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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.

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

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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           (6) The Auditor General shall audit annually the  
29 entire operation of the board. The Office of Program Policy  
30 Analysis and Government Accountability ~~In addition to his or~~  
31 ~~her regular financial and compliance audit, the Auditor~~

1 ~~General~~ shall ~~also~~ perform or cause to be performed a  
2 performance audit of the management by the board of  
3 investments every 2 years., ~~including among other things his~~  
4 ~~or her independent verification of the data included by the~~  
5 ~~board in its reports to the Legislature required by subsection~~  
6 ~~(5). The Auditor General may elect to contract with a private~~  
7 ~~professional firm qualified in investment portfolio management~~  
8 ~~to conduct the performance audit of investment management~~  
9 ~~required by this subsection.~~ In addition to the duties  
10 prescribed in this subsection, the Auditor General and the  
11 Office of Program Policy Analysis and Government  
12 Accountability shall annually as part of his or her audit  
13 conduct performance postaudits of investments under s.  
14 215.47(6) which are not otherwise authorized under ss.  
15 215.44-215.53. The Auditor General shall submit such audit  
16 report to the board, the President of the Senate, and the  
17 Speaker of the House of Representatives and their designees.

18 Section 2. Section 215.47, Florida Statutes, is  
19 amended to read:

20 215.47 Investments; authorized securities; loan of  
21 securities.--Subject to the limitations and conditions of the  
22 State Constitution or of the trust agreement relating to a  
23 trust fund, moneys available for investments under ss.  
24 215.44-215.53 may be invested as follows:

25 (1) Without limitation in:

26 (a) Bonds, notes, or other obligations of the United  
27 States or those guaranteed by the United States or for which  
28 the credit of the United States is pledged for the payment of  
29 the principal and interest or dividends thereof.

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1 (b) State bonds pledging the full faith and credit of  
2 the state and revenue bonds additionally secured by the full  
3 faith and credit of the state.

4 (c) Bonds of the several counties or districts in the  
5 state containing a pledge of the full faith and credit of the  
6 county or district involved.

7 (d) Bonds issued or administered by the State Board of  
8 Administration secured solely by a pledge of all or part of  
9 the 2-cent constitutional fuel tax accruing under the  
10 provisions of s. 16, Art. IX of the State Constitution of  
11 1885, as amended, or of s. 9, Art. XII of the 1968 revised  
12 State Constitution.

13 (e) Bonds issued by the State Board of Education  
14 pursuant to ss. 18 and 19, Art. XII of the State Constitution  
15 of 1885, as amended, or to s. 9, Art. XII of the 1968 revised  
16 State Constitution, as amended.

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

20 (g) Bonds issued by the Florida State Improvement  
21 Commission, Florida Development Commission, Division of Bond  
22 Finance of the Department of General Services, or Division of  
23 Bond Finance of the State Board of Administration.

24 (h) Savings accounts in, or certificates of deposit  
25 of, any bank, savings bank, or savings and loan association  
26 incorporated under the laws of this state or organized under  
27 the laws of the United States doing business and situated in  
28 this state, the accounts of which are insured by the Federal  
29 Government or an agency thereof, in an amount that does not  
30 exceed 15 percent of the net worth of the institution, or a  
31 lesser amount as determined by rule by the State Board of

1 Administration, provided such savings accounts and  
2 certificates of deposit are secured in the manner prescribed  
3 in chapter 280.

4 (i) Notes, bonds, and other obligations of agencies of  
5 the United States.

6 ~~(i) Obligations of the Federal Farm Credit Banks and~~  
7 ~~obligations of the Federal Home Loan Bank and its district~~  
8 ~~banks.~~

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

11 ~~(k) Obligations guaranteed by the Government National~~  
12 ~~Mortgage Association.~~

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

16 (k)(m) Time drafts or bills of exchange drawn on and  
17 accepted by a commercial bank, otherwise known as banker's  
18 acceptances, which are accepted by a member bank of the  
19 Federal Reserve System having total deposits of not less than  
20 \$400 million.

21 (l) Negotiable certificates of deposit issued by  
22 domestic or foreign financial institutions in United States  
23 dollars.

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

28 (n)(o) Securities of, or other interests in, any  
29 open-end or closed-end management type investment company or  
30 investment trust registered under the Investment Company Act  
31 of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to

1 time, provided that the portfolio of such investment company  
2 or investment trust is limited to obligations of the United  
3 States Government or any agency or instrumentality thereof and  
4 to repurchase agreements fully collateralized by such United  
5 States Government obligations and provided that such  
6 investment company or investment trust takes delivery of such  
7 collateral either directly or through an authorized custodian.

8 (2) With no more than 25 percent of any fund in:  
9 (a) Bonds, notes, or obligations of any municipality  
10 or political subdivision or any agency or authority of this  
11 state, if such obligations are rated in any one of the three  
12 highest ratings by two nationally recognized rating services.  
13 However, if only one nationally recognized rating service  
14 shall rate such obligations, then such rating service must  
15 have rated such obligations in any one of the two highest  
16 classifications heretofore mentioned.

17 (b) Notes secured by first mortgages on Florida real  
18 property, insured or guaranteed by the Federal Housing  
19 Administration or the United States Department of Veterans  
20 Affairs.

21 ~~(c) Interest bearing obligations of the International~~  
22 ~~Bank for Reconstruction and Development, the Inter-American~~  
23 ~~Development Bank, the African Development Bank, the~~  
24 ~~International Finance Corporation, the Asian Development Bank,~~  
25 ~~the European Investment Bank, or the Nordic Investment Bank.~~

26 (c)(d) Investments collateralized by first mortgages  
27 covering single-family Florida residences, provided such  
28 mortgages do not exceed \$60,000, do not exceed 80 percent of  
29 value, are not delinquent, and are originated by a lender  
30 regulated by the state or Federal Government and the aggregate  
31 of the collateral furnished is at least 150 percent of the

1 aggregate investment under this subsection. The mortgages  
2 used for collateral shall be segregated by the lending  
3 institution so that such segregation may be confirmed by  
4 independent audit. In the event any such mortgage used as  
5 collateral becomes more than 3 months delinquent, the lender  
6 shall immediately substitute therefor a mortgage of equal or  
7 greater value.

8 (d) Mortgage securities which represent participation  
9 in or are collateralized by mortgage loans secured by real  
10 property. Such securities must be issued by an agency of or  
11 enterprise sponsored by the United States Government,  
12 including, but not limited to, the Government National  
13 Mortgage Association, the Federal National Mortgage  
14 Association, and the Federal Home Loan Mortgage Corporation.

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

- 20 1. ~~Such real property is located in this state;~~  
21 2. ~~Such mortgages are originated by one or more banks~~  
22 ~~or savings and loan associations organized under the laws of~~  
23 ~~this state, by national banks or federal savings and loan~~  
24 ~~associations having their principal place of business in this~~  
25 ~~state, or by a lender that is approved by the Secretary of~~  
26 ~~Housing and Urban Development for the participation in any~~  
27 ~~mortgage insurance program under the National Housing Act and~~  
28 ~~has its principal place of business in this state, or by any~~  
29 ~~combination thereof; and~~

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

4           ~~(f) Obligations of the Federal National Mortgage~~  
5 ~~Association.~~

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

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

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

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

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

27           (g)(i) General obligations backed by the full faith  
28 and credit of a foreign government which has not defaulted on  
29 similar obligations for a minimum period of 25 years prior to  
30 purchase of the obligation and has met its payments of similar  
31 obligations when due.

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

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

9           ~~(j)(l)~~ United States dollar-denominated obligations  
10 issued by foreign governments, or political subdivisions or  
11 agencies thereof, supranational agencies,~~or~~ foreign  
12 corporations,~~or~~ foreign commercial entities.

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

17           (a) The corporation is organized under the laws of the  
18 United States, any state or organized territory of the United  
19 States, or the District of Columbia; or

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

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

26  
27 The board shall not invest more than 10 percent of the equity  
28 assets of any fund in the common stock, preferred stock, and  
29 interest-bearing obligations having an option to convert into  
30 common stock, of any one issuing corporation; and the board  
31 shall not invest more than 3 percent of the equity assets of

1 any fund in such securities of any one issuing corporation  
2 except to the extent a higher percentage of the same issue is  
3 included in a nationally recognized market index, based on  
4 market values, at least as broad as the Standard and Poor's  
5 Composite Index of 500 Companies, or except upon a specific  
6 finding by the board that such higher percentage is in the  
7 best interest of the fund. ~~The board may only sell listed~~  
8 ~~options to reduce investment risk, to improve cash flow, or to~~  
9 ~~provide alternative means for the purchase and sale of~~  
10 ~~underlying investment securities. Reversing transactions may~~  
11 ~~be made to close out existing option positions.~~

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

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

23 (6) With no more than 5 percent of any fund to be  
24 invested as deemed appropriate by the board, notwithstanding  
25 investment limitations otherwise expressed in this section.  
26 Prior to the board engaging in any investment activity not  
27 otherwise authorized under ss. 215.44-215.53, excluding  
28 investments in publicly traded securities, options, financial  
29 futures, or similar instruments, the board shall present to  
30 the Investment Advisory Council a proposed plan for such  
31 investment. Said plan shall include, but not be limited to,

1 the expected benefits and potential risks of such activity;  
2 methods for monitoring and measuring the performance of the  
3 investment; a complete description of the type, nature, extent  
4 and purpose of the investment, including description of  
5 issuer, security in which investment is proposed to be made,  
6 voting rights or lack thereof and control to be acquired,  
7 restrictions upon voting, transfer, and other material rights  
8 of ownership, and the existence of any contracts,  
9 arrangements, understandings, or relationships with any person  
10 or entity (naming the same) with respect to the proposed  
11 investment; and assurances that sufficient investment  
12 expertise is available to the board to properly evaluate and  
13 manage such activity. The Investment Advisory Council may  
14 obtain independent investment counsel to provide expert advice  
15 with regard to such proposed investment activity by the board,  
16 and the board shall defray such costs.

17 (7) For the purpose of determining the above  
18 investment limitations, the value of bonds shall be the par  
19 value thereof, and the value of evidences of ownership and  
20 interest-bearing obligations having an option to convert to  
21 ownership shall be the cost thereof.

22 (8) Investments in any securities authorized by this  
23 section may be under repurchase agreements or reverse  
24 repurchase agreements.

25 (9) Investments made by the State Board of  
26 Administration shall be designed to maximize the financial  
27 return to the fund consistent with the risks incumbent in each  
28 investment and shall be designed to preserve an appropriate  
29 diversification of the portfolio. The board shall discharge  
30 its duties with respect to a plan solely in the interest of  
31 its participants and beneficiaries. The board in performing

1 the above investment duties shall comply with the fiduciary  
2 standards set forth in the Employee Retirement Income Security  
3 Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). In case  
4 of conflict with other provisions of law authorizing  
5 investments, the investment and fiduciary standards set forth  
6 in this subsection shall prevail.

7 (10) The board is authorized to buy and sell futures  
8 and options, provided the instruments for such purpose are  
9 traded on a securities exchange or board of trade regulated by  
10 the Securities and Exchange Commission or the Commodity  
11 Futures Trading Commission, unless the board by rule  
12 authorizes a different market.

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

15 (12) The State Board of Administration, consistent  
16 with sound investment policy, may pledge up to 2 percent of  
17 the assets of the Florida Retirement System Trust Fund as  
18 collateral for housing bonds issued by the State of Florida or  
19 its political subdivisions under chapter 159, part V of  
20 chapter 420, or chapter 421 as a supplemental income program  
21 for the system. With regard to any collateral program, the  
22 State Board of Administration is authorized to coordinate or  
23 retain other governmental entities of the State of Florida or  
24 private entities to administer this program, as well as  
25 receive fees for the use of the designated collateral.

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

1           (14) With no more than 5 percent of any fund in  
2 private equity through participation in limited partnerships  
3 and limited liability companies.

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

6           (16) Securities or investments purchased or held under  
7 the provisions of this section may be loaned to securities  
8 dealers or financial institutions, provided the loan is  
9 collateralized by cash or securities having a market value of  
10 at least 100 percent of the market value of the securities  
11 loaned.

12           Section 3. Section 215.455, Florida Statutes, is  
13 repealed.

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

16           215.50 Custody of securities purchased; income.--

17           (4) Securities that the board selects to use for  
18 options operations under s. 215.45 or for lending under s.  
19 215.47(16)~~215.455~~ shall be registered by the Treasurer in the  
20 name of a third-party nominee in order to facilitate such  
21 operations.

22           Section 5. Section 215.515, Florida Statutes, is  
23 amended to read:

24           215.515 Investment accounts; charges for services.--

25           (1) The State Board of Administration shall make  
26 reasonable charges for all investment services performed for  
27 any agency, the judicial branch, or any fund in accordance  
28 with the provisions of ss. 215.44-215.53 or other provisions  
29 of law. The agency, fund, or judicial branch shall pay the  
30 charges, and such sums as may be necessary for this purpose  
31 are hereby appropriated from earnings on investments held by

1 such agency, fund, or the judicial branch. The amount to be  
2 paid by each agency, fund, or the judicial branch shall be  
3 determined in such proportion as the service rendered to each  
4 agency, fund, or the judicial branch bears to the total  
5 service rendered to all agencies and funds and the judicial  
6 branch.

7 ~~(2) The charges established and any revisions thereof~~  
8 ~~shall be reviewed by the Department of Management Services.~~  
9 ~~The review, and any recommendations of the Department of~~  
10 ~~Management Services accompanying the review, may be considered~~  
11 ~~by the board prior to the adoption of the charges or revision~~  
12 ~~thereof by the board.~~

13 (2)(3) The State Board of Administration  
14 Administrative Expense Trust Fund may be invested by the board  
15 to the extent that such investment is consistent with the cash  
16 requirements and investment objectives of the board.

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

19 215.835 Rulemaking authority.--The Division of Bond  
20 Finance and the State Board of Administration may adopt rules  
21 deemed as it deems necessary to carry out the provisions and  
22 intent of this act, including, but not limited to, reporting  
23 of debt service accounts.

24 Section 7. Section 159.825, Florida Statutes, is  
25 amended to read:

26 159.825 Terms of bonds.--

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

30 (a)(1) The bonds shall be in such denominations, in  
31 such form, either bearer or registered, and payable at such

1 place or places, either within or without the United States,  
2 at such time or times, as, in each case, the governing body  
3 shall determine subject to any limitations on the maturity of  
4 bonds set forth in the statutes under authority of which the  
5 bonds are issued.

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

9 (c)~~(3)~~ The governing body may appoint, in connection  
10 with the bond issue, a cotrustee located outside of the  
11 boundaries of the United States or its territories or  
12 possessions so long as it shall also appoint a trustee  
13 otherwise meeting the requirements of the statutes under  
14 authority of which the bonds are issued. The governing body  
15 may appoint, in connection with the bond issue, a paying agent  
16 or a copaying agent located outside the boundaries of the  
17 United States or its territories or possessions.

18 (d)~~(4)~~ Bonds shall bear interest at a rate not to  
19 exceed an average net interest cost rate, which shall be  
20 computed by adding 500 basis points to the 30-year Treasury  
21 Bond yield published in The Bond Buyer immediately preceding  
22 the first day of the calendar month in which the bonds are  
23 sold. If the interest rate on bonds bearing a floating or  
24 variable rate of interest as calculated on the date of the  
25 initial sale thereof does not exceed the limitation provided  
26 by this paragraph ~~section~~, so long as the basis, method, or  
27 formula for computing the floating or variable rate does not  
28 change during the life of the bonds, subsequent increases in  
29 the interest rate in accordance with said basis, method, or  
30 formula shall not cause the interest rate on the bonds to  
31 violate the limitation provided by this paragraph ~~subsection~~.



1 A certificate by the issuer of the bonds as to the computation  
2 of the interest rate in compliance with this requirement shall  
3 be deemed conclusive evidence of compliance with the  
4 provisions of this paragraph ~~subsection~~. Such maximum rate  
5 does not apply to bonds rated by a nationally recognized  
6 rating service in any one of the three highest  
7 classifications, which rating services and classifications are  
8 determined pursuant to rules adopted by the State Board of  
9 Administration.

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

15 1.(a) Relevant supporting data which shall include,  
16 but not be limited to:

17 a.1. The official statement or prospectus, if  
18 available, or similar information relating to the sale of the  
19 bonds;

20 b.2. The resolution or ordinance authorizing the  
21 issuance of the bonds;

22 c.3. Financial data relating to anticipated revenue,  
23 debt service, and coverage; and

24 d.4. The most recent financial statement of the  
25 governmental unit.

26 2.(b) Information relating to sale of the bonds,  
27 including the amount of the discount, if any. In making the  
28 determination to exceed the maximum interest rate, the State  
29 Board of Administration shall consider, but not be limited to  
30 considering, comparable sales of other taxable bonds of other  
31 governmental units and evidence that the objectives and intent

1 of the issuing of such bonds will be realized. This  
2 ~~subparagraph~~ ~~paragraph~~ shall not apply to:

3 a.1. Bonds which have been sold prior to June 30,  
4 1987, and which are delivered pursuant to said sale on or  
5 after June 30, 1987.

6 b.2. Bonds issued to finance projects under part II,  
7 part III, or part V of this chapter or health facilities under  
8 part III of chapter 154.

9 c.3. Limit or restrict the rate of interest on bonds  
10 or other obligations of municipal utilities or agencies  
11 thereof issued or made pursuant to authority provided in part  
12 II of chapter 166 and s. 215.431.

13 (f)(6) In connection with, or incidental to, the sale  
14 and issuance of bonds, the governmental unit may enter into  
15 any contracts which the governing body determines to be  
16 necessary or appropriate to achieve a desirable effective  
17 interest rate in connection with the bonds by means of, but  
18 not limited to, contracts commonly known as investment  
19 contracts, funding agreements, interest rate swap agreements,  
20 currency swap agreements, forward payment conversion  
21 agreements, futures, or contracts providing for payments based  
22 on levels of or changes in interest rates, or contracts to  
23 exchange cash flows or a series of payments, or contracts,  
24 including, without limitation, options, puts, or calls to  
25 hedge payment, rate, spread, or similar exposure. Such  
26 contracts or arrangements may also be entered into by  
27 governmental units in connection with, or incidental to,  
28 entering into any agreement which secures bonds or provides  
29 liquidity therefor. Such contracts and arrangements shall be  
30 made upon the terms and conditions established by the  
31 governing body, after giving due consideration for the credit

1 worthiness of the counterparties, where applicable, including  
2 any rating by a nationally recognized rating service or any  
3 other criteria as may be appropriate.

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

11 ~~(h)(8)~~ Notwithstanding any provisions of state law  
12 relating to the investment or reinvestment of surplus funds of  
13 any governmental unit, proceeds of the bonds and any moneys  
14 set aside or pledged to secure payment of the principal of,  
15 premium, if any, and interest on the bonds, or any of the  
16 contracts entered into pursuant to paragraph (f)~~subsection~~  
17 ~~(6)~~, may be invested in securities or obligations described in  
18 the ordinance or resolution providing for the issuance of the  
19 bonds.

20 (2) The State Board of Administration may adopt rules  
21 as it deems necessary to carry out the provisions of this  
22 section relating to interest rate waivers for the sale of  
23 taxable bonds.

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

26 190.016 Bonds.--

27 (2) AUTHORIZATION AND FORM OF BONDS.--Any general  
28 obligation bonds, benefit bonds, or revenue bonds may be  
29 authorized by resolution or resolutions of the board which  
30 shall be adopted by a majority of all the members thereof then  
31 in office. Such resolution or resolutions may be adopted at

1 the same meeting at which they are introduced and need not be  
2 published or posted. The board may, by resolution, authorize  
3 the issuance of bonds and fix the aggregate amount of bonds to  
4 be issued; the purpose or purposes for which the moneys  
5 derived therefrom shall be expended, including, but not  
6 limited to, payment of costs as defined in s. 190.003(7); the  
7 rate or rates of interest, in compliance with s. 215.84; the  
8 denomination of the bonds; whether or not the bonds are to be  
9 issued in one or more series; the date or dates of maturity,  
10 which shall not exceed 40 years from their respective dates of  
11 issuance; the medium of payment; the place or places within or  
12 without the state where payment shall be made; registration  
13 privileges; redemption terms and privileges, whether with or  
14 without premium; the manner of execution; the form of the  
15 bonds, including any interest coupons to be attached thereto;  
16 the manner of execution of bonds and coupons; and any and all  
17 other terms, covenants, and conditions thereof and the  
18 establishment of revenue or other funds. Such authorizing  
19 resolution or resolutions may further provide for the  
20 contracts authorized by s. 159.825(1)(f) and (g)~~(6) and (7)~~  
21 regardless of the tax treatment of such bonds being  
22 authorized, subject to the finding by the board of a net  
23 saving to the district resulting by reason thereof. Such  
24 authorizing resolution may further provide that such bonds may  
25 be executed in accordance with the Registered Public  
26 Obligations Act, except that bonds not issued in registered  
27 form shall be valid if manually countersigned by an officer  
28 designated by appropriate resolution of the board. The seal of  
29 the district may be affixed, lithographed, engraved, or  
30 otherwise reproduced in facsimile on such bonds. In case any  
31 officer whose signature shall appear on any bonds or coupons

1 shall cease to be such officer before the delivery of such  
2 bonds, such signature or facsimile shall nevertheless be valid  
3 and sufficient for all purposes the same as if he or she had  
4 remained in office until such delivery.

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

7 218.407 Local government investment authority.--

8 (1) Upon determination by the governing body that it  
9 is in the interest of the unit of local government to deposit  
10 surplus funds in the trust fund, a resolution by the governing  
11 body shall be filed with the State Board of Administration  
12 authorizing investment of its surplus funds in the trust fund  
13 established by this part. The resolution shall name:

14 (a) The local government official, who may be the  
15 chief financial or administrative officer of the local  
16 government, or

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

19  
20 responsible for deposit and withdrawal of such funds ~~and shall~~  
21 ~~state the approximate cash-flow requirements of the local~~  
22 ~~government for the surplus funds to be invested.~~

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

25 235.187 Classrooms First Program; uses.--

26 (4) Bonds issued under this section must be validated  
27 as prescribed by chapter 75. The complaint for the validation  
28 must be filed in the circuit court of the county where the  
29 seat of state government is situated; the notice required to  
30 be published by s. 75.06 must be published only in the county  
31 where the complaint is filed; and the complaint and order of

1 the circuit court must be served only on the state attorney of  
2 the circuit in which the action is pending. The state  
3 covenants with holders of bonds issued under this section that  
4 it will not take any action that will materially and adversely  
5 affect the rights of such holders so long as such bonds are  
6 outstanding. The state does hereby additionally authorize the  
7 establishment of a covenant in connection with the bonds which  
8 provides that any additional funds received by the state from  
9 new or enhanced lottery programs, video gaming, or other  
10 similar activities will first be available for payments  
11 relating to bonds pledging revenues available pursuant to s.  
12 24.121(2), prior to use for any other purpose.

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

15 235.2195 The 1997 School Capital Outlay Bond  
16 Program.--There is hereby established the 1997 School Capital  
17 Outlay Bond program.

18 (1) The issuance of revenue bonds payable from the  
19 first lottery revenues transferred to the Educational  
20 Enhancement Trust Fund each fiscal year, as provided by s.  
21 24.121(2), is authorized to finance or refinance the  
22 construction, acquisition, reconstruction, or renovation of  
23 educational facilities. Such bonds shall be issued pursuant  
24 to and in compliance with the provisions of s. 11(d), Art. VII  
25 of the State Constitution, the provisions of the State Bond  
26 Act, ss.215.57-215.83, as amended, and the provisions of this  
27 section. The state does hereby covenant with the holders of  
28 such revenue bonds that it will not take any action which will  
29 materially and adversely affect the rights of such holders so  
30 long as bonds authorized by this section are outstanding. The  
31 state does hereby additionally authorize the establishment of

1 a covenant in connection with the bonds which provides that  
2 any additional funds received by the state from new or  
3 enhanced lottery programs, video gaming, or other similar  
4 activities will first be available for payments relating to  
5 bonds pledging revenues available pursuant to s. 24.121(2),  
6 prior to use for any other purpose.

7 Section 12. Section 218.412, Florida Statutes, is  
8 created to read:

9 218.412 Rulemaking authority.--The State Board of  
10 Administration may adopt rules as it deems necessary to carry  
11 out the provisions of this part for the administration of the  
12 Local Government Surplus Funds Trust Fund.

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

15 413.0115 State Board of Administration; authorization  
16 to invest division's portfolio.--The State Board of  
17 Administration may invest and reinvest the portfolio of  
18 stocks, bonds, and mutual funds held by the Division of Blind  
19 Services in accordance with the trust agreement approved by  
20 the Division of Blind Services and the State Board of  
21 Administration and the provisions of ss. 215.44-215.53. The  
22 director of the Division of Blind Services shall make the  
23 portfolio available and shall transfer it to the State Board  
24 of Administration for investment.

25 Section 14. After considering relevant factors in  
26 providing the most cost effective plan for financing public  
27 school construction and in order to minimize amounts paid in  
28 interest on lottery revenue bonds issued pursuant to chapter  
29 97-384, Laws of Florida, it is desirable that the final  
30 maturity of any such bonds not exceed 20 years, even though  
31 such limitation on maturity may require an increase in the

1 maximum annual appropriation to reach the desired level of  
2 funding for public school construction.

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

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