

Financial Affairs
Richard H. Hinds, Chief Financial Officer

SUBJECT: INVESTMENT OF SUPPLEMENTAL EARLY RETIREMENT PLAN (SERP)

At its meeting of August 5, 1999 the Investment Advisory Committee reviewed options for the investment strategy of the Supplemental Early Retirement Plan. The committee has recommended that the Plan assets be invested in Index Funds and/or securities replicating the diverse equity mixes, allocating up to 50% of the total portfolio.

A list of recommended eligible equity investments include:

- DIA (Dow Industrials Index)
- SPY (Standard & Poor's 500 Index)
- BT Investment Equity 500 Index
- Dreyfus S&P 500 Index
- Dreyfus Mid Cap Index
- Federated Mid Cap Index
- Schwab 1000 Fund - Investor Shares (Wilshire)
- Schwab S&P 500 Fund - Investor Shares
- T. Rowe Price Equity Index 500
- Vanguard 500 Index
- Wilshire 5000 Index Portfolio Invest

The blend of equity investments through one or more of the options listed above is expected to produce significant additional gains for the SERP over a long period of time. Actuarial assumptions point to a life of approximately 50 years for the SERP before all the benefits due to eligible participants are paid out.

Because of the nature of these investments the possibility of a decline (loss) over short periods of time is present. However, over a long term, i.e. 50 years, the SERP should benefit from this strategy.

A description of the above investments will be provided to the Board under separate cover and will be placed on file in the Office of the Recording Secretary to the School Board and in the Citizen Information Center.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent or designee to invest up to 50% of the Supplemental Early Retirement Plan assets in equity mutual funds and/or securities replicating the mixes of major stock indexes.