

By the Committee on Finance & Taxation and Representatives
 Gay and Feeney

1 A bill to be entitled
 2 An act relating to financial matters; amending
 3 s. 18.10, F.S., which provides requirements for
 4 deposit and investment of state money; revising
 5 the standards that certain corporate
 6 obligations and state and local government
 7 obligations must meet to be qualified for such
 8 investment; authorizing investment in certain
 9 foreign bonds and certain convertible debt
 10 obligations of corporations domiciled in the
 11 United States; providing an effective date.

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 13 Be It Enacted by the Legislature of the State of Florida:
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15 Section 1. Subsection (2) of section 18.10, Florida
 16 Statutes, is amended to read:

17 18.10 Deposits and investments of state money.--

18 (2) The Treasurer shall make funds available to meet
 19 the disbursement needs of the state. Funds which are not
 20 needed for this purpose shall be placed in qualified public
 21 depositories that will pay rates established by the Treasurer
 22 at levels not less than the prevailing rate for United States
 23 Treasury securities with a corresponding maturity. In the
 24 event money is available for interest-bearing time deposits or
 25 savings accounts as provided herein and qualified public
 26 depositories are unwilling to accept such money and pay
 27 thereon the rates established above, then such money which
 28 qualified public depositories are unwilling to accept shall be
 29 invested in:

- 30 (a) Direct United States Treasury obligations.
- 31 (b) Obligations of the Federal Farm Credit Banks.

1 (c) Obligations of the Federal Home Loan Bank and its
2 district banks.

3 (d) Obligations of the Federal Home Loan Mortgage
4 Corporation, including participation certificates.

5 (e) Obligations guaranteed by the Government National
6 Mortgage Association.

7 (f) Obligations of the Federal National Mortgage
8 Association.

9 (g) Commercial paper of prime quality of the highest
10 letter and numerical rating as provided for by at least one
11 nationally recognized rating service.

12 (h) Time drafts or bills of exchange drawn on and
13 accepted by a commercial bank, otherwise known as "bankers
14 acceptances," which are accepted by a member bank of the
15 Federal Reserve System having total deposits of not less than
16 \$400 million or which are accepted by a commercial bank which
17 is not a member of the Federal Reserve System with deposits of
18 not less than \$400 million and which is licensed by a state
19 government or the Federal Government, and whose senior debt
20 issues are rated in one of the two highest rating categories
21 by a nationally recognized rating service and which are held
22 in custody by a domestic bank which is a member of the Federal
23 Reserve System.

24 (i) ~~Intermediate-term~~ Corporate obligations or
25 corporate master notes of any corporation within the United
26 States, if the long-term obligations of such corporation are
27 rated by at least two nationally recognized rating services in
28 any one of the four ~~three~~ highest classifications. However, if
29 such obligations are rated by on ly one nationally recognized
30 rating service, then the obligations shall be rated in any one
31 of the two highest classifications.

- 1 (j) Obligations of the Student Loan Marketing
2 Association.
- 3 (k) Obligations of the Resolution Funding Corporation.
- 4 (l) Asset-backed or mortgage-backed securities of the
5 highest credit quality.
- 6 (m) Any obligations not previously listed which are
7 guaranteed as to principal and interest by the full faith and
8 credit of the United States Government or are obligations of
9 United States agencies or instrumentalities which are rated in
10 the highest category by a nationally recognized rating
11 service.
- 12 (n) Commingled no-load investment funds or no-load
13 mutual funds in which all securities held by the funds are
14 authorized in this subsection.
- 15 (o) Money market mutual funds as defined and regulated
16 by the Securities and Exchange Commission.
- 17 (p) Obligations of state and local governments rated
18 in any of the four ~~three~~ highest classifications by at least
19 two ~~one or more~~ nationally recognized rating services ~~if their~~
20 ~~purchase is for the purpose of meeting federal investment~~
21 ~~requirements for funds accumulated from bonds or other~~
22 ~~obligations. However, if such obligations are rated by only~~
23 one nationally recognized rating service, then the obligations
24 shall be rated in any one of the two highest classifications.
- 25 (q) Derivatives of investment instruments authorized
26 in paragraphs (a) through (m).
- 27 (r) Covered put and call options on investment
28 instruments authorized in this subsection for the purpose of
29 hedging transactions by investment managers to mitigate risk
30 or to facilitate portfolio management.
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1 (s) Negotiable certificates of deposit issued by
2 financial institutions whose long-term debt is rated in one of
3 the three highest categories by at least two nationally
4 recognized rating services, the investment in which shall not
5 be prohibited by any provision of chapter 280.

6 (t) Foreign bonds denominated in United States dollars
7 and registered with the Securities and Exchange Commission for
8 sale in the United States, if the long-term obligations of
9 such issuers are rated by at least two nationally recognized
10 rating services in any one of the four highest
11 classifications. However, if such obligations are rated by
12 only one nationally recognized rating service, the obligations
13 shall be rated in any one of the two highest classifications.

14 (u) Convertible debt obligations of any corporation
15 domiciled within the United States, if the convertible debt
16 issue is rated by at least two nationally recognized rating
17 services in any one of the four highest classifications.
18 However, if such obligations are rated by only one nationally
19 recognized rating service, then the obligations shall be rated
20 in any one of the two highest classifications.

21 ~~(v)(t)~~ Securities not otherwise described in this
22 subsection. However, not more than 3 percent of the funds
23 under the control of the Treasurer shall be invested in
24 securities described in this paragraph.

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26 These investments may be in varying maturities and may be in
27 book-entry form. Investments made pursuant to this subsection
28 may be under repurchase agreement. The Treasurer is authorized
29 to hire registered investment advisers and other consultants
30 to assist in investment management and to pay fees directly
31 from investment earnings. Investment securities, proprietary

1 investment services related to contracts, performance
2 evaluation services, investment-related equipment or software
3 used directly to assist investment trading or investment
4 accounting operations including bond calculators, telerates,
5 Bloomborgs, special program calculators, intercom systems, and
6 software used in accounting, communications, and trading, and
7 advisory and consulting contracts made under this section are
8 exempt from the provisions of chapter 287.

9 Section 2. This act shall take effect July 1 of the
10 year in which enacted.

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