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2 An act relating to Lee County; amending chapter
3 63-1552, Laws of Florida, as amended; providing
4 methods by which the hospital Board of
5 Directors of Lee County may invest its funds;
6 providing an effective date.

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

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10 Section 1. Section 16 of chapter 63-1552, Laws of
11 Florida, as amended by chapter 87-438, Laws of Florida, is
12 amended to read:

13 Section 16. Funds of the hospital board may be paid
14 out only upon drafts, checks, or warrants signed by persons
15 duly authorized by the board to execute such instruments for
16 purposes consistent with this act. The hospital board may
17 adopt rules for the payment of lesser sums in cash, and a
18 petty cash fund or funds may be established for such purpose
19 with the maximum amount payable in cash in one transaction
20 fixed by the board. All funds of the hospital board shall be
21 deposited in banks which are qualified under state law to
22 accept deposits of public funds. The hospital board may
23 deposit or invest its surplus funds in interest-bearing
24 accounts, instruments, or securities, to the fullest extent
25 permitted by general law. In addition, the hospital board may
26 invest its surplus funds as follows:

27 (1) Without limitation in:

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

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) Savings accounts in, or certificates of deposit
8 of, any bank, savings bank, or savings and loan association
9 incorporated under the laws of the United States doing
10 business and situated in this state, the accounts of which are
11 insured by the Federal Government or an agency thereof, in an
12 amount that does not exceed 15 percent of the net worth of the
13 institution, provided such savings accounts and certificates
14 of deposit are secured in the manner prescribed in chapter
15 280, Florida Statutes.

16 (e) Obligations of the Federal Farm Credit Banks and
17 obligations of the Federal Home Loan Bank and its district
18 banks.

19 (f) Obligations of the Federal Home Loan Mortgage
20 Corporation including participation certificates.

21 (g) Obligations guaranteed by the Government National
22 Mortgage Association.

23 (h) Commercial paper of prime quality of the highest
24 letter and numerical rating as provided for by at least one
25 nationally recognized rating service.

26 (i) Time drafts or bills of exchange drawn on and
27 accepted by a commercial bank, otherwise known as banker's
28 acceptances, which are accepted by a member bank of the
29 Federal Reserve System having total deposits of not less than
30 \$400 million.

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1 (j) Short-term obligations not authorized elsewhere in
2 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 (k) Securities of, or other interest in, any open-end
6 or closed-end management type investment company or investment
7 trust registered under the Investment Company Act of 1940, 15
8 U.S.C. ss. 80a-1 et seq., as amended from time to time,
9 provided that the portfolio of such investment company or
10 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 its funds 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) Mortgage pass-through certificates, meaning
30 certificates evidencing ownership of an undivided interest in
31 pools of conventional mortgages on real property which is

1 improved by a building or buildings used for residential
2 purposes for one to four families when:
3 1. Such real property is located in this state;
4 2. Such mortgages are originated by one or more banks
5 or savings and loan associations organized under the laws of
6 this state, by national banks or federal savings and loan
7 associations having their principal place of business in this
8 state, or by a lender that is approved by the Secretary of
9 Housing and Urban Development for the participation in any
10 mortgage insurance program under the National Housing Act and
11 has its principal place of business in this state, or by any
12 combination thereof; and
13 3. Such mortgages are transferred or assigned to a
14 corporate trustee acting for the benefit of the holders of
15 such certificates.
16 (d) Obligations of the Federal National Mortgage
17 Association.
18 (e) Group annuity contracts of the pension investment
19 type with insurers licensed to do business in this state
20 except that amounts invested by the board with any one insurer
21 shall not exceed 3 percent of its assets.
22 (f) Certain interests in real property and related
23 personal property, including mortgages and related instruments
24 on commercial or industrial real property, with provisions for
25 equity or income participation or with provisions for
26 convertibility to equity ownership; and interests in
27 collective investment funds. Associated expenditures for
28 acquisition and operation of assets purchased under this
29 provision shall be included as a part of the cost of the
30 investment.
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1 1. The title to real property acquired under this
2 paragraph shall be vested in the name of the respective fund.

3 2. For purposes of taxation of property owned by any
4 fund, the provisions of s. 196.199(2)(b), Florida Statutes, do
5 not apply.

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

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

16 (h) Obligations of agencies of the government of the
17 United States, provided such obligations have been included in
18 and authorized by the Florida Retirement System Total Fund
19 Investment Plan established in s. 215.475, Florida Statutes.

20 (i) United States dollar-denominated obligations by
21 foreign governments, or political subdivisions or agencies
22 thereof, or foreign corporations or foreign commercial
23 entities.

24 (3) With no more than 50 percent of its funds in
25 common stock, preferred stock, and interest-bearing
26 obligations of a corporation having an option to convert into
27 common stock, provided:

28 (a) The corporation is organized under the laws of the
29 United States, any state or organized territory of the United
30 States, or the District of Columbia.

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

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

22 (4) With no more than 80 percent of its funds, in
23 interest-bearing obligations with a fixed maturity of any
24 corporation or commercial entity within the United States.

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26 For the purpose of determining the above investment
27 limitations, the value of bonds shall be the par value
28 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. Investments in any
31 securities authorized by this section may be under repurchase

1 agreements or reverse repurchase agreements. Investments made
2 by the hospital board administration may be designated to
3 maximize the financial return to the fund consistent with the
4 risks incumbent in each investment and shall be designed to
5 preserve an appropriate diversification of the portfolio. The
6 board is authorized to buy and sell futures and options,
7 provided the instruments for such purpose are traded on a
8 securities exchange or board of trade regulated by the
9 Securities and Exchange Commission or the Commodity Futures
10 Trading Commission, unless the board by rule authorizes a
11 different market. The board is authorized to invest in
12 domestic or foreign national principal contracts.

13 Section 2. This act shall take effect upon becoming a
14 law.

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