

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. 218.415, F.S.; expanding
10 authorized deposits of certain public funds in financial
11 instruments insured by the Federal Deposit Insurance
12 Corporation; providing an effective date.

13
14 Be It Enacted by the Legislature of the State of Florida:

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16 Section 1. Subsection (7) of section 17.57, Florida
17 Statutes, is amended, and subsection (8) is added to that
18 section, to read:

19 17.57 Deposits and investments of state money.--

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

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

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

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

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

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

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

53 Section 2. Subsection (23) of section 218.415, Florida
54 Statutes, is amended to read:

55 218.415 Local government investment policies.--Investment
56 activity by a unit of local government must be consistent with a
57 written investment plan adopted by the governing body, or in the
58 absence of the existence of a governing body, the respective
59 principal officer of the unit of local government and maintained
60 by the unit of local government or, in the alternative, such
61 activity must be conducted in accordance with subsection (17).
62 Any such unit of local government shall have an investment
63 policy for any public funds in excess of the amounts needed to
64 meet current expenses as provided in subsections (1)-(16), or
65 shall meet the alternative investment guidelines contained in
66 subsection (17). Such policies shall be structured to place the
67 highest priority on the safety of principal and liquidity of
68 funds. The optimization of investment returns shall be secondary
69 to the requirements for safety and liquidity. Each unit of local
70 government shall adopt policies that are commensurate with the
71 nature and size of the public funds within its custody.

72 (23) AUTHORIZED DEPOSITS.--In addition to the investments
73 authorized for local governments in subsections (16) and (17)
74 and notwithstanding any other provisions of law, a unit of local
75 government may deposit any portion of surplus public funds in
76 its control or possession in accordance with the following
77 conditions:

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

81 (b) The selected depository arranges for the deposit of
82 the funds in financial instruments insured by the Federal

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83 | Deposit Insurance Corporation ~~certificates of deposit~~ in one or
84 | more federally insured banks or savings and loan associations,
85 | wherever located, for the account of the unit of local
86 | government.

87 | (c) The full amount of principal and accrued interest of
88 | each such financial instrument ~~certificate of deposit~~ is insured
89 | by the Federal Deposit Insurance Corporation.

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

93 | (e) At the same time the unit of local government's funds
94 | are deposited and the financial instruments ~~certificates of~~
95 | ~~deposit~~ are issued, the selected depository receives an amount
96 | of deposits from customers of other federally insured financial
97 | institutions, wherever located, equal to or greater than the
98 | amount of the funds initially invested by the unit of local
99 | government through the selected depository.

100 | Section 3. This act shall take effect July 1, 2009.