

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. 215.44, F.S.; requiring the Office
5 of Program Policy Analysis and Government
6 Accountability to conduct or have conducted
7 periodic performance audits of the board's
8 management of trust fund investments and to
9 submit the audit reports to the board and
10 specified individuals; authorizing the State
11 Board of Administration to invest funds of a
12 state agency or unit of local government under
13 certain circumstances; amending s. 215.47,
14 F.S.; revising provisions relating to the
15 investment of public funds and the securities
16 authorized for such investment; providing for
17 the loan of securities; repealing s. 215.455,
18 F.S., relating to the loan of securities, to
19 conform; amending s. 215.50, F.S.; correcting a
20 cross reference, to conform; amending s.
21 215.515, F.S.; eliminating review by the
22 Department of Management Services of charges of
23 the board for investment services rendered;
24 amending s. 215.835, F.S.; authorizing the
25 board to adopt rules necessary to carry out the
26 provisions and intent of the State Bond Act;
27 amending s. 159.825, F.S.; authorizing the
28 board to adopt rules necessary to carry out
29 provisions of law relating to interest rate
30 waivers for the sale of taxable bonds; amending
31 s. 190.016, F.S.; correcting a cross reference,

1 to conform; amending s. 218.407, F.S.; revising
2 provisions relating to local government
3 resolutions required for deposit of surplus
4 funds in the Local Government Surplus Funds
5 Trust Fund; amending s. 235.187, F.S.;
6 authorizing covenants that additional funds
7 from lottery and certain similar sources will
8 be available for payments for Classrooms First
9 Program bonds before any other purpose;
10 amending s. 235.2195, F.S.; authorizing
11 covenants that additional funds from lottery
12 and certain similar sources will be available
13 for payments for the 1997 School Capital Outlay
14 Bond Program bonds before any other purpose;
15 creating s. 218.412, F.S.; authorizing the
16 board to adopt rules necessary for the
17 administration of the trust fund; creating s.
18 413.0115, F.S.; authorizing the board to invest
19 and reinvest the portfolio of stocks, bonds,
20 and mutual funds held by the Division of Blind
21 Services; requiring the division director to
22 make the portfolio available and transfer it to
23 the board for investment; providing intent with
24 respect to a time limitation on the issuance of
25 certain lottery bonds; providing an effective
26 date.

27
28 Be It Enacted by the Legislature of the State of Florida:

29
30 Section 1. Subsections (1) and (6) of section 215.44,
31 Florida Statutes, are amended to read:

1 215.44 Board of Administration; powers and duties in
2 relation to investment of trust funds.--

3 (1) Except when otherwise specifically provided by the
4 State Constitution and subject to any limitations of the trust
5 agreement relating to a trust fund, the Board of
6 Administration, hereinafter sometimes referred to as "board,"
7 composed of the Governor as chair, the Treasurer, and the
8 Comptroller, shall invest all the funds in the System Trust
9 Fund, as defined in s. 121.021(36), and all other funds
10 specifically required by law to be invested by the board
11 pursuant to ss. 215.44-215.53 to the fullest extent that is
12 consistent with the cash requirements, trust agreement, and
13 investment objectives of the fund. Notwithstanding any other
14 law to the contrary, the State Board of Administration may
15 invest any funds of any state agency or any unit of local
16 government pursuant to the terms of a trust agreement with the
17 head of the state agency or the governing body of the unit of
18 local government, which trust agreement shall govern the
19 investment of such funds, provided that the board shall
20 approve the undertaking of such investment before execution of
21 the trust agreement by the State Board of Administration. The
22 funds and the earnings therefrom are exempt from the service
23 charge imposed by s. 215.20. As used in this subsection, the
24 term "state agency" has the same meaning as that provided in
25 s. 216.001, and the terms "governing body" and "unit of local
26 government" have the same meaning as that provided in s.
27 218.403.

28 Section 2. Section 215.47, Florida Statutes, is
29 amended to read:

30 215.47 Investments; authorized securities; loan of
31 securities.--Subject to the limitations and conditions of the

1 State Constitution or of the trust agreement relating to a
2 trust fund, moneys available for investments under ss.
3 215.44-215.53 may be invested as follows:

4 (1) Without limitation in:

5 (a) Bonds, notes, or other obligations of the United
6 States or those guaranteed by the United States or for which
7 the credit of the United States is pledged for the payment of
8 the principal and interest or dividends thereof.

9 (b) State bonds pledging the full faith and credit of
10 the state and revenue bonds additionally secured by the full
11 faith and credit of the state.

12 (c) Bonds of the several counties or districts in the
13 state containing a pledge of the full faith and credit of the
14 county or district involved.

15 (d) Bonds issued or administered by the State Board of
16 Administration secured solely by a pledge of all or part of
17 the 2-cent constitutional fuel tax accruing under the
18 provisions of s. 16, Art. IX of the State Constitution of
19 1885, as amended, or of s. 9, Art. XII of the 1968 revised
20 State Constitution.

21 (e) Bonds issued by the State Board of Education
22 pursuant to ss. 18 and 19, Art. XII of the State Constitution
23 of 1885, as amended, or to s. 9, Art. XII of the 1968 revised
24 State Constitution, as amended.

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

28 (g) Bonds issued by the Florida State Improvement
29 Commission, Florida Development Commission, Division of Bond
30 Finance of the Department of General Services, or Division of
31 Bond Finance of the State Board of Administration.

1 (h) Savings accounts in, or certificates of deposit
2 of, any bank, savings bank, or savings and loan association
3 incorporated under the laws of this state or organized under
4 the laws of the United States doing business and situated in
5 this state, the accounts of which are insured by the Federal
6 Government or an agency thereof, in an amount that does not
7 exceed 15 percent of the net worth of the institution, or a
8 lesser amount as determined by rule by the State Board of
9 Administration, provided such savings accounts and
10 certificates of deposit are secured in the manner prescribed
11 in chapter 280.

12 (i) Notes, bonds, and other obligations of agencies of
13 the United States.

14 ~~(i) Obligations of the Federal Farm Credit Banks and~~
15 ~~obligations of the Federal Home Loan Bank and its district~~
16 ~~banks.~~

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

19 ~~(k) Obligations guaranteed by the Government National~~
20 ~~Mortgage Association.~~

21 (j)(l) Commercial paper of prime quality of the
22 highest letter and numerical rating as provided for by at
23 least one nationally recognized rating service.

24 (k)(m) Time drafts or bills of exchange drawn on and
25 accepted by a commercial bank, otherwise known as banker's
26 acceptances, which are accepted by a member bank of the
27 Federal Reserve System having total deposits of not less than
28 \$400 million.

29 (l) Negotiable certificates of deposit issued by
30 domestic or foreign financial institutions in United States
31 dollars.

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

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

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

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

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

29 ~~(c) Interest-bearing obligations of the International~~
30 ~~Bank for Reconstruction and Development, the Inter-American~~
31 ~~Development Bank, the African Development Bank, the~~

1 ~~International Finance Corporation, the Asian Development Bank,~~
2 ~~the European Investment Bank, or the Nordic Investment Bank.~~

3 (c)~~(d)~~ Investments collateralized by first mortgages
4 covering single-family Florida residences, provided such
5 mortgages do not exceed \$60,000, do not exceed 80 percent of
6 value, are not delinquent, and are originated by a lender
7 regulated by the state or Federal Government and the aggregate
8 of the collateral furnished is at least 150 percent of the
9 aggregate investment under this subsection. The mortgages
10 used for collateral shall be segregated by the lending
11 institution so that such segregation may be confirmed by
12 independent audit. In the event any such mortgage used as
13 collateral becomes more than 3 months delinquent, the lender
14 shall immediately substitute therefor a mortgage of equal or
15 greater value.

16 (d) Mortgage securities which represent participation
17 in or are collateralized by mortgage loans secured by real
18 property. Such securities must be issued by an agency of or
19 enterprise sponsored by the United States Government,
20 including, but not limited to, the Government National
21 Mortgage Association, the Federal National Mortgage
22 Association, and the Federal Home Loan Mortgage Corporation.

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

- 28 1. ~~Such real property is located in this state;~~
- 29 2. ~~Such mortgages are originated by one or more banks~~
30 ~~or savings and loan associations organized under the laws of~~
31 ~~this state, by national banks or federal savings and loan~~

1 ~~associations having their principal place of business in this~~
2 ~~state, or by a lender that is approved by the Secretary of~~
3 ~~Housing and Urban Development for the participation in any~~
4 ~~mortgage insurance program under the National Housing Act and~~
5 ~~has its principal place of business in this state, or by any~~
6 ~~combination thereof; and~~

7 ~~3. Such mortgages are transferred or assigned to a~~
8 ~~corporate trustee acting for the benefit of the holders of~~
9 ~~such certificates.~~

10 ~~(f) Obligations of the Federal National Mortgage~~
11 ~~Association.~~

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

16 ~~(f)(h)~~ (f) Certain interests in real property and related
17 personal property, including mortgages and related instruments
18 on commercial or industrial real property, with provisions for
19 equity or income participation or with provisions for
20 convertibility to equity ownership; and interests in
21 collective investment funds. Associated expenditures for
22 acquisition and operation of assets purchased under this
23 provision shall be included as a part of the cost of the
24 investment.

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

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

29 3. Real property acquired under the provisions of this
30 paragraph shall not be considered state lands or public lands
31

1 and property as defined in chapter 253, and the provisions of
2 that chapter do not apply to such real property.

3 (g)~~(i)~~ General obligations backed by the full faith
4 and credit of a foreign government which has not defaulted on
5 similar obligations for a minimum period of 25 years prior to
6 purchase of the obligation and has met its payments of similar
7 obligations when due.

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

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

16 (j)~~(l)~~ United States dollar-denominated obligations
17 issued by foreign governments, or political subdivisions or
18 agencies thereof, supranational agencies,~~or~~ foreign
19 corporations,~~or~~ foreign commercial entities.

20 (3) With no more than 80 percent of any fund in common
21 stock, preferred stock, and interest-bearing obligations of a
22 corporation having an option to convert into common stock,
23 provided:

24 (a) The corporation is organized under the laws of the
25 United States, any state or organized territory of the United
26 States, or the District of Columbia; or

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

31

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

3
4 The board shall not invest more than 10 percent of the equity
5 assets of any fund 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 fund 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 fund. ~~The board may only sell listed
16 options to reduce investment risk, 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) With no more than 80 percent of any fund, in
21 interest-bearing obligations with a fixed maturity of any
22 corporation or commercial entity within the United States.

23 (5) With no more than 20 ~~10~~ percent of any fund in
24 corporate obligations and securities of any kind of a foreign
25 corporation or a foreign commercial entity having its
26 principal office located in any country other than the United
27 States of America or its possessions or territories, not
28 including United States dollar-denominated securities listed
29 and traded on a United States exchange which are a part of the
30 ordinary investment strategy of the board.

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

26 (7) For the purpose of determining the above
27 investment limitations, the value of bonds shall be the par
28 value thereof, and the value of evidences of ownership and
29 interest-bearing obligations having an option to convert to
30 ownership shall be the cost thereof.

31

1 (8) Investments in any securities authorized by this
2 section may be under repurchase agreements or reverse
3 repurchase agreements.

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

17 (10) The board is authorized to buy and sell futures
18 and options, provided the instruments for such purpose are
19 traded on a securities exchange or board of trade regulated by
20 the Securities and Exchange Commission or the Commodity
21 Futures Trading Commission, unless the board by rule
22 authorizes a different market.

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

25 (12) The State Board of Administration, consistent
26 with sound investment policy, may pledge up to 2 percent of
27 the assets of the Florida Retirement System Trust Fund as
28 collateral for housing bonds issued by the State of Florida or
29 its political subdivisions under chapter 159, part V of
30 chapter 420, or chapter 421 as a supplemental income program
31 for the system. With regard to any collateral program, the

1 State Board of Administration is authorized to coordinate or
2 retain other governmental entities of the State of Florida or
3 private entities to administer this program, as well as
4 receive fees for the use of the designated collateral.

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

11 (14) With no more than 5 percent of any fund in
12 private equity through participation in limited partnerships
13 and limited liability companies.

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

16 (16) Securities or investments purchased or held under
17 the provisions of this section may be loaned to securities
18 dealers or financial institutions, provided the loan is
19 collateralized by cash or securities having a market value of
20 at least 100 percent of the market value of the securities
21 loaned.

22 Section 3. Section 215.455, Florida Statutes, is
23 repealed.

24 Section 4. Subsection (4) of section 215.50, Florida
25 Statutes, is amended to read:

26 215.50 Custody of securities purchased; income.--

27 (4) Securities that the board selects to use for
28 options operations under s. 215.45 or for lending under s.
29 215.47(16)~~215.455~~ shall be registered by the Treasurer in the
30 name of a third-party nominee in order to facilitate such
31 operations.

1 Section 5. Section 215.515, Florida Statutes, is
2 amended to read:

3 215.515 Investment accounts; charges for services.--

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

17 ~~(2) The charges established and any revisions thereof~~
18 ~~shall be reviewed by the Department of Management Services.~~
19 ~~The review, and any recommendations of the Department of~~
20 ~~Management Services accompanying the review, may be considered~~
21 ~~by the board prior to the adoption of the charges or revision~~
22 ~~thereof by the board.~~

23 (2)~~(3)~~ The State Board of Administration
24 Administrative Expense Trust Fund may be invested by the board
25 to the extent that such investment is consistent with the cash
26 requirements and investment objectives of the board.

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

29 215.835 Rulemaking authority.--The Division of Bond
30 Finance and the State Board of Administration may adopt rules
31 deemed ~~as it deems~~ necessary to carry out the provisions and

1 intent of this act, including, but not limited to, reporting
2 of debt service accounts.

3 Section 7. Section 159.825, Florida Statutes, is
4 amended to read:

5 159.825 Terms of bonds.--

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

9 (a)~~(1)~~ The bonds shall be in such denominations, in
10 such form, either bearer or registered, and payable at such
11 place or places, either within or without the United States,
12 at such time or times, as, in each case, the governing body
13 shall determine subject to any limitations on the maturity of
14 bonds set forth in the statutes under authority of which the
15 bonds are issued.

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

19 (c)~~(3)~~ The governing body may appoint, in connection
20 with the bond issue, a cotrustee located outside of the
21 boundaries of the United States or its territories or
22 possessions so long as it shall also appoint a trustee
23 otherwise meeting the requirements of the statutes under
24 authority of which the bonds are issued. The governing body
25 may appoint, in connection with the bond issue, a paying agent
26 or a copaying agent located outside the boundaries of the
27 United States or its territories or possessions.

28 (d)~~(4)~~ Bonds shall bear interest at a rate not to
29 exceed an average net interest cost rate, which shall be
30 computed by adding 500 basis points to the 30-year Treasury
31 Bond yield published in The Bond Buyer immediately preceding

1 the first day of the calendar month in which the bonds are
2 sold. If the interest rate on bonds bearing a floating or
3 variable rate of interest as calculated on the date of the
4 initial sale thereof does not exceed the limitation provided
5 by this paragraph ~~section~~, so long as the basis, method, or
6 formula for computing the floating or variable rate does not
7 change during the life of the bonds, subsequent increases in
8 the interest rate in accordance with said basis, method, or
9 formula shall not cause the interest rate on the bonds to
10 violate the limitation provided by this paragraph ~~subsection~~.
11 A certificate by the issuer of the bonds as to the computation
12 of the interest rate in compliance with this requirement shall
13 be deemed conclusive evidence of compliance with the
14 provisions of this paragraph ~~subsection~~. Such maximum rate
15 does not apply to bonds rated by a nationally recognized
16 rating service in any one of the three highest
17 classifications, which rating services and classifications are
18 determined pursuant to rules adopted by the State Board of
19 Administration.

20 ~~(e)(5)~~ Upon the request of a governmental unit, the
21 State Board of Administration may authorize, for a specific
22 issue or reissue of bonds, a rate of interest in excess of the
23 maximum rate prescribed in paragraph (d)~~subsection (4)~~. The
24 governmental unit shall provide in its request:

25 1.~~(a)~~ Relevant supporting data which shall include,
26 but not be limited to:

27 a.1. The official statement or prospectus, if
28 available, or similar information relating to the sale of the
29 bonds;

30 b.2. The resolution or ordinance authorizing the
31 issuance of the bonds;

1 ~~c.3.~~ Financial data relating to anticipated revenue,
2 debt service, and coverage; and

3 ~~d.4.~~ The most recent financial statement of the
4 governmental unit.

5 ~~2.(b)~~ Information relating to sale of the bonds,
6 including the amount of the discount, if any. In making the
7 determination to exceed the maximum interest rate, the State
8 Board of Administration shall consider, but not be limited to
9 considering, comparable sales of other taxable bonds of other
10 governmental units and evidence that the objectives and intent
11 of the issuing of such bonds will be realized. This
12 ~~subparagraph~~ ~~paragraph~~ shall not apply to:

13 ~~a.1.~~ Bonds which have been sold prior to June 30,
14 1987, and which are delivered pursuant to said sale on or
15 after June 30, 1987.

16 ~~b.2.~~ Bonds issued to finance projects under part II,
17 part III, or part V of this chapter or health facilities under
18 part III of chapter 154.

19 ~~c.3.~~ Limit or restrict the rate of interest on bonds
20 or other obligations of municipal utilities or agencies
21 thereof issued or made pursuant to authority provided in part
22 II of chapter 166 and s. 215.431.

23 ~~(f)(6)~~ In connection with, or incidental to, the sale
24 and issuance of bonds, the governmental unit may enter into
25 any contracts which the governing body determines to be
26 necessary or appropriate to achieve a desirable effective
27 interest rate in connection with the bonds by means of, but
28 not limited to, contracts commonly known as investment
29 contracts, funding agreements, interest rate swap agreements,
30 currency swap agreements, forward payment conversion
31 agreements, futures, or contracts providing for payments based

1 on levels of or changes in interest rates, or contracts to
2 exchange cash flows or a series of payments, or contracts,
3 including, without limitation, options, puts, or calls to
4 hedge payment, rate, spread, or similar exposure. Such
5 contracts or arrangements may also be entered into by
6 governmental units in connection with, or incidental to,
7 entering into any agreement which secures bonds or provides
8 liquidity therefor. Such contracts and arrangements shall be
9 made upon the terms and conditions established by the
10 governing body, after giving due consideration for the credit
11 worthiness of the counterparties, where applicable, including
12 any rating by a nationally recognized rating service or any
13 other criteria as may be appropriate.

14 (g)~~(7)~~ In connection with, or incidental to, the sale
15 and issuance of the bonds, or entering into any of the
16 contracts or arrangements referred to in paragraph (f)
17 ~~subsection (6)~~, the governmental unit may enter into such
18 credit enhancement or liquidity agreements, with such payment,
19 interest rate, security, default, remedy, and other terms and
20 conditions as the governing body shall determine.

21 (h)~~(8)~~ Notwithstanding any provisions of state law
22 relating to the investment or reinvestment of surplus funds of
23 any governmental unit, proceeds of the bonds and any moneys
24 set aside or pledged to secure payment of the principal of,
25 premium, if any, and interest on the bonds, or any of the
26 contracts entered into pursuant to paragraph (f)~~subsection~~
27 ~~(6)~~, may be invested in securities or obligations described in
28 the ordinance or resolution providing for the issuance of the
29 bonds.

30 (2) The State Board of Administration may adopt rules
31 as it deems necessary to carry out the provisions of this

1 section relating to interest rate waivers for the sale of
2 taxable bonds.

3 Section 8. Subsection (2) of section 190.016, Florida
4 Statutes, is amended to read:

5 190.016 Bonds.--

6 (2) AUTHORIZATION AND FORM OF BONDS.--Any general
7 obligation bonds, benefit bonds, or revenue bonds may be
8 authorized by resolution or resolutions of the board which
9 shall be adopted by a majority of all the members thereof then
10 in office. Such resolution or resolutions may be adopted at
11 the same meeting at which they are introduced and need not be
12 published or posted. The board may, by resolution, authorize
13 the issuance of bonds and fix the aggregate amount of bonds to
14 be issued; the purpose or purposes for which the moneys
15 derived therefrom shall be expended, including, but not
16 limited to, payment of costs as defined in s. 190.003(7); the
17 rate or rates of interest, in compliance with s. 215.84; the
18 denomination of the bonds; whether or not the bonds are to be
19 issued in one or more series; the date or dates of maturity,
20 which shall not exceed 40 years from their respective dates of
21 issuance; the medium of payment; the place or places within or
22 without the state where payment shall be made; registration
23 privileges; redemption terms and privileges, whether with or
24 without premium; the manner of execution; the form of the
25 bonds, including any interest coupons to be attached thereto;
26 the manner of execution of bonds and coupons; and any and all
27 other terms, covenants, and conditions thereof and the
28 establishment of revenue or other funds. Such authorizing
29 resolution or resolutions may further provide for the
30 contracts authorized by s. 159.825(1)(f) and (g)~~(6) and (7)~~
31 regardless of the tax treatment of such bonds being

1 authorized, subject to the finding by the board of a net
2 saving to the district resulting by reason thereof. Such
3 authorizing resolution may further provide that such bonds may
4 be executed in accordance with the Registered Public
5 Obligations Act, except that bonds not issued in registered
6 form shall be valid if manually countersigned by an officer
7 designated by appropriate resolution of the board. The seal of
8 the district may be affixed, lithographed, engraved, or
9 otherwise reproduced in facsimile on such bonds. In case any
10 officer whose signature shall appear on any bonds or coupons
11 shall cease to be such officer before the delivery of such
12 bonds, such signature or facsimile shall nevertheless be valid
13 and sufficient for all purposes the same as if he or she had
14 remained in office until such delivery.

15 Section 9. Subsection (1) of section 218.407, Florida
16 Statutes, is amended to read:

17 218.407 Local government investment authority.--

18 (1) Upon determination by the governing body that it
19 is in the interest of the unit of local government to deposit
20 surplus funds in the trust fund, a resolution by the governing
21 body shall be filed with the State Board of Administration
22 authorizing investment of its surplus funds in the trust fund
23 established by this part. The resolution shall name:

24 (a) The local government official, who may be the
25 chief financial or administrative officer of the local
26 government, or

27 (b) An independent trustee holding funds on behalf of
28 the unit of local government,
29
30
31

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

4 Section 10. Subsection (4) of section 235.187, Florida
5 Statutes, is amended to read:

6 235.187 Classrooms First Program; uses.--

7 (4) Bonds issued under this section must be validated
8 as prescribed by chapter 75. The complaint for the validation
9 must be filed in the circuit court of the county where the
10 seat of state government is situated; the notice required to
11 be published by s. 75.06 must be published only in the county
12 where the complaint is filed; and the complaint and order of
13 the circuit court must be served only on the state attorney of
14 the circuit in which the action is pending. The state
15 covenants with holders of bonds issued under this section that
16 it will not take any action that will materially and adversely
17 affect the rights of such holders so long as such bonds are
18 outstanding. The state does hereby additionally authorize the
19 establishment of a covenant in connection with the bonds which
20 provides that any additional funds received by the state from
21 new or enhanced lottery programs, video gaming, or other
22 similar activities will first be available for payments
23 relating to bonds pledging revenues available pursuant to s.
24 24.121(2), prior to use for any other purpose.

25 Section 11. Subsection (1) of section 235.2195,
26 Florida Statutes, is amended to read:

27 235.2195 The 1997 School Capital Outlay Bond
28 Program.--There is hereby established the 1997 School Capital
29 Outlay Bond program.

30 (1) The issuance of revenue bonds payable from the
31 first lottery revenues transferred to the Educational

1 Enhancement Trust Fund each fiscal year, as provided by s.
 2 24.121(2), is authorized to finance or refinance the
 3 construction, acquisition, reconstruction, or renovation of
 4 educational facilities. Such bonds shall be issued pursuant
 5 to and in compliance with the provisions of s. 11(d), Art. VII
 6 of the State Constitution, the provisions of the State Bond
 7 Act, ss.215.57-215.83, as amended, and the provisions of this
 8 section. The state does hereby covenant with the holders of
 9 such revenue bonds that it will not take any action which will
 10 materially and adversely affect the rights of such holders so
 11 long as bonds authorized by this section are outstanding. The
 12 state does hereby additionally authorize the establishment of
 13 a covenant in connection with the bonds which provides that
 14 any additional funds received by the state from new or
 15 enhanced lottery programs, video gaming, or other similar
 16 activities will first be available for payments relating to
 17 bonds pledging revenues available pursuant to s. 24.121(2),
 18 prior to use for any other purpose.

19 Section 12. 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 for the administration of the
 24 Local Government Surplus Funds Trust Fund.

25 Section 13. Section 413.0115, Florida Statutes, is
 26 created to read:

27 413.0115 State Board of Administration; authorization
 28 to invest division's portfolio.--The State Board of
 29 Administration may invest and reinvest the portfolio of
 30 stocks, bonds, and mutual funds held by the Division of Blind
 31 Services in accordance with the trust agreement approved by

1 the Division of Blind Services and the State Board of
2 Administration and the provisions of ss. 215.44-215.53. The
3 director of the Division of Blind Services shall make the
4 portfolio available and shall transfer it to the State Board
5 of Administration for investment.

6 Section 14. After considering relevant factors in
7 providing the most cost effective plan for financing public
8 school construction and in order to minimize amounts paid in
9 interest on lottery revenue bonds issued pursuant to chapter
10 97-384, Laws of Florida, it is desirable that the final
11 maturity of any such bonds not exceed 20 years, even though
12 such limitation on maturity may require an increase in the
13 maximum annual appropriation to reach the desired level of
14 funding for public school construction.

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