

By Representative Garcia

1 A bill to be entitled
2 An act relating to authority of the State Board
3 of Administration to invest public funds;
4 amending s. 215.47, F.S.; revising provisions
5 relating to the investment of public funds and
6 the securities authorized for such investment;
7 providing for the loan of securities; repealing
8 s. 215.455, F.S., relating to the loan of
9 securities, to conform; amending s. 215.50,
10 F.S.; correcting a cross reference, to conform;
11 amending s. 215.515, F.S.; eliminating review
12 by the Department of Management Services of
13 charges of the board for investment services
14 rendered; amending s. 215.835, F.S.;
15 authorizing the board to adopt rules necessary
16 to carry out the provisions and intent of the
17 State Bond Act; amending s. 159.825, F.S.;
18 authorizing the board to adopt rules necessary
19 to carry out provisions of law relating to the
20 terms applicable to the issuance of taxable
21 bonds; amending s. 190.016, F.S.; correcting a
22 cross reference, to conform; amending s.
23 218.407, F.S.; revising provisions relating to
24 local government resolutions required for
25 deposit of surplus funds in the Local
26 Government Surplus Funds Trust Fund; providing
27 rulemaking authority to the board with respect
28 to investment of moneys in the trust fund;
29 creating s. 218.412, F.S.; authorizing the
30 board to adopt rules necessary to carry out the
31 provisions of part IV of chapter 218, F.S.,

1 relating to investment of local government
2 surplus funds; providing an effective date.

3
4 Be It Enacted by the Legislature of the State of Florida:

5
6 Section 1. Section 215.47, Florida Statutes, is
7 amended to read:

8 215.47 Investments; authorized securities; loan of
9 securities.--Subject to the limitations and conditions of the
10 State Constitution or of the trust agreement relating to a
11 trust fund, moneys available for investments under ss.

12 215.44-215.53 may be invested as follows:

13 (1) Without limitation in:

14 (a) Bonds, notes, or other obligations of the United
15 States or those guaranteed by the United States or for which
16 the credit of the United States is pledged for the payment of
17 the principal and interest or dividends thereof.

18 (b) State bonds pledging the full faith and credit of
19 the state and revenue bonds additionally secured by the full
20 faith and credit of the state.

21 (c) Bonds of the several counties or districts in the
22 state containing a pledge of the full faith and credit of the
23 county or district involved.

24 (d) Bonds issued or administered by the State Board of
25 Administration secured solely by a pledge of all or part of
26 the 2-cent constitutional fuel tax accruing under the
27 provisions of s. 16, Art. IX of the State Constitution of
28 1885, as amended, or of s. 9, Art. XII of the 1968 revised
29 State Constitution.

30 (e) Bonds issued by the State Board of Education
31 pursuant to ss. 18 and 19, Art. XII of the State Constitution

1 of 1885, as amended, or to s. 9, Art. XII of the 1968 revised
2 State Constitution, as amended.

3 (f) Bonds issued by the Florida Outdoor Recreational
4 Development Council pursuant to s. 17, Art. IX of the State
5 Constitution of 1885, as amended.

6 (g) Bonds issued by the Florida State Improvement
7 Commission, Florida Development Commission, Division of Bond
8 Finance of the Department of General Services, or Division of
9 Bond Finance of the State Board of Administration.

10 (h) Savings accounts in, or certificates of deposit
11 of, any bank, savings bank, or savings and loan association
12 incorporated under the laws of this state or organized under
13 the laws of the United States doing business and situated in
14 this state, the accounts of which are insured by the Federal
15 Government or an agency thereof, in an amount that does not
16 exceed 15 percent of the net worth of the institution, or a
17 lesser amount as determined by rule by the State Board of
18 Administration, provided such savings accounts and
19 certificates of deposit are secured in the manner prescribed
20 in chapter 280.

21 (i) Notes, bonds, and other obligations of agencies of
22 the United States.

23 ~~(i) Obligations of the Federal Farm Credit Banks and~~
24 ~~obligations of the Federal Home Loan Bank and its district~~
25 ~~banks.~~

26 ~~(j) Obligations of the Federal Home Loan Mortgage~~
27 ~~Corporation, including participation certificates.~~

28 ~~(k) Obligations guaranteed by the Government National~~
29 ~~Mortgage Association.~~

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1 (j)~~(i)~~ Commercial paper of prime quality of the
2 highest letter and numerical rating as provided for by at
3 least one nationally recognized rating service.

4 (k)~~(m)~~ Time drafts or bills of exchange drawn on and
5 accepted by a commercial bank, otherwise known as banker's
6 acceptances, which are accepted by a member bank of the
7 Federal Reserve System having total deposits of not less than
8 \$400 million.

9 (1) Negotiable certificates of deposit issued by
10 domestic or foreign financial institutions in United States
11 dollars.

12 (m)~~(n)~~ Short-term obligations not authorized elsewhere
13 in this section to be purchased individually or in pooled
14 accounts or other collective investment funds, for the purpose
15 of providing liquidity to any fund or portfolio.

16 (n)~~(o)~~ Securities of, or other interests in, any
17 open-end or closed-end management type investment company or
18 investment trust registered under the Investment Company Act
19 of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to
20 time, provided that the portfolio of such investment company
21 or investment trust is limited to obligations of the United
22 States Government or any agency or instrumentality thereof and
23 to repurchase agreements fully collateralized by such United
24 States Government obligations and provided that such
25 investment company or investment trust takes delivery of such
26 collateral either directly or through an authorized custodian.

27 (2) With no more than 25 percent of any fund in:

28 (a) Bonds, notes, or obligations of any municipality
29 or political subdivision or any agency or authority of this
30 state, if such obligations are rated in any one of the three
31 highest ratings by two nationally recognized rating services.

1 However, if only one nationally recognized rating service
2 shall rate such obligations, then such rating service must
3 have rated such obligations in any one of the two highest
4 classifications heretofore mentioned.

5 (b) Notes secured by first mortgages on Florida real
6 property, insured or guaranteed by the Federal Housing
7 Administration or the United States Department of Veterans
8 Affairs.

9 ~~(c) Interest-bearing obligations of the International~~
10 ~~Bank for Reconstruction and Development, the Inter-American~~
11 ~~Development Bank, the African Development Bank, the~~
12 ~~International Finance Corporation, the Asian Development Bank,~~
13 ~~the European Investment Bank, or the Nordic Investment Bank.~~

14 (c)(d) Investments collateralized by first mortgages
15 covering single-family Florida residences, provided such
16 mortgages do not exceed \$60,000, do not exceed 80 percent of
17 value, are not delinquent, and are originated by a lender
18 regulated by the state or Federal Government and the aggregate
19 of the collateral furnished is at least 150 percent of the
20 aggregate investment under this subsection. The mortgages
21 used for collateral shall be segregated by the lending
22 institution so that such segregation may be confirmed by
23 independent audit. In the event any such mortgage used as
24 collateral becomes more than 3 months delinquent, the lender
25 shall immediately substitute therefor a mortgage of equal or
26 greater value.

27 (d) Mortgage securities which represent participation
28 in or are collateralized by mortgage loans secured by real
29 property. Such securities must be issued by an agency of or
30 enterprise sponsored by the United States Government,
31 including, but not limited to, the Government National

1 Mortgage Association, the Federal National Mortgage
2 Association, and the Federal Home Loan Mortgage Corporation.

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

8 1. ~~Such real property is located in this state;~~

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

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

21 ~~(f) Obligations of the Federal National Mortgage~~
22 ~~Association.~~

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

27 (f)(h) Certain interests in real property and related
28 personal property, including mortgages and related instruments
29 on commercial or industrial real property, with provisions for
30 equity or income participation or with provisions for
31 convertibility to equity ownership; and interests in

1 collective investment funds. Associated expenditures for
2 acquisition and operation of assets purchased under this
3 provision shall be included as a part of the cost of the
4 investment.

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

7 2. For purposes of taxation of property owned by any
8 fund, the provisions of s. 196.199(2)(b) do not apply.

9 3. Real property acquired under the provisions of this
10 paragraph shall not be considered state lands or public lands
11 and property as defined in chapter 253, and the provisions of
12 that chapter do not apply to such real property.

13 (g)~~(i)~~ General obligations backed by the full faith
14 and credit of a foreign government which has not defaulted on
15 similar obligations for a minimum period of 25 years prior to
16 purchase of the obligation and has met its payments of similar
17 obligations when due.

18 (h)~~(j)~~ A portion of the funds available for investment
19 pursuant to this subsection may be invested in rated or
20 unrated bonds, notes, or instruments backed by the full faith
21 and credit of the government of Israel.

22 (i)~~(k)~~ Obligations of agencies of the government of
23 the United States, provided such obligations have been
24 included in and authorized by the Florida Retirement System
25 Total Fund Investment Plan established in s. 215.475.

26 (j)~~(l)~~ United States dollar-denominated obligations
27 issued by foreign governments, or political subdivisions or
28 agencies thereof, supranational agencies,~~or~~ foreign
29 corporations,~~or~~ foreign commercial entities.

30 (3) With no more than 80 percent of any fund in common
31 stock, preferred stock, and interest-bearing obligations of a

1 corporation having an option to convert into common stock,
2 provided:

3 (a) The corporation is organized under the laws of the
4 United States, any state or organized territory of the United
5 States, or the District of Columbia; or

6 (b) The corporation is listed on any one or more of
7 the recognized national stock exchanges in the United States
8 and conforms with the periodic reporting requirements under
9 the Securities Exchange Act of 1934.

10 (c) Not more than 75 ~~50~~ percent of the fund may be in
11 internally managed common stock.

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

29 (4) With no more than 80 percent of any fund, in
30 interest-bearing obligations with a fixed maturity of any
31 corporation or commercial entity within the United States.

1 (5) With no more than 20 ~~10~~ percent of any fund in
2 corporate obligations and securities of any kind of a foreign
3 corporation or a foreign commercial entity having its
4 principal office located in any country other than the United
5 States of America or its possessions or territories, not
6 including United States dollar-denominated securities listed
7 and traded on a United States exchange which are a part of the
8 ordinary investment strategy of the board.

9 (6) With no more than 5 percent of any fund to be
10 invested as deemed appropriate by the board, notwithstanding
11 investment limitations otherwise expressed in this section.
12 Prior to the board engaging in any investment activity not
13 otherwise authorized under ss. 215.44-215.53, excluding
14 investments in publicly traded securities, options, financial
15 futures, or similar instruments, the board shall present to
16 the Investment Advisory Council a proposed plan for such
17 investment. Said plan shall include, but not be limited to,
18 the expected benefits and potential risks of such activity;
19 methods for monitoring and measuring the performance of the
20 investment; a complete description of the type, nature, extent
21 and purpose of the investment, including description of
22 issuer, security in which investment is proposed to be made,
23 voting rights or lack thereof and control to be acquired,
24 restrictions upon voting, transfer, and other material rights
25 of ownership, and the existence of any contracts,
26 arrangements, understandings, or relationships with any person
27 or entity (naming the same) with respect to the proposed
28 investment; and assurances that sufficient investment
29 expertise is available to the board to properly evaluate and
30 manage such activity. The Investment Advisory Council may
31 obtain independent investment counsel to provide expert advice

1 with regard to such proposed investment activity by the board,
2 and the board shall defray such costs.

3 (7) For the purpose of determining the above
4 investment limitations, the value of bonds shall be the par
5 value thereof, and the value of evidences of ownership and
6 interest-bearing obligations having an option to convert to
7 ownership shall be the cost thereof.

8 (8) Investments in any securities authorized by this
9 section may be under repurchase agreements or reverse
10 repurchase agreements.

11 (9) Investments made by the State Board of
12 Administration shall be designed to maximize the financial
13 return to the fund consistent with the risks incumbent in each
14 investment and shall be designed to preserve an appropriate
15 diversification of the portfolio. The board shall discharge
16 its duties with respect to a plan solely in the interest of
17 its participants and beneficiaries. The board in performing
18 the above investment duties shall comply with the fiduciary
19 standards set forth in the Employee Retirement Income Security
20 Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). In case
21 of conflict with other provisions of law authorizing
22 investments, the investment and fiduciary standards set forth
23 in this subsection shall prevail.

24 (10) The board is authorized to buy and sell futures
25 and options, provided the instruments for such purpose are
26 traded on a securities exchange or board of trade regulated by
27 the Securities and Exchange Commission or the Commodity
28 Futures Trading Commission, unless the board by rule
29 authorizes a different market.

30 (11) The board is authorized to invest in domestic or
31 foreign notional principal contracts.

1 (12) The State Board of Administration, consistent
2 with sound investment policy, may pledge up to 2 percent of
3 the assets of the Florida Retirement System Trust Fund as
4 collateral for housing bonds issued by the State of Florida or
5 its political subdivisions under chapter 159, part V of
6 chapter 420, or chapter 421 as a supplemental income program
7 for the system. With regard to any collateral program, the
8 State Board of Administration is authorized to coordinate or
9 retain other governmental entities of the State of Florida or
10 private entities to administer this program, as well as
11 receive fees for the use of the designated collateral.

12 (13) The State Board of Administration, consistent
13 with sound investment policy, may invest the earnings accrued
14 and collected upon the investment of the minimum balance of
15 funds required to be maintained in the State Transportation
16 Trust Fund pursuant to s. 339.135~~(6)~~~~(7)~~(b). Such investment
17 shall be limited as provided in s. 288.9607(7).

18 (14) With no more than 5 percent of any fund in
19 private equity through participation in limited partnerships
20 and limited liability companies.

21 (15) The State Board of Administration is authorized
22 to invest in domestic and foreign group trusts.

23 (16) Securities or investments purchased or held under
24 the provisions of this section may be loaned to securities
25 dealers or financial institutions, provided the loan is
26 collateralized by cash or securities having a market value of
27 at least 100 percent of the market value of the securities
28 loaned.

29 Section 2. Section 215.455, Florida Statutes, is
30 repealed.

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1 Section 3. Subsection (4) of section 215.50, Florida
2 Statutes, is amended to read:

3 215.50 Custody of securities purchased; income.--

4 (4) Securities that the board selects to use for
5 options operations under s. 215.45 or for lending under s.
6 215.47(16)~~215.455~~ shall be registered by the Treasurer in the
7 name of a third-party nominee in order to facilitate such
8 operations.

9 Section 4. Section 215.515, Florida Statutes, is
10 amended to read:

11 215.515 Investment accounts; charges for services.--

12 (1) The State Board of Administration shall make
13 reasonable charges for all investment services performed for
14 any agency, the judicial branch, or any fund in accordance
15 with the provisions of ss. 215.44-215.53 or other provisions
16 of law. The agency, fund, or judicial branch shall pay the
17 charges, and such sums as may be necessary for this purpose
18 are hereby appropriated from earnings on investments held by
19 such agency, fund, or the judicial branch. The amount to be
20 paid by each agency, fund, or the judicial branch shall be
21 determined in such proportion as the service rendered to each
22 agency, fund, or the judicial branch bears to the total
23 service rendered to all agencies and funds and the judicial
24 branch.

25 ~~(2) The charges established and any revisions thereof~~
26 ~~shall be reviewed by the Department of Management Services.~~
27 ~~The review, and any recommendations of the Department of~~
28 ~~Management Services accompanying the review, may be considered~~
29 ~~by the board prior to the adoption of the charges or revision~~
30 ~~thereof by the board.~~

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1 (2)~~(3)~~ The State Board of Administration
2 Administrative Expense Trust Fund may be invested by the board
3 to the extent that such investment is consistent with the cash
4 requirements and investment objectives of the board.

5 Section 5. Section 215.835, Florida Statutes, is
6 amended to read:

7 215.835 Rulemaking authority.--The Division of Bond
8 Finance and the State Board of Administration may adopt rules
9 deemed ~~as it deems~~ necessary to carry out the provisions and
10 intent of this act.

11 Section 6. Section 159.825, Florida Statutes, is
12 amended to read:

13 159.825 Terms of bonds.--

14 (1) The ordinance, resolution, indenture, agreement,
15 or other instrument providing for the issuance of taxable
16 bonds may provide for any of the following:

17 (a)~~(1)~~ The bonds shall be in such denominations, in
18 such form, either bearer or registered, and payable at such
19 place or places, either within or without the United States,
20 at such time or times, as, in each case, the governing body
21 shall determine subject to any limitations on the maturity of
22 bonds set forth in the statutes under authority of which the
23 bonds are issued.

24 (b)~~(2)~~ The bonds shall be payable in legal tender of
25 the United States, in a foreign currency, in commodities, or
26 in precious metals, as the governing body shall determine.

27 (c)~~(3)~~ The governing body may appoint, in connection
28 with the bond issue, a cotrustee located outside of the
29 boundaries of the United States or its territories or
30 possessions so long as it shall also appoint a trustee
31 otherwise meeting the requirements of the statutes under

1 authority of which the bonds are issued. The governing body
2 may appoint, in connection with the bond issue, a paying agent
3 or a copaying agent located outside the boundaries of the
4 United States or its territories or possessions.

5 (d)~~(4)~~ Bonds shall bear interest at a rate not to
6 exceed an average net interest cost rate, which shall be
7 computed by adding 500 basis points to the 30-year Treasury
8 Bond yield published in The Bond Buyer immediately preceding
9 the first day of the calendar month in which the bonds are
10 sold. If the interest rate on bonds bearing a floating or
11 variable rate of interest as calculated on the date of the
12 initial sale thereof does not exceed the limitation provided
13 by this paragraph ~~section~~, so long as the basis, method, or
14 formula for computing the floating or variable rate does not
15 change during the life of the bonds, subsequent increases in
16 the interest rate in accordance with said basis, method, or
17 formula shall not cause the interest rate on the bonds to
18 violate the limitation provided by this paragraph ~~subsection~~.
19 A certificate by the issuer of the bonds as to the computation
20 of the interest rate in compliance with this requirement shall
21 be deemed conclusive evidence of compliance with the
22 provisions of this paragraph ~~subsection~~. Such maximum rate
23 does not apply to bonds rated by a nationally recognized
24 rating service in any one of the three highest
25 classifications, which rating services and classifications are
26 determined pursuant to rules adopted by the State Board of
27 Administration.

28 (e)~~(5)~~ Upon the request of a governmental unit, the
29 State Board of Administration may authorize, for a specific
30 issue or reissue of bonds, a rate of interest in excess of the
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1 maximum rate prescribed in paragraph (d)~~subsection (4)~~. The
2 governmental unit shall provide in its request:
3 1.(a) Relevant supporting data which shall include,
4 but not be limited to:
5 a.1. The official statement or prospectus, if
6 available, or similar information relating to the sale of the
7 bonds;
8 b.2. The resolution or ordinance authorizing the
9 issuance of the bonds;
10 c.3. Financial data relating to anticipated revenue,
11 debt service, and coverage; and
12 d.4. The most recent financial statement of the
13 governmental unit.
14 2.(b) Information relating to sale of the bonds,
15 including the amount of the discount, if any. In making the
16 determination to exceed the maximum interest rate, the State
17 Board of Administration shall consider, but not be limited to
18 considering, comparable sales of other taxable bonds of other
19 governmental units and evidence that the objectives and intent
20 of the issuing of such bonds will be realized. This
21 subparagraph ~~paragraph~~ shall not apply to:
22 a.1. Bonds which have been sold prior to June 30,
23 1987, and which are delivered pursuant to said sale on or
24 after June 30, 1987.
25 b.2. Bonds issued to finance projects under part II,
26 part III, or part V of this chapter or health facilities under
27 part III of chapter 154.
28 c.3. Limit or restrict the rate of interest on bonds
29 or other obligations of municipal utilities or agencies
30 thereof issued or made pursuant to authority provided in part
31 II of chapter 166 and s. 215.431.

1 (f)~~(6)~~ In connection with, or incidental to, the sale
2 and issuance of bonds, the governmental unit may enter into
3 any contracts which the governing body determines to be
4 necessary or appropriate to achieve a desirable effective
5 interest rate in connection with the bonds by means of, but
6 not limited to, contracts commonly known as investment
7 contracts, funding agreements, interest rate swap agreements,
8 currency swap agreements, forward payment conversion
9 agreements, futures, or contracts providing for payments based
10 on levels of or changes in interest rates, or contracts to
11 exchange cash flows or a series of payments, or contracts,
12 including, without limitation, options, puts, or calls to
13 hedge payment, rate, spread, or similar exposure. Such
14 contracts or arrangements may also be entered into by
15 governmental units in connection with, or incidental to,
16 entering into any agreement which secures bonds or provides
17 liquidity therefor. Such contracts and arrangements shall be
18 made upon the terms and conditions established by the
19 governing body, after giving due consideration for the credit
20 worthiness of the counterparties, where applicable, including
21 any rating by a nationally recognized rating service or any
22 other criteria as may be appropriate.

23 (g)~~(7)~~ In connection with, or incidental to, the sale
24 and issuance of the bonds, or entering into any of the
25 contracts or arrangements referred to in paragraph (f)
26 ~~subsection (6)~~, the governmental unit may enter into such
27 credit enhancement or liquidity agreements, with such payment,
28 interest rate, security, default, remedy, and other terms and
29 conditions as the governing body shall determine.

30 (h)~~(8)~~ Notwithstanding any provisions of state law
31 relating to the investment or reinvestment of surplus funds of

1 any governmental unit, proceeds of the bonds and any moneys
2 set aside or pledged to secure payment of the principal of,
3 premium, if any, and interest on the bonds, or any of the
4 contracts entered into pursuant to paragraph (f)~~subsection~~
5 ~~(6)~~, may be invested in securities or obligations described in
6 the ordinance or resolution providing for the issuance of the
7 bonds.

8 (2) The State Board of Administration may adopt rules
9 as it deems necessary to carry out the provisions of this
10 section.

11 Section 7. Subsection (2) of section 190.016, Florida
12 Statutes, is amended to read:

13 190.016 Bonds.--

14 (2) AUTHORIZATION AND FORM OF BONDS.--Any general
15 obligation bonds, benefit bonds, or revenue bonds may be
16 authorized by resolution or resolutions of the board which
17 shall be adopted by a majority of all the members thereof then
18 in office. Such resolution or resolutions may be adopted at
19 the same meeting at which they are introduced and need not be
20 published or posted. The board may, by resolution, authorize
21 the issuance of bonds and fix the aggregate amount of bonds to
22 be issued; the purpose or purposes for which the moneys
23 derived therefrom shall be expended, including, but not
24 limited to, payment of costs as defined in s. 190.003(7); the
25 rate or rates of interest, in compliance with s. 215.84; the
26 denomination of the bonds; whether or not the bonds are to be
27 issued in one or more series; the date or dates of maturity,
28 which shall not exceed 40 years from their respective dates of
29 issuance; the medium of payment; the place or places within or
30 without the state where payment shall be made; registration
31 privileges; redemption terms and privileges, whether with or

1 without premium; the manner of execution; the form of the
2 bonds, including any interest coupons to be attached thereto;
3 the manner of execution of bonds and coupons; and any and all
4 other terms, covenants, and conditions thereof and the
5 establishment of revenue or other funds. Such authorizing
6 resolution or resolutions may further provide for the
7 contracts authorized by s. 159.825(1)(f) and (g) ~~(6) and (7)~~
8 regardless of the tax treatment of such bonds being
9 authorized, subject to the finding by the board of a net
10 saving to the district resulting by reason thereof. Such
11 authorizing resolution may further provide that such bonds may
12 be executed in accordance with the Registered Public
13 Obligations Act, except that bonds not issued in registered
14 form shall be valid if manually countersigned by an officer
15 designated by appropriate resolution of the board. The seal of
16 the district may be affixed, lithographed, engraved, or
17 otherwise reproduced in facsimile on such bonds. In case any
18 officer whose signature shall appear on any bonds or coupons
19 shall cease to be such officer before the delivery of such
20 bonds, such signature or facsimile shall nevertheless be valid
21 and sufficient for all purposes the same as if he or she had
22 remained in office until such delivery.

23 Section 8. Section 218.407, Florida Statutes, is
24 amended to read:

25 218.407 Local government investment authority.--

26 (1) Upon determination by the governing body that it
27 is in the interest of the unit of local government to deposit
28 surplus funds in the trust fund, a resolution by the governing
29 body shall be filed with the State Board of Administration
30 authorizing investment of its surplus funds in the trust fund
31 established by this part. The resolution shall name:

1 (a) The local government official, who may be the
2 chief financial or administrative officer of the local
3 government, or

4 (b) An independent trustee holding funds on behalf of
5 the unit of local government,

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7 responsible for deposit and withdrawal of such funds ~~and shall~~
8 ~~state the approximate cash-flow requirements of the local~~
9 ~~government for the surplus funds to be invested.~~

10 (2) The State Board of Administration shall, upon the
11 filing of the resolution, invest the moneys in the trust fund
12 in the same manner and subject to the same restrictions as are
13 set forth in s. 215.47, as provided by rule of the State Board
14 of Administration.

15 (3) The provisions of this part shall not impair the
16 power of a unit of local government to hold funds in deposit
17 accounts with banking or savings institutions or to invest
18 funds as otherwise authorized by law.

19 Section 9. Section 218.412, Florida Statutes, is
20 created to read:

21 218.412 Rulemaking authority.--The State Board of
22 Administration may adopt rules as it deems necessary to carry
23 out the provisions of this part.

24 Section 10. This act shall take effect upon becoming a
25 law.

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HOUSE SUMMARY

Revises various provisions of law relating to authority of the State Board of Administration to invest public funds. Revises provisions relating to the investment of public funds and the securities authorized for such investment, and provides for the loan of securities. Eliminates review by the Department of Management Services of charges of the board for investment services rendered. Authorizes the board to adopt rules necessary to carry out the provisions and intent of the State Bond Act, to carry out provisions of law relating to the terms applicable to the issuance of taxable bonds, and to carry out the provisions of pt. IV of ch. 218, F.S., relating to investment of local government surplus funds. Revises provisions relating to local government resolutions required for deposit of surplus funds in the Local Government Surplus Funds Trust Fund, and provides rulemaking authority to the board with respect to investment of moneys in the trust fund. See bill for details.

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