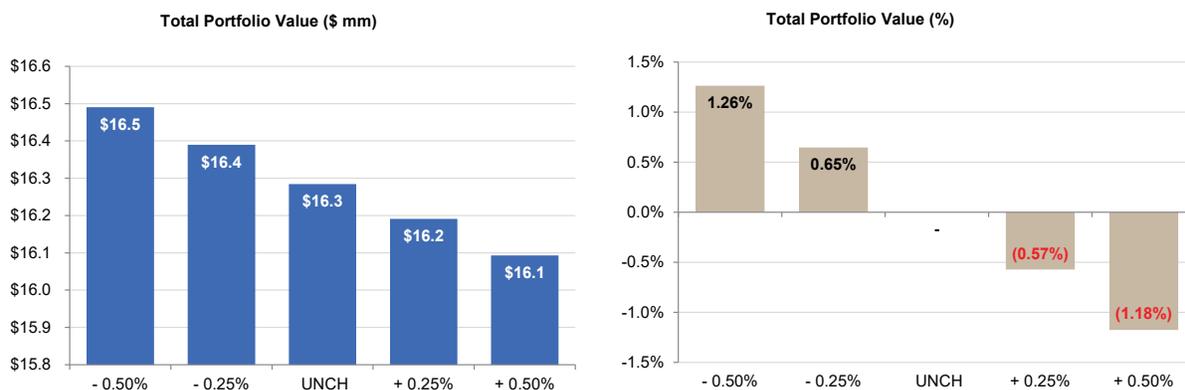
● Interest Rate Sensitivity Horizon Analysis:

- Analysis performed on portfolio holdings as of June 30, 2018.
- Change in market value and total return results based on 12-month horizon analysis over multiple scenarios, ranging from -0.50% to 0.50%.
- The impact of a 12-month horizon analysis on estimated portfolio total returns range from 1.72% to 3.39%, under rate shock changes of 0.50% to -0.50%.

● Credit Quality Stress Test:

- Analysis performed on portfolio holdings as of June 30, 2018.
- Portfolio credit quality distribution based on downgrade of securities by one notch (AA- to A+, A to A-, etc.).
- For illustrative purposes, S&P ratings are utilized.
- Downgrading the portfolio's allocations to BBB corporate notes would result in 2.62% of the portfolio downgraded to BBB-.

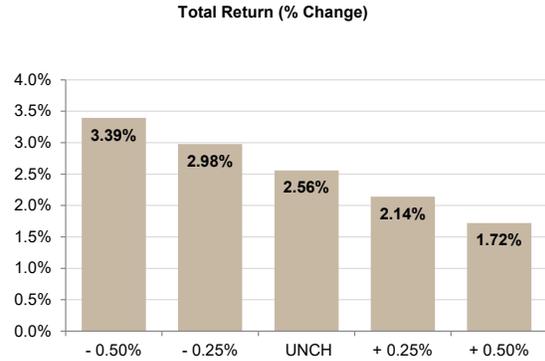
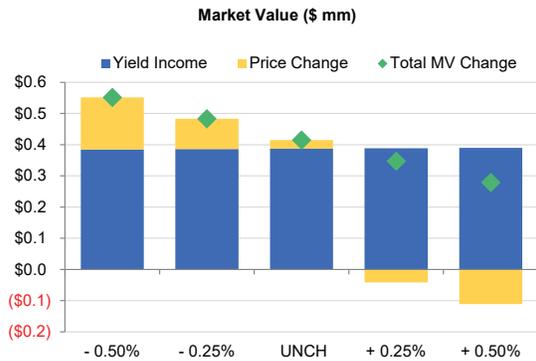
Portfolio Stress Test – Instantaneous Rate Shock



Summary of Market Value Earnings Estimates under Instantaneous Rate Shock

Next 12 Months	- 0.50%	- 0.25%	UNCH	+ 0.25%	+ 0.50%
Ending Portfolio Value	16,490,212	16,389,591	16,284,279	16,190,934	16,092,879
Total Return %	1.26%	0.65%	-	(0.57%)	(1.18%)

Portfolio Horizon Analysis – 12-Month Horizon



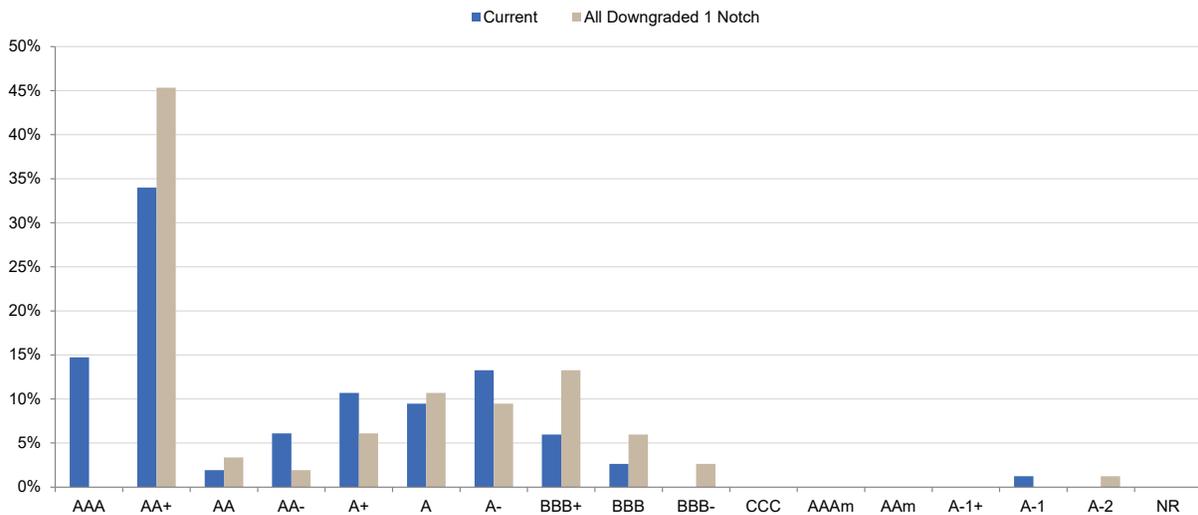
Summary of Market Value Earnings Estimates over the Next 12 Months

Next 12 Months	- 0.50%	- 0.25%	UNCH	+ 0.25%	+ 0.50%
Yield Income	384,478	385,787	387,096	388,405	389,714
Price Change	166,647	97,251	27,856	(41,540)	(110,935)
Total MV Change	551,125	483,038	414,952	346,865	278,779

Next 12 Months	- 0.50%	- 0.25%	UNCH	+ 0.25%	+ 0.50%
Yield Income %	2.37%	2.38%	2.39%	2.40%	2.40%
Price Change %	1.02%	0.60%	0.17%	(0.26%)	(0.68%)
Total Return %	3.39%	2.98%	2.56%	2.14%	1.72%

Credit Downgrade Stress Test  
Holdings as of June 30, 2018



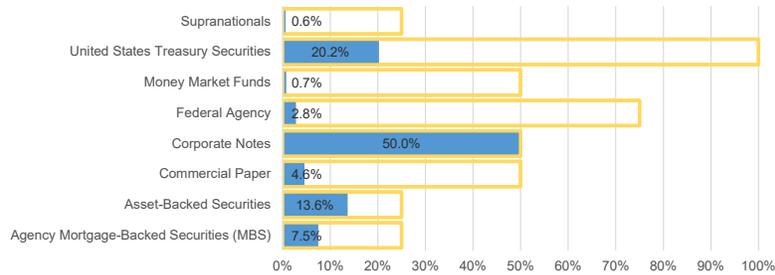
Rating	AAA	AA+/AA/AA-	A+/A/A-	BBB+/BBB/BBB-	A-1+/A-1
Current (7/31)	15%	42%	33%	9%	1%
All Downgraded 1 Notch	0%	51%	26%	22%	0%

# Tab III

For the Quarter Ended June 30, 2018

**FLORIDA COLLEGE SYSTEM RISK MGT CONSORT**

Asset Allocation



Security Type	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
United States Treasury Securities	3,351,641.93	20.20%	100%	YES
Federal Agency	460,870.92	2.78%	75%	YES
Supranationals	99,430.53	0.60%	25%	YES
Corporate Notes	8,295,660.99	49.99%	50%	YES
Municipals	-	0.00%	25%	YES
Agency Mortgage-Backed Securities (MBS)	1,242,252.32	7.49%	25%	YES
Asset-Backed Securities	2,262,127.27	13.63%	25%	YES
Certificates of Deposit and Savings Accounts	-	0.00%	50%	YES
Demand Deposit Bank Account	-	0.00%	50%	YES
Commercial Paper	763,785.95	4.60%	50%	YES
Bankers' Acceptances	-	0.00%	10%	YES
Repurchase Agreements	-	0.00%	40%	YES
Fixed-Income Mutual Funds and ETFs	-	0.00%	20%	YES
Money Market Funds	117,381.47	0.71%	50%	YES
Intergovernmental Pools	-	0.00%	50%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Us Tsy Bond/Note	UNITED STATES TREASURY	3,351,641.93	20.20%	100%	YES
Supranatl	INTER-AMERICAN DEVELOPMENT BANK	99,430.53	0.60%	10%	YES
Mbs / Cmo	FANNIE MAE	617,357.03	3.72%	25%	YES
Mbs / Cmo	FREDDIE MAC	407,706.53	2.46%	25%	YES
Mbs / Cmo	GINNIE MAE	151,126.01	0.91%	25%	YES
Mbs / Cmo	FHLMC MULTIFAMILY STRUCTURED P	66,062.75	0.40%	25%	YES
Fed Agy Bond/Note	FANNIE MAE	35,141.19	0.21%	40%	YES
Fed Agy Bond/Note	FEDERAL HOME LOAN BANKS	40,276.28	0.24%	40%	YES
Fed Agy Bond/Note	FREDDIE MAC	385,453.45	2.32%	40%	YES
Corporate Note	AMERICAN EXPRESS CREDIT CORP	250,748.18	1.51%	5%	YES
Corporate Note	AMERICAN HONDA FINANCE	241,880.28	1.46%	5%	YES
Corporate Note	BANK OF NOVA SCOTIA HOUS	240,182.42	1.45%	5%	YES
Corporate Note	BP CAPITAL MARKETS PLC	263,442.69	1.59%	5%	YES
Corporate Note	CISCO SYSTEMS	200,423.19	1.21%	5%	YES
Corporate Note	GOLDMAN SACHS GROUP INC	424,498.45	2.56%	5%	YES
Corporate Note	IBM CORP	161,036.50	0.97%	5%	YES
Corporate Note	JOHN DEERE CAPITAL CORP	106,056.05	0.64%	5%	YES
Corporate Note	MELLON BANK	402,792.92	2.43%	5%	YES
Corporate Note	ROYAL BANK OF CANADA NY	226,009.93	1.36%	5%	YES
Corporate Note	TOYOTA MOTOR CREDIT CORP	160,921.24	0.97%	5%	YES
Corporate Note	WELLS FARGO & COMPANY	277,574.01	1.67%	5%	YES
Corporate Note	WESTPAC BANKING CORP	160,927.78	0.97%	5%	YES
Corporate Note	AMERICAN EXPRESS CREDIT	120,795.76	0.73%	5%	YES
Corporate Note	JP MORGAN CHASE & CO	403,950.00	2.43%	5%	YES
Corporate Note	BRANCH BANKING & TRUST	273,405.70	1.65%	5%	YES
Corporate Note	CITIGROUP INC	250,169.14	1.51%	5%	YES
Corporate Note	COMCAST CORP	167,958.68	1.01%	5%	YES
Corporate Note	MORGAN STANLEY	321,814.01	1.94%	5%	YES
Corporate Note	STATE STREET CORPORATION	200,395.03	1.21%	5%	YES
Corporate Note	GENERAL ELEC CAP CORP	215,219.76	1.30%	5%	YES
Corporate Note	FORD MOTOR CREDIT CO LLC	161,171.92	0.97%	5%	YES
Corporate Note	AT&T INC	88,678.93	0.53%	5%	YES
Corporate Note	ANHEUSER-BUSCH INBEV FIN	120,262.26	0.72%	5%	YES
Corporate Note	BANK OF MONTREAL CHICAGO	311,647.53	1.88%	5%	YES
Corporate Note	CATERPILLAR FINANCIAL SERVICES CORP	120,648.09	0.73%	5%	YES
Corporate Note	TORONTO DOMINION BANK	262,565.60	1.58%	5%	YES
Corporate Note	BANK OF NOVA SCOTIA HOUSTON	201,975.71	1.22%	5%	YES
Corporate Note	HOME DEPOT INC	80,074.15	0.48%	5%	YES
Corporate Note	BANK OF AMERICA CORP	205,876.69	1.24%	5%	YES
Corporate Note	WAL-MART STORES INC	319,908.52	1.93%	5%	YES
Corporate Note	CANADIAN IMP BK COMM NY	281,233.53	1.69%	5%	YES

Sector	Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Permitted by Policy	In Compliance
Corporate Note	PACCAR FINANCIAL CORP	130,902.63	0.79%	5%	YES
Corporate Note	UNITED PARCEL SERVICE	130,498.97	0.79%	5%	YES
Corporate Note	BANK OF NY MELLON CORP	107,086.99	0.65%	5%	YES
Corporate Note	GENERAL MOTORS FINL CO	105,331.24	0.63%	5%	YES
Corporate Note	NATIONAL RURAL UTIL COOP	166,203.50	1.00%	5%	YES
Corporate Note	CVS HEALTH CORP	80,797.22	0.49%	5%	YES
Corporate Note	HERSHEY COMPANY	75,280.07	0.45%	5%	YES
Corporate Note	GENERAL DYNAMICS CORP	90,063.01	0.54%	5%	YES
Corporate Note	GLAXOSMITHKLINE CAPITAL	65,092.20	0.39%	5%	YES
Corporate Note	UNION PACIFIC CORP	120,160.51	0.72%	5%	YES
Commercial Paper	BNP PARIBAS NY BRANCH	298,132.25	1.80%	5%	YES
Commercial Paper	JP MORGAN SECURITIES LLC	198,539.55	1.20%	5%	YES
Commercial Paper	MUFG BANK, LTD	267,114.15	1.61%	5%	YES
Asset-Backed	ALLY AUTO RECEIVABLES TRUST	385,278.72	2.32%	5%	YES
Asset-Backed	CNH EQUIPMENT TRUST	416,925.86	2.51%	5%	YES
Asset-Backed	FORD CREDIT AUTO OWNER TRUST	166,127.11	1.00%	5%	YES
Asset-Backed	HONDA AUTO RECEIVABLES	102,910.85	0.62%	5%	YES
Asset-Backed	HYUNDAI AUTO RECEIVABLES TRUST	340,217.29	2.05%	5%	YES
Asset-Backed	JOHN DEERE OWNER TRUST	70,065.49	0.42%	5%	YES
Asset-Backed	NISSAN AUTO RECEIVABLES	47,339.92	0.29%	5%	YES
Asset-Backed	CITIBANK CREDIT CARD ISSUANCE	160,798.32	0.97%	5%	YES
Asset-Backed	AMERICAN EXPRESS CREDIT ACCOUN	180,109.26	1.09%	5%	YES
Asset-Backed	TOYOTA AUTO RECEIVABLES OWNER	110,102.64	0.66%	5%	YES
Asset-Backed	HONDA AUTO RECEIVABLES OWNER T	145,152.97	0.87%	5%	YES
Asset-Backed	NISSAN AUTO RECEIVABLES OWNER	85,091.17	0.51%	5%	YES
Asset-Backed	TOYOTA AUTO RECEIVABLES	52,007.67	0.31%	5%	YES

End of month trade-date amortized cost of portfolio holdings, including accrued interest.

Quarterly Account Summary

Portfolio Balances:	March 31, 2018	April 30, 2018	May 31, 2018	June 30, 2018	Quarter End
(1) Amortized Cost of Holdings	\$16,342,260.33	\$16,341,943.05	\$16,360,573.69	\$16,391,734.25	
(2) Accrued Interest	66,856.94	63,861.73	77,994.66	84,035.66	
<b>Amortized Cost of Securities</b>	<b>\$16,409,117.27</b>	<b>\$16,405,804.78</b>	<b>\$16,438,568.35</b>	<b>\$16,475,769.91</b>	
(3) Reconciled Money Fund Balance	135,118.75	149,376.62	132,870.46	117,381.47	
<b>Total Amortized Cost of Portfolio</b>	<b>\$16,544,236.02</b>	<b>\$16,555,181.40</b>	<b>\$16,571,438.81</b>	<b>\$16,593,151.38</b>	
<b>Net Change in Amortized Cost</b>		<b>\$10,945.38</b>	<b>\$16,257.41</b>	<b>\$21,712.57</b>	<b>\$48,915.36</b>

Portfolio Earnings:	April 30, 2018	May 31, 2018	June 30, 2018	Quarter End
<b>Ending Amortized Cost of Securities</b>	<b>\$16,405,804.78</b>	<b>\$16,438,568.35</b>	<b>\$16,475,769.91</b>	<b>\$16,475,769.91</b>
(4) Plus Proceeds on Sales	715,931.09	757,158.63	551,482.41	2,024,572.13
(5) Plus Proceeds of Maturities	342,461.52	72,546.17	94,626.90	509,634.59
(6) Plus Coupons Received	28,822.70	12,306.00	25,673.80	66,802.50
(7) Less Cost of New Purchases	(1,069,509.98)	(858,510.84)	(687,272.10)	(2,615,292.92)
Less Beginning Amortized Cost of Securities	(16,342,260.33)	(16,341,943.05)	(16,360,573.69)	(16,342,260.33)
(8) Plus (Minus) Reconciling Transactions	0.00	0.00	0.00	-
<b>Total Portfolio Accrual Basis Earnings</b>	<b>\$81,249.78</b>	<b>\$80,125.26</b>	<b>\$99,707.23</b>	<b>\$119,225.88</b>

Notes:

- (1) Detail of Securities Held page Amortized Cost total. Does not include forward settling trades.
- (2) Detail of Securities Held page Accrued Interest total.
- (3) Cash/Money Report page Cash/Money Fund Balance.
- (4) Security Transactions & Interest page subtotal Sales.
- (5) Security Transactions & Interest page subtotal Maturities, Sinks, MBS Pmts., Calls
- (6) Security Transactions & Interest page subtotal Interest.
- (7) Security Transactions & Interest page subtotal Buys.
- (8) Bank Statement vs. PFM Statement Reconciled Cash+Money Fund Balance

Portfolio Characteristics			
	Since Inception Total Return	Yield to Maturity at Market	Yield to Maturity at Cost
1-5 Year Investment Portfolio	1.32%	2.90%	2.30%
ML 1 -5 Year U.S. Treasury Note Index	0.91%	2.59%	2.59%
	Effective Duration	Longest Individual Security Effective Duration	Maximum Corporate Exposure
1-5 Year Investment Portfolio	2.41 Years	4.56 Years	3.70%
ML 1 -5 Year U.S. Treasury Note Index	2.58 Years		
Investment Policy Rule	In Compliance?	Notes	
1. Investments limited to authorized fixed securities	Yes		
2. Maximum effective duration must not exceed 5.5 years	Yes		
3. Sector Allocation Limits must not be exceeded	Yes	Please see Asset Allocation Chart for specific details	
4. Individual Issuer Limits must not be exceeded	Yes	Please see Asset Allocation Chart for specific details	
5. Individual corporate exposure must not exceed 5%	Yes		
6. Portfolio duration must not exceed 3 years	Yes		
7. Performance Benchmark must be the ML 1-5 Year U.S. Treasury Index	Yes		
8. Monthly reporting of holdings and transactions	Yes		
9. Quarterly reporting of the fund's performance	Yes		
10. Maintaining an approved list of dealers	Yes		
11. Transactions executed via competitive bids	Yes		
12. Maintain custodial arrangements and agreements	Yes		
13. Maximum exposure to issuers in any non-U.S. country cannot exceed 10 percent per country.	Yes		

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Collateralized Mortgage Obligation</b>											
GNMA SERIES 2013-154 A DTD 10/01/2013 1.950% 02/01/2044	38378K6D6	97,902.26	AA+	Aaa	6/26/2015	6/30/2015	98,127.91	1.93	159.09	98,104.19	96,309.41
<b>Security Type Sub-Total</b>		<b>286,998.54</b>					<b>293,872.43</b>	<b>2.46</b>	<b>667.55</b>	<b>293,134.31</b>	<b>288,260.92</b>
<b>Federal Agency Bond / Note</b>											
FHLB NOTES DTD 02/09/2018 2.125% 02/11/2020	3130ADN32	40,000.00	AA+	Aaa	2/8/2018	2/9/2018	39,926.80	2.22	335.28	39,941.00	39,755.68
FANNIE MAE NOTES DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	35,000.00	AA+	Aaa	4/12/2018	4/13/2018	34,947.85	2.55	189.58	34,951.61	34,814.78
FHLMC REFERENCE NOTE DTD 08/12/2016 1.125% 08/12/2021	3137EAE9	385,000.00	AA+	Aaa	8/11/2016	8/12/2016	383,044.20	1.23	1,672.34	383,781.11	367,409.74
<b>Security Type Sub-Total</b>		<b>460,000.00</b>					<b>457,918.85</b>	<b>1.42</b>	<b>2,197.20</b>	<b>458,673.72</b>	<b>441,980.20</b>
<b>Corporate Note</b>											
BANK OF NOVA SCOTIA NOTES DTD 06/14/2016 1.650% 06/14/2019	064159HT6	240,000.00	A+	A1	6/9/2016	6/14/2016	239,985.60	1.65	187.00	239,995.42	237,407.04
FORD MOTOR CREDIT CO LLC CORPORATE NOTES DTD 08/12/2016 1.897% 08/12/2019	345397YD9	160,000.00	BBB	Baa2	8/8/2016	8/12/2016	160,000.00	1.90	1,171.92	160,000.00	157,703.20
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	130,000.00	A+	A2	9/4/2014	9/9/2014	129,759.50	2.29	1,105.00	129,945.25	129,258.09
WESTPAC BANKING CORP NOTES DTD 08/19/2016 1.600% 08/19/2019	961214CY7	160,000.00	AA-	Aa3	8/11/2016	8/19/2016	159,971.20	1.61	938.67	159,989.11	157,742.72
BANK OF MONTREAL CORP NOTE DTD 09/11/2017 1.750% 09/11/2019	06367TF96	160,000.00	A+	A1	9/6/2017	9/11/2017	159,912.00	1.78	855.56	159,947.32	157,951.52
BANK OF NEW YORK MELLON NT (CALLABLE) DTD 09/11/2014 2.300% 09/11/2019	06406HCW7	400,000.00	A	A1	9/4/2014	9/11/2014	399,924.00	2.30	2,811.11	399,981.81	397,835.20

PFM Asset Management LLC

Account \*\*\*\*0001

37 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
AMERICAN EXPRESS CREDIT (CALLABLE) CORP DTD 10/31/2016 1.700% 10/30/2019	0258M0EC9	50,000.00	A-	A2	10/26/2016	10/31/2016	49,940.50	1.74	144.03	49,973.57	49,224.65
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	200,000.00	A	A2	3/20/2015	3/25/2015	231,266.00	2.05	5,286.11	209,933.65	207,310.00
JPMORGAN CHASE & CO (CALLABLE) DTD 01/23/2015 2.250% 01/23/2020	46625HKA7	400,000.00	A-	A3	1/15/2015	1/23/2015	400,000.00	2.25	3,950.00	400,000.00	394,854.80
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	275,000.00	A-	A2	10/23/2015	10/28/2015	275,253.00	2.13	2,479.97	275,094.04	271,142.03
BP CAPITAL MARKETS PLC BONDS DTD 02/13/2015 2.315% 02/13/2020	05565QCX4	260,000.00	A-	A1	2/8/2017	2/14/2017	262,098.20	2.04	2,307.28	261,135.41	257,504.78
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	120,000.00	A-	A2	2/28/2017	3/3/2017	119,875.20	2.24	865.33	119,930.43	118,425.60
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	90,000.00	A+	A2	5/8/2018	5/11/2018	89,681.40	3.06	359.38	89,703.63	89,902.17
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	80,000.00	A	A2	5/24/2017	6/5/2017	79,953.60	1.82	104.00	79,970.15	78,561.04
CISCO SYSTEMS INC CORP NOTES DTD 06/17/2015 2.450% 06/15/2020	17275RAX0	200,000.00	AA-	A1	6/15/2015	6/18/2015	200,524.00	2.39	217.78	200,205.41	198,751.60
BANK OF NOVA SCOTIA HOUSTON CORP BOND DTD 07/14/2017 2.150% 07/14/2020	064159JX5	200,000.00	A+	A1	7/11/2017	7/14/2017	199,972.00	2.15	1,994.72	199,980.99	196,102.00
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	120,000.00	A	A3	9/5/2017	9/7/2017	119,899.20	1.88	721.50	119,926.59	116,857.20
CANADIAN IMPERIAL BANK CORP NOTE DTD 10/05/2017 2.100% 10/05/2020	136069VX6	280,000.00	A+	A1	9/28/2017	10/5/2017	279,773.20	2.13	1,404.67	279,828.86	273,225.40

PFM Asset Management LLC

Account \*\*\*\*0001

38 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
ROYAL BANK OF CANADA CORP NOTE DTD 10/26/2017 2.150% 10/26/2020	78013GKN4	45,000.00	AA-	A1	10/18/2017	10/26/2017	44,973.90	2.17	174.69	44,979.81	43,965.14
GENERAL MOTORS FINL CO CORP NOTES DTD 11/07/2017 2.450% 11/06/2020	37045XCB0	105,000.00	BBB	Baa3	11/2/2017	11/7/2017	104,921.25	2.48	393.02	104,938.22	102,647.69
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	45,000.00	A+	A1	11/6/2017	11/13/2017	44,995.95	2.05	123.00	44,996.80	43,916.81
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	320,000.00	AA	Aa2	10/11/2017	10/20/2017	319,536.00	1.95	270.22	319,638.30	313,515.52
JOHN DEERE CAPITAL CORP NOTES DTD 01/08/2018 2.350% 01/08/2021	24422ETZ2	35,000.00	A	A2	1/3/2018	1/8/2018	34,981.80	2.37	395.26	34,984.69	34,386.45
IBM CREDIT CORP NOTE DTD 09/08/2017 1.800% 01/20/2021	44932HAB9	160,000.00	A+	A1	9/5/2017	9/8/2017	159,668.80	1.86	1,288.00	159,748.50	155,041.60
MORGAN STANLEY CORP NOTES DTD 01/25/2011 5.750% 01/25/2021	61747WAF6	165,000.00	BBB+	A3	5/8/2017	5/10/2017	182,742.45	2.68	4,111.25	177,286.25	174,445.43
TORONTO-DOMINION BANK CORP NOTE DTD 01/25/2018 2.550% 01/25/2021	89114QBX5	260,000.00	AA-	Aa2	1/18/2018	1/25/2018	259,641.20	2.60	2,873.00	259,692.60	256,047.22
ANHEUSER-BUSCH INBEV FIN CORP NOTES DTD 01/25/2016 2.650% 02/01/2021	035242AJ5	120,000.00	A-	A3	2/14/2018	2/16/2018	118,785.60	3.01	1,325.00	118,937.26	118,346.04
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	85,000.00	A+	A1	2/22/2018	2/27/2018	84,958.35	2.82	819.78	84,963.05	84,264.24
CVS HEALTH CORP NOTES DTD 03/09/2018 3.350% 03/09/2021	126650DC1	80,000.00	BBB	Baa1	3/6/2018	3/9/2018	79,959.20	3.37	833.78	79,963.44	79,912.00
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	65,000.00	A	A2	2/21/2018	2/26/2018	64,927.85	2.94	654.51	64,935.95	64,516.47
NATIONAL RURAL UTIL COOP DTD 02/26/2018 2.900% 03/15/2021	63743HER9	100,000.00	A	A2	4/12/2018	4/19/2018	99,577.00	3.05	1,006.94	99,606.10	99,256.10

PFM Asset Management LLC

Account \*\*\*\*0001

39 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	130,000.00	A+	A1	11/9/2017	11/14/2017	129,794.60	2.10	666.25	129,832.72	126,808.11
BANK OF MONTREAL CHICAGO CORP NOTES DTD 04/13/2018 3.100% 04/13/2021	06367T4W7	150,000.00	A+	A1	4/10/2018	4/13/2018	149,824.50	3.14	1,007.50	149,837.15	149,400.90
MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	140,000.00	BBB+	A3	4/18/2016	4/21/2016	139,529.60	2.57	680.56	139,735.95	136,736.32
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	140,000.00	BBB+	A3	10/27/2017	10/31/2017	140,568.40	2.50	673.75	140,461.18	136,909.78
ROYAL BANK OF CANADA CORP NOTES DTD 04/30/2018 3.200% 04/30/2021	78013XKG2	180,000.00	AA-	A1	4/24/2018	4/30/2018	179,872.20	3.23	976.00	179,879.43	179,922.24
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	200,000.00	A-	A2	5/2/2016	5/5/2016	199,878.00	2.26	700.00	199,930.58	194,346.20
GLAXOSMITHKLINE CAPITAL DTD 05/15/2018 3.125% 05/14/2021	377373AE5	65,000.00	A+	A2	5/10/2018	5/15/2018	64,825.15	3.22	259.55	64,832.65	65,109.07
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	75,000.00	A	A1	5/3/2018	5/10/2018	74,948.25	3.12	329.38	74,950.69	75,084.15
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	200,000.00	A	A1	5/16/2016	5/19/2016	199,896.00	1.96	455.00	199,940.03	193,756.20
AMERICAN HONDA FINANCE DTD 07/12/2016 1.650% 07/12/2021	02665WBF7	110,000.00	A+	A2	7/7/2016	7/12/2016	109,963.70	1.66	852.04	109,977.99	105,249.98
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	250,000.00	BBB+	Baa1	12/1/2016	12/8/2016	249,572.50	2.94	463.19	249,705.95	244,906.25
JOHN DEERE CAPITAL CORP NOTES DTD 01/06/2017 2.650% 01/06/2022	24422ETL3	70,000.00	A	A2	3/10/2017	3/15/2017	69,691.30	2.75	901.74	69,774.36	68,492.83

PFM Asset Management LLC

Account \*\*\*\*0001

40 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
BANK OF NY MELLON CORP (CALLABLE) NOTES DTD 02/07/2017 2.600% 02/07/2022	06406RAA5	105,000.00	A	A1	6/7/2017	6/9/2017	106,277.85	2.32	1,092.00	105,994.99	102,840.05
AT&T CORP NOTES DTD 03/17/2016 3.800% 03/15/2022	00206RDB5	85,000.00	BBB	Baa2	6/20/2017	6/23/2017	88,479.90	2.87	951.06	87,727.87	85,145.01
BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	270,000.00	A-	A2	4/3/2017	4/6/2017	272,038.50	2.59	1,856.25	271,549.45	263,732.22
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	95,000.00	BBB+	A3	10/2/2017	10/4/2017	96,237.85	2.69	514.58	95,989.94	92,805.60
GOLDMAN SACHS GROUP INC (CALLABLE) NOTE DTD 01/26/2017 3.000% 04/26/2022	38141GWC4	185,000.00	BBB+	A3	5/8/2017	5/10/2017	186,184.00	2.86	1,002.08	185,856.92	180,726.69
BANK OF AMERICA CORP DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	205,000.00	A-	A3	5/14/2018	5/17/2018	205,000.00	3.50	876.69	205,000.00	204,929.69
COMCAST CORPORATION CORP NOTES DTD 07/02/2012 3.125% 07/15/2022	20030NBD2	160,000.00	A-	A3	8/29/2017	9/1/2017	166,814.40	2.20	2,305.56	165,653.12	157,029.12
TOYOTA MOTOR CREDIT CORP DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	160,000.00	AA-	Aa3	9/8/2017	9/12/2017	159,811.20	2.18	1,079.78	159,841.46	152,592.48
UNION PACIFIC CORP DTD 06/08/2018 3.500% 06/08/2023	907818EU8	120,000.00	A-	Baa1	6/5/2018	6/8/2018	119,890.80	3.52	268.33	119,892.18	120,082.44
<b>Security Type Sub-Total</b>		<b>8,205,000.00</b>					<b>8,266,556.65</b>	<b>2.39</b>	<b>59,083.77</b>	<b>8,236,577.22</b>	<b>8,096,625.08</b>
<b>Commercial Paper</b>											
BNP PARIBAS NY BRANCH COMM PAPER DTD 04/05/2018 0.000% 10/02/2018	09659CK23	300,000.00	A-1	P-1	4/5/2018	4/6/2018	296,405.08	2.44	0.00	298,132.25	298,203.00
JP MORGAN SECURITIES LLC COMM PAPER DTD 02/05/2018 0.000% 11/02/2018	46640QL25	200,000.00	A-1	P-1	2/6/2018	2/7/2018	196,843.56	2.15	0.00	198,539.55	198,338.20

PFM Asset Management LLC

Account \*\*\*\*0001

41 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Commercial Paper</b>											
MUFG BANK LTD/NY COMM PAPER DTD 03/12/2018 0.000% 12/07/2018	06538CM73	270,000.00	A-1	P-1	3/14/2018	3/19/2018	265,226.55	2.46	0.00	267,114.15	267,116.40
<b>Security Type Sub-Total</b>		<b>770,000.00</b>					<b>758,475.19</b>	<b>2.37</b>	<b>0.00</b>	<b>763,785.95</b>	<b>763,657.60</b>
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
HONDA ABS 2016-3 A3 DTD 08/23/2016 1.160% 06/18/2019	438124AC3	66,353.14	AAA	Aaa	8/15/2016	8/23/2016	66,343.92	1.17	27.79	66,349.98	65,860.79
HONDA ABS 2016-1 A3 DTD 02/25/2016 1.220% 12/18/2019	43814NAC9	36,518.98	AAA	NR	2/16/2016	2/25/2016	36,513.78	1.23	16.09	36,516.99	36,356.86
TOYOTA ABS 2016-A A3 DTD 03/02/2016 1.250% 03/15/2020	89237KAD5	51,980.04	AAA	Aaa	2/23/2016	3/2/2016	51,977.09	1.25	28.88	51,978.79	51,733.31
CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	96,514.83	AAA	NR	3/15/2017	3/22/2017	96,511.13	1.80	70.35	96,512.55	96,217.28
FORD ABS 2016-B A3 DTD 04/26/2016 1.330% 10/15/2020	34532EAD7	56,015.35	AAA	NR	4/19/2016	4/26/2016	56,010.04	1.33	33.11	56,012.63	55,659.80
NISSAN ABS 2016-C A3 DTD 08/10/2016 1.180% 01/15/2021	65478WAD7	47,317.70	NR	Aaa	8/2/2016	8/10/2016	47,313.18	1.18	24.82	47,315.10	46,790.26
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	80,000.00	AAA	Aaa	9/14/2016	9/21/2016	79,989.23	1.30	45.87	79,993.42	78,952.02
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	NR	Aaa	2/22/2017	3/2/2017	29,995.73	1.79	23.73	29,997.11	29,720.18
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	40,000.00	NR	Aaa	1/24/2017	1/31/2017	39,996.50	1.70	30.22	39,997.63	39,668.35
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	110,000.00	NR	Aaa	1/18/2017	1/25/2017	109,999.59	1.67	81.64	109,999.73	108,735.14
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	125,000.00	AAA	NR	3/22/2017	3/29/2017	124,989.89	1.76	97.78	124,992.79	123,385.71
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	230,000.00	NR	Aaa	3/21/2017	3/29/2017	229,972.88	1.79	181.96	229,980.66	227,948.49

PFM Asset Management LLC

Account \*\*\*\*0001

42 of 47

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Asset-Backed Security / Collateralized Mortgage Obligation</b>											
CCCIT 2017-A9 A9 DTD 10/02/2017 1.800% 09/20/2021	17305EGH2	160,000.00	AAA	NR	9/25/2017	10/2/2017	159,988.08	1.80	808.00	159,990.32	158,028.82
TOYOTA ABS 2017-C A3 DTD 08/02/2017 1.780% 11/15/2021	89237RAD0	50,000.00	AAA	Aaa	7/25/2017	8/2/2017	49,996.02	2.00	39.56	49,996.86	49,144.84
CNH ABS 2016-C A3 DTD 09/21/2016 1.440% 12/15/2021	12635YAD5	50,000.00	AAA	Aaa	9/13/2016	9/21/2016	49,989.94	1.45	32.00	49,993.35	49,312.53
ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	115,000.00	AAA	NR	8/15/2017	8/23/2017	114,998.52	1.75	89.44	114,998.81	113,446.38
AMERICAN EXPRESS ABS 2017-4 A DTD 05/30/2017 1.640% 12/15/2021	02582JHG8	180,000.00	AAA	NR	5/22/2017	5/30/2017	179,971.16	1.65	131.20	179,978.06	178,449.50
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/15/2022	44932GAD7	135,000.00	AAA	Aaa	8/9/2017	8/16/2017	134,976.60	1.78	106.20	134,981.23	132,669.82
HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	145,000.00	AAA	Aaa	2/22/2018	2/28/2018	144,981.25	2.65	170.13	144,982.84	144,243.87
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	40,000.00	NR	Aaa	2/21/2018	2/28/2018	39,997.12	2.66	47.29	39,997.36	39,794.35
NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	85,000.00	AAA	Aaa	2/21/2018	2/28/2018	84,990.28	2.66	100.11	84,991.06	84,548.84
CNH 2018-A A3 DTD 05/23/2018 3.120% 07/15/2023	12652VAC1	270,000.00	AAA	NR	5/16/2018	5/23/2018	269,942.00	3.24	374.40	269,943.21	270,542.67
TAOT 2018-B A4 DTD 05/16/2018 3.110% 11/15/2023	89238TAE3	60,000.00	AAA	Aaa	5/9/2018	5/16/2018	59,982.89	3.12	82.93	59,983.29	60,164.51
<b>Security Type Sub-Total</b>		<b>2,259,700.04</b>					<b>2,259,426.82</b>	<b>2.00</b>	<b>2,643.50</b>	<b>2,259,483.77</b>	<b>2,241,374.32</b>
<b>Managed Account Sub Total</b>		<b>16,359,837.70</b>					<b>16,421,922.66</b>	<b>2.30</b>	<b>84,035.66</b>	<b>16,391,734.25</b>	<b>16,138,892.43</b>
<b>Securities Sub-Total</b>		<b>\$16,359,837.70</b>					<b>\$16,421,922.66</b>	<b>2.30%</b>	<b>\$84,035.66</b>	<b>\$16,391,734.25</b>	<b>\$16,138,892.43</b>
<b>Accrued Interest</b>											<b>\$84,035.66</b>
<b>Total Investments</b>											<b>\$16,222,928.09</b>

PFM Asset Management LLC

Account \*\*\*\*0001

43 of 47

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

**Notes to Stress Test and Horizon Analysis**

1. Portfolio holdings are as of June 30, 2018.
2. Yield curve data source Bloomberg.
3. Yield curve scenarios assume parallel rate shocks in even monthly increments.
4. Security maturities occurring during the analysis period are reinvested in a 3-Year US Treasury Note.
5. Reinvestments are at assumed prevailing rates for the benchmark Treasury Note, per the interest rate scenario.
6. Spreads are assumed to remain constant.

**Notes to Credit Downgrade**

1. Portfolio holdings are as of June 30, 2018.
2. All securities (excluding Treasuries and Agencies) are downgraded one notch.
3. For illustrative purposes, S&P ratings are utilized.

PFM Asset Management LLC

44 of 47

**IMPORTANT DISCLOSURES**

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

**GLOSSARY**

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

**GLOSSARY**

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

Information Item 6.  
Miscellaneous

Operations Committee Membership

Florida College System Risk Management Consortium  
**OPERATIONS COMMITTEE MEMBERS**

VOTING MEMBERS

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