

By the Committees on Finance & Taxation, Governmental
Operations and Representatives Posey, Fasano and Feeney

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

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

11
12 Section 1. Section 175.071, Florida Statutes, is
13 amended to read:

14 175.071 General powers and duties of board of
15 trustees.--For any municipality, special fire control
16 district, chapter plan, local law municipality, local law
17 special fire control district, or local law plan under this
18 chapter:

19 (1) The board of trustees may:

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

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

29 1. Time or savings accounts of a national bank, a
30 state bank insured by the Bank Insurance Fund ~~Federal Deposit~~
31 ~~Insurance Corporation~~, or a savings, building, and loan

1 association insured by the Savings Association Insurance Fund
2 which is administered by the Federal Deposit Insurance
3 Corporation or a state or federal chartered credit union whose
4 share accounts are insured by the National Credit Union Share
5 Insurance Fund ~~Federal Savings and Loan Insurance Corporation.~~

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

9 3. Bonds issued by the State of Israel.

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

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

18 b. The board of trustees shall not invest more than 5
19 percent of its assets in the common stock or capital stock of
20 any one issuing company, nor shall the aggregate investment in
21 any one issuing company exceed 5 percent of the outstanding
22 capital stock of that company or the aggregate of its
23 investments under this subparagraph at cost exceed 50 ~~30~~
24 percent of the assets of the fund.

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

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

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

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

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

29 (2) Any and all acts and decisions shall be
30 effectuated by vote of a majority of the ~~at least three~~
31 members of the board; however, no trustee shall take part in

1 any action in connection with the trustee's own participation
2 in the fund, and no unfair discrimination shall be shown to
3 any individual firefighter participating in the fund.

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

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

17 (5)~~(4)~~ The sole and exclusive administration of, and
18 the responsibilities for, the proper operation of the
19 firefighters' pension trust fund and for making effective the
20 provisions of this chapter are vested in the board of
21 trustees; however, nothing herein shall empower a board of
22 trustees to amend the provisions of a retirement plan without
23 the approval of the municipality or special fire control
24 district. The board of trustees shall keep in convenient form
25 such data as shall be necessary for an actuarial valuation of
26 the firefighters' pension trust fund and for checking the
27 actual experience of the fund.

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

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

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

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

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

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

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

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

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

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

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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 shall 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 is
29 administered by the Federal Deposit Insurance Corporation or a
30 state or federal chartered credit union whose share accounts

1 are insured by the National Credit Union Share Insurance Fund
2 ~~Federal Savings and Loan Insurance Corporation.~~

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

5 3. Bonds issued by the State of Israel.

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

10 a. The corporation is listed on any one or more of the
11 recognized national stock exchanges and, in the case of bonds
12 only, holds a rating in one of the three highest
13 classifications by a major rating service; and

14 b. The board of trustees shall not invest more than 5
15 percent of its assets in the common stock or capital stock of
16 any one issuing company, nor shall the aggregate investment in
17 any one issuing company exceed 5 percent of the outstanding
18 capital stock of the company or the aggregate of its
19 investments under this subparagraph at cost exceed 50 ~~30~~
20 percent of the fund's assets.

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22 This paragraph shall apply to all boards of trustees and
23 participants. However, in the event that a municipality has a
24 duly enacted pension plan pursuant to, and in compliance with,
25 s. 185.35 and the trustees thereof desire to vary the
26 investment procedures herein, the trustees of such plan shall
27 request a variance of the investment procedures as outlined
28 herein only through a municipal ordinance or special act of
29 the Legislature; where a special act, or a municipality by
30 ordinance adopted prior to July 1, 1998 ~~October 1, 1986~~,
31 permits a greater than 50-percent ~~30-percent~~ equity

1 investment, such municipality shall not be required to comply
2 with the aggregate equity investment provisions of this
3 paragraph. Notwithstanding any other provision of law to the
4 contrary, nothing in this section may be construed to take
5 away any preexisting legal authority to make equity
6 investments that exceed the requirements of this paragraph.
7 The board of trustees may invest up to 10 percent of plan
8 assets in foreign securities.~~Investments shall not be made in~~
9 ~~any stocks, bonds, or other securities owned or controlled by~~
10 ~~a government other than that of the United States or of the~~
11 ~~several states.~~

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

21 (d) Finally decide all claims to relief under the
22 board's rules and regulations and pursuant to the provisions
23 of this act.

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

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

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

3 (3) The secretary of the board of trustees shall keep
4 a record of all persons receiving retirement payments under
5 the provisions of this chapter, in which shall be noted the
6 time when the pension is allowed and when the pension shall
7 cease to be paid. In this record, the secretary shall keep a
8 list of all police officers employed by the municipality. The
9 record shall show the name, address, and time of employment of
10 such police officer and when he or she ceases to be employed
11 by the municipality.

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

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

1 in the same manner as for any meeting of the board ~~a newspaper~~
2 ~~of general circulation in the municipality at least 10 days~~
3 ~~prior to the date of the hearing.~~

4 (b) For the purposes of this subsection, the term
5 "professionally qualified independent consultant" means a
6 consultant who, based on education and experience, is
7 professionally qualified to evaluate the performance of
8 professional money managers, and who, at a minium:

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

10 2. Is not associated in any manner with the money
11 manager for the pension fund.

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

15 4. Has 3 or more years of experience working in the
16 public sector.

17 (6) To assist the board in meeting its
18 responsibilities under this chapter, the board, if it so
19 elects, may:

20 (a) Employ independent legal counsel at the pension
21 fund's expense.

22 (b) Employ an independent actuary at the pension
23 fund's expense.

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

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28 If the board chooses to use the municipality's or special
29 district's legal counsel or actuary, or chooses to use any of
30 the municipality's other professional, technical, or other
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1 advisers, it shall do so only under terms and conditions
2 acceptable to the board.
3 Section 3. This act shall take effect October 1, 1998.
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