

By Senator Childers

1-318A-98

1 A bill to be entitled
2 An act relating to the municipal firefighters'
3 pension trust fund and the municipal police
4 officers' retirement trust fund; amending ss.
5 175.071, 185.06, F.S.; revising the powers of
6 the board of trustees for each trust fund;
7 providing guidelines for the investment of
8 funds; requiring additional recordkeeping by
9 the boards; providing qualifications for
10 professionally qualified independent
11 consultants; providing an effective date.

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

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15 Section 1. Section 175.071, Florida Statutes, is
16 amended to read:

17 175.071 General powers and duties of board of
18 trustees.--For any municipality, special fire control
19 district, chapter plan, local law municipality, local law
20 special fire control district, or local law plan under this
21 chapter:

22 (1) The board of trustees may:
23 (a) Invest and reinvest the assets of the
24 firefighters' pension trust fund in annuity and life insurance
25 contracts of life insurance companies in amounts sufficient to
26 provide, in whole or in part, the benefits to which all of the
27 participants in the firefighters' pension trust fund shall be
28 entitled under the provisions of this chapter and pay the
29 initial and subsequent premiums thereon.

30 (b) Invest and reinvest the assets of the
31 firefighters' pension trust fund in:

1 1. Time or savings accounts of a national bank, a
2 state bank insured by the Bank Insurance Fund ~~Federal Deposit~~
3 ~~Insurance Corporation~~, or a savings, building, and loan
4 association insured by the Savings Association Insurance Fund
5 which are administered by the Federal Deposit Insurance
6 Corporation ~~Federal Savings and Loan Insurance Corporation.~~

7 2. Obligations of the United States or obligations
8 guaranteed as to principal and interest by the Government of
9 the United States.

10 3. Bonds issued by the State of Israel.

11 4. Bonds, stocks, or other evidences of indebtedness
12 issued or guaranteed by a corporation organized under the laws
13 of the United States, any state or organized territory of the
14 United States, or the District of Columbia, provided:

15 a. The corporation is listed on any one or more of the
16 recognized national stock exchanges and holds a rating in one
17 of the three highest classifications by a major rating
18 service; and

19 b. The board of trustees shall not invest more than 5
20 percent of its assets in the common stock or capital stock of
21 any one issuing company, nor shall the aggregate investment in
22 any one issuing company exceed 5 percent of the outstanding
23 capital stock of that company or the aggregate of its
24 investments under this subparagraph at market cost exceed 50
25 ~~30~~ percent of the assets of the fund. Investment experience
26 producing a market value percent exceeding the stated limit
27 does not arbitrarily mean assets are to be liquidated to
28 satisfy the limit.

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30 This paragraph shall apply to all boards of trustees and
31 participants. However, in the event that a municipality or

1 special fire control district has a duly enacted pension plan
2 pursuant to, and in compliance with, s. 175.351, and the
3 trustees thereof desire to vary the investment procedures
4 herein, the trustees of such plan shall request a variance of
5 the investment procedures as outlined herein only through a
6 municipal ordinance, special act of the Legislature, or
7 resolution by the governing body of the special fire control
8 district; where a special act, or a municipality by ordinance
9 adopted prior to the effective date of this act ~~October 1,~~
10 ~~1986~~, permits a greater than 50-percent ~~30-percent~~ equity
11 investment, such municipality shall not be required to comply
12 with the aggregate equity investment provisions of this
13 paragraph. The board of trustees may invest up to 10 percent
14 of plan assets in foreign securities. ~~Investments shall not be~~
15 ~~made in any stocks, bonds, or other securities owned or~~
16 ~~controlled by a government other than that of the United~~
17 ~~States or the several states.~~

18 (c) Issue drafts upon the firefighters' pension trust
19 fund pursuant to this act and rules and regulations prescribed
20 by the board of trustees. All such drafts shall be
21 consecutively numbered, be signed by the chair and secretary,
22 and state upon their faces the purpose for which the drafts
23 are drawn. The treasurer or depository of each municipality
24 or special fire control district shall retain such drafts when
25 paid, as permanent vouchers for disbursements made, and no
26 money shall be otherwise drawn from the fund.

27 (d) Convert into cash any securities of the fund.

28 (e) Keep a complete record of all receipts and
29 disbursements and of the board's acts and proceedings.

30 (2) Any and all acts and decisions shall be
31 effectuated by vote of a majority of the ~~at least three~~

1 members of the board; however, no trustee shall take part in
2 any action in connection with the trustee's own participation
3 in the fund, and no unfair discrimination shall be shown to
4 any individual firefighter participating in the fund.

5 (3) The board's action on all claims for retirement
6 under this act shall be final, provided, however, that the
7 rules and regulations of the board have been complied with.

8 (4) The secretary of the board of trustees shall keep
9 a record of all persons receiving retirement payments under
10 the provisions of this chapter, in which shall be noted the
11 time when the pension is allowed and when the pension shall
12 cease to be paid. In this record, the secretary shall keep a
13 list of all firefighters employed by the municipality or
14 special fire control district. The record shall show the
15 name, address, and time of employment of such firefighters and
16 when they cease to be employed by the municipality or special
17 fire control district.

18 ~~(5)(4)~~ The sole and exclusive administration of, and
19 the responsibilities for, the proper operation of the
20 firefighters' pension trust fund and for making effective the
21 provisions of this chapter are vested in the board of
22 trustees; however, nothing herein shall empower a board of
23 trustees to amend the provisions of a retirement plan without
24 the approval of the municipality or special fire control
25 district. The board of trustees shall keep in convenient form
26 such data as shall be necessary for an actuarial valuation of
27 the firefighters' pension trust fund and for checking the
28 actual experience of the fund.

29 (6)(a)(5) At least once every 3 years, the board of
30 trustees shall retain a professionally qualified an
31 independent consultant who shall ~~professionally qualified to~~

1 evaluate the performance of any existing professional money
2 manager and managers. ~~The independent consultant shall make~~
3 ~~recommendations to the board of trustees regarding the~~
4 ~~selection of money managers for the next investment term.~~
5 ~~These recommendations shall be considered by the board of~~
6 ~~trustees at its next regularly scheduled meeting. The date,~~
7 ~~time, place, and subject of this meeting shall be advertised~~
8 ~~in the same manner as for any meeting of the board a newspaper~~
9 ~~of general circulation in the municipality or special fire~~
10 ~~control district, as appropriate, at least 10 days prior to~~
11 ~~the date of the hearing.~~

12 (b) For purposes of this subsection, the term
13 "professionally qualified independent consultant" means a
14 consultant who, based on education and experience, is
15 professionally qualified to evaluate the performance of
16 professional money managers, and who, at a minimum:

17 1. Provides his or her services on a flat-fee basis.

18 2. Is not associated in any manner with the money
19 manager for the pension fund.

20 3. Makes calculations according to the American
21 Banking Institute method of calculating time-weighted rates of
22 return. All calculations must be made net of fees.

23 4. Has 3 or more years of experience working in the
24 public sector.

25 (7) To assist the board in meeting its
26 responsibilities under this chapter, the board, if it so
27 elects, may:

28 (a) Employ independent legal counsel at the pension
29 fund's expense.

30 (b) Employ an independent actuary at the pension
31 fund's expense.

1 (c) Employ such independent professional, technical,
2 or other advisers as it deems necessary at the pension fund's
3 expense.

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5 If the board chooses to use the municipality's or special
6 district's legal counsel or actuary, or chooses to use any of
7 the municipality's or special district's other professional,
8 technical, or other advisers, it may do so only under terms
9 and conditions acceptable to the board.

10 Section 2. Section 185.06, Florida Statutes, is
11 amended to read:

12 185.06 General powers and duties of board of
13 trustees.--For any municipality, chapter plan, local law
14 municipality, or local law plan under this chapter:

15 (1) The board of trustees may:

16 (a) Invest and reinvest the assets of the retirement
17 trust fund in annuity and life insurance contracts of life
18 insurance companies in amounts sufficient to provide, in whole
19 or in part, the benefits to which all of the participants in
20 the municipal police officers' retirement trust fund shall be
21 entitled under the provisions of this chapter, and pay the
22 initial and subsequent premiums thereon.

23 (b) Invest and reinvest the assets of the retirement
24 trust fund in:

25 1. Time or savings accounts of a national bank, a
26 state bank insured by the Bank Insurance Fund ~~Federal Deposit~~
27 ~~Insurance Corporation~~, or a savings and loan association
28 insured by the Savings Association Insurance Fund which are
29 administered by the Federal Deposit Insurance Corporation
30 ~~Federal Savings and Loan Insurance Corporation.~~

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1 2. Obligations of the United States or obligations
2 guaranteed as to principal and interest by the United States.

3 3. Bonds issued by the State of Israel.

4 4. Bonds, stocks, or other evidences of indebtedness
5 issued or guaranteed by a corporation organized under the laws
6 of the United States, any state or organized territory of the
7 United States, or the District of Columbia, provided:

8 a. The corporation is listed on any one or more of the
9 recognized national stock exchanges and holds a rating in one
10 of the three highest classifications by a major rating
11 service; and

12 b. The board of trustees shall not invest more than 5
13 percent of its assets in the common stock or capital stock of
14 any one issuing company, nor shall the aggregate investment in
15 any one issuing company exceed 5 percent of the outstanding
16 capital stock of the company or the aggregate of its
17 investments under this subparagraph at market cost exceed 50
18 ~~30~~ percent of the fund's assets. Investment experience
19 producing a market value percent exceeding the stated limit
20 does not arbitrarily mean assets are to be liquidated to
21 satisfy the limit.

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23 This paragraph shall apply to all boards of trustees and
24 participants. However, in the event that a municipality has a
25 duly enacted pension plan pursuant to, and in compliance with,
26 s. 185.35 and the trustees thereof desire to vary the
27 investment procedures herein, the trustees of such plan shall
28 request a variance of the investment procedures as outlined
29 herein only through a municipal ordinance or special act of
30 the Legislature; where a special act, or a municipality by
31 ordinance adopted prior to the effective date of this act

1 ~~October 1, 1986, permits a greater than 50-percent 30-percent~~
2 equity investment, such municipality shall not be required to
3 comply with the aggregate equity investment provisions of this
4 paragraph. The board of trustees may invest up to 10 percent
5 of plan assets in foreign securities.~~Investments shall not be~~
6 ~~made in any stocks, bonds, or other securities owned or~~
7 ~~controlled by a government other than that of the United~~
8 ~~States or of the several states.~~

9 (c) Issue drafts upon the municipal police officers'
10 retirement trust fund pursuant to this act and rules and
11 regulations prescribed by the board of trustees. All such
12 drafts shall be consecutively numbered, be signed by the chair
13 and secretary, and state upon their faces the purposes for
14 which the drafts are drawn. The city treasurer or other
15 depository shall retain such drafts when paid, as permanent
16 vouchers for disbursements made, and no money shall otherwise
17 be drawn from the fund.

18 (d) Finally decide all claims to relief under the
19 board's rules and regulations and pursuant to the provisions
20 of this act.

21 (e) Convert into cash any securities of the fund.

22 (f) Keep a complete record of all receipts and
23 disbursements and of the board's acts and proceedings.

24 (2) Any and all acts and decisions shall be
25 effectuated by vote of a majority of the ~~at least three~~
26 members of the board; however, no trustee shall take part in
27 any action in connection with his or her own participation in
28 the fund, and no unfair discrimination shall be shown to any
29 individual employee participating in the fund.

30 (3) The secretary of the board of trustees shall keep
31 a record of all persons receiving retirement payments under

1 the provisions of this chapter, in which shall be noted the
2 time when the pension is allowed and when the pension shall
3 cease to be paid. In this record, the secretary shall keep a
4 list of all police officers employed by the municipality. The
5 record shall show the name, address, and time of employment of
6 such police officer and when he or she ceases to be employed
7 by the municipality.

8 (4)~~(3)~~ The sole and exclusive administration of, and
9 the responsibilities for, the proper operation of the
10 retirement trust fund and for making effective the provisions
11 of this chapter are vested in the board of trustees; however,
12 nothing herein shall empower a board of trustees to amend the
13 provisions of a retirement plan without the approval of the
14 municipality. The board of trustees shall keep in convenient
15 form such data as shall be necessary for an actuarial
16 valuation of the retirement trust fund and for checking the
17 actual experience of the fund.

18 (5)(a)~~(4)~~ At least once every 3 years, the board of
19 trustees shall retain a professionally qualified an
20 independent consultant who shall ~~professionally qualified to~~
21 evaluate the performance of any existing professional money
22 manager and managers. ~~The independent consultant shall make~~
23 ~~recommendations to the board of trustees regarding the~~
24 ~~selection of money managers for the next investment term.~~
25 ~~These recommendations shall be considered by the board of~~
26 ~~trustees at its next regularly scheduled meeting. The date,~~
27 ~~time, place, and subject of this meeting shall be advertised~~
28 ~~in the same manner as for any meeting of the board~~ a newspaper
29 ~~of general circulation in the municipality at least 10 days~~
30 ~~prior to the date of the hearing.~~

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1 (b) For the purpose of this subsection, the term
2 "professionally qualified independent consultant" means a
3 consultant who, based on education and experience, is
4 professionally qualified to evaluate the performance of
5 professional money managers, and who, at a minimum:
6 1. Provides his or her services on a flat-fee basis.
7 2. Is not associated in any manner with the money
8 manager for the pension fund.
9 3. Makes calculations according to the American
10 Banking Institute method of calculating time-weighted rates of
11 return. All calculations must be made net of fees.
12 4. Has 3 or more years of experience working in the
13 public sector.
14 (6) To assist the board in meeting its
15 responsibilities under this chapter, the board, if it so
16 elects, may:
17 (a) Employ independent legal counsel at the pension
18 fund's expense.
19 (b) Employ an independent actuary at the pension
20 fund's expense.
21 (c) Employ such independent professional, technical,
22 or other advisers as it deems necessary at the pension fund's
23 expense.
24
25 If the board chooses to use the municipality's or special
26 district's legal counsel or actuary, or chooses to use any of
27 the municipality's other professional, technical, or other
28 advisers, it may do so only under terms and conditions
29 acceptable to the board.
30 Section 3. This act shall take effect July 1, 1998.
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SENATE SUMMARY

Revises the powers and duties of the Board of Trustees of the Municipal Police Officers' Retirement Trust Fund and the Board of Trustees of the Municipal Firefighters' Pension Trust Fund. Provides standards for the investment of funds. Provides qualifications for professionally qualified independent consultants who evaluate money managers.