

By Representative Andrews

1 A bill to be entitled
2 An act relating to investment of public funds;
3 amending s. 218.415, F.S.; prescribing
4 guidelines for investments by units of local
5 government; providing for authorized
6 investments; prohibiting investments not
7 authorized by local investment policy;
8 providing for continuing education for local
9 officials responsible for making investments;
10 prescribing a list of authorized investments;
11 providing alternative investment guidelines for
12 entities not adopting a written investment
13 policy; providing for safeguarding securities;
14 authorizing the sale of investments; providing
15 for investment of surplus funds when made
16 pursuant to agreement or contract; providing
17 for preemption of state requirements;
18 prescribing duties of accountants and the
19 Auditor General; creating s. 112.661, F.S.;
20 prescribing limitations and conditions on
21 investments of retirement system or plan
22 assets; creating s. 112.662, F.S.; requiring
23 investment plans to adopt an investment policy;
24 prescribing required elements of the policy;
25 amending s. 28.33, F.S.; prescribing
26 requirements for investment of county funds;
27 amending s. 159.416, F.S.; prescribing
28 requirements for investment of bond proceeds
29 and moneys held for payment of debt service on
30 bonds; amending s. 219.075, F.S.; prescribing
31 requirements for investment of surplus funds by

1 county officers; amending s. 230.23, F.S.;
2 prescribing requirements for investment of
3 school funds not needed for immediate
4 expenditure; amending s. 236.24, F.S.; deleting
5 provisions relating to authorized investment of
6 district school fund moneys; repealing s.
7 237.161(5), F.S., relating to investment of
8 cash assets by school boards; repealing s.
9 125.31, F.S., relating to investment of surplus
10 public funds by counties; repealing s. 166.261,
11 F.S., relating to investments by
12 municipalities; repealing s. 218.345, F.S.,
13 relating to investments by special districts;
14 providing an effective date.

15
16 Be It Enacted by the Legislature of the State of Florida:

17
18 Section 1. Section 218.415, Florida Statutes, is
19 amended to read:

20 218.415 Local government investment
21 policies.--Investment activity by a unit of local government
22 must be consistent with a written investment plan adopted by
23 the governing body, or in the absence of the existence of a
24 governing body, the respective principal officer of the unit
25 of local government and maintained by the unit of local
26 government or, in the alternative, such activity must be
27 conducted in accordance with ~~the investment guidelines set~~
28 ~~forth in~~ subsection (17)~~(15)~~. Any such unit of local
29 government shall have an investment policy for any public
30 funds in excess of the amounts needed to meet current expenses
31 as provided in subsections (1)-(16)~~(1)-(14)~~, or shall meet

1 the alternative investment guidelines contained in subsection
2 (17)~~(15)~~. Such policies shall be structured to place the
3 highest priority on the safety of principal and liquidity of
4 funds. The optimization of investment returns shall be
5 secondary to the requirements for safety and liquidity. Each
6 unit of local government shall adopt policies that are
7 commensurate with the nature and size of the public funds
8 within their custody.

9 (1) SCOPE.--The investment policy shall apply to funds
10 under the control of the unit of local government in excess of
11 those required to meet current expenses. The investment policy
12 shall not apply to ~~pension funds, including those funds in~~
13 ~~chapters 175 and 185; trust funds; or~~ funds related to the
14 issuance of debt where there are other existing policies or
15 indentures in effect for such funds.

16 (2) INVESTMENT OBJECTIVES.--The investment policy
17 shall describe the investment objectives of the unit of local
18 government. Investment objectives shall include safety of
19 capital, liquidity of funds, and investment income, in that
20 order.

21 (3) PERFORMANCE MEASUREMENT.--The unit of local
22 government shall develop performance measures as are
23 appropriate for the nature and size of the public funds within
24 its custody.

25 (4) PRUDENCE AND ETHICAL STANDARDS.--The investment
26 policy shall describe the level of prudence and ethical
27 standards to be followed by the unit of local government in
28 carrying out its investment activities with respect to funds
29 described in this section. The unit of local government shall
30 adopt the Prudent Person Rule, which states that: "Investments
31 should be made with judgment and care, under circumstances

1 then prevailing, which persons of prudence, discretion, and
2 intelligence exercise in the management of their own affairs,
3 not for speculation, but for investment, considering the
4 probable safety of their capital as well as the probable
5 income to be derived from the investment."

6 (5) LISTING OF AUTHORIZED INVESTMENTS.--The investment
7 policy shall list investments authorized by the governing body
8 of the unit of local government investments. Investments not
9 authorized by the investment policy are prohibited. If the
10 policy authorizes investments in derivative products such
11 policy must require that ~~must be specifically authorized in~~
12 ~~the investment plan and may be considered only if~~ the unit of
13 local government's officials responsible for making investment
14 decisions have ~~chief financial officer has~~ developed
15 sufficient understanding of the derivative products and has
16 the expertise to manage them. For purposes of this
17 subsection, a "derivative" is defined as a financial
18 instrument the value of which depends on, or is derived from,
19 the value of one or more underlying assets or index or asset
20 values. If the policy authorizes investments in ~~The use of~~
21 reverse repurchase agreements or other forms of leverage, such
22 policy must limit such investments ~~shall be prohibited or~~
23 ~~limited by investment policy to transactions in which~~ where
24 the proceeds are intended to provide liquidity and for which
25 the unit of local government has sufficient resources and
26 expertise.

27 (6) MATURITY AND LIQUIDITY REQUIREMENTS.--The
28 investment policy shall require that the investment portfolio
29 is structured in such manner as to provide sufficient
30 liquidity to pay obligations as they come due. To that end,
31 the investment policy should direct that, to the extent

1 possible, an attempt will be made to match investment
2 maturities with known cash needs and anticipated cash-flow
3 requirements.

4 (7) PORTFOLIO COMPOSITION.--The investment policy
5 shall establish guidelines for investments and limits on
6 security issues, issuers, and maturities. Such guidelines
7 shall be commensurate with the nature and size of the public
8 funds within the custody of the unit of local government.

9 (8) RISK AND DIVERSIFICATION.--The investment policy
10 shall provide for appropriate diversification of the
11 investment portfolio. Investments held should be diversified
12 to the extent practicable to control the risk of loss
13 resulting from overconcentration of assets in a specific
14 maturity, issuer, instrument, dealer, or bank through which
15 financial instruments are bought and sold. Diversification
16 strategies within the established guidelines shall be reviewed
17 and revised periodically, as deemed necessary by the
18 appropriate management staff.

19 (9) AUTHORIZED INVESTMENT INSTITUTIONS AND
20 DEALERS.--The investment policy should specify the authorized
21 securities dealers, issuers, and banks from whom the unit of
22 local government may purchase securities.

23 (10) THIRD-PARTY CUSTODIAL AGREEMENTS.--The investment
24 policy shall provide appropriate arrangements for the holding
25 of assets of the unit of local government. Securities should
26 be held with a third party; and all securities purchased by,
27 and all collateral obtained by, the unit of local government
28 should be properly designated as an asset of the unit of local
29 government. No withdrawal of securities, in whole or in part,
30 shall be made from safekeeping, except by an authorized staff
31 member of the unit of local government. Securities

1 transactions between a broker-dealer and the custodian
2 involving purchase or sale of securities by transfer of money
3 or securities must be made on a "delivery vs. payment" basis,
4 if applicable, to ensure that the custodian will have the
5 security or money, as appropriate, in hand at the conclusion
6 of the transaction.

7 (11) MASTER REPURCHASE AGREEMENT.--The unit of local
8 government shall require all approved institutions and dealers
9 transacting repurchase agreements to execute and perform as
10 stated in the Master Repurchase Agreement. All repurchase
11 agreement transactions shall adhere to the requirements of the
12 Master Repurchase Agreement.

13 (12) BID REQUIREMENT.--After the unit of local
14 government staff has determined the approximate maturity date
15 based on cash-flow needs and market conditions and has
16 analyzed and selected one or more optimal types of investment,
17 the security in question shall, when feasible and appropriate,
18 be competitively bid. Except as otherwise required by law, the
19 most economically advantageous bid must be selected.

20 (13) INTERNAL CONTROLS.--The investment policy shall
21 provide for a system of internal controls and operational
22 procedures. The unit of local government's chief financial
23 officer shall, by January 1, 1996, establish a system of
24 internal controls which shall be in writing and made a part of
25 the governmental entity's operational procedures. The
26 investment policy shall provide for review of such controls by
27 independent auditors as part of any financial audit
28 periodically required of the unit of local government. The
29 internal controls should be designed to prevent losses of
30 funds which might arise from fraud, employee error,
31

1 misrepresentation by third parties, or imprudent actions by
2 employees of the unit of local government.

3 (14) CONTINUING EDUCATION.--The investment policy
4 shall provide for the continuing education of the unit of
5 local government's officials responsible for making investment
6 decisions. Such officials must annually complete 8 hours of
7 continuing education in subjects or courses of study related
8 to investment practices and products.

9 (15)(14) REPORTING.--The investment policy shall
10 provide for appropriate annual or more frequent reporting of
11 investment activities. To that end, the governmental entity's
12 chief financial officer shall prepare periodic reports for
13 submission to the legislative and governing body of the unit
14 of local government, which shall include securities in the
15 portfolio by class or type, book value, income earned, and
16 market value as of the report date. Such reports shall be
17 available to the public.

18 (16) AUTHORIZED INVESTMENTS; WRITTEN INVESTMENT
19 POLICIES.--Those units of local government electing to adopt a
20 written investment policy as provided in subsections (1)-(15),
21 unless otherwise authorized by law or by ordinance, may by
22 resolution invest and reinvest any surplus public funds in
23 their control or possession in:

24 (a) The Local Government Surplus Funds Trust Fund or
25 any intergovernmental investment pool authorized pursuant to
26 the Florida Interlocal Cooperation Act as provided in s.
27 163.01.

28 (b) Securities and Exchange Commission registered
29 money market funds with the highest credit quality rating from
30 an nationally recognized rating agency.

31

1 (c) Savings accounts in, or certificates of deposit
2 of, any bank, savings bank, or savings and loan association
3 that is incorporated under the laws of this state or that is
4 organized under the laws of the United States and is doing
5 business and is situated in this state, the accounts of which
6 are insured by the Federal Government or an agency thereof,
7 provided such savings accounts and certificates of deposit are
8 secured in the manner prescribed in chapter 280.

9 (d) Direct obligations of the United States Treasury.

10 (e) Federal agencies and instrumentalities.

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

22
23 The securities listed in paragraphs (c), (d), (e), and (f)
24 must be invested to match investment maturities with current
25 expenses. This subsection does not apply to pension plans,
26 including those plans governed by chapters 112, 175, and 185.
27 Investments authorized for pension plans, including those
28 plans governed by chapters 112, 175, and 185, are provided in
29 ss. 112.661, 175.071, and 185.06.

30 (17)(15) AUTHORIZED INVESTMENTS; NO WRITTEN INVESTMENT
31 POLICY ~~ALTERNATIVE INVESTMENT GUIDELINES~~.--Those units of

1 local government electing not to adopt a written investment
2 policy in accordance with investment policies developed as
3 provided by subsections (1)-(15) may invest and reinvest any
4 surplus public funds in their control or possession in ~~in~~
5 ~~addition to or in lieu of establishing a written investment~~
6 ~~plan in accordance with investment policies developed pursuant~~
7 ~~to subsections (1)-(14), a unit of local government electing~~
8 ~~to conduct investment activity outside the framework provided~~
9 ~~by this part shall do so under the guidelines set forth in~~
10 ~~this section. The unit of local government may invest in the~~
11 ~~following instruments and may divest itself of such~~
12 ~~investments, at prevailing market prices or rates, subject to~~
13 ~~the limitations of this section:~~

14 (a) The Local Government Surplus Funds Trust Fund, or
15 any intergovernmental investment pool authorized pursuant to
16 the Florida Interlocal Cooperation Act, as provided in s.
17 163.01.

18 (b) Securities and Exchange Commission registered
19 money market funds with the highest credit quality rating from
20 a nationally recognized rating agency.

21 (c) Savings accounts in, or certificates of deposit
22 of, any bank, savings bank, or savings and loan association
23 that is incorporated under the laws of this state or that is
24 organized under the laws of the United States and is doing
25 business and is situated in this state, the accounts of which
26 are insured by the Federal Government or an agency thereof,
27 provided such savings accounts and certificates of deposit are
28 secured in the manner prescribed in chapter 280
29 ~~state-certified qualified public depositories, as defined in~~
30 ~~s. 280.02.~~

31

1 ~~(d) Certificates of deposit in state certified~~
2 ~~qualified public depositories, as defined in s. 280.02.~~

3 ~~(e) Direct obligations of the U.S. Treasury.~~

4 ~~(f) Federal agencies and instrumentalities.~~

5
6 The securities listed in paragraph (c)~~paragraphs (c), (d),~~
7 ~~(e), and (f)~~ shall be invested to match investment maturities
8 with current expenses.

9 (18) SECURITIES; HOW KEPT.--

10 (a) Every security purchased under this section on
11 behalf of the governing body of a unit of local government
12 must be properly earmarked and:

13 1. If registered with the issuer or its agents, must
14 be immediately placed for safekeeping in a location that
15 protects the governing body's interest in the security;

16 2. If in book entry form, must be held for the credit
17 of the governing body by a depository chartered by the Federal
18 Government, the state, or any other state or territory of the
19 United States which has a branch or principal place of
20 business in this state as defined in s. 658.12, and must be
21 kept by the depository in an account separate and apart from
22 the assets of the financial institution; or

23 3. If physically issued to the holder but not
24 registered with the issuer or its agents, must be immediately
25 placed for safekeeping in a safe-deposit box in a financial
26 institution in this state that maintains adequate safe-deposit
27 box insurance.

28 (b) The unit of local government's governing body may
29 also receive bank trust receipts in return for investment of
30 surplus funds in securities. Any trust receipts received must
31 enumerate the various securities held, together with the

1 specific number of each security held. The actual securities
2 on which the trust receipts are issued may be held by any bank
3 depository chartered by the United States Government, this
4 state, or any other state or territory of the United States,
5 which has a branch or principal place of business in this
6 state as defined in s. 658.12.

7 (19) SALE OF SECURITIES.--When the money invested in
8 such securities is needed in whole or in part for the purposes
9 originally intended, the unit of local government's governing
10 body may sell such security or securities at the
11 then-prevailing market price and pay the proceeds of such sale
12 into the proper account or fund of the unit of local
13 government.

14 (20) PRE-EXISTING CONTRACT.--Any surplus public funds
15 subject to a contract or agreement existing on October 1,
16 1999, may not be invested contrary to such contract or
17 agreement.

18 (21) PRE-EMPTION.--Any word, sentence, phrase, or
19 provision of any special act, municipal charter, or other law
20 which prohibits or restricts a local governmental entity from
21 complying with this section or any rules adopted under this
22 section is void to the extent of the of the conflict.

23 (22) AUDITS.--Certified public accountants conducting
24 audits of units of local government pursuant to s. 11.45 shall
25 report, as part of the audit, whether the unit of local
26 government has complied with this section.

27 (23) AUDITOR GENERAL; REVIEW.--During the Auditor
28 General's review of audit reports of units of local
29 government, he or she shall notify the Joint Legislative
30 Auditing Committee of any unit of local government not in
31 compliance with this section. Following notification of

1 failure by a local government to comply with this section, a
2 hearing may be scheduled by the committee. After the hearing,
3 the committee shall determine which units of local government
4 will be subjected to further state action. If it finds that
5 one or more units of local government should be subjected to
6 further state action, the committee shall:

7 (a) In the case of a unit of local government, request
8 the Department of Revenue and the Department of Banking and
9 Finance to withhold any funds payable to such governmental
10 entity until the unit of local government has complied with
11 this section.

12 (b) In the case of a special district, notify the
13 Department of Community Affairs that the special district has
14 failed to comply with this section. Upon receipt of
15 notification, the Department of Community Affairs shall
16 proceed pursuant to ss. 189.421 and 189.422.

17 Section 2. Section 112.661, Florida Statutes, is
18 created to read:

19 112.661 Investments; authorized securities.--

20 (1) The investment of the assets of any retirement
21 system or plan covered by this part shall be subject to the
22 limitations and conditions in s. 215.47(1), (2), (3), (4),
23 (5), (6), (7), (8), and (10).

24 (2) The optimization of investment returns must be
25 subordinate to the requirements for safety of principal. The
26 board in performing its investment duties shall comply with
27 the fiduciary standards set forth in the Employee Retirement
28 Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A)
29 through (C).

30
31

1 (3) In case of conflict with other provisions of law
2 authorizing investments, the investment and fiduciary
3 standards set forth in this section prevail.

4 (4) If a policy has investments that, on October 1,
5 1999, either exceed the applicable limit or do not satisfy the
6 applicable investment standard, such excess or nonsatisfying
7 investments may be continued; however, no additional
8 investment may be made in the investment category which
9 exceeds the applicable limit, and the nonsatisfying investment
10 may not be replaced.

11 Section 3. Section 112.662, Florida Statutes, is
12 created to read:

13 112.662 Investment policies.

14 (1) In making investments for the plan, the board may
15 make no investment that is not in conformance with a written
16 investment policy adopted by the board. The policy must
17 include, at a minimum, the provisions specified in s.
18 218.415(1)-(15).

19 (2) If the policy permits illiquid investments, for
20 which a generally recognized market is not available or for
21 which there is no consistent or generally accepted pricing
22 mechanism, the policy must include the criteria set forth in
23 s. 215.47(6), except that an investment advisory council is
24 not required, and, for each actuarial valuation, must require
25 the board to verify the determination of the fair market value
26 for such investments and that the determination complies with
27 all applicable state and federal requirements and to disclose
28 to the Division of Retirement and the plan's sponsor each such
29 investment for which the fair market value is not provided.

30 (3) For each actuarial valuation, the board shall
31 determine the total expected annual rate of return for the

1 current year, for each of the next several years, and for the
2 long term thereafter. This determination must be filed
3 promptly with the Division of Retirement and with the plan's
4 sponsor and consulting actuary.

5 Section 4. Section 28.33, Florida Statutes, is amended
6 to read:

7 28.33 Investment of county funds.--

8 (1) The clerk of the circuit court in each county
9 shall make an estimate of his or her projected financial needs
10 for the county and shall invest any surplus funds as provided
11 in s. 218.415 in designated depository banks in
12 ~~interest-bearing certificates or in any direct obligations of~~
13 ~~the United States in compliance with federal laws relating to~~
14 ~~receipt of and withdrawal of deposits. All investments shall~~
15 ~~be open for bid to all qualified depositories in the county.~~
16 ~~The clerk shall select the highest and best bid for deposit.~~
17 ~~All bids received by the clerk shall include, but not be~~
18 ~~limited to, the interest rate to be earned and the total~~
19 ~~amount of dollar return to be paid to the clerk. In the event~~
20 ~~of a like bid between two or more banks, the moneys shall be~~
21 ~~divided and deposited in each bank, so long as the total~~
22 ~~interest income from the divided deposits will not be less~~
23 ~~than the total interest income had the deposits not been~~
24 ~~divided. If at the time of bid the dollar return on direct~~
25 ~~obligations of the Federal Government is greater than the~~
26 ~~highest bank return, then the clerk shall invest in the higher~~
27 ~~return security. Moneys deposited in the registry of the~~
28 ~~court shall be deposited in interest-bearing certificates at~~
29 ~~the discretion of the clerk, subject to the above guidelines.~~
30 No clerk investing such funds shall be liable for the loss of
31 any interest when circumstances require the withdrawal of

1 funds placed in a time deposit and needed for immediate
2 payment of county obligations. ~~In any county where local~~
3 ~~banks refuse to bid on securing such money on interest-bearing~~
4 ~~certificates, the clerk may request and receive bids from~~
5 ~~banks in other counties within the state and make such~~
6 ~~deposits to the successful bidder.~~ Except for interest earned
7 on moneys deposited in the registry of the court, all interest
8 accruing from moneys deposited shall be deemed income of the
9 office of the clerk of the circuit court investing such moneys
10 and shall be deposited in the same account as are other fees
11 and commissions of the clerk's office. The clerk may invest
12 moneys deposited in the registry of the court and shall retain
13 as income of the office of the clerk and as a reasonable
14 investment management fee 10 percent of the interest accruing
15 on those funds with the balance of such interest being
16 allocated in accordance with the interest of the depositors.
17 ~~Each clerk shall, as soon as practicable after the end of the~~
18 ~~fiscal year, report to the county governing authority the~~
19 ~~total interest earned on all investments during the preceding~~
20 ~~year.~~

21 (2) The provisions of this section are subject to the
22 provisions of s. 218.415.

23 Section 5. Subsection (9) of section 159.416, Florida
24 Statutes, is amended to read:

25 159.416 Pool financings.--

26 (9) Proceeds of bonds and moneys held for the payment
27 of debt service on bonds, including, but not limited to,
28 amounts held in the loan fund, any reserve fund, or debt
29 service fund for the bonds, may be invested in investments
30 authorized by or pursuant to an ordinance or resolution
31 providing for the issuance of the bonds or any trust agreement

1 or trust indenture or other instrument approved by such
2 ordinance or resolution, including, but not limited to,
3 investments described in s. 218.415 ~~ss. 28.33, 125.31,~~
4 ~~166.261, 218.345, 219.075, and 236.24~~ and chapter 280. The
5 acquisition of any debt obligation or investment contract or
6 investment agreement of any bank, savings and loan
7 association, insurance company, registered broker-dealer, or
8 other financial institution shall be deemed to be an
9 investment and not a loan and therefore need not meet the
10 criteria of subsections (5), (6), and (7).

11 Section 6. Section 219.075, Florida Statutes, is
12 amended to read:

13 219.075 Investment of surplus funds by county
14 officers.--

15 (1)~~(a)~~ Except when another procedure is prescribed by
16 law or by ordinance as to particular funds, a tax collector or
17 any other county officer having, receiving, or collecting any
18 money, either for his or her office or on behalf of and
19 subject to subsequent distribution to another officer of state
20 or local government, while such money is surplus to current
21 needs of his or her office or is pending distribution, shall
22 invest such money, without limitation, as provided in s.
23 218.415.in:

24 1. ~~The Local Government Surplus Funds Trust Fund, as~~
25 ~~created by s. 218.405;~~

26 2. ~~Bonds, notes, or other obligations of the United~~
27 ~~States guaranteed by the United States or for which the credit~~
28 ~~of the United States is pledged for the payment of the~~
29 ~~principal and interest or dividends;~~

30 3. ~~Interest-bearing time deposits or savings accounts~~
31 ~~in banks organized under the laws of this state, in national~~

1 ~~banks organized under the laws of the United States and doing~~
2 ~~business and situated in this state, in savings and loan~~
3 ~~associations which are under state supervision, or in federal~~
4 ~~savings and loan associations located in this state and~~
5 ~~organized under federal law and federal supervision, provided~~
6 ~~that any such deposits are secured by collateral as may be~~
7 ~~prescribed by law; or~~

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

19 ~~(b) These investments shall be planned so as not to~~
20 ~~slow the normal distribution of the subject funds. The~~
21 ~~investment earnings shall be reasonably apportioned and~~
22 ~~allocated and shall be credited to the account of, and paid~~
23 ~~to, the office or distributee, together with the principal on~~
24 ~~which such earnings accrued.~~

25 ~~(2) Except when another procedure is prescribed by~~
26 ~~law, ordinance, or court order as to particular funds, the tax~~
27 ~~collector shall, as soon as feasible after collection, deposit~~
28 ~~in a bank designated as a depository of public funds, as~~
29 ~~provided in s. 658.60, all taxes, fees, and other collections~~
30 ~~received by him or her and held prior to distribution to the~~
31 ~~appropriate taxing authority. Immediately after such funds~~

1 have cleared and have been properly credited to his or her
2 account, the tax collector shall invest such funds according
3 to the provisions of this section. The earnings from such
4 investments shall be apportioned at least quarterly on a pro
5 rata basis to the appropriate taxing authorities. However,
6 the tax collector may deduct therefrom such reasonable amounts
7 as are necessary to provide for costs of administration of
8 such investments and deposits.

9 (3) The State Board of Administration may establish a
10 schedule and guidelines to be followed by tax collectors
11 making deposits and investments under the provisions of
12 subsection (2).

13 (4) The provisions of this section are subject to the
14 provisions of s. 218.415.

15 Section 7. Paragraph (k) of subsection (10) of section
16 230.23, Florida Statutes, 1998 Supplement, is amended to read:

17 230.23 Powers and duties of school board.--The school
18 board, acting as a board, shall exercise all powers and
19 perform all duties listed below:

20 (10) FINANCE.--Take steps to assure children adequate
21 educational facilities through the financial procedure
22 authorized in chapters 236 and 237 and as prescribed below:

23 (k) Investment policies.--

24 1. Adopt policies pertaining to the investment of
25 school funds not needed for immediate expenditures, after
26 considering the recommendations of the superintendent. The
27 adopted policies must conform with the provisions of s.
28 218.415. ~~shall make provisions for investing or placing on~~
29 ~~deposit all such funds in order to earn the maximum possible~~
30 ~~yield under the circumstances from such investments or~~
31 ~~deposits. The method of determining the maximum yield on~~

1 ~~investments or deposits shall include, but not necessarily be~~
2 ~~limited to, bids from qualified depositories, yields from~~
3 ~~certificates of deposit, yields from time deposits, yields~~
4 ~~from securities guaranteed by the Government of the United~~
5 ~~States, or other forms of investments authorized by law.~~

6 2. Part of the funds available for investment may be
7 set aside to invest in time deposits or savings accounts in
8 banks or savings and loan associations on the federal list of
9 minority financial institutions designated as authorized
10 depositories. The investment of such funds must be
11 competitively bid among such minority financial institutions
12 located within the school district boundaries and must be in
13 compliance with s. 236.24 and chapter 280. The amount of
14 funds designated for such investment shall be determined by
15 the school board and may be based on the percentage of
16 minorities within the population of the school district.

17 Section 8. Section 236.24, Florida Statutes, 1998
18 Supplement, is amended to read:

19 236.24 Sources of district school fund.--

20 ~~(1)~~ The district school fund shall consist of funds
21 derived from the district school tax levy; state
22 appropriations; appropriations by county commissioners; local,
23 state, and federal school food service funds; any and all
24 other sources for school purposes; national forest trust funds
25 and other federal sources; and gifts and other sources.

26 ~~(2)(a) Unless otherwise authorized by law or by~~
27 ~~ordinance, each school board shall, by resolution to be~~
28 ~~adopted from time to time, invest and reinvest any surplus~~
29 ~~public funds in its control or possession in:~~

30 ~~1. The Local Government Surplus Funds Trust Fund;~~

31

1 ~~2. Negotiable direct obligations of, or obligations~~
2 ~~the principal and interest of which are unconditionally~~
3 ~~guaranteed by, the United States Government at the then~~
4 ~~prevailing market price for such securities;~~

5 ~~3. Interest-bearing time deposits or savings accounts~~
6 ~~in qualified public depositories as defined in s. 280.02;~~

7 ~~4. Obligations of the federal farm credit banks; the~~
8 ~~Federal Home Loan Mortgage Corporation, including Federal Home~~
9 ~~Loan Mortgage Corporation participation certificates; or the~~
10 ~~Federal Home Loan Bank or its district banks or obligations~~
11 ~~guaranteed by the Government National Mortgage Association;~~

12 ~~5. Obligations of the Federal National Mortgage~~
13 ~~Association, including Federal National Mortgage Association~~
14 ~~participation certificates and mortgage pass-through~~
15 ~~certificates guaranteed by the Federal National Mortgage~~
16 ~~Association; or~~

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

28 ~~(b)1. Securities purchased by any such school board~~
29 ~~under the authority of this law shall be delivered by the~~
30 ~~seller to the school board or its appointed safekeeper. The~~
31 ~~safekeeper shall be a qualified bank or trust company~~

1 ~~chartered to operate as such by the State of Florida, any~~
2 ~~other state or territory of the United States, or the United~~
3 ~~States Government, that has a branch or principal place of~~
4 ~~business in this state as defined in s. 658.12. The safekeeper~~
5 ~~shall issue documentation for each transaction, and a monthly~~
6 ~~statement detailing all transactions for the period.~~

7 2. ~~Securities physically delivered to the school board~~
8 ~~shall be placed in a safe-deposit box in a bank or other~~
9 ~~institution located within the county and duly licensed and~~
10 ~~insured. Withdrawals from such safe-deposit box shall be only~~
11 ~~by persons duly authorized by resolution of the school board.~~

12 3. ~~The school board may also receive bank trust~~
13 ~~receipts in return for investment of surplus funds in~~
14 ~~securities. Any trust receipts received must enumerate the~~
15 ~~various securities held together with the specific number of~~
16 ~~each security held. The actual securities on which the trust~~
17 ~~receipts are issued may be held by any bank depository~~
18 ~~chartered by the United States Government, the State of~~
19 ~~Florida, or any other state or territory of the United States,~~
20 ~~that has a branch or principal place of business in this state~~
21 ~~as defined in s. 658.12, or their designated agents.~~

22 (c) ~~When the money invested in such securities is~~
23 ~~needed in whole or in part for the purposes originally~~
24 ~~intended, the school board is authorized to sell such security~~
25 ~~or securities at the then prevailing market price and to pay~~
26 ~~the proceeds of such sale into the proper account or fund of~~
27 ~~the school board.~~

28 (d) ~~For the purposes of this law, the term "surplus~~
29 ~~funds" is defined as funds in any general or special account~~
30 ~~or fund of the school board, held or controlled by the school~~
31 ~~board, which funds are not reasonably contemplated to be~~

1 ~~needed for the purposes intended within a reasonable time from~~
2 ~~the date of such investment.~~

3 ~~(e) Any surplus public funds subject to a contract or~~
4 ~~agreement on the date of this enactment shall not be invested~~
5 ~~contrary to such contract or agreement.~~

6 ~~(f) The provisions of this subsection are supplemental~~
7 ~~to any and all other laws relating to the legal investments by~~
8 ~~school boards.~~

9 ~~(3) Investments made pursuant to this section may be~~
10 ~~in book-entry form and may be under repurchase agreements.~~

11 ~~(4) The provisions of this section are subject to the~~
12 ~~provisions of s. 218.415.~~

13 Section 9. Subsection (5) of section 237.161, Florida
14 Statutes, is repealed.

15 Section 10. Section 125.31, Florida Statutes, as
16 amended by section 4 of chapter 98-409, Laws of Florida;
17 section 166.261, Florida Statutes; and section 218.345,
18 Florida Statutes, as amended by section 8 of chapter 98-409,
19 Laws of Florida, are repealed.

20 Section 11. This act shall take effect October 1,
21 1999.

22
23 *****

24 SENATE SUMMARY

25 Provides standardized guidelines for investment of public
26 funds by school districts, counties, municipalities, and
special districts. (See bill for details.)

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