

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 funds when made pursuant to
16 agreement or contract; providing for preemption
17 of state requirements; prescribing duties of
18 accountants and the Auditor General; amending
19 s. 112.625, F.S.; revising definitions and
20 defining terms; creating s. 112.661, F.S.;
21 prescribing guidelines for investments by
22 retirement systems or plans; providing for
23 authorized investments; prohibiting investments
24 not authorized by investment policy; providing
25 for continuing education for officials
26 responsible for making investments; providing
27 for the filing of the investment policy with
28 the Division of Retirement, the plan's sponsor,
29 and the consulting actuary; providing for the
30 valuation of illiquid investments; amending s.
31 28.33, F.S.; prescribing requirements for

1 investment of county funds; amending s.
2 159.416, F.S.; prescribing requirements for
3 investment of bond proceeds and moneys held for
4 payment of debt service on bonds; amending s.
5 219.075, F.S.; prescribing requirements for
6 investment of surplus funds by county officers;
7 amending s. 230.23, F.S.; prescribing
8 requirements for investment of school funds not
9 needed for immediate expenditure; amending s.
10 236.24, F.S.; deleting provisions relating to
11 authorized investment of district school fund
12 moneys; amending s. 163.01, F.S.; authorizing a
13 local government self-insurance fund to
14 guarantee bonds; repealing s. 237.161(5), F.S.,
15 relating to investment of cash assets by school
16 boards; repealing s. 230.23(10)(k), F.S.,
17 relating to investment policies of district
18 school boards; repealing s. 125.31, F.S.,
19 relating to investment of surplus public funds
20 by counties; repealing s. 166.261, F.S.,
21 relating to investments by municipalities;
22 repealing s. 218.345, F.S., relating to
23 investments by special districts; providing an
24 effective date.

25
26 Be It Enacted by the Legislature of the State of Florida:

27
28 Section 1. Section 218.415, Florida Statutes, is
29 amended to read:
30 218.415 Local government investment
31 policies.--Investment activity by a unit of local government

1 must be consistent with a written investment plan adopted by
2 the governing body, or in the absence of the existence of a
3 governing body, the respective principal officer of the unit
4 of local government and maintained by the unit of local
5 government or, in the alternative, such activity must be
6 conducted in accordance with ~~the investment guidelines set~~
7 ~~forth in subsection~~(17)~~(15)~~. Any such unit of local
8 government shall have an investment policy for any public
9 funds in excess of the amounts needed to meet current expenses
10 as provided in subsections(1)-(16)~~(1)-(14)~~, or shall meet
11 the alternative investment guidelines contained in subsection
12 ~~(17)~~(15). Such policies shall be structured to place the
13 highest priority on the safety of principal and liquidity of
14 funds. The optimization of investment returns shall be
15 secondary to the requirements for safety and liquidity. Each
16 unit of local government shall adopt policies that are
17 commensurate with the nature and size of the public funds
18 within their custody.

19 (1) SCOPE.--The investment policy shall apply to funds
20 under the control of the unit of local government in excess of
21 those required to meet current expenses. The investment policy
22 shall not apply to pension funds, including those funds in
23 chapters 175 and 185, ~~trust funds~~, or funds related to the
24 issuance of debt where there are other existing policies or
25 indentures in effect for such funds.

26 (2) INVESTMENT OBJECTIVES.--The investment policy
27 shall describe the investment objectives of the unit of local
28 government. Investment objectives shall include safety of
29 capital, liquidity of funds, and investment income, in that
30 order.

31

1 (3) PERFORMANCE MEASUREMENT.--The investment policy
2 ~~unit of local government~~ shall specify develop performance
3 measures as are appropriate for the nature and size of the
4 public funds within its custody.

5 (4) PRUDENCE AND ETHICAL STANDARDS.--The investment
6 policy shall describe the level of prudence and ethical
7 standards to be followed by the unit of local government in
8 carrying out its investment activities with respect to funds
9 described in this section. The unit of local government shall
10 adopt the Prudent Person Rule, which states that: "Investments
11 should be made with judgment and care, under circumstances
12 then prevailing, which persons of prudence, discretion, and
13 intelligence exercise in the management of their own affairs,
14 not for speculation, but for investment, considering the
15 probable safety of their capital as well as the probable
16 income to be derived from the investment."

17 (5) LISTING OF AUTHORIZED INVESTMENTS.--The investment
18 policy shall list investments authorized by the governing body
19 of the unit of local government, subject to the provisions of
20 subsection (16) investments. Investments not listed in the
21 investment policy are prohibited. If the policy authorizes
22 investments in derivative products, such policy must require
23 that must be specifically authorized in the investment plan
24 and may be considered only if the unit of local government's
25 officials responsible for making investment decisions have
26 chief financial officer has developed sufficient understanding
27 of the derivative products and have ~~has~~ the expertise to
28 manage them. For purposes of this subsection, a "derivative"
29 is defined as a financial instrument the value of which
30 depends on, or is derived from, the value of one or more
31 underlying assets or index or asset values. If the policy

1 authorizes investments in ~~The use of~~ reverse repurchase
2 agreements or other forms of leverage, the policy must limit
3 the investments ~~shall be prohibited or limited by investment~~
4 policy to transactions in which ~~where~~ the proceeds are
5 intended to provide liquidity and for which the unit of local
6 government has sufficient resources and expertise.

7 (6) MATURITY AND LIQUIDITY REQUIREMENTS.--The
8 investment policy shall require that the investment portfolio
9 is structured in such manner as to provide sufficient
10 liquidity to pay obligations as they come due. To that end,
11 the investment policy should direct that, to the extent
12 possible, an attempt will be made to match investment
13 maturities with known cash needs and anticipated cash-flow
14 requirements.

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

20 (8) RISK AND DIVERSIFICATION.--The investment policy
21 shall provide for appropriate diversification of the
22 investment portfolio. Investments held should be diversified
23 to the extent practicable to control the risk of loss
24 resulting from overconcentration of assets in a specific
25 maturity, issuer, instrument, dealer, or bank through which
26 financial instruments are bought and sold. Diversification
27 strategies within the established guidelines shall be reviewed
28 and revised periodically, as deemed necessary by the
29 appropriate management staff.

30 (9) AUTHORIZED INVESTMENT INSTITUTIONS AND
31 DEALERS.--The investment policy should specify the authorized

1 securities dealers, issuers, and banks from whom the unit of
2 local government may purchase securities.

3 (10) THIRD-PARTY CUSTODIAL AGREEMENTS.--The investment
4 policy shall provide appropriate arrangements for the holding
5 of assets of the unit of local government. Securities should
6 be held with a third party; and all securities purchased by,
7 and all collateral obtained by, the unit of local government
8 should be properly designated as an asset of the unit of local
9 government. No withdrawal of securities, in whole or in part,
10 shall be made from safekeeping, except by an authorized staff
11 member of the unit of local government. Securities
12 transactions between a broker-dealer and the custodian
13 involving purchase or sale of securities by transfer of money
14 or securities must be made on a "delivery vs. payment" basis,
15 if applicable, to ensure that the custodian will have the
16 security or money, as appropriate, in hand at the conclusion
17 of the transaction.

18 (11) MASTER REPURCHASE AGREEMENT.--The investment
19 policy ~~unit of local government~~ shall require all approved
20 institutions and dealers transacting repurchase agreements to
21 execute and perform as stated in the Master Repurchase
22 Agreement. All repurchase agreement transactions shall adhere
23 to the requirements of the Master Repurchase Agreement.

24 (12) BID REQUIREMENT.--The investment policy shall
25 require that the unit of local government's staff determine
26 the approximate maturity date based on cash-flow needs and
27 market conditions, analyze and select one or more optimal
28 types of investment, and competitively bid the security in
29 question when feasible and appropriate. Except as otherwise
30 required by law, the most economically advantageous bid must
31 be selected ~~After the unit of local government staff has~~

1 ~~determined the approximate maturity date based on cash-flow~~
2 ~~needs and market conditions and has analyzed and selected one~~
3 ~~or more optimal types of investment, the security in question~~
4 ~~shall, when feasible and appropriate, be competitively bid.~~

5 (13) INTERNAL CONTROLS.--The investment policy shall
6 provide for a system of internal controls and operational
7 procedures. The unit of local government's officials
8 responsible for making investment decisions ~~chief financial~~
9 ~~officer~~ shall, ~~by January 1, 1996,~~ establish a system of
10 internal controls which shall be in writing and made a part of
11 the governmental entity's operational procedures. The
12 investment policy shall provide for review of such controls by
13 independent auditors as part of any financial audit
14 periodically required of the unit of local government. The
15 internal controls should be designed to prevent losses of
16 funds which might arise from fraud, employee error,
17 misrepresentation by third parties, or imprudent actions by
18 employees of the unit of local government.

19 (14) CONTINUING EDUCATION.--The investment policy
20 shall provide for the continuing education of the unit of
21 local government's officials responsible for making investment
22 decisions. Such officials must annually complete 8 hours of
23 continuing education in subjects or courses of study related
24 to investment practices and products.

25 (15)~~(14)~~ REPORTING.--The investment policy shall
26 provide for appropriate annual or more frequent reporting of
27 investment activities. To that end, the governmental entity's
28 officials responsible for making investment decisions ~~chief~~
29 ~~financial officer~~ shall prepare periodic reports for
30 submission to the legislative and governing body of the unit
31 of local government, which shall include securities in the

1 portfolio by class or type, book value, income earned, and
2 market value as of the report date. Such reports shall be
3 available to the public.

4 (16) AUTHORIZED INVESTMENTS; WRITTEN INVESTMENT
5 POLICIES.--Those units of local government electing to adopt a
6 written investment policy as provided in subsections (1)-(15)
7 may by resolution invest and reinvest any surplus public funds
8 in their control or possession in:

9 (a) The Local Government Surplus Funds Trust Fund or
10 any intergovernmental investment pool authorized pursuant to
11 the Florida Interlocal Cooperation Act as provided in s.
12 163.01.

13 (b) Securities and Exchange Commission registered
14 money market funds with the highest credit quality rating from
15 a nationally recognized rating agency.

16 (c) Savings accounts in, or certificates of deposit
17 of, any bank, savings bank, or savings and loan association
18 that is incorporated under the laws of this state or organized
19 under the laws of the United States, and that is doing
20 business in and is situated in this state, and whose accounts
21 are insured by the Federal Government or an agency thereof,
22 provided that such savings accounts and certificates of
23 deposit are secured in the manner prescribed in chapter 280.

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

25 (e) Federal agencies and instrumentalities.

26 (f) Securities of, or other interests in, any open-end
27 or closed-end management-type investment company or investment
28 trust registered under the Investment Company Act of 1940, 15
29 U.S.C. ss. 80a-1 et seq., as amended from time to time,
30 provided that the portfolio of such investment company or
31 investment trust is limited to obligations of the United

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

6 (g) Other investments authorized by law or by
7 ordinance.

8 (17)(15) AUTHORIZED INVESTMENTS; NO WRITTEN INVESTMENT
9 POLICY ~~ALTERNATIVE INVESTMENT GUIDELINES~~.--Those units of
10 local government electing not to adopt a written investment
11 policy in accordance with investment policies developed as
12 provided in subsections (1)-(15) may invest or reinvest any
13 surplus public funds in their control or possession in: ~~in~~
14 addition to or in lieu of establishing a written investment
15 plan in accordance with investment policies developed pursuant
16 to subsections (1)-(14), a unit of local government electing
17 to conduct investment activity outside the framework provided
18 by this part shall do so under the guidelines set forth in
19 this section. The unit of local government may invest in the
20 following instruments and may divest itself of such
21 investments, at prevailing market prices or rates, subject to
22 the limitations of this section:

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

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

30 (c) Savings accounts, or certificates of deposit of,
31 any bank, savings bank, or savings and loan association that

1 is incorporated under the laws of this state or organized
2 under the laws of the United States, that is doing business
3 and is situated in this state, and whose accounts are insured
4 by the Federal Government or an agency thereof, provided that
5 such savings accounts and certificates of deposit are secured
6 in the manner prescribed in chapter 280 in state-certified
7 qualified public depositories, as defined in s. 280.02.

8 ~~(d) Certificates of deposit in state-certified~~
9 ~~qualified public depositories, as defined in s. 280.02.~~

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

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

12

13 The securities listed in paragraphs (c) and, ~~(d), (e), and (f)~~
14 shall be invested to provide sufficient liquidity to pay
15 obligations as they come due ~~match investment maturities with~~
16 ~~current expenses.~~

17 (18) SECURITIES; DISPOSITION.--

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

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

24 2. If in book entry form, must be held for the credit
25 of the governing body by a depository chartered by the Federal
26 Government, the state, or any other state or territory of the
27 United States which has a branch or principal place of
28 business in this state as defined in s. 658.12, or by a
29 national association organized and existing under the laws of
30 the United States of America which is authorized to accept and
31 execute trusts and which is doing business in this state, and

1 must be kept by the depository in an account separate and
2 apart from the assets of the financial institution; or

3 3. If physically issued to the holder but not
4 registered with the issuer or its agents, must be immediately
5 placed for safekeeping in a secured vault in a financial
6 institution in this state which maintains adequate secured
7 vault insurance.

8 (b) The unit of local government's governing body may
9 also receive bank trust receipts in return for investment of
10 surplus funds in securities. Any trust receipts received must
11 enumerate the various securities held, together with the
12 specific number of each security held. The actual securities
13 on which the trust receipts are issued may be held by any bank
14 depository chartered by the Federal Government, this state, or
15 any other state or territory of the United States, which has a
16 branch or principal place of business in this state as defined
17 in s. 658.12, or by a national association organized and
18 existing under the laws of the United States of America which
19 is authorized to accept and execute trusts and which is doing
20 business in this state as defined by s. 658.12.

21 (19) SALE OF SECURITIES.--When the invested funds are
22 needed in whole or in part for the purposes originally
23 intended, the unit of local government's governing body may
24 sell such investments at the then-prevailing market price and
25 place the proceeds into the proper account or fund of the unit
26 of local government.

27 (20) PREEXISTING CONTRACT.--Any public funds subject
28 to a contract or agreement existing on October 1, 1999, may
29 not be invested contrary to such contract or agreement.

30 (21) PREEMPTION.--Any word, sentence, phrase, or
31 provision of any special act, municipal charter, or other law

1 which prohibits or restricts a local governmental entity from
2 complying with this section or any rules adopted under this
3 section is void to the extent of the conflict.

4 (22) AUDITS.--Certified public accountants conducting
5 audits of units of local government pursuant to s. 11.45 shall
6 report, as part of the audit, whether or not the unit of local
7 government has complied with s. 218.415.

8 (23) AUDITOR GENERAL; REVIEW.--During the Auditor
9 General's review of audit reports of units of local
10 government, the Auditor General shall notify the Joint
11 Legislative Auditing Committee of any unit of local government
12 not in compliance with this section. Following notification of
13 failure by a local government to comply with s. 218.415, a
14 hearing may be scheduled by the committee. If a hearing is
15 scheduled, the committee shall determine which units of local
16 government will be subjected to further state action. If the
17 committee finds that one or more units of local government
18 should be subjected to further state action, the committee
19 shall:

20 (a) In the case of a county, municipality, or district
21 school board, request the Department of Revenue and the
22 Department of Banking and Finance to withhold any funds
23 payable to such entity until the entity has complied with this
24 section.

25 (b) In the case of a special district, notify the
26 Department of Community Affairs that the special district has
27 failed to comply with this section. Upon receipt of
28 notification, the Department of Community Affairs shall
29 proceed pursuant to the provisions specified in ss. 189.421
30 and 189.422.

31

1 Section 2. Subsections (7) and (8) of section 112.625,
2 Florida Statutes, are amended, and subsection (9) is added to
3 that section, to read:

4 112.625 Definitions.--As used in this act:

5 (7) "Statement value" means the value of assets in
6 accordance with s. 302(c)(2) of the Employee Retirement Income
7 Security Act of 1974 and as permitted under regulations
8 prescribed by the Secretary of the Treasury. Assets for which
9 a fair market value is not provided shall be excluded from the
10 assets used in the determination of annual funding cost.

11 (8) "Named fiduciary," "board," or "board of trustees"
12 means the person or persons so designated by the terms of the
13 instrument or instruments, ordinance, or statute under which
14 the plan is operated.

15 (9) "Plan sponsor" means the local governmental entity
16 that has established or that may establish a local retirement
17 system or plan.

18 Section 3. Section 112.661, Florida Statutes, is
19 created to read:

20 112.661 Investment policies.--Investment of the assets
21 of any retirement system or plan must be consistent with a
22 written investment policy adopted by the board. Such policies
23 shall be structured to maximize the financial return to the
24 retirement system or plan consistent with the risks incumbent
25 in each investment and shall be structured to establish and
26 maintain an appropriate diversification of the retirement
27 system or plan's assets.

28 (1) SCOPE.--The investment policy shall apply to funds
29 under the control of the board.

30 (2) INVESTMENT OBJECTIVES.--The investment policy
31 shall describe the investment objectives of the board.

1 (3) PERFORMANCE MEASUREMENT.--The investment policy
2 shall specify performance measures as are appropriate for the
3 nature and size of the assets within the board's custody.

4 (4) INVESTMENT AND FIDUCIARY STANDARDS.--The
5 investment policy shall describe the level of prudence and
6 ethical standards to be followed by the board in carrying out
7 its investment activities with respect to funds described in
8 this section. The board in performing its investment duties
9 shall comply with the fiduciary standards set forth in the
10 Employee Retirement Income Security Act of 1974 at 29 U.S.C.
11 s. 1104(a)(1)(A) through (C). In case of conflict with other
12 provisions of law authorizing investments, the investment and
13 fiduciary standards set forth in this section shall prevail.

14 (5) AUTHORIZED INVESTMENTS.--

15 (a) The investment policy shall list investments
16 authorized by the board. Investments not listed in the
17 investment policy are prohibited. Unless otherwise authorized
18 by law or ordinance, the investment of the assets of any
19 retirement system or plan covered by this part shall be
20 subject to the limitations and conditions in s. 215.47(1),
21 (2), (3), (4), (5), (6), (7), (8), (10), and (16).

22 (b) If a retirement system or plan has investments
23 that, on October 1, 1999, either exceed the applicable limit
24 or do not satisfy the applicable investment standard, such
25 excess or investment not in compliance with the policy may be
26 continued until such time as it is economically feasible to
27 dispose of such investment. However, no additional investment
28 may be made in the investment category which exceeds the
29 applicable limit, unless authorized by law or ordinance.

30 (6) MATURITY AND LIQUIDITY REQUIREMENTS.--The
31 investment policy shall require that the investment portfolio

1 is structured in such manner as to provide sufficient
2 liquidity to pay obligations as they come due. To that end,
3 the investment policy should direct that, to the extent
4 possible, an attempt will be made to match investment
5 maturities with known cash needs and anticipated cash-flow
6 requirements.

7 (7) PORTFOLIO COMPOSITION.--The investment policy
8 shall establish guidelines for investments and limits on
9 security issues, issuers, and maturities. Such guidelines
10 shall be commensurate with the nature and size of the funds
11 within the custody of the board.

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

21 (9) EXPECTED ANNUAL RATE OF RETURN.--The investment
22 policy shall require that, for each actuarial valuation, the
23 board determine the total expected annual rate of return for
24 the current year, for each of the next several years, and for
25 the long term thereafter. This determination must be filed
26 promptly with the Division of Retirement and with the plan's
27 sponsor and consulting actuary. The Division of Retirement
28 shall use this determination only to notify the board, the
29 plan's sponsor, and consulting actuary of material differences
30 between the total expected annual rate of return and the
31 actuarial assumed rate of return.

1 (10) THIRD-PARTY CUSTODIAL AGREEMENTS.--The investment
2 policy shall provide appropriate arrangements for the holding
3 of assets of the board. Securities should be held with a third
4 party, and all securities purchased by, and all collateral
5 obtained by, the board should be properly designated as an
6 asset of the board. No withdrawal of securities, in whole or
7 in part, shall be made from safekeeping except by an
8 authorized member of the board or the board's designee.
9 Securities transactions between a broker-dealer and the
10 custodian involving purchase or sale of securities by transfer
11 of money or securities must be made on a "delivery vs.
12 payment" basis, if applicable, to ensure that the custodian
13 will have the security or money, as appropriate, in hand at
14 the conclusion of the transaction.

15 (11) MASTER REPURCHASE AGREEMENT.--The investment
16 policy shall require all approved institutions and dealers
17 transacting repurchase agreements to execute and perform as
18 stated in the Master Repurchase Agreement. All repurchase
19 agreement transactions shall adhere to the requirements of the
20 Master Repurchase Agreement.

21 (12) BID REQUIREMENT.--The investment policy shall
22 provide that the board determine the approximate maturity date
23 based on cash-flow needs and market conditions, analyze and
24 select one or more optimal types of investment, and
25 competitively bid the security in question when feasible and
26 appropriate. Except as otherwise required by law, the most
27 economically advantageous bid must be selected.

28 (13) INTERNAL CONTROLS.--The investment policy shall
29 provide for a system of internal controls and operational
30 procedures. The board shall establish a system of internal
31 controls which shall be in writing and made a part of the

1 board's operational procedures. The policy shall provide for
2 review of such controls by independent certified public
3 accountants as part of any financial audit periodically
4 required of the board's unit of local government. The internal
5 controls should be designed to prevent losses of funds which
6 might arise from fraud, error, misrepresentation by third
7 parties, or imprudent actions by the board or employees of the
8 unit of local government.

9 (14) CONTINUING EDUCATION.--The investment policy
10 shall provide for the continuing education of the board
11 members in matters relating to investments and the board's
12 responsibilities.

13 (15) REPORTING.--The investment policy shall provide
14 for appropriate annual or more frequent reporting of
15 investment activities. To that end, the board shall prepare
16 periodic reports for submission to the governing body of the
17 unit of local government which shall include investments in
18 the portfolio by class or type, book value, income earned, and
19 market value as of the report date. Such reports shall be
20 available to the public.

21 (16) FILING OF INVESTMENT POLICY.--Upon adoption by
22 the board, the investment policy shall be promptly filed with
23 the Division of Retirement and the plan's sponsor and
24 consulting actuary. The effective date of the investment
25 policy, and any amendment thereto, shall be the 31st calendar
26 day following the filing date with the plan sponsor.

27 (17) VALUATION OF ILLIQUID INVESTMENTS.--The
28 investment policy shall provide for the valuation of illiquid
29 investments for which a generally recognized market is not
30 available or for which there is no consistent or generally
31 accepted pricing mechanism. If those investments are utilized,

1 the investment policy must include the criteria set forth in
2 s. 215.47(6), except that an Investment Advisory Council is
3 not required. The investment policy shall require that, for
4 each actuarial valuation, the board must verify the
5 determination of the fair-market value for those investments
6 and ascertain that the determination complies with all
7 applicable state and federal requirements. The investment
8 policy shall require that the board disclose to the Division
9 of Retirement and the plan's sponsor each such investment for
10 which the fair-market value is not provided.

11 Section 4. Section 28.33, Florida Statutes, is amended
12 to read:

13 28.33 Investment of county funds by the clerk of the
14 circuit court.--The clerk of the circuit court in each county
15 shall invest county funds in excess of those required to meet
16 expenses as provided in s. 218.415.~~make an estimate of his or~~
17 ~~her projected financial needs for the county and shall invest~~
18 ~~any funds in designated depository banks in interest-bearing~~
19 ~~certificates or in any direct obligations of the United States~~
20 ~~in compliance with federal laws relating to receipt of and~~
21 ~~withdrawal of deposits. All investments shall be open for bid~~
22 ~~to all qualified depositories in the county. The clerk shall~~
23 ~~select the highest and best bid for deposit. All bids~~
24 ~~received by the clerk shall include, but not be limited to,~~
25 ~~the interest rate to be earned and the total amount of dollar~~
26 ~~return to be paid to the clerk. In the event of a like bid~~
27 ~~between two or more banks, the moneys shall be divided and~~
28 ~~deposited in each bank, so long as the total interest income~~
29 ~~from the divided deposits will not be less than the total~~
30 ~~interest income had the deposits not been divided. If at the~~
31 ~~time of bid the dollar return on direct obligations of the~~

1 ~~Federal Government is greater than the highest bank return,~~
2 ~~then the clerk shall invest in the higher return security.~~
3 ~~Moneys deposited in the registry of the court shall be~~
4 ~~deposited in interest-bearing certificates at the discretion~~
5 ~~of the clerk, subject to the above guidelines.~~ No clerk
6 investing such funds shall be liable for the loss of any
7 interest when circumstances require the withdrawal of funds
8 placed in a time deposit and needed for immediate payment of
9 county obligations. ~~In any county where local banks refuse to~~
10 ~~bid on securing such money on interest-bearing certificates,~~
11 ~~the clerk may request and receive bids from banks in other~~
12 ~~counties within the state and make such deposits to the~~
13 ~~successful bidder.~~ Except for interest earned on moneys
14 deposited in the registry of the court, all interest accruing
15 from moneys deposited shall be deemed income of the office of
16 the clerk of the circuit court investing such moneys and shall
17 be deposited in the same account as are other fees and
18 commissions of the clerk's office. The clerk may invest
19 moneys deposited in the registry of the court and shall retain
20 as income of the office of the clerk and as a reasonable
21 investment management fee 10 percent of the interest accruing
22 on those funds with the balance of such interest being
23 allocated in accordance with the interest of the depositors.
24 ~~Each clerk shall, as soon as practicable after the end of the~~
25 ~~fiscal year, report to the county governing authority the~~
26 ~~total interest earned on all investments during the preceding~~
27 ~~year.~~

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

30 159.416 Pool financings.--

31

1 (9) Proceeds of bonds and moneys held for the payment
2 of debt service on bonds, including, but not limited to,
3 amounts held in the loan fund, any reserve fund, or debt
4 service fund for the bonds, may be invested in investments
5 authorized by or pursuant to an ordinance or resolution
6 providing for the issuance of the bonds or any trust agreement
7 or trust indenture or other instrument approved by such
8 ordinance or resolution, including, but not limited to,
9 investments described in s. 218.415 ~~ss. 28.33, 125.31,~~
10 ~~166.261, 218.345, 219.075, and 236.24~~ and chapter 280. The
11 acquisition of any debt obligation or investment contract or
12 investment agreement of any bank, savings and loan
13 association, insurance company, registered broker-dealer, or
14 other financial institution shall be deemed to be an
15 investment and not a loan and therefore need not meet the
16 criteria of subsections (5), (6), and (7).

17 Section 6. Section 219.075, Florida Statutes, is
18 amended to read:

19 219.075 Investment of surplus funds by county
20 officers.--

21 (1)(a) Except when another procedure is prescribed by
22 law or by ordinance as to particular funds, a tax collector or
23 any other county officer having, receiving, or collecting any
24 money, either for his or her office or on behalf of and
25 subject to subsequent distribution to another officer of state
26 or local government, while such money is in excess of that
27 required to meet current expenses ~~surplus to current needs of~~
28 ~~his or her office~~ or that is pending distribution, shall
29 invest such money, without limitation, as provided in s.
30 218.415.in:

31

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

3 ~~2. Bonds, notes, or other obligations of the United~~
4 ~~States guaranteed by the United States or for which the credit~~
5 ~~of the United States is pledged for the payment of the~~
6 ~~principal and interest or dividends;~~

7 ~~3. Interest-bearing time deposits or savings accounts~~
8 ~~in banks organized under the laws of this state, in national~~
9 ~~banks organized under the laws of the United States and doing~~
10 ~~business and situated in this state, in savings and loan~~
11 ~~associations which are under state supervision, or in federal~~
12 ~~savings and loan associations located in this state and~~
13 ~~organized under federal law and federal supervision, provided~~
14 ~~that any such deposits are secured by collateral as may be~~
15 ~~prescribed by law; or~~

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

27 (b) These investments shall be planned so as not to
28 slow the normal distribution of the subject funds. The
29 investment earnings shall be reasonably apportioned and
30 allocated and shall be credited to the account of, and paid
31

1 to, the office or distributee, together with the principal on
2 which such earnings accrued.

3 (2) Except when another procedure is prescribed by
4 law, ordinance, or court order as to particular funds, the tax
5 collector shall, as soon as feasible after collection, deposit
6 in a bank designated as a depository of public funds, as
7 provided in s. 658.60, all taxes, fees, and other collections
8 received by him or her and held prior to distribution to the
9 appropriate taxing authority. Immediately after such funds
10 have cleared and have been properly credited to the tax
11 collector's ~~his or her~~ account, the tax collector shall invest
12 such funds according to the provisions of s. 218.415 ~~this~~
13 ~~section~~. The earnings from such investments shall be
14 apportioned at least quarterly on a pro rata basis to the
15 appropriate taxing authorities. However, the tax collector
16 may deduct therefrom such reasonable amounts as are necessary
17 to provide for costs of administration of such investments and
18 deposits.

19 (3) The State Board of Administration may establish a
20 schedule and guidelines to be followed by tax collectors
21 making deposits ~~and investments~~ under the provisions of
22 subsection (2).

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

25 Section 7. Section 236.24, Florida Statutes, 1998
26 Supplement, is amended to read:

27 236.24 Sources of district school fund.--

28 ~~(1)~~ The district school fund shall consist of funds
29 derived from the district school tax levy; state
30 appropriations; appropriations by county commissioners; local,
31 state, and federal school food service funds; any and all

1 other sources for school purposes; national forest trust funds
2 and other federal sources; and gifts and other sources.

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

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

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

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

14 ~~4. Obligations of the federal farm credit banks; the~~
15 ~~Federal Home Loan Mortgage Corporation, including Federal Home~~
16 ~~Loan Mortgage Corporation participation certificates; or the~~
17 ~~Federal Home Loan Bank or its district banks or obligations~~
18 ~~guaranteed by the Government National Mortgage Association;~~

19 ~~5. Obligations of the Federal National Mortgage~~
20 ~~Association, including Federal National Mortgage Association~~
21 ~~participation certificates and mortgage pass-through~~
22 ~~certificates guaranteed by the Federal National Mortgage~~
23 ~~Association; or~~

24 ~~6. Securities of, or other interests in, any open-end~~
25 ~~or closed-end management type investment company or investment~~
26 ~~trust registered under the Investment Company Act of 1940, 15~~
27 ~~U.S.C. ss. 80a-1 et seq., as amended from time to time,~~
28 ~~provided the portfolio of such investment company or~~
29 ~~investment trust is limited to obligations of the United~~
30 ~~States Government or any agency or instrumentality thereof and~~
31 ~~to repurchase agreements fully collateralized by such United~~

1 ~~States Government obligations, and provided such investment~~
2 ~~company or investment trust takes delivery of such collateral~~
3 ~~either directly or through an authorized custodian.~~

4 ~~(b)1. Securities purchased by any such school board~~
5 ~~under the authority of this law shall be delivered by the~~
6 ~~seller to the school board or its appointed safekeeper. The~~
7 ~~safekeeper shall be a qualified bank or trust company~~
8 ~~chartered to operate as such by the State of Florida, any~~
9 ~~other state or territory of the United States, or the United~~
10 ~~States Government, that has a branch or principal place of~~
11 ~~business in this state as defined in s. 658.12. The safekeeper~~
12 ~~shall issue documentation for each transaction, and a monthly~~
13 ~~statement detailing all transactions for the period.~~

14 ~~2. Securities physically delivered to the school board~~
15 ~~shall be placed in a safe-deposit box in a bank or other~~
16 ~~institution located within the county and duly licensed and~~
17 ~~insured. Withdrawals from such safe-deposit box shall be only~~
18 ~~by persons duly authorized by resolution of the school board.~~

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

29 ~~(c) When the money invested in such securities is~~
30 ~~needed in whole or in part for the purposes originally~~
31 ~~intended, the school board is authorized to sell such security~~

1 ~~or securities at the then prevailing market price and to pay~~
2 ~~the proceeds of such sale into the proper account or fund of~~
3 ~~the school board.~~

4 ~~(d) For the purposes of this law, the term "surplus~~
5 ~~funds" is defined as funds in any general or special account~~
6 ~~or fund of the school board, held or controlled by the school~~
7 ~~board, which funds are not reasonably contemplated to be~~
8 ~~needed for the purposes intended within a reasonable time from~~
9 ~~the date of such investment.~~

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

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

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

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

20 Section 8. Paragraph (d) of subsection (7) of section
21 163.01, Florida Statutes, is amended to read:

22 163.01 Florida Interlocal Cooperation Act of 1969.--

23 (7)(d) Notwithstanding the provisions of paragraph
24 (c), any separate legal entity created pursuant to this
25 section and controlled by the municipalities or counties of
26 this state or by one or more municipality and one or more
27 county of this state, the membership of which consists or is
28 to consist of municipalities only, counties only, or one or
29 more municipality and one or more county, may, for the purpose
30 of financing or refinancing any capital projects, exercise all
31 powers in connection with the authorization, issuance, and

1 sale of bonds. Notwithstanding any limitations provided in
2 this section, all of the privileges, benefits, powers, and
3 terms of part I of chapter 125, part II of chapter 166, and
4 part I of chapter 159 shall be fully applicable to such
5 entity. Bonds issued by such entity shall be deemed issued on
6 behalf of the counties or municipalities which enter into loan
7 agreements with such entity as provided in this paragraph.
8 Any loan agreement executed pursuant to a program of such
9 entity shall be governed by the provisions of part I of
10 chapter 159 or, in the case of counties, part I of chapter
11 125, or in the case of municipalities and charter counties,
12 part II of chapter 166. Proceeds of bonds issued by such
13 entity may be loaned to counties or municipalities of this
14 state or a combination of municipalities and counties, whether
15 or not such counties or municipalities are also members of the
16 entity issuing the bonds. The issuance of bonds by such
17 entity to fund a loan program to make loans to municipalities
18 or counties or a combination of municipalities and counties
19 with one another for capital projects to be identified
20 subsequent to the issuance of the bonds to fund such loan
21 programs is deemed to be a paramount public purpose. Any
22 entity so created may also issue bond anticipation notes, as
23 provided by s. 215.431, in connection with the authorization,
24 issuance, and sale of such bonds. In addition, the governing
25 body of such legal entity may also authorize bonds to be
26 issued and sold from time to time and may delegate, to such
27 officer, official, or agent of such legal entity as the
28 governing body of such legal entity may select, the power to
29 determine the time; manner of sale, public or private;
30 maturities; rate or rates of interest, which may be fixed or
31 may vary at such time or times and in accordance with a

1 specified formula or method of determination; and other terms
2 and conditions as may be deemed appropriate by the officer,
3 official, or agent so designated by the governing body of such
4 legal entity. However, the amounts and maturities of such
5 bonds and the interest rate or rates of such bonds shall be
6 within the limits prescribed by the governing body of such
7 legal entity and its resolution delegating to such officer,
8 official, or agent the power to authorize the issuance and
9 sale of such bonds. A local government self-insurance fund
10 established under this section may financially guarantee bonds
11 or bond anticipation notes issued or loans made under this
12 subsection. Bonds issued pursuant to this paragraph may be
13 validated as provided in chapter 75. The complaint in any
14 action to validate such bonds shall be filed only in the
15 Circuit Court for Leon County. The notice required to be
16 published by s. 75.06 shall be published only in Leon County,
17 and the complaint and order of the circuit court shall be
18 served only on the State Attorney of the Second Judicial
19 Circuit and on the state attorney of each circuit in each
20 county where the public agencies which were initially a party
21 to the agreement are located. Notice of such proceedings shall
22 be published in the manner and the time required by s. 75.06
23 in Leon County and in each county where the public agencies
24 which were initially a party to the agreement are located.
25 Obligations of any county or municipality pursuant to a loan
26 agreement as described in this paragraph may be validated as
27 provided in chapter 75.

28 Section 9. Subsection (5) of section 237.161, Florida
29 Statutes, is repealed.
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1 Section 10. Paragraph (k) of subsection (10) of
2 section 230.23, Florida Statutes, 1998 Supplement, is
3 repealed.

4 Section 11. Section 125.31, Florida Statutes, as
5 amended by section 4 of chapter 98-409, Laws of Florida;
6 section 166.261, Florida Statutes; and section 218.345,
7 Florida Statutes, as amended by section 8 of chapter 98-409,
8 Laws of Florida, are repealed.

9 Section 12. This act shall take effect October 1,
10 1999.

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