

1 A bill to be entitled
 2 An act relating to investment of public funds; amending s.
 3 17.57, F.S.; expanding authorized deposits of certain
 4 public funds in financial instruments insured by the
 5 Federal Deposit Insurance Corporation; requiring certain
 6 securities to meet certain rating requirements;
 7 authorizing the Chief Financial Officer to hold certain
 8 security types not meeting such requirements under certain
 9 circumstances; amending s. 17.61, F.S.; authorizing the
 10 Chief Financial Officer to establish a reserve account in
 11 the State Treasury for investment losses; providing for
 12 funding the reserve account; providing a limitation;
 13 amending s. 218.415, F.S.; expanding authorized deposits
 14 of certain public funds in financial instruments insured
 15 by the Federal Deposit Insurance Corporation; providing an
 16 effective date.

17
 18 Be It Enacted by the Legislature of the State of Florida:
 19

20 Section 1. Subsection (7) of section 17.57, Florida
 21 Statutes, is amended, and subsection (8) is added to that
 22 section, to read:

23 17.57 Deposits and investments of state money.--

24 (7) In addition to the deposits authorized under this
 25 section and notwithstanding any other provisions of law, funds
 26 that are not needed to meet the disbursement needs of the state
 27 may be deposited by the Chief Financial Officer in accordance
 28 with the following conditions:

29 (a) The funds are initially deposited in a qualified
30 public depository, as defined in s. 280.02, selected by the
31 Chief Financial Officer.

32 (b) The selected depository arranges for the deposit of
33 the funds in financial instruments insured by the Federal
34 Deposit Insurance Corporation ~~certificates of deposit~~ in one or
35 more federally insured banks or savings and loan associations,
36 wherever located, for the account of the state.

37 (c) The full amount of principal and accrued interest of
38 each such financial instrument ~~certificate of deposit~~ is insured
39 by the Federal Deposit Insurance Corporation.

40 (d) The selected depository acts as custodian for the
41 state with respect to such financial instruments ~~certificates of~~
42 ~~deposit~~ issued for its account.

43 (e) At the same time the state's funds are deposited and
44 the financial instruments ~~certificates of deposit~~ are issued,
45 the selected depository receives an amount of deposits from
46 customers of other federally insured financial institutions,
47 wherever located, equal to or greater than the amount of the
48 funds initially invested by the Chief Financial Officer through
49 the selected depository.

50 (8) Securities listed in paragraphs (2)(g), (h), (i), (l),
51 (m), (n), (q), (s), (t), and (u) must meet the ratings
52 requirements for each respective security type at the time of
53 purchase; however, the Chief Financial Officer may hold such
54 securities if the ratings are downgraded below the required
55 rating level and the Chief Financial Officer believes that
56 holding such securities is in the best interest of the state.

57 Section 2. Subsection (6) is added to section 17.61,
58 Florida Statutes, to read:

59 17.61 Chief Financial Officer; powers and duties in the
60 investment of certain funds.--

61 (6) The Chief Financial Officer may establish a reserve
62 account within the State Treasury for investment losses. The
63 reserve account may be funded by placing up to 10 percent of the
64 net investment earnings of the State Treasury in reserve each
65 month up to a maximum reserve balance of \$200 million.

66 Section 3. Subsection (23) of section 218.415, Florida
67 Statutes, is amended to read:

68 218.415 Local government investment policies.--Investment
69 activity by a unit of local government must be consistent with a
70 written investment plan adopted by the governing body, or in the
71 absence of the existence of a governing body, the respective
72 principal officer of the unit of local government and maintained
73 by the unit of local government or, in the alternative, such
74 activity must be conducted in accordance with subsection (17).
75 Any such unit of local government shall have an investment
76 policy for any public funds in excess of the amounts needed to
77 meet current expenses as provided in subsections (1)-(16), or
78 shall meet the alternative investment guidelines contained in
79 subsection (17). Such policies shall be structured to place the
80 highest priority on the safety of principal and liquidity of
81 funds. The optimization of investment returns shall be secondary
82 to the requirements for safety and liquidity. Each unit of local
83 government shall adopt policies that are commensurate with the
84 nature and size of the public funds within its custody.

85 (23) AUTHORIZED DEPOSITS.--In addition to the investments
 86 authorized for local governments in subsections (16) and (17)
 87 and notwithstanding any other provisions of law, a unit of local
 88 government may deposit any portion of surplus public funds in
 89 its control or possession in accordance with the following
 90 conditions:

91 (a) The funds are initially deposited in a qualified
 92 public depository, as defined in s. 280.02, selected by the unit
 93 of local government.

94 (b) The selected depository arranges for the deposit of
 95 the funds in financial instruments insured by the Federal
 96 Deposit Insurance Corporation ~~certificates of deposit~~ in one or
 97 more federally insured banks or savings and loan associations,
 98 wherever located, for the account of the unit of local
 99 government.

100 (c) The full amount of principal and accrued interest of
 101 each such financial instrument ~~certificate of deposit~~ is insured
 102 by the Federal Deposit Insurance Corporation.

103 (d) The selected depository acts as custodian for the unit
 104 of local government with respect to such financial instruments
 105 ~~certificates of deposit~~ issued for its account.

106 (e) At the same time the unit of local government's funds
 107 are deposited and the financial instruments ~~certificates of~~
 108 ~~deposit~~ are issued, the selected depository receives an amount
 109 of deposits from customers of other federally insured financial
 110 institutions, wherever located, equal to or greater than the
 111 amount of the funds initially invested by the unit of local
 112 government through the selected depository.

CS/HB 569

2009

113

Section 4. This act shall take effect July 1, 2009.