

By the Committee on Governmental Operations and  
Representative Posey

1                                   A bill to be entitled  
2           An act relating to retirement funds; amending  
3           ss. 175.071 and 185.06, F.S.; revising the  
4           general powers and duties of the board of  
5           trustees of municipal firefighters' pension  
6           trust funds and municipal police officers'  
7           retirement trust funds; revising investment  
8           provisions to permit municipalities greater  
9           investment latitude to make foreign  
10          investments; providing an effective date.

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

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

16           175.071 General powers and duties of board of  
17 trustees.--For any municipality, special fire control  
18 district, chapter plan, local law municipality, local law  
19 special fire control district, or local law plan under this  
20 chapter:

21           (1) The board of trustees may:

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

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

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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 is 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 cost exceed 50 ~~30~~  
25 percent of the assets of the fund.

26

27 This paragraph shall apply to all boards of trustees and  
28 participants. However, in the event that a municipality or  
29 special fire control district has a duly enacted pension plan  
30 pursuant to, and in compliance with, s. 175.351, and the  
31 trustees thereof desire to vary the investment procedures

1 herein, the trustees of such plan shall request a variance of  
2 the investment procedures as outlined herein only through a  
3 municipal ordinance, special act of the Legislature, or  
4 resolution by the governing body of the special fire control  
5 district; where a special act, or a municipality by ordinance  
6 adopted prior to July 1, 1998 ~~October 1, 1986~~, permits a  
7 greater than 50-percent ~~30-percent~~ equity investment, such  
8 municipality shall not be required to comply with the  
9 aggregate equity investment provisions of this paragraph.  
10 Notwithstanding any other provision of law to the contrary,  
11 nothing herein shall be construed to take away any preexisting  
12 legal authority to make equity investments which exceed the  
13 requirements of this paragraph. ~~Investments shall not be made~~  
14 ~~in any stocks, bonds, or other securities owned or controlled~~  
15 ~~by a government other than that of the United States or the~~  
16 ~~several states.~~

17 (c) Invest up to 10 percent of plan assets in foreign  
18 securities, subject to the following limitations: the board  
19 of trustees must adhere to the investment limitations for the  
20 funds enumerated in s. 215.47(1)-(9), except that the  
21 authority of the State Board of Administration shall not  
22 apply; and any investment will be permitted only after the  
23 development of a new or amended total investment plan that  
24 establishes the time horizon for the investment and its  
25 relationship to the fiduciary responsibility the board has to  
26 the plan members.

27 ~~(d)(c)~~ Issue drafts upon the firefighters' pension  
28 trust fund pursuant to this act and rules and regulations  
29 prescribed by the board of trustees. All such drafts shall be  
30 consecutively numbered, be signed by the chair and secretary,  
31 and state upon their faces the purpose for which the drafts

1 are drawn. The treasurer or depository of each municipality  
2 or special fire control district shall retain such drafts when  
3 paid, as permanent vouchers for disbursements made, and no  
4 money shall be otherwise drawn from the fund.

5 ~~(e)(d)~~ Convert into cash any securities of the fund.

6 ~~(f)(e)~~ Keep a complete record of all receipts and  
7 disbursements and of the board's acts and proceedings.

8 (2) Any and all acts and decisions shall be  
9 effectuated by vote of a majority of the ~~at least three~~  
10 members of the board; however, no trustee shall take part in  
11 any action in connection with the trustee's own participation  
12 in the fund, and no unfair discrimination shall be shown to  
13 any individual firefighter participating in the fund.

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

17 (4) The secretary of the board of trustees shall keep  
18 a record of all persons receiving retirement payments under  
19 the provisions of this chapter, in which shall be noted the  
20 time when the pension is allowed and when the pension shall  
21 cease to be paid. In this record, the secretary shall keep a  
22 list of all firefighters employed by the municipality or  
23 special fire control district. The record shall show the name,  
24 address, and time of employment of each firefighter and when  
25 he or she ceases to be employed by the municipality or special  
26 fire control district.

27 ~~(5)(4)~~ The sole and exclusive administration of, and  
28 the responsibilities for, the proper operation of the  
29 firefighters' pension trust fund and for making effective the  
30 provisions of this chapter are vested in the board of  
31 trustees; however, nothing herein shall empower a board of

1 trustees to amend the provisions of a retirement plan without  
2 the approval of the municipality or special fire control  
3 district. The board of trustees shall keep in convenient form  
4 such data as shall be necessary for an actuarial valuation of  
5 the firefighters' pension trust fund and for checking the  
6 actual experience of the fund.

7 (6)(a)(5) At least once every 3 years, the board of  
8 trustees shall retain a professionally qualified an  
9 independent consultant who shall professionally qualified to  
10 evaluate the performance of any existing professional money  
11 manager and managers. ~~The independent consultant shall make~~  
12 ~~recommendations to the board of trustees regarding the~~  
13 ~~selection of money managers for the next investment term.~~  
14 ~~These recommendations shall be considered by the board of~~  
15 ~~trustees at its next regularly scheduled meeting. The date,~~  
16 ~~time, place, and subject of this meeting shall be advertised~~  
17 ~~in the same manner as for any meeting of the board a newspaper~~  
18 ~~of general circulation in the municipality or special fire~~  
19 ~~control district, as appropriate, at least 10 days prior to~~  
20 ~~the date of the hearing.~~

21 (b) For the purposes of this subsection, a  
22 "professionally qualified independent consultant" means a  
23 consultant who, based on education and experience, is  
24 professionally qualified to evaluate the performance of  
25 professional money managers, and who, at a minimum:

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

27 2. Is not associated in any manner with the money  
28 manager for the pension fund.

29 3. Makes calculations according to the American  
30 Banking Institute method of calculating time-weighted rates of  
31 return.

1           4. Has 3 or more years of experience working in the  
2 public sector.

3           (7) To assist the board in meeting its  
4 responsibilities under this chapter, the board, if it so  
5 elects, may:

6           (a) Employ independent legal counsel at the pension  
7 fund's expense.

8           (b) Employ an independent actuary at the pension  
9 fund's expense.

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

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14 If the board chooses to use the municipality's or district's  
15 legal counsel or actuary, or chooses to use any of the  
16 municipality's or special district's other professional,  
17 technical, or other advisers, it shall do so only under terms  
18 and conditions acceptable to the board.

19           Section 2. Section 185.06, Florida Statutes, is  
20 amended to read:

21           185.06 General powers and duties of board of  
22 trustees.--For any municipality, chapter plan, local law  
23 municipality, or local law plan under this chapter:

24           (1) The board of trustees may:

25           (a) Invest and reinvest the assets of the retirement  
26 trust fund in annuity and life insurance contracts of life  
27 insurance companies in amounts sufficient to provide, in whole  
28 or in part, the benefits to which all of the participants in  
29 the municipal police officers' retirement trust fund shall be  
30 entitled under the provisions of this chapter, and pay the  
31 initial and subsequent premiums thereon.

1 (b) Invest and reinvest the assets of the retirement  
2 trust fund in:

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

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

11 3. Bonds issued by the State of Israel.

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

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

20 b. The board of trustees shall not invest more than 5  
21 percent of its assets in the common stock or capital stock of  
22 any one issuing company, nor shall the aggregate investment in  
23 any one issuing company exceed 5 percent of the outstanding  
24 capital stock of the company or the aggregate of its  
25 investments under this subparagraph at cost exceed 30 percent  
26 of the fund's assets.

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28 This paragraph shall apply to all boards of trustees and  
29 participants. However, in the event that a municipality has a  
30 duly enacted pension plan pursuant to, and in compliance with,  
31 s. 185.35 and the trustees thereof desire to vary the

1 investment procedures herein, the trustees of such plan shall  
2 request a variance of the investment procedures as outlined  
3 herein only through a municipal ordinance or special act of  
4 the Legislature; where a special act, or a municipality by  
5 ordinance adopted prior to July 1, 1998 ~~October 1, 1986~~,  
6 permits a greater than 50-percent ~~30-percent~~ equity  
7 investment, such municipality shall not be required to comply  
8 with the aggregate equity investment provisions of this  
9 paragraph. Notwithstanding any other provision of law to the  
10 contrary, nothing herein shall be construed to take away any  
11 preexisting legal authority to make equity investments which  
12 exceed the requirements of this paragraph. ~~Investments shall~~  
13 ~~not be made in any stocks, bonds, or other securities owned or~~  
14 ~~controlled by a government other than that of the United~~  
15 ~~States or of the several states.~~

16 (c) Invest up to 10 percent of plan assets in foreign  
17 securities, subject to the following limitations: the board  
18 of trustees must adhere to the investment limitations for the  
19 funds enumerated in s. 215.47(1)-(9), except that the  
20 authority of the State Board of Administration shall not  
21 apply; and any investment will be permitted only after the  
22 development of a new or amended total investment plan that  
23 establishes the time horizon for the investment and its  
24 relationship to the fiduciary responsibility the board has to  
25 the plan members.

26 (d)~~(c)~~ Issue drafts upon the municipal police  
27 officers' retirement trust fund pursuant to this act and rules  
28 and regulations prescribed by the board of trustees. All such  
29 drafts shall be consecutively numbered, be signed by the chair  
30 and secretary, and state upon their faces the purposes for  
31 which the drafts are drawn. The city treasurer or other



1 depository shall retain such drafts when paid, as permanent  
2 vouchers for disbursements made, and no money shall otherwise  
3 be drawn from the fund.

4 (e)~~(d)~~ Finally decide all claims to relief under the  
5 board's rules and regulations and pursuant to the provisions  
6 of this act.

7 (f)~~(e)~~ Convert into cash any securities of the fund.

8 (g)~~(f)~~ Keep a complete record of all receipts and  
9 disbursements and of the board's acts and proceedings.

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

16 (3) The secretary of the board of trustees shall keep  
17 a record of all persons receiving retirement payments under  
18 the provisions of this chapter, in which shall be noted the  
19 time the pension is allowed and when the pension shall cease  
20 to be paid. In this record, the secretary shall keep a list of  
21 all police officers employed by the municipality. The record  
22 shall show the name, address, and time of employment of each  
23 police officer and when he or she ceases to be employed by the  
24 municipality.

25 (4)~~(3)~~ The sole and exclusive administration of, and  
26 the responsibilities for, the proper operation of the  
27 retirement trust fund and for making effective the provisions  
28 of this chapter are vested in the board of trustees; however,  
29 nothing herein shall empower a board of trustees to amend the  
30 provisions of a retirement plan without the approval of the  
31 municipality. The board of trustees shall keep in convenient

1 form such data as shall be necessary for an actuarial  
2 valuation of the retirement trust fund and for checking the  
3 actual experience of the fund.

4 (5)(a)(4) At least once every 3 years, the board of  
5 trustees shall retain a professionally qualified an  
6 independent consultant who shall ~~professionally qualified to~~  
7 evaluate the performance of any existing professional money  
8 manager and managers. ~~The independent consultant shall make~~  
9 recommendations to the board of trustees regarding the  
10 selection of money managers for the next investment term.  
11 These recommendations shall be considered by the board of  
12 trustees at its next regularly scheduled meeting. The date,  
13 time, place, and subject of this meeting shall be advertised  
14 in the same manner as for any meeting of the board ~~a newspaper~~  
15 ~~of general circulation in the municipality at least 10 days~~  
16 ~~prior to the date of the hearing.~~

17 (b) For the purposes of this subsection, a  
18 "professionally qualified independent consultant" means a  
19 consultant who, based on education and experience, is  
20 professionally qualified to evaluate the performance of  
21 professional money managers, and who, at a minium:

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

23 2. Is not associated in any manner with the money  
24 manager for the pension fund.

25 3. Makes calculations according to the American  
26 Banking Institute method of calculating time-weighted rates of  
27 return.

28 4. Has 3 or more years of experience working in the  
29 public sector.

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- 1           (6) To assist the board in meeting its  
2 responsibilities under this chapter, the board, if it so  
3 elects, may:  
4           (a) Employ independent legal counsel at the pension  
5 fund's expense.  
6           (b) Employ an independent actuary at the pension  
7 fund's expense.  
8           (c) Employ such independent professional, technical,  
9 or other advisers as it deems necessary at the pension fund's  
10 expense.

11  
12 If the board chooses to use the municipality's or special  
13 district's legal counsel or actuary, or chooses to use any of  
14 the municipality's other professional, technical, or other  
15 advisers, it shall do so only under terms and conditions  
16 acceptable to the board.

17           Section 3. This act shall take effect October 1, 1998.

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20           HOUSE SUMMARY

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22           Revises provisions of law with respect to municipal  
23           firefighters' pension trust funds and municipal police  
24           officers' pension trust funds to permit municipalities  
25           greater investment latitude to make foreign investments.  
26           Revises the general powers and duties of the board of  
27           trustees. See bill for details.