

## Bowers\_Nell

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**From:** Jarriel\_Barbara  
**Sent:** Thursday, November 30, 2000 3:19 PM  
**To:** Smith\_Sheilah; Pumphrey\_Anita  
**Subject:** FW: Memo

**Attachments:** Untitled Attachment; KSMMEMO2.DOC



Untitled Attachment KSMMEMO2.DOC

FYI

-----Original Message-----

**From:** Jarriel\_Barbara  
**Sent:** Thursday, November 30, 2000 3:17 PM  
**To:** Schow\_Horace  
**Cc:** Seery\_Scott  
**Subject:** FW: Memo

Doc, based on the receipt of the information below, you can go ahead and process the Sutherland invoice. Hard copy is forthcoming.

I'm also forwarding to Scott Seery, as I believe one of the attorneys had been working with him on a QIB issue relative to an external manager.

You will note from the questions we posed to Sutherland that the Rule as written (and other rules relating specifically to Commercial Paper) are, in my opinion, restrictive, illogical and not particularly conducive to the way most large firms manage money. From the responses noted, it is clear others have offered numerous similar comments, but to no avail.

We'd learned that Texas had taken an interesting approach to this, but apparently, in Steve's opinion has no legal basis and would unlikely hold up on challenge. By phone, he told me the response from the SEC was even less accommodating than appears here - he was basically told the rules are the rules and they see no value to re-opening the issue. Steve indicated that the only way to potentially resolve is to try to get a consortium of investment boards, money managers, etc. to work together with the goal of having logic overcome dogma. I told him I may be interested in the future once we complete the PEORP implementation, but in the interim, neither my staff nor yours would have the resources or wherewithall to devote to same.

Consequently, when I sign a QIB certification, I am inherently agreeing to only purchase those securities for entities that are specifically noted and would qualify independently as QIB's. External managers have to solve this problem by setting up separate pools of accounts, the same way they do taxable and tax exempt, etc. Right now it is not an overwhelming problem (although the indices have now included 144's, so it presents issues for non-pension monies benchmarked against index - right now% is small). However, if the standards/marketing for commercial paper issuance changed such that initial issue paper was 144, we'd have a big problem.

We got excellent response and work product from Sutherland again as we did on the GASB 31/ 2a7 issues.

Please share this information internally to Legal staff as needed. Other than Scott, I can't think of anyone else that would have an interest.

-----Original Message-----

From: Tess Crum [mailto:Tcrum@SABLAW.COM]  
Sent: Thursday, November 30, 2000 1:26 PM  
To: Jarriel\_Barbara@fsba.state.fl.us  
Cc: Cynthia Krus  
Subject: Memo

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I have attached a Memo from Steve Boehm. It is also coming regular mail.

Thanks,  
Tess