

By Senator Rossin

35-1329-98

1 A bill to be entitled
2 An act relating to Lee County; amending chapter
3 63-1552, Laws of Florida, as amended; providing
4 guidelines for the investment of surplus funds
5 of the Hospital Board of Directors of Lee
6 County; providing an effective date.

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

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10 Section 1. Section 16 of chapter 63-1552, Laws of
11 Florida, as amended by section 5 of chapter 87-438, Laws of
12 Florida, is amended to read:

13 Section 16. Funds of the hospital board may be paid
14 out only upon drafts, checks, or warrants signed by persons
15 duly authorized by the board to execute such instruments for
16 purposes consistent with this act. The hospital board may
17 adopt rules for the payment of lesser sums in cash, and a
18 petty cash fund or funds may be established for such purpose
19 with the maximum amount payable in cash in one transaction
20 fixed by the board. All funds of the hospital board shall be
21 deposited in banks which are qualified under state law to
22 accept deposits of public funds. The hospital board may
23 deposit or invest its surplus funds in interest-bearing
24 accounts, instruments, or securities, to the fullest extent
25 permitted by general law. In addition, the hospital board may
26 invest its surplus funds as follows:

27 (1) Without limitation, the board may invest its
28 surplus funds in:

29 (a) Bonds, notes, or other obligations of the United
30 States or those guaranteed by the United States or for which
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1 the credit of the United States is pledged for the payment of
2 the principal and interest or dividends thereof.

3 (b) State bonds pledging the full faith and credit of
4 the state and revenue bonds additionally secured by the full
5 faith and credit of the state.

6 (c) Bonds of the several counties or districts in the
7 state which contain a pledge of the full faith and credit of
8 the county or district involved.

9 (d) Savings accounts in, or certificates of deposit
10 of, any bank, savings bank, or savings and loan association
11 incorporated under the laws of the United States doing
12 business in and situated in this state, the accounts of which
13 are insured by the Federal Government or an agency thereof, in
14 an amount that does not exceed 15 percent of the net worth of
15 the institution, provided that such savings accounts and
16 certificates of deposit are secured in the manner prescribed
17 in chapter 280, Florida Statutes.

18 (e) Obligations of the Federal Farm Credit Banks and
19 obligations of the Federal Home Loan Bank and its district
20 banks.

21 (f) Obligations of the Federal Home Loan Mortgage
22 Corporation including participation certificates.

23 (g) Obligations guaranteed by the Government National
24 Mortgage Association.

25 (h) Commercial paper of prime quality of the highest
26 letter and numerical rating as provided for by at least one
27 nationally recognized rating service.

28 (i) Time drafts or bills of exchange drawn on and
29 accepted by a commercial bank, otherwise known as banker's
30 acceptances, which are accepted by a member bank of the
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1 Federal Reserve System having total deposits of not less than
2 \$400 million.

3 (j) Short-term obligations not authorized elsewhere in
4 this section to be purchased individually or in pooled
5 accounts or other collective investment funds, for the purpose
6 of providing liquidity to any portfolio.

7 (k) Securities of, or other interest in, any open-end
8 or closed-end management type investment company or investment
9 trust registered under the Investment Company Act of 1940, 15
10 U.S.C. ss. 80a-1 et seq., as amended from time to time,
11 provided that the portfolio of the investment company or
12 investment trust is limited to obligations of the United
13 States Government or any agency or instrumentality thereof and
14 to repurchase agreements fully collateralized by such United
15 States Government obligations and provided that the investment
16 company or investment trust takes delivery of the collateral
17 either directly or through an authorized custodian.

18 (2) The board may invest no more than 25 percent of
19 its surplus funds in:

20 (a) Bonds, notes, or obligations of any municipality
21 or political subdivision or any agency or authority of this
22 state, if such obligations are rated in any one of the three
23 highest ratings by two nationally recognized rating services.
24 However, if only one nationally recognized rating service
25 rates such obligations, the rating service must have rated
26 such obligations in one of the two highest classifications
27 heretofore mentioned.

28 (b) Notes secured by first mortgages on Florida real
29 property, insured or guaranteed by the Federal Housing
30 Administration or the United States Department of Veterans
31 Affairs.

1 (c) Mortgage pass-through certificates, meaning
2 certificates evidencing ownership of an undivided interest in
3 pools of conventional mortgages on real property that is
4 improved by a building or buildings used for residential
5 purposes for one to four families when:

6 1. Such real property is located in this state;

7 2. Such mortgages are originated by one or more banks
8 or savings and loan associations organized under the laws of
9 this state, by national banks or federal savings and loan
10 associations having their principal place of business in this
11 state, or by a lender that is approved by the Secretary of
12 Housing and Urban Development for participation in any
13 mortgage insurance program under the National Housing Act and
14 that has its principal place of business in this state, or by
15 any combination thereof; and

16 3. Such mortgages are transferred or assigned to a
17 corporate trustee acting for the benefit of the holders of
18 such certificates.

19 (d) Obligations of the Federal National Mortgage
20 Association.

21 (e) Group annuity contracts of the pension investment
22 type with insurers licensed to transact business in this
23 state, except that amounts invested by the board with any one
24 insurer shall not exceed 3 percent of its assets.

25 (f) Certain interests in real property and related
26 personal property, including mortgages and related instruments
27 on commercial or industrial real property, with provisions for
28 equity or income participation or with provisions for
29 convertibility to equity ownership; and interests in
30 collective investment funds. Associated expenditures for
31 acquisition and operation of assets purchased under this

1 provision shall be included as a part of the cost of the
2 investment.

3 1. The title to real property acquired under this
4 paragraph shall be vested in the name of the respective fund.

5 2. Real property acquired under this paragraph is not
6 considered to be state lands or public lands and property as
7 defined in chapter 253, Florida Statutes, and that chapter
8 does not apply to such real property.

9 (g) General obligations backed by the full faith and
10 credit of a foreign government that has not defaulted on
11 similar obligations for a minimum period of 25 years prior to
12 purchase of the obligation and has met its payments of similar
13 obligations when due.

14 (h) Obligations of agencies of the government of the
15 United States, if such obligations have been included in and
16 authorized by the Florida Retirement System Total Fund
17 Investment Plan established in section 215.475, Florida
18 Statutes.

19 (i) United States dollar-denominated obligations by
20 foreign governments, or political subdivisions or agencies
21 thereof, or foreign corporations or foreign commercial
22 entities.

23 (3) The board may invest no more than 50 percent of
24 its surplus funds in common stock, preferred stock, and
25 interest-bearing obligations of a corporation having an option
26 to convert into common stock, if the corporation:

27 (a) Is organized under the laws of the United States,
28 any state or organized territory of the United States, or the
29 District of Columbia, and

30 (b) Is listed on any one or more of the recognized
31 national stock exchanges in the United States and conforms

1 with the periodic reporting requirements under the Securities
2 Exchange Act of 1934.

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4 The board shall not invest more than 10 percent of the equity
5 assets of its funds in the common stock, preferred stock, and
6 interest-bearing obligations having an option to convert into
7 common stock, of any one issuing corporation; and the board
8 shall not invest more than 3 percent of the equity assets of
9 any funds in such securities of any one issuing corporation
10 except to the extent a higher percentage of the same issue is
11 included in a nationally recognized market index, based on
12 market values at least as broad as the Standard and Poor's
13 Composite Index of 500 Companies, or except upon a specific
14 finding by the board that such higher percentage is in the
15 best interest of the board. The board may sell listed options
16 only to reduce investment risks, to improve cash flow, or to
17 provide alternative means for the purchase and sale of
18 underlying investment securities. Reversing transactions may
19 be made to close out existing option positions.

20 (4) The board may invest no more than 80 percent of
21 its surplus funds in interest-bearing obligations with a fixed
22 maturity of any corporation or commercial entity within the
23 United States.

24 (5) For the purpose of determining the investment
25 limitations set forth in subsections (1)-(4), the value of
26 bonds is the par value thereof, and the value of evidences of
27 ownership and interest-bearing obligations having an option to
28 convert to ownership is the cost thereof.

29 (6) Investments in any securities authorized by this
30 section may be under repurchase agreements or reverse
31 repurchase agreements.

1 (7) Investments made by the hospital board may be
2 designated to maximize the financial return to the hospital
3 board consistent with the risks incumbent in each investment
4 and must be designed to preserve an appropriate
5 diversification of the portfolio.

6 (8) The board may buy and sell futures and options, if
7 the instruments for such purpose are traded on a securities
8 exchange or board of trade regulated by the Securities and
9 Exchange Commission or the Commodity Futures Trading
10 Commission, or the board by rule authorizes a different
11 market.

12 (9) The board may invest in domestic or foreign
13 national principal contracts.

14 Section 2. This act shall take effect upon becoming a
15 law.