

By the Committee on Governmental Reform and Oversight and
Senator Kurth

302-1940-98

1 A bill to be entitled
2 An act relating to financial matters; amending
3 s. 18.10, F.S., which provides requirements for
4 deposit and investment of state money; revising
5 the standards that certain corporate
6 obligations and state and local government
7 obligations must meet to be qualified for such
8 investment; authorizing investment in certain
9 foreign bonds and certain convertible debt
10 obligations of corporations domiciled in the
11 United States; amending s. 766.315, F.S.;
12 authorizing the association to invest plan
13 funds only in investments and securities
14 described in s. 215.47, F.S.; providing an
15 effective date.

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17 Be It Enacted by the Legislature of the State of Florida:

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19 Section 1. Subsection (2) of section 18.10, Florida
20 Statutes, is amended to read:

21 18.10 Deposits and investments of state money.--
22 (2) The Treasurer shall make funds available to meet
23 the disbursement needs of the state. Funds which are not
24 needed for this purpose shall be placed in qualified public
25 depositories that will pay rates established by the Treasurer
26 at levels not less than the prevailing rate for United States
27 Treasury securities with a corresponding maturity. In the
28 event money is available for interest-bearing time deposits or
29 savings accounts as provided herein and qualified public
30 depositories are unwilling to accept such money and pay
31 thereon the rates established above, then such money which

1 qualified public depositories are unwilling to accept shall be
2 invested in:

3 (a) Direct United States Treasury obligations.
4 (b) Obligations of the Federal Farm Credit Banks.
5 (c) Obligations of the Federal Home Loan Bank and its
6 district banks.
7 (d) Obligations of the Federal Home Loan Mortgage
8 Corporation, including participation certificates.
9 (e) Obligations guaranteed by the Government National
10 Mortgage Association.
11 (f) Obligations of the Federal National Mortgage
12 Association.
13 (g) Commercial paper of prime quality of the highest
14 letter and numerical rating as provided for by at least one
15 nationally recognized rating service.
16 (h) Time drafts or bills of exchange drawn on and
17 accepted by a commercial bank, otherwise known as "bankers
18 acceptances," which are accepted by a member bank of the
19 Federal Reserve System having total deposits of not less than
20 \$400 million or which are accepted by a commercial bank which
21 is not a member of the Federal Reserve System with deposits of
22 not less than \$400 million and which is licensed by a state
23 government or the Federal Government, and whose senior debt
24 issues are rated in one of the two highest rating categories
25 by a nationally recognized rating service and which are held
26 in custody by a domestic bank which is a member of the Federal
27 Reserve System.
28 (i) ~~Intermediate-term~~ Corporate obligations or
29 corporate master notes of any corporation within the United
30 States, if the long-term obligations of such corporation are
31 rated by at least two nationally recognized rating services in

1 any one of the four ~~three~~ highest classifications. However, if
2 such obligations are rated by only one nationally recognized
3 rating service, then the obligations shall be rated in any one
4 of the two highest classifications.

5 (j) Obligations of the Student Loan Marketing
6 Association.

7 (k) Obligations of the Resolution Funding Corporation.

8 (l) Asset-backed or mortgage-backed securities of the
9 highest credit quality.

10 (m) Any obligations not previously listed which are
11 guaranteed as to principal and interest by the full faith and
12 credit of the United States Government or are obligations of
13 United States agencies or instrumentalities which are rated in
14 the highest category by a nationally recognized rating
15 service.

16 (n) Commingled no-load investment funds or no-load
17 mutual funds in which all securities held by the funds are
18 authorized in this subsection.

19 (o) Money market mutual funds as defined and regulated
20 by the Securities and Exchange Commission.

21 (p) Obligations of state and local governments rated
22 in any of the four ~~three~~ highest classifications by at least
23 two ~~one or more~~ nationally recognized rating services ~~if their~~
24 ~~purchase is for the purpose of meeting federal investment~~
25 ~~requirements for funds accumulated from bonds or other~~
26 ~~obligations. However, if such obligations are rated by only~~
27 one nationally recognized rating service, then the obligations
28 shall be rated in any one of the two highest classifications.

29 (q) Derivatives of investment instruments authorized
30 in paragraphs (a) through (m).

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1 (r) Covered put and call options on investment
2 instruments authorized in this subsection for the purpose of
3 hedging transactions by investment managers to mitigate risk
4 or to facilitate portfolio management.

5 (s) Negotiable certificates of deposit issued by
6 financial institutions whose long-term debt is rated in one of
7 the three highest categories by at least two nationally
8 recognized rating services, the investment in which shall not
9 be prohibited by any provision of chapter 280.

10 (t) Foreign bonds denominated in United States dollars
11 and registered with the Securities and Exchange Commission for
12 sale in the United States, if the long-term obligations of
13 such issuers are rated by at least two nationally recognized
14 rating services in any one of the four highest
15 classifications. However, if such obligations are rated by
16 only one nationally recognized rating service, the obligations
17 shall be rated in any one of the two highest classifications.

18 (u) Convertible debt obligations of any corporation
19 domiciled within the United States, if the convertible debt
20 issue is rated by at least two nationally recognized rating
21 services in any one of the four highest classifications.
22 However, if such obligations are rated by only one nationally
23 recognized rating service, then the obligations shall be rated
24 in any one of the two highest classifications.

25 (v)~~(t)~~ Securities not otherwise described in this
26 subsection. However, not more than 3 percent of the funds
27 under the control of the Treasurer shall be invested in
28 securities described in this paragraph.

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30 These investments may be in varying maturities and may be in
31 book-entry form. Investments made pursuant to this subsection

1 may be under repurchase agreement. The Treasurer is authorized
2 to hire registered investment advisers and other consultants
3 to assist in investment management and to pay fees directly
4 from investment earnings. Investment securities, proprietary
5 investment services related to contracts, performance
6 evaluation services, investment-related equipment or software
7 used directly to assist investment trading or investment
8 accounting operations including bond calculators, telerates,
9 Bloomburghs, special program calculators, intercom systems, and
10 software used in accounting, communications, and trading, and
11 advisory and consulting contracts made under this section are
12 exempt from the provisions of chapter 287.

13 Section 2. Paragraph (e) of subsection (5) of section
14 766.315, Florida Statutes, is amended to read:

15 766.315 Florida Birth-Related Neurological Injury
16 Compensation Association; board of directors.--

17 (5)

18 (e) Funds held on behalf of the plan are funds of this
19 state, and the association may invest plan funds only in the
20 investments and securities described in s. 215.47 and is
21 subject to the limitations on investments contained in that
22 section.~~Any funds held on behalf of the plan must be invested~~
23 ~~in interest-bearing investments by the association.~~All income
24 derived from such investments will be credited to the plan.

25 Section 3. This act shall take effect July 1, 1998.
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STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
COMMITTEE SUBSTITUTE FOR
Senate Bill 1056

The committee substitute authorizes the board of the Florida Birth-Related Neurological Injury Compensation Association to invest plan funds only in the investments and securities described in s. 215.47, F.S., and subject to the limitations on investments contained in that section.