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VIA EMAIL: rule-comments@sec.gov

February 13, 2006

Nancy Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Re: Internet Availability of Proxy Materials (File Number: S7-10-05)

Dear Ms. Morris:

The State Board of Administration (SBA) of Florida is writing to comment on the SEC's proposed alternative method for the delivery of proxy materials based on a "notice and access" method. Managed by the SBA, the Florida Retirement System (FRS) is the fourth largest public pension plan in the United States with approximately 850,000 beneficiaries and retirees, and assets totaling approximately \$120 billion.

The SBA agrees that technological progress and expanding internet use could make electronic dissemination of materials an attractive alternative. We recognize the possibility of real gains in efficiency from electronic delivery and are generally supportive of the proposed rule. However, the foremost consideration to the SBA is that the shareholders' rights to monitor the governance of corporation and vote on proxy ballots be protected. The exercise of these rights should be encouraged, or at the very least not discouraged, by the proxy delivery method. **We are concerned that the alternative proposed by the commission, as-is, could lead to reduced proxy voting by some investors.** Shareholders are the true owners of these companies; as such, they deserve the right to vote in a manner convenient for their particular circumstances. Below we would like to point out some of the proposal's aspects that we feel are most likely to inhibit shareholders' ability to easily access materials, and most importantly, exercise their voting rights. **We also recommend some options that may allow electronic delivery to be accomplished to some shareholders without diminishing the ability of others that desire a paper document for their own personal reasons.**

Broker Votes

The SBA is very concerned that an alternative method could result in diminished voting levels from certain shareholder segments. The absence of voting instructions could result in a proportionate increase in broker votes. We feel that the concept of broker voting hurts the governance process and shareholder rights; as such, we are firmly against any delivery system that would increase its effect on elections. If such a system is implemented, we are in favor of requiring greater transparency of the broker votes cast so investors are aware of its consequences.

Separation of the Proxy Ballot and Supporting Informational Material

The SBA is concerned that the proxy ballot's delivery may not be distributed with the supporting materials, leading some investors to avoid voting or to vote without the proper materials. We realize that we have to expect a high level of responsibility from shareholders on this issue in general, but we are concerned if more, rather than less, steps are required for its completion.

Difficulties for Investors to Opt Out

Under the proposal, it appears burdensome for certain shareholders to opt out of the delivery by notice method. For example, shareholders who own large numbers of securities would be required to make requests with each company each year. We feel that any implemented rule should allow shareholders some degree of ease in opting out of electronic delivery. We suggest the following:

- We would like the SEC to require companies to issue a postage-paid, self-addressed card with the notice. The card should be printed with pertinent information, such as a barcode or other means, to identify the shareholder. This card would act as the shareholder's trigger to notify the company of a request for a paper copy and provide the company the pertinent mailing information. The shareholder would simply remove the card from the notice materials and place it back in the mail. We believe such an easy method would not inconvenience those desiring a paper copy in any meaningful way. One additional caveat is that another proxy card should be sent with the paper copy of materials if a proxy card was originally sent with the notice. This is in case the proxy card is misplaced before the investor receives the proxy materials.

We are also concerned about the effect that the time lag from receiving the notice, requesting paper copies, and receiving paper copies will have on the voting process. We propose this item for consideration:

- If possible, the 30-day advance window should be lengthened. This minimizes turnaround concerns and may mitigate the increase of broker votes.

An opt-in system instead?

One concern is that while access to the internet is indeed widespread, this proposal as-is imposes a burden on those without access or who wish to receive paper copies. We feel it may be prudent to instead offer internet availability to investors that ask for it. There are a number of investors that will be firmly in favor of such an opportunity: investors that prefer the convenience of electronic formatting and eschew the waste of widespread document printings.

Costs

The SBA is concerned about the issue of cost savings. We recognize that this proposal could save companies a great deal of money in terms of printing costs and postage. However, it is possible that at least initially erratic or unpredictable print requests could drive up the per-request cost. We have concerns about the possibility that issuers would actually have to pay higher rates on printing and postage due to the turnaround time required with paper requests, diminishing what could amount to a significant portion of expected savings.

Questions and Observations

Assuming rules providing this alternative are enacted, we would like to submit the following comments:

- The notice provided to shareholders *should* state the existence of a proxy contest if known and *should* state that language in support of shareholder proposals is contained in the proxy report.
- Shareholders should be able to receive a paper copy at *no charge*. A fee would deter certain investors from informing themselves. The investors have a right to the information, and the companies should go to this reasonable length to provide it (First-class mail is sufficient).
- Plain English requirements for the notice are a good idea, regardless of the document brevity. In fact, its briefness could exacerbate any difficulties unless plain English wording is used.
- The commission should consider document types that are compatible with low-speed internet connection viewing. Software is available that can allow for all of the pictures, graphs and pertinent information to be included while doing so in a compact file format.
- Websites should contain links to *free* viewing software if required based on the file format.

The SBA believes that timely, efficient disclosures to investors are integral to a strong corporate governance system and that the ability of investors to conveniently receive proxy-related disclosures is paramount. While we commend the Commission for taking the first steps toward electronic disclosure of proxy materials and support efforts to improve the efficiency and effectiveness of the proxy voting systems and processes, we hope you will consider our concerns and suggestions regarding the implementation of this proposal.

We thank you for the opportunity to provide these comments, as well as for your acceptance and posting of comments from other shareholders and groups such as the Council of Institutional Investors (CII). If you have any questions, please contact Michael McCauley, Director of Investment Services & Communications, at (850) 413-1252.

Sincerely,



Coleman Stipanovich
Executive Director

cc: Chairman Christopher Cox
Commissioner Paul Atkins
Commissioner Roel Campos
Commissioner Cynthia Glassman
Commissioner Annette Nazareth
Ms. Ann Yerger, Exec. Dir., Council of Institutional Investors
Ms. Anne Simpson, Exec. Dir., International Corporate Governance Network