

By Senator Rich

34-1067-07

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A bill to be entitled

An act relating to authorized investments for local governments; amending s. 218.415, F.S.; allowing local governments to invest surplus public funds in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel; providing an effective date.

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

Section 1. Subsection (16) of section 218.415, Florida Statutes, is amended to read:

218.415 Local government investment policies.--Investment activity by a unit of local government must be consistent with a written investment plan adopted by the governing body, or in the absence of the existence of a governing body, the respective principal officer of the unit of local government and maintained by the unit of local government or, in the alternative, such activity must be conducted in accordance with subsection (17). Any such unit of local government shall have an investment policy for any public funds in excess of the amounts needed to meet current expenses as provided in subsections (1)-(16), or shall meet the alternative investment guidelines contained in subsection (17). Such policies shall be structured to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment returns shall be secondary to the requirements for safety and liquidity. Each unit of local government shall adopt policies that are commensurate with the nature and size of the public funds within its custody.

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

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

10           (b) Securities and Exchange Commission registered  
11 money market funds with the highest credit quality rating from  
12 a nationally recognized rating agency.

13           (c) Interest-bearing time deposits or savings accounts  
14 in qualified public depositories as defined in s. 280.02.

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

16           (e) Federal agencies and instrumentalities.

17           (f) Rated or unrated bonds, notes, or instruments  
18 backed by the full faith and credit of the government of  
19 Israel.

20           ~~(g)(f)~~ Securities of, or other interests in, any  
21 open-end or closed-end management-type investment company or  
22 investment trust registered under the Investment Company Act  
23 of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to  
24 time, provided that the portfolio of such investment company  
25 or investment trust is limited to obligations of the United  
26 States Government or any agency or instrumentality thereof and  
27 to repurchase agreements fully collateralized by such United  
28 States Government obligations, and provided that such  
29 investment company or investment trust takes delivery of such  
30 collateral either directly or through an authorized custodian.  
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1            (h)~~(g)~~ Other investments authorized by law or by  
2 ordinance for a county or a municipality.

3            (i)~~(h)~~ Other investments authorized by law or by  
4 resolution for a school district or a special district.

5            Section 2. This act shall take effect July 1, 2007.

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8   SENATE SUMMARY

9            Allows local governments to invest surplus public funds  
10 in rated or unrated bonds, notes, or instruments backed  
11 by the full faith and credit of the government of Israel.  
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