

Amendment No.

CHAMBER ACTION

Senate

House

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1 Representative Domino offered the following:

2
3 **Amendment (with title amendment)**

4 Remove everything after the enacting clause and insert:

5 Section 1. Section 218.401, Florida Statutes, is amended
6 to read:

7 218.401 Purpose.--It is the intent of this part to
8 promote, through state assistance, the maximization of net
9 interest earnings on invested surplus funds of local units of
10 government, based on the principals of investor protection,
11 mandated transparency, and proper governance, with the goal of
12 ~~thereby~~ reducing the need for imposing additional taxes.

13 Section 2. Section 218.403, Florida Statutes, is amended
14 to read:

15 218.403 Definitions.--The following words or terms, when
16 used in this part, shall have the following meanings:

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- 17 (1) "Board" means the State Board of Administration.
18 (2)~~(1)~~ "Chief Financial Officer" means the mayor, manager,
19 administrator, clerk, comptroller, treasurer, director of
20 finance, or other local government official, regardless of the
21 title of his or her office, charged with administering the
22 fiscal affairs of a unit of local government.
- 23 (3)~~(2)~~ "Current expenses" means expenses to meet known
24 cash needs and anticipated cash-flow requirements for the short
25 term.
- 26 (4) "GASB" means the Governmental Accounting Standards
27 Board.
- 28 (5) "GFOA" means the Government Finance Officers
29 Association.
- 30 (6)~~(3)~~ "Governing body" means the body or board in which
31 the legislative power of a unit of local government is vested.
- 32 (7)~~(4)~~ "Short term" means a maximum of 6 months of
33 operation.
- 34 (8)~~(5)~~ "Surplus funds" means any funds in any general or
35 special account or fund of a unit of local government, or funds
36 held by an independent trustee on behalf of a unit of local
37 government, which in reasonable contemplation will not be
38 immediately needed for the purposes intended.
- 39 (9)~~(6)~~ "Trust fund" means the pooled investment fund
40 created by s. 218.405 and known as the Local Government Surplus
41 Funds Trust Fund.
- 42 (10) "Trustees" mean the Trustees of the State Board of
43 Administration.

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44 (11)~~(7)~~ "Unit of local government" means any governmental
45 entity within the state not part of state government and shall
46 include, but not be limited to, the following and the officers
47 thereof: any county, municipality, school district, special
48 district, clerk of the circuit court, sheriff, property
49 appraiser, tax collector, supervisor of elections, authority,
50 board, public corporations, or any other political subdivision
51 of the state.

52 Section 3. Section 218.405, Florida Statutes, is amended
53 to read:

54 218.405 Local Government Surplus Funds Trust Fund;
55 creation; objectives; certification; interest; rulemaking.--

56 (1) There is hereby created a Local Government Surplus
57 Funds Trust Fund to be administered by the ~~State board of~~
58 ~~Administration~~ and to be composed of local government surplus
59 funds deposited therein by units of local government under the
60 procedures established in this part. The board may contract with
61 a professional money management firm to manage the trust fund.

62 (2) The primary objectives, in priority order, of
63 investment activities shall be safety, liquidity, and
64 competitive returns with minimization of risks.

65 (3) The trustees shall annually certify to the Joint
66 Legislative Auditing Committee that the trust fund is in
67 compliance with the requirements of this part and that the
68 trustees have conducted a review of the trust fund and
69 determined that the management of the trust fund is in accord
70 with best investment practices.

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71 (4) The board may adopt rules to administer the provisions
72 of this section.

73 Section 4. Section 218.407, Florida Statutes, is amended
74 to read:

75 218.407 Local government investment authority.--

76 (1) Prior to any determination by the governing body that
77 it is in the interest of the unit of local government to deposit
78 surplus funds in the trust fund, the board or a professional
79 money management firm must provide to the governing body
80 enrollment materials, including a trust fund profile containing
81 impartial educational information describing the administration
82 and investment policy of the trust fund, including, but not
83 limited to:

84 (a) All rights and conditions of participation, including
85 potential restrictions on withdrawals.

86 (b) The historical performance, investment holdings,
87 credit quality, and average maturity of the trust fund
88 investments.

89 (c) The applicable administrative rules.

90 (d) The rate determination processes for any deposit or
91 withdrawal.

92 (e) Any fees, charges, penalties, and deductions that
93 apply to the account.

94 (f) The most recently published financial statements or
95 independent audits, if available, prepared under generally
96 accepted accounting principles.

97 (g) A disclosure statement for signature by the
98 appropriate local government official.

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99 (2)~~(1)~~ Upon review of the enrollment materials and upon
100 determination by the governing body that it is in the interest
101 of the unit of local government to deposit surplus funds in the
102 trust fund, a resolution by the governing body and the signed
103 acceptance of the disclosure statement by the local government
104 official, who may be the chief financial or administrative
105 officer of the local government, shall be filed with the State
106 board and, if appropriate, a copy shall be provided to a
107 professional money management firm ~~of Administration~~ authorizing
108 investment of its surplus funds in the trust fund established by
109 this part. The resolution shall name:

110 (a) The local government official, who may be the chief
111 financial or administrative officer of the local government, or

112 (b) An independent trustee holding funds on behalf of the
113 unit of local government,

114
115 responsible for deposit and withdrawal of such funds.

116 (3)~~(2)~~ The ~~State~~ board or a professional money management
117 firm ~~of Administration~~ shall, upon the filing of the resolution,
118 invest the moneys in the trust fund in the same manner and
119 subject to the same restrictions as are set forth in s. 215.47.
120 ~~Except when authorized by the board,~~ All units of local
121 government that ~~which~~ qualify to be participants in the ~~Local~~
122 ~~Government Surplus Funds~~ trust fund shall ~~after January 1, 1982,~~
123 ~~will normally~~ have surplus funds deposited into a pooled
124 investment account.

125 (4)~~(3)~~ The provisions of this part shall not impair the
126 power of a unit of local government to hold funds in deposit

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127 accounts with banking or savings institutions or to invest funds
128 as otherwise authorized by law.

129 Section 5. Section 218.409, Florida Statutes, is amended
130 to read:

131 218.409 Administration of the trust fund; creation of
132 advisory council.--

133 (1) Upon receipt of the items specified in s. 218.407
134 ~~resolution~~ from the local governing body, the State board or a
135 professional money management firm of Administration shall
136 accept all wire transfers of funds into the trust fund. The
137 State board or a professional money management firm of
138 ~~Administration~~ shall also wire-transfer invested local
139 government funds to the local government upon request of the
140 local government official named in the resolution.

141 (2)(a) The trustees shall ensure that the State board or a
142 professional money management firm administers of Administration
143 ~~shall administer~~ the investment trust fund funds on behalf of
144 the participants. The board or a professional money management
145 firm and shall have the power to invest such funds in accordance
146 with a written investment policy. The investment policy shall be
147 updated annually to conform to best investment practices. The
148 standard of prudence to be used by investment officials shall be
149 the fiduciary standards as set forth in s. 215.47(9), which
150 shall be applied in the context of managing an overall
151 portfolio. Portfolio managers acting in accordance with written
152 procedures and an investment policy and exercising due diligence
153 shall be relieved of personal responsibility for an individual
154 security's credit risk or market price changes, provided

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155 deviations from expectations are reported in a timely fashion
156 and the liquidity and the sale of securities are carried out in
157 accordance with the terms of this part.

158 (b) Officers and employees involved in the investment
159 process shall refrain from personal business activity that could
160 conflict with the proper execution and management of the
161 investment program or that could impair their ability to make
162 impartial decisions. Employees and investment officials shall
163 disclose any material interests in financial institutions with
164 which they conduct business on behalf of the trust fund. They
165 shall further disclose any personal financial or investment
166 positions that could be related to the performance of the
167 investment portfolio. Employees and officers shall refrain from
168 undertaking personal investment transactions with the same
169 individual with whom business is conducted on behalf of the
170 board.

171 (c) The board or a professional money management firm and
172 all employees have an affirmative duty to immediately disclose
173 any material impact to the trust fund to the participants. To
174 ensure such disclosure, a system of internal controls shall be
175 established by the board, which shall be documented in writing
176 as part of the investment policy. The controls shall be designed
177 to prevent the loss of public funds arising from fraud, employee
178 error, and misrepresentation by third parties, unanticipated
179 changes in financial markets, or imprudent actions by employees
180 and officers of the board or a professional money management
181 firm. The controls shall also include formal escalation
182 reporting guidelines for all employees. The guidelines shall

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183 establish procedures to address material impacts on the trust
184 fund that require reporting and action.

185 (d) The investment policy shall be reviewed and approved
186 annually by the trustees or when market changes dictate, and in
187 each event the investment policy shall be reviewed by the
188 Investment Advisory Council and by the Participant Local
189 Government Advisory Council ~~A fee may be charged on any~~
190 ~~transaction that is not in accord with the close of business as~~
191 ~~set by the board.~~

192 (3) The State board or a professional money management
193 firm of Administration may purchase such surety or other bonds
194 as may be necessary for its officials in order to protect the
195 trust fund. A reserve fund may be established to fulfill this
196 purpose. However, any reserve must be a portion of the
197 management fee and must be fully disclosed, including its
198 purpose, in the enrollment materials at the time a unit of local
199 government considers participation. Further, any change in the
200 amount to be charged for a reserve must have a reasonable notice
201 period to allow any participant to withdraw from the trust fund
202 prior to the new reserve charge being imposed.

203 ~~(4) All investments may be purchased jointly for the~~
204 ~~participants in the trust fund. The board or a professional~~
205 money management firm shall ~~may also~~ purchase investments for a
206 pooled investment account in which all participants ~~may~~ share
207 pro rata, ~~as determined by rule of the board,~~ in the capital
208 gain, income, or losses, subject to any penalties for early
209 withdrawal. Any provisions for penalties, including their
210 purpose, must be disclosed in the enrollment materials. Any

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211 change in the amount to be charged for a penalty must have a
212 reasonable notice period to allow any participant to withdraw
213 from the trust fund prior to the new penalty charge being
214 imposed ~~The board shall determine the rate of return for the~~
215 ~~pooled investment account.~~ A system shall ~~may~~ be developed by
216 the board, and disclosed in the enrollment materials, subject to
217 annual approval by the trustees, to keep ~~current~~ account
218 balances current ~~balance information~~ and to apportion pooled
219 investment earnings ~~back~~ to individual accounts.

220 (5) The ~~State board of Administration~~ shall keep a
221 separate account, designated by name and number of each
222 participating local government. A maximum number of accounts
223 allowed for each participant may be established by the board.
224 Individual transactions and totals of all investments, or the
225 share belonging to each participant, shall be recorded in the
226 accounts.

227 (6)(a) The ~~State board~~ or a professional money management
228 firm of Administration shall provide a report, at a minimum
229 monthly ~~semiannually~~ or upon the occurrence of a material event,
230 ~~request~~ to every participant having a beneficial interest in the
231 trust fund, the board's executive director, the trustees, the
232 Joint Legislative Auditing Committee, the Investment Advisory
233 Council, and the Participant Local Government Advisory Council.
234 The report shall include:

235 1. Reports of any material impacts on the trust fund and
236 any actions or escalations taken by staff to address such
237 impacts. The trustees shall provide quarterly a report to the
238 Joint Legislative Auditing Committee that the trustees have

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239 reviewed and approved the monthly reports and actions taken, if
240 any, to address any impacts.

241 2. A management summary that provides an analysis of the
242 status of the current investment portfolio and the individual
243 transactions executed over the last month. This management
244 summary shall be prepared in a manner that will allow anyone to
245 ascertain whether investment activities during the reporting
246 period have conformed to investment policies. Such reporting
247 shall be in conformance with best market practices ~~show the~~
248 ~~changes in investments made during the preceding period. The~~
249 ~~report shall delineate, in a manner which is in accordance with~~
250 ~~generally accepted governmental accounting procedures, those~~
251 ~~funds on deposit, the manner in which the funds are invested,~~
252 ~~and the interest earnings thereon. The State board or a~~
253 professional money management firm of Administration shall
254 furnish upon request the details of an investment transaction to
255 any participant, the trustees, the Investment Advisory Council,
256 and the Participant Local Government Advisory Council.

257 (b) The market value of the portfolio shall be calculated
258 daily. Withdrawals from the trust fund shall be based on a
259 process that is transparent to participants and will ensure that
260 advantages or disadvantages do not occur to parties making
261 deposits or withdrawals on any particular day. A statement of
262 the market value and amortized cost of the portfolio shall be
263 issued to participants in conjunction with any deposits or
264 withdrawals. In addition, this information shall be reported
265 monthly with the items in paragraph (a) to participants, the
266 trustees, the Investment Advisory Council, and the Participant

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267 Local Government Advisory Council. The review of the investment
268 portfolio, in terms of value and price volatility, shall be
269 performed with practices consistent with the GFOA Recommended
270 Practice on "Mark-to-Market Practices for State and Local
271 Government Investment Portfolios and Investment Pools." In
272 defining market value, consideration shall be given to GASB
273 Statement 31. Additional reporting may be made to pool
274 participants through regular and frequent ongoing multi-media
275 educational materials and communications, including, but not
276 limited to, historical performance, investment holdings,
277 amortized cost and market value of the trust fund, credit
278 quality, and average maturity of the trust fund investments.

279 (7) Costs incurred in carrying out the provisions of this
280 part shall be deducted from the interest earnings accruing to
281 the trust fund. Such deductions shall be prorated among the
282 participant local governments in the percentage that each
283 participant's deposits bear to the total trust fund. The
284 remaining interest earned shall be distributed monthly to
285 participants according to the amount invested. Except for costs,
286 the board or a professional money management firm may not
287 transfer the interest or use the interest for any other purpose,
288 including, but not limited to, making up investment losses.

289 (8) (a) The principal, and any part thereof, of each and
290 every account constituting the trust fund shall be subject to
291 payment at any time from the moneys in the trust fund. However,
292 the executive director may, in good faith, on the occurrence of
293 an event that has a material impact on liquidity or operations
294 of the trust fund, for 48 hours limit contributions to or

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295 withdrawals from the trust fund to ensure that the board can
296 invest moneys entrusted to it in exercising its fiduciary
297 responsibility ~~or as otherwise provided by agreement between the~~
298 State Board of Administration and the investing unit. Such
299 action shall be immediately disclosed to all participants, the
300 trustees, the Joint Legislative Auditing Committee, the
301 Investment Advisory Council, and the Participant Local
302 Government Advisory Council. The trustees shall convene an
303 emergency meeting as soon as practicable from the time the
304 executive director has instituted such measures and review the
305 necessity of those measures. If the trustees agree with such
306 measures, the trustees shall vote to continue the measures for
307 up to an additional 15 days. The trustees must convene and vote
308 to continue any such measures prior to the expiration of the
309 time limit set, but in no case may the time limit set by the
310 trustees exceed 15 days.

311 (b) An order to withdraw funds ~~or warrant~~ may not be
312 issued upon any account for a larger amount than the share of
313 the particular account to which it applies; and if such order ~~or~~
314 ~~warrant~~ is issued, the responsible official shall be personally
315 liable under his or her bond for the entire overdraft resulting
316 from the payment if made.

317 (9) The Auditor General shall conduct an annual financial
318 audit of the trust fund, which shall include testing for
319 compliance with the investment policy. The completed audit shall
320 be provided to the participants, the board, the trustees, the
321 Investment Advisory Council, the Participant Local Government
322 Advisory Council, and the Joint Legislative Auditing Committee.

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323 As soon as practicable, but no later than 30 days after
324 completion of the audit, the trustees shall report to the Joint
325 Legislative Auditing Committee that the trustees have reviewed
326 the audit of the trust fund and shall certify that any necessary
327 items are being addressed by a corrective action plan that
328 includes target completion dates.

329 (10) (a) There is created a six-member Participant Local
330 Government Advisory Council for the purposes of regularly
331 reviewing the administration of the trust fund and making
332 recommendations regarding such administration to the trustees.
333 The members of the council shall be appointed by the board and
334 subject to confirmation by the Senate. Members must possess
335 special knowledge, experience, and familiarity obtained through
336 active, long-standing, and material participation in the
337 dealings of the trust fund. Each member shall serve a 4-year
338 term. Any vacancy shall be filled for the remainder of the
339 unexpired term. The council shall annually elect a chair and
340 vice chair from within its membership. A member may not serve
341 consecutive terms as chair or vice chair.

342 (b) The council shall prepare and submit a written
343 biennial report to the board, trustees, the Investment Advisory
344 Council, and the Joint Legislative Auditing Committee that
345 describes the activities and recommendations of the council.

346 Section 6. Section 218.411, Florida Statutes, is amended
347 to read:

348 218.411 Authorization for state technical and advisory
349 assistance.--

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350 (1) The ~~State board of Administration~~ is authorized, upon
351 request, to assist local governments in investing funds that are
352 temporarily in excess of operating needs by:

353 (a) Explaining investment opportunities to such local
354 governments through publication and other appropriate means.

355 (b) Acquainting such local governments with the state's
356 practice and experience in investing short-term funds.

357 (c) Providing, in cooperation with the Department of
358 Community Affairs, technical assistance to local governments in
359 investment of surplus funds.

360 (2) The ~~State board of Administration~~ may establish fees
361 to cover the cost of such services, which shall be paid by the
362 unit of local government requesting such service. Such fees
363 shall be deposited to the credit of the appropriation or
364 appropriations from which the costs of providing the services
365 have been paid or are to be charged.

366 Section 7. Section 218.412, Florida Statutes, is amended
367 to read:

368 218.412 Rulemaking authority.--The ~~State board of~~
369 ~~Administration~~ may adopt rules as it deems necessary to carry
370 out the provisions of this part for the administration of the
371 ~~Local Government Surplus Funds~~ trust fund.

372 Section 8. Section 218.418, Florida Statutes, is created
373 to read:

374 218.418 Definitions.--As used in ss. 218.421-218.422, the
375 term:

376 (1) "Board" means the State Board of Administration.

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377 (2) "Surplus funds" means any funds in any general or
378 special account or fund of a unit of local government, or funds
379 held by an independent trustee on behalf of a unit of local
380 government, which in reasonable contemplation will not be
381 immediately needed for the purposes intended.

382 (3) "Trust fund" means the pooled investment fund known as
383 the Fund B Surplus Funds Trust Fund.

384 (4) "Trustees" means the Trustees of the State Board of
385 Administration.

386 (5) "Unit of local government" means any governmental
387 entity within the state not part of state government and
388 includes, but is not limited to, the following and the officers
389 thereof: any county, municipality, school district, special
390 district, clerk of the circuit court, sheriff, property
391 appraiser, tax collector, supervisor of elections, authority,
392 board, public corporation, or other political subdivision of the
393 state.

394 Section 9. Section 218.421, Florida Statutes, is created
395 to read:

396 218.421 Fund B Surplus Funds Trust Fund; purpose;
397 rulemaking; administration; reporting.--

398 (1) (a) The purpose of the Fund B Surplus Funds Trust Fund
399 is to maximize the payout of principal on invested surplus funds
400 of units of local government formerly in Fund B of the Local
401 Government Surplus Funds Trust Fund through a prudent work out
402 of the trust fund with the ultimate goal of self-liquidating the
403 trust fund through maturity and payout of the investments.

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404 (b) The State Board of Administration may adopt rules
405 pursuant to ss. 120.536(1) and 120.54 to administer this
406 section.

407 (2)(a) The board or a professional money management firm
408 shall administer the trust fund on behalf of the participants
409 based on a written investment policy, approved by the trustees,
410 and shall have the power to work out, restructure, or invest
411 such funds. The trustees shall annually certify to the Joint
412 Legislative Auditing Committee that the trustees have conducted
413 a review of the trust fund and that the trust fund is in
414 compliance with the requirements of this section. Any new
415 investments must be made in money market or equivalent funds.
416 The board or a professional money management firm shall keep a
417 separate account, designated by name and number of each
418 participating local government. Individual transactions and
419 totals of all investments, or the share belonging to each
420 participant, shall be recorded in the accounts. Any moneys
421 accrued in the trust fund shall be subject to payment from the
422 trust fund on a monthly basis to the trust fund participants
423 according to their proportional interest in the trust fund so
424 long as at least \$100,000 is in the trust fund at the end of
425 that month. After all securities have matured, been sold, or
426 worked out, a final distribution shall be made to the
427 participants in the trust fund. Participants may not conduct
428 transactions in the trust fund.

429 (b) The board or a professional money management firm and
430 all employees of the board or firm have an affirmative duty to
431 immediately disclose any material impact to the trust fund to

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432 the participants. To ensure such disclosure, a system of
433 internal controls shall be established by the board, which shall
434 be documented in writing as part of the investment policy. The
435 controls shall be designed to prevent the loss of public funds
436 arising from fraud, employee error, and misrepresentation by
437 third parties, unanticipated changes in financial markets, or
438 imprudent actions by employees and officers of the board or a
439 professional money management firm. The controls shall also
440 include formal escalation reporting guidelines for all
441 employees. The guidelines shall establish procedures to address
442 material impacts on the trust fund that require reporting and
443 action.

444 (c) The investment policy shall be reviewed and approved
445 by the trustees upon the transfer of the funds into the trust
446 fund or when market changes dictate, and in each event, the
447 investment policy shall be reviewed by the Investment Advisory
448 Council and by the Participant Local Government Advisory
449 Council.

450 (d) Costs incurred in carrying out the provisions of this
451 section, which shall be prorated among the participants in the
452 percentage that each participant's deposits bear to the total
453 trust fund, may be deducted from any interest earned in the
454 trust fund. The board or a professional money management firm
455 may not transfer the interest or use the interest for any other
456 purpose, including, but not limited to, making up investment
457 losses.

458 (e) After the trust fund self-liquidates, any remaining
459 reserve may be transferred by the trustees at their sole

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460 discretion back to the trust fund from which the assets were
461 originally separated.

462 (3) (a) The board or a professional money management firm
463 shall provide a report at a minimum, monthly, or upon the
464 occurrence of a material event, to every participant having a
465 beneficial interest in the trust fund, the board's executive
466 director, the trustees, the Joint Legislative Auditing
467 Committee, the Investment Advisory Council, and the Participant
468 Local Government Advisory Council. The report shall include:

469 1. Reports of any material impacts on the trust fund, and
470 any actions or escalations taken by staff to address such
471 impacts. The trustees shall provide quarterly a report to the
472 Joint legislative Auditing Committee that the trustees have
473 reviewed and approved the monthly reports and actions taken, if
474 any, to address any impacts.

475 2. A management summary that provides an analysis of the
476 status of the current investment portfolio and the individual
477 transactions executed over the last month. This management
478 summary shall be prepared in a manner that will allow anyone to
479 ascertain whether investment activities during the reporting
480 period have conformed to investment policies. Such reporting
481 shall be in conformance with best market practices.

482 3. The board or a professional money management firm shall
483 furnish upon request the details of an investment transaction to
484 any participant, the trustees, the Investment Advisory Council,
485 and the Participant Local Government Advisory Council.

486 (b) Additional reporting may be made to participants in
487 the trust fund through regular and frequent ongoing multi-media

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488 educational materials and communications, including, but not
489 limited to, historical performance, investment holdings,
490 amortized cost and market value of the trust fund, credit
491 quality, and average maturity of the trust fund investments.

492 (4) The trustees shall review the board's progress in
493 returning the principal in the trust fund to the participants at
494 each meeting of the board until the trust fund self-liquidates
495 or is terminated by law.

496 Section 10. Section 218.422, Florida Statutes, is created
497 to read:

498 218.422 Fund B Surplus Funds Trust Fund; review.--Unless
499 the Fund B Surplus Funds Trust Fund has been terminated by law
500 or through self-liquidation, prior to the 2013 Regular Session
501 of the Legislature, the Auditor General shall review the trust
502 fund and the steps taken up to that time to return as much of
503 the principal to the participants as possible and provide a
504 summary report to the board, the trustees, the President of the
505 Senate, the Speaker of the House of Representatives, the
506 Investment Advisory Council, and the Participant Local
507 Government Advisory Council.

508 Section 11. Sections 218.418, 218.421, and 218.422,
509 Florida Statutes, as created by this act, shall expire at the
510 time the Fund B Surplus Funds Trust Fund is terminated by law or
511 self-liquidates as determined and announced by the executive
512 director of the State Board of Administration, whichever occurs
513 first.

514 Section 12. This act shall take effect upon becoming a
515 law, if House Bill 7097 or similar legislation is adopted in the
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516 same legislative session or an extension thereof and becomes
517 law.

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519 -----

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T I T L E A M E N D M E N T

521

Remove the entire title and insert:

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A bill to be entitled

523

An act relating to the investment of local government

524

surplus funds; amending s. 218.401, F.S.; revising the

525

purpose of the Investment of Local Government Surplus

526

Funds Act; amending s. 218.403, F.S.; providing

527

definitions; amending s. 218.405, F.S.; authorizing the

528

State Board of Administration to contract with a

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professional money management firm to administer the trust

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fund; establishing objectives of the trust fund; providing

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for trustee certification; amending s. 218.407, F.S.;

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requiring the distribution of certain enrollment materials

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to potential investors; specifying the contents of the

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enrollment materials; requiring the signed acceptance of a

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disclosure statement by the authorized local government

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official prior to investing in the trust fund; requiring

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surplus funds to be invested in pooled investment

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accounts; amending s. 218.409, F.S.; revising

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administration of the trust fund; providing standards of

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care, including level of prudence, ethics and conflicts of

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interest, and internal controls; providing for annual

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review and approval of investment policy and controls;

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providing for reports; revising the use and disclosure of

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544 reserves; requiring investments to be made in pooled
545 accounts; requiring establishment and approval of an
546 account balance information system; providing
547 transparency; requiring monthly reports to certain persons
548 and groups; providing criteria of the report; requiring
549 marking to market calculation and reporting; providing
550 criteria; providing for additional reporting; authorizing
551 limiting withdrawals from or contributions to the trust
552 fund under certain circumstances; providing criteria for
553 use of interest by board; requiring an annual financial
554 audit; requiring the audit to be reported to certain
555 persons and groups; requiring certification report by
556 trustees; creating the Participant Local Government
557 Advisory Council; providing for appointments, membership,
558 terms, the filling of vacancies, and officers; requiring
559 biennial reports by the council to certain persons and
560 groups; amending ss. 218.411 and 218.412, F.S.; conforming
561 terminology; creating s. 218.418, F.S.; providing
562 definitions; creating s. 218.421, F.S.; providing for the
563 purpose of the Fund B Surplus Funds Trust Fund; providing
564 rulemaking authority; providing for administration of the
565 trust fund; providing for annual certification by the
566 Trustees of the State Board of Administration to the Joint
567 Legislative Auditing Committee that the trust fund has
568 been reviewed and is in compliance with the requirements
569 of this section; providing restrictions on the trust fund;
570 providing criteria for payment of accrued funds;
571 restricting participant transactions in the trust fund;

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572 providing for investment policy criteria; providing
573 procedures for internal controls; providing duty to
574 disclose material impacts on the trust fund; providing for
575 investment policy implementation; providing criteria for
576 payment of costs and use of interest; providing authority
577 to trustees to distribute remaining reserve upon self-
578 liquidation; providing reporting requirements; requiring
579 monthly reports to certain persons and groups; providing
580 criteria of the report; providing for additional
581 reporting; requiring trustee review; creating s. 218.422,
582 F.S.; requiring the Auditor General to review the trust
583 fund prior to the 2013 Regular Session and provide a
584 summary report to certain persons and entities; providing
585 for expiration of ss. 218.418-218.422, F.S., upon
586 termination or self-liquidation of the trust fund;
587 providing a contingent effective date.