

By Senator Alexander

17-1443-05

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A bill to be entitled

An act relating to investment of public funds;  
amending ss. 17.57, 218.415, F.S.; authorizing  
the state and units of local government,  
respectively, to invest public funds in  
certificates of deposit of federally insured  
banks or savings and loan associations, which  
certificates are procured through qualified  
public depositories; prescribing conditions for  
such investments and depositories; providing an  
effective date.

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

Section 1. Subsection (7) is added to section 17.57,  
Florida Statutes, to read:

17.57 Deposits and investments of state money.--

(7) In addition to other investments authorized under  
this section and notwithstanding any other provision of law,  
funds that are not needed to meet the investment needs of the  
state may be invested by the Chief Financial Officer in  
accordance with the following conditions:

(a) The funds must be initially invested through a  
qualified public depository, as defined in s. 280.02, selected  
by the Chief Financial Officer;

(b) The selected depository must arrange for the  
deposit of the funds in certificates of deposit in one or more  
federally insured banks or savings and loan associations,  
wherever located, for the account of the state;

1           (c) The full amount of principal and accrued interest  
2 of each such certificate of deposit must be insured by the  
3 Federal Deposit Insurance Corporation;

4           (d) The selected depository shall act as custodian for  
5 the state with respect to such certificates of deposit issued  
6 for its account; and

7           (e) At the same time that the state's funds are  
8 deposited and the certificates of deposit are issued, the  
9 selected qualified public depository receives an amount of  
10 deposits from customers of other federally insured financial  
11 institutions, wherever located, equal to or greater than the  
12 amount of the funds initially invested by the Chief Financial  
13 Officer through the selected depository.

14           Section 2. Subsection (23) is added to section  
15 218.415, Florida Statutes, to read:

16           218.415 Local government investment  
17 policies.--Investment activity by a unit of local government  
18 must be consistent with a written investment plan adopted by  
19 the governing body, or in the absence of the existence of a  
20 governing body, the respective principal officer of the unit  
21 of local government and maintained by the unit of local  
22 government or, in the alternative, such activity must be  
23 conducted in accordance with subsection (17). Any such unit  
24 of local government shall have an investment policy for any  
25 public funds in excess of the amounts needed to meet current  
26 expenses as provided in subsections (1)-(16), or shall meet  
27 the alternative investment guidelines contained in subsection  
28 (17). Such policies shall be structured to place the highest  
29 priority on the safety of principal and liquidity of funds.  
30 The optimization of investment returns shall be secondary to  
31 the requirements for safety and liquidity. Each unit of local

1 government shall adopt policies that are commensurate with the  
2 nature and size of the public funds within its custody.

3 (23) ADDITIONAL AUTHORIZED INVESTMENTS.--In addition  
4 to the investments authorized for local governments in  
5 subsections (16) and (17) and notwithstanding any other  
6 provision of law, a unit of local government may invest and  
7 reinvest any portion of surplus public funds in its control or  
8 possession in accordance with the following conditions:

9 (a) The funds must be initially invested through a  
10 qualified public depository, as defined in s. 280.02, selected  
11 by the unit of local government;

12 (b) The selected depository must arrange for the  
13 deposit of the funds in certificates of deposit in one or more  
14 federally insured banks or savings and loan associations,  
15 wherever located, for the account of the unit of local  
16 government;

17 (c) The full amount of principal and accrued interest  
18 of each such certificate of deposit must be insured by the  
19 Federal Deposit Insurance Corporation;

20 (d) The selected depository shall act as custodian for  
21 the unit of local government with respect to such certificates  
22 of deposit issued for its account; and

23 (e) At the same time that funds of the unit of local  
24 government are deposited and the certificates of deposit are  
25 issued, the selected depository receives an amount of deposits  
26 from customers of other federally insured financial  
27 institutions, wherever located, equal to or greater than the  
28 amount of the funds initially invested by the unit of local  
29 government through the selected depository.

30 Section 3. This act shall take effect July 1, 2005.  
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SENATE SUMMARY

Authorizes the Chief Financial Officer, on behalf of the state, and units of local government to invest public funds through qualified public depositories in certificates of federally insured banks and savings and loan associations, wherever located. Such investments must meet specified conditions.