

By the Committees on General Government Appropriations; and
Governmental Oversight and Accountability; and Senator Ring

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1 A bill to be entitled
2 An act relating to state financial matters; amending
3 s. 121.4501, F.S.; defining the term "electronic
4 means" and redefining the term "optional retirement
5 program"; providing for excess account balances in the
6 Public Employee Optional Retirement Program when an
7 employee transfers to the defined benefit program and
8 for the use of such excess balance; requiring the
9 State Board of Administration to develop procedures to
10 resolve complaints; providing for the use of records
11 in resolving such complaints; clarifying the state
12 board's rule authority with respect to the program;
13 amending s. 121.4502, F.S.; establishing a forfeiture
14 account in the Public Employee Retirement Program
15 Trust Fund and providing for the use of funds in the
16 account; amending s. 121.591, F.S.; permitting an
17 application for benefits under the optional retirement
18 program to be submitted by electronic means; amending
19 s. 121.74, F.S.; revising the contribution rates for
20 employers participating in the Florida Retirement
21 System; amending s. 121.78, F.S.; exempting the
22 Division of Retirement, the state board, and the
23 third-party administrator from liability for market
24 losses due to acts of God; amending s. 215.44, F.S.;
25 authorizing the State Board of Administration to
26 invest the funds of any state university or college or
27 a direct-support organization of any state agency,
28 university or college, or local government; amending
29 s. 215.47, F.S.; expanding the types of investments

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30 that the state board is authorized to make; increasing
31 the fund amount that may be invested in a foreign
32 entity; amending s. 218.409, F.S.; providing for
33 extending a moratorium on contributions to the Local
34 Government Surplus Funds Trust Fund under certain
35 circumstances; authorizing the state board to develop
36 work products that are subject to trademark,
37 copyright, or patent; providing an effective date.

38
39 Be It Enacted by the Legislature of the State of Florida:

40
41 Section 1. Subsection (2), paragraph (e) of subsection (4),
42 subsection (6), and paragraphs (a) and (g) of subsection (8) of
43 section 121.4501, Florida Statutes, are amended to read:

44 121.4501 Public Employee Optional Retirement Program.—

45 (2) DEFINITIONS.—As used in this part, the term:

46 (a) "Approved provider" or "provider" means a private
47 sector company that is selected and approved by the state board
48 to offer one or more investment products or services to the
49 ~~Public Employee~~ optional retirement program. The term includes a
50 bundled provider that offers participants a range of
51 individually allocated or unallocated investment products and
52 may offer a range of administrative and customer services, which
53 may include accounting and administration of individual
54 participant benefits and contributions; individual participant
55 recordkeeping; asset purchase, control, and safekeeping; direct
56 execution of the participant's instructions as to asset and
57 contribution allocation; calculation of daily net asset values;
58 direct access to participant account information; periodic

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59 reporting to participants, at least quarterly, on account
60 balances and transactions; guidance, advice, and allocation
61 services directly relating to the provider's ~~its~~ own investment
62 options or products, but only if the bundled provider complies
63 with the standard of care of s. 404(a)(1)(A-B) of the Employee
64 Retirement Income Security Act of 1974 (ERISA) and if providing
65 such guidance, advice, or allocation services does not
66 constitute a prohibited transaction under s. 4975(c)(1) of the
67 Internal Revenue Code or s. 406 of ERISA, notwithstanding that
68 such prohibited transaction provisions do not apply to the
69 optional retirement program; a broad array of distribution
70 options; asset allocation; and retirement counseling and
71 education. Private sector companies include investment
72 management companies, insurance companies, depositories, and
73 mutual fund companies.

74 (b) "Average monthly compensation" means one-twelfth of
75 average final compensation as defined in s. 121.021~~(24)~~.

76 (c) "Covered employment" means employment in a regularly
77 established position as defined in s. 121.021~~(52)~~.

78 (d) "Defined benefit program" means the defined benefit
79 program of the Florida Retirement System administered under part
80 I of this chapter ~~"Department" means the Department of~~
81 ~~Management Services.~~

82 ~~(e)~~ ~~(e)~~ "Division" means the Division of Retirement within
83 the department ~~of Management Services.~~

84 (f) "Electronic means" means by telephone, if the required
85 information is received on a recorded line, or through Internet
86 access, if the required information is captured online.

87 (g) ~~(f)~~ "Eligible employee" means an officer or employee, as

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88 defined in s. 121.021, who:

89 1. Is a member of, or is eligible for membership in, the
90 Florida Retirement System, including any renewed member of the
91 Florida Retirement System initially enrolled before July 1,
92 2010; or

93 2. Participates in, or is eligible to participate in, the
94 Senior Management Service Optional Annuity Program as
95 established under s. 121.055(6), the State Community College
96 System Optional Retirement Program as established under s.
97 121.051(2)(c), or the State University System Optional
98 Retirement Program established under s. 121.35.

99

100 The term does not include any member participating in the
101 Deferred Retirement Option Program established under s.
102 121.091(13), a retiree of a state-administered retirement system
103 initially reemployed on or after July 1, 2010, or a mandatory
104 participant of the State University System Optional Retirement
105 Program established under s. 121.35.

106 (h)~~(g)~~ "Employer" means an employer, as defined in s.
107 121.021~~(10)~~, of an eligible employee.

108 (i) "Optional retirement program" or "optional program"
109 means the Public Employee Optional Retirement Program
110 established under this part.

111 (j)~~(h)~~ "Participant" means an eligible employee who ~~elects~~
112 ~~to participate in the Public Employee Optional Retirement~~
113 ~~Program and enrolls in the~~ such optional program as provided in
114 subsection (4) or a terminated Deferred Retirement Option
115 Program participant as described in subsection (21).

116 ~~(i) "Public Employee Optional Retirement Program,"~~

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117 ~~"optional program," or "optional retirement program" means the~~
118 ~~alternative defined contribution retirement program established~~
119 ~~under this section.~~

120 (k) ~~(j)~~ "Retiree" means a former participant of the Florida
121 Retirement System Public Employee optional retirement program
122 who has terminated employment and has taken a distribution as
123 provided in s. 121.591, except for a mandatory distribution of a
124 de minimis account authorized by the state board.

125 ~~(k) "State board" or "board" means the State Board of~~
126 ~~Administration.~~

127 ~~(l) "Trustees" means Trustees of the State Board of~~
128 ~~Administration.~~

129 (l) ~~(m)~~ "Vested" or "vesting" means the guarantee that a
130 participant is eligible to receive a retirement benefit upon
131 completion of the required years of service under the Public
132 Employee optional retirement program.

133 (4) PARTICIPATION; ENROLLMENT.—

134 (e) After the period during which an eligible employee had
135 the choice to elect the defined benefit program or the Public
136 Employee optional retirement program, or the month following the
137 receipt of the eligible employee's plan election, if sooner, the
138 employee shall have one opportunity, at the employee's
139 discretion, to choose to move from the defined benefit program
140 to the Public Employee optional retirement program or from the
141 Public Employee optional retirement program to the defined
142 benefit program. Eligible employees may elect to move between
143 Florida Retirement System programs only if they are earning
144 service credit in an employer-employee relationship consistent
145 with the requirements under s. 121.021(17)(b), excluding leaves

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146 of absence without pay. Effective July 1, 2005, such elections
147 are ~~shall be~~ effective on the first day of the month following
148 the receipt of the election by the third-party administrator and
149 are not subject to the requirements regarding an employer-
150 employee relationship or receipt of contributions for the
151 eligible employee in the effective month, except ~~that the~~
152 ~~employee must meet the conditions of the previous sentence~~ when
153 the election is received by the third-party administrator. This
154 paragraph is ~~shall be~~ contingent upon approval from the Internal
155 Revenue Service for including the choice described herein within
156 the programs offered by the Florida Retirement System.

157 1. If the employee chooses to move to the ~~Public Employee~~
158 optional retirement program, the applicable provisions of this
159 section shall govern the transfer.

160 2. If the employee chooses to move to the defined benefit
161 program, the employee must transfer from his or her ~~Public~~
162 ~~Employee~~ optional retirement program account, and from other
163 employee moneys as necessary, a sum representing the present
164 value of that employee's accumulated benefit obligation
165 immediately following the time of such movement, determined
166 assuming that attained service equals the sum of service in the
167 defined benefit program and service in the ~~Public Employee~~
168 optional retirement program. Benefit commencement occurs on the
169 first date the employee is ~~would become~~ eligible for unreduced
170 benefits, using the discount rate and other relevant actuarial
171 assumptions that were used to value the ~~Florida Retirement~~
172 ~~System~~ defined benefit plan liabilities in the most recent
173 actuarial valuation. For any employee who, at the time of the
174 second election, already maintains an accrued benefit amount in

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175 the defined benefit program plan, the then-present value of the
176 ~~such~~ accrued benefit shall be deemed part of the required
177 transfer amount ~~described in this subparagraph~~. The division
178 shall ensure that the transfer sum is prepared using a formula
179 and methodology certified by an enrolled actuary.

180 3. Notwithstanding subparagraph 2., an employee who chooses
181 to move to the defined benefit program and who became eligible
182 to participate in the ~~Public Employee~~ optional retirement
183 program by reason of employment in a regularly established
184 position with a state employer after June 1, 2002; a district
185 school board employer after September 1, 2002; or a local
186 employer after December 1, 2002, must transfer from his or her
187 ~~Public Employee~~ optional retirement program account and, from
188 other employee moneys as necessary, a sum representing the ~~that~~
189 employee's actuarial accrued liability.

190 4. An employee's ~~Employees'~~ ability to transfer from the
191 ~~Florida Retirement System~~ defined benefit program to the ~~Public~~
192 ~~Employee~~ optional retirement program pursuant to paragraphs (a)-
193 (d), and the ability of a ~~for~~ current employee ~~employees~~ to have
194 an option to later transfer back into the defined benefit
195 program under subparagraph 2., shall be deemed a significant
196 system amendment. Pursuant to s. 121.031(4), any ~~such~~ resulting
197 unfunded liability arising from actual original transfers from
198 the defined benefit program to the optional program must ~~shall~~
199 be amortized within 30 plan years as a separate unfunded
200 actuarial base independent of the reserve stabilization
201 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
202 ~~no~~ direct amortization payment may not ~~shall~~ be calculated for
203 this base. During this 25-year period, the ~~such~~ separate base

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204 shall be used to offset the impact of employees exercising their
205 second program election under this paragraph. It is the
206 ~~legislative intent of the Legislature~~ that the actuarial funded
207 status of the ~~Florida Retirement System~~ defined benefit program
208 not be affected ~~plan is neither beneficially nor adversely~~
209 ~~impacted~~ by such second program elections in any significant
210 manner, after due recognition of the separate unfunded actuarial
211 base. Following the ~~this~~ initial 25-year period, any remaining
212 balance of the original separate base shall be amortized over
213 the remaining 5 years of the required 30-year amortization
214 period.

215 5. If the employee chooses to transfer from the optional
216 retirement program to the defined benefit program, and retains
217 an excess account balance in the optional program after
218 satisfying the buy-in requirements under this paragraph, the
219 excess may not be distributed until the member retires from the
220 defined benefit program. The excess account balance may be
221 rolled over to the defined benefit program and used to purchase
222 service credit or upgrade creditable service in that program.

223 (6) VESTING REQUIREMENTS.—

224 (a)1. With respect to employer contributions paid on behalf
225 of the participant to the ~~Public Employee~~ optional retirement
226 program, plus interest and earnings thereon and less investment
227 fees and administrative charges, a participant is ~~shall be~~
228 vested after completing 1 work year, ~~as defined in s.~~
229 ~~121.021(54)~~, with an employer, including any service while the
230 participant was a member of the defined benefit ~~retirement~~
231 program or an optional retirement program authorized under s.
232 121.051(2)(c) or s. 121.055(6).

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233 2. If the participant terminates employment before ~~prior to~~
234 satisfying the vesting requirements, the nonvested accumulation
235 must shall be transferred from the participant's accounts to the
236 state board for deposit and investment by the state board in the
237 suspense account created within ~~of~~ the Public Employee Optional
238 Retirement Program Trust Fund ~~of the board~~. If the terminated
239 participant is reemployed as an eligible employee within 5
240 years, the state board shall transfer to the participant's
241 account any amount ~~of the moneys~~ previously transferred from the
242 participant's accounts to the suspense account ~~of the Public~~
243 ~~Employee Optional Retirement Program Trust Fund~~, plus the actual
244 earnings on such amount while in the suspense account.

245 (b)1. With respect to amounts transferred from the defined
246 benefit program to the investment program, plus interest and
247 earnings, and less investment fees and administrative charges, a
248 participant shall be vested in the amount transferred ~~from the~~
249 ~~defined benefit program, plus interest and earnings thereon and~~
250 ~~less administrative charges and investment fees~~, upon meeting
251 the service requirements for the participant's membership class
252 as set forth in s. 121.021(29). The third-party administrator
253 shall account for such amounts for each participant. The
254 division shall notify the participant and the third-party
255 administrator when the participant has satisfied the vesting
256 period for Florida Retirement System purposes.

257 2. If the participant terminates employment before ~~prior to~~
258 satisfying the vesting requirements, the nonvested accumulation
259 must shall be transferred from the participant's accounts to the
260 state board for deposit and investment by the board in the
261 suspense account created within ~~of~~ the Public Employee Optional

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262 Retirement Program Trust Fund ~~of the board~~. If the terminated
263 participant is reemployed as an eligible employee within 5
264 years, the state board shall transfer to the participant's
265 account any amount ~~of the moneys~~ previously transferred from the
266 participant's accounts to the suspense account ~~of the Public~~
267 ~~Employee Optional Retirement Program Trust Fund~~, plus the actual
268 earnings on such amount while in the suspense account.

269 (c) Any nonvested accumulations transferred from a
270 participant's account to the suspense account shall be forfeited
271 by the participant if the participant is not reemployed as an
272 eligible employee within 5 years after termination.

273 (8) ADMINISTRATION OF PROGRAM.—

274 (a) The ~~Public Employee~~ optional retirement program shall
275 be administered by the state board and affected employers. The
276 board may ~~is authorized to~~ require oaths, by affidavit or
277 otherwise, and acknowledgments from persons in connection with
278 the administration of its statutory duties and responsibilities
279 for this program under this chapter. An ~~No~~ oath, by affidavit or
280 otherwise, may not ~~shall~~ be required of an employee participant
281 at the time of enrollment ~~election~~. Acknowledgment of an
282 employee's election to participate in the program shall be no
283 greater than necessary to confirm the employee's election. The
284 state board shall adopt rules to carry out its statutory duties
285 with respect to administering the optional retirement program,
286 including, but not limited to, establishing the roles ~~role~~ and
287 responsibilities of affected state, local government, and
288 education-related employers, the state board, the department,
289 and third-party contractors ~~in administering the Public Employee~~
290 ~~optional retirement program~~. The department shall adopt rules

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291 necessary to administer ~~implement~~ the optional program in
292 coordination with the defined benefit ~~retirement~~ program and the
293 disability benefits available under the optional program.

294 (g) The state board shall develop procedures to receive and
295 resolve participant complaints against the program, the third-
296 party administrator, or any program vendor or provider and shall
297 resolve any conflict between the third-party administrator and
298 an approved provider if ~~when~~ such conflict threatens the
299 implementation or administration of the program or the quality
300 of services to employees, and may resolve any other conflicts.
301 The third-party administrator shall retain all participant
302 records for at least 5 years for use in resolving any
303 participant conflicts. The state board, the third-party
304 administrator, or a provider is not required to produce
305 documentation or an audio recording to justify action taken with
306 regard to a participant if the action occurred 5 or more years
307 before the complaint is submitted to the board. It is presumed
308 that all action taken 5 or more years before the complaint is
309 submitted was taken at the request of the participant and with
310 the participant's full knowledge and consent. To overcome this
311 presumption, the participant must present documentary evidence
312 or an audio recording demonstrating otherwise.

313 Section 2. Subsection (3) is added to section 121.4502,
314 Florida Statutes, to read:

315 121.4502 Public Employee Optional Retirement Program Trust
316 Fund.—

317 (3) A forfeiture account shall be created within the Public
318 Employee Optional Retirement Program Trust Fund to hold the
319 assets derived from the forfeiture of benefits by participants.

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320 Pursuant to a private letter ruling from the Internal Revenue
321 Service, the forfeiture account may be used only for paying
322 expenses of the Public Employee Optional Retirement Program and
323 reducing future employer contributions to the program.
324 Consistent with Rulings 80-155 and 74-340 of the Internal
325 Revenue Service, unallocated reserves within the forfeiture
326 account must be used as quickly and as prudently as possible
327 considering the state board's fiduciary duty. Expected
328 withdrawals from the account must endeavor to reduce the account
329 to zero each fiscal year.

330 Section 3. Paragraph (b) of subsection (1) of section
331 121.591, Florida Statutes, is amended to read:

332 121.591 Benefits payable under the Public Employee Optional
333 Retirement Program of the Florida Retirement System.—Benefits
334 may not be paid under this section unless the member has
335 terminated employment as provided in s. 121.021(39)(a) or is
336 deceased and a proper application has been filed in the manner
337 prescribed by the state board or the department. The state board
338 or department, as appropriate, may cancel an application for
339 retirement benefits when the member or beneficiary fails to
340 timely provide the information and documents required by this
341 chapter and the rules of the state board and department. In
342 accordance with their respective responsibilities as provided
343 herein, the State Board of Administration and the Department of
344 Management Services shall adopt rules establishing procedures
345 for application for retirement benefits and for the cancellation
346 of such application when the required information or documents
347 are not received. The State Board of Administration and the
348 Department of Management Services, as appropriate, are

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349 authorized to cash out a de minimis account of a participant who
350 has been terminated from Florida Retirement System covered
351 employment for a minimum of 6 calendar months. A de minimis
352 account is an account containing employer contributions and
353 accumulated earnings of not more than \$5,000 made under the
354 provisions of this chapter. Such cash-out must either be a
355 complete lump-sum liquidation of the account balance, subject to
356 the provisions of the Internal Revenue Code, or a lump-sum
357 direct rollover distribution paid directly to the custodian of
358 an eligible retirement plan, as defined by the Internal Revenue
359 Code, on behalf of the participant. If any financial instrument
360 issued for the payment of retirement benefits under this section
361 is not presented for payment within 180 days after the last day
362 of the month in which it was originally issued, the third-party
363 administrator or other duly authorized agent of the State Board
364 of Administration shall cancel the instrument and credit the
365 amount of the instrument to the suspense account of the Public
366 Employee Optional Retirement Program Trust Fund authorized under
367 s. 121.4501(6). Any such amounts transferred to the suspense
368 account are payable upon a proper application, not to include
369 earnings thereon, as provided in this section, within 10 years
370 after the last day of the month in which the instrument was
371 originally issued, after which time such amounts and any
372 earnings thereon shall be forfeited. Any such forfeited amounts
373 are assets of the Public Employee Optional Retirement Program
374 Trust Fund and are not subject to the provisions of chapter 717.

375 (1) NORMAL BENEFITS.—Under the Public Employee Optional
376 Retirement Program:

377 (b) If a participant elects to receive his or her benefits

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378 upon termination of employment as defined in s. 121.021, the
379 participant must submit a written application or an application
380 by electronic means ~~an equivalent form~~ to the third-party
381 administrator indicating his or her preferred distribution date
382 and selecting an authorized method of distribution as provided
383 in paragraph (c). The participant may defer receipt of benefits
384 until he or she chooses to make such application, subject to
385 federal requirements.

386 Section 4. Section 121.74, Florida Statutes, is amended to
387 read:

388 121.74 Administrative and educational expenses.—In addition
389 to contributions required under s. 121.71, effective July 1,
390 2010, through June 30, 2014, employers participating in the
391 Florida Retirement System shall contribute an amount equal to
392 0.03 ~~0.05~~ percent of the payroll reported for each class or
393 subclass of Florida Retirement System membership; effective July
394 1, 2014, the contribution rate shall be 0.04 percent of the
395 payroll reported for each class or subclass of membership. The
396 ~~which~~ amount contributed shall be transferred by the Division of
397 Retirement from the Florida Retirement System Contributions
398 Clearing Trust Fund to the State Board of Administration's
399 Administrative Trust Fund to offset the costs of administering
400 the optional retirement program and the costs of providing
401 educational services to participants in the defined benefit
402 program and the optional retirement program. Approval of the
403 trustees ~~of the State Board of Administration~~ is required before
404 ~~prior to~~ the expenditure of these funds. Payments for third-
405 party administrative or educational expenses shall be made only
406 pursuant to the terms of the approved contracts for such

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407 services.

408 Section 5. Subsection (3) of section 121.78, Florida
409 Statutes, is amended to read:

410 121.78 Payment and distribution of contributions.—

411 (3) (a) Employer contributions and accompanying payroll data
412 received after the 5th working day of the month are ~~shall be~~
413 considered late. The employer shall be assessed by the Division
414 of Retirement a penalty of 1 percent of the contributions due
415 for each calendar month or part thereof that the contributions
416 or accompanying payroll data are late. Proceeds from the 1-
417 percent assessment against contributions made on behalf of
418 participants of the defined benefit program shall be deposited
419 in the Florida Retirement System Trust Fund, and proceeds from
420 the 1-percent assessment against contributions made on behalf of
421 participants of the optional retirement program shall be
422 transferred to the third-party administrator for deposit into
423 participant accounts, as provided in paragraph (b).

424 (b) If contributions made by an employer on behalf of
425 participants of the optional retirement program or accompanying
426 payroll data are not received within the calendar month they are
427 due, including, but not limited to, contribution adjustments as
428 a result of employer errors or corrections, and if that
429 delinquency results in market losses to participants, the
430 employer shall reimburse each participant's account for market
431 losses resulting from the late contributions. If a participant
432 has terminated employment and taken a distribution, the
433 participant is responsible for returning any excess
434 contributions erroneously provided by employers, adjusted for
435 any investment gain or loss incurred during the period such

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436 excess contributions were in the participant's ~~Public Employee~~
437 ~~Optional Retirement Program~~ account. The state board of
438 ~~Administration~~ or its designated agent shall communicate to
439 terminated participants any obligation to repay such excess
440 contribution amounts. However, the state board of
441 ~~Administration~~, its designated agents, the Public Employee
442 Optional Retirement Program Trust Fund, the department of
443 ~~Management Services~~, or the Florida Retirement System Trust Fund
444 may ~~shall~~ not incur any loss or gain as a result of an
445 employer's correction of such excess contributions. The third-
446 party administrator, hired by the state board pursuant to s.
447 121.4501(8), shall calculate the market losses for each affected
448 participant. If ~~When~~ contributions made on behalf of
449 participants of the optional retirement program or accompanying
450 payroll data are not received within the calendar month due, the
451 employer shall also pay the cost of the third-party
452 administrator's calculation and reconciliation adjustments
453 resulting from the late contributions. The third-party
454 administrator shall notify the employer of the results of the
455 calculations and the total amount due from the employer for such
456 losses and the costs of calculation and reconciliation. The
457 employer shall remit to the Division of Retirement the amount
458 due within 30 ~~10~~ working days after the date of the penalty
459 notice sent by the division. The division shall transfer that
460 ~~said~~ amount to the third-party administrator, which ~~who~~ shall
461 deposit proceeds from the 1-percent assessment and from
462 individual market losses into participant accounts, as
463 appropriate. The state board may ~~is authorized to~~ adopt rules to
464 administer ~~implement~~ the provisions regarding late

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465 contributions, late submission of payroll data, the process for
466 reimbursing participant accounts for resultant market losses,
467 and the penalties charged to the employers.

468 (c) Delinquency fees may be waived by the Division of
469 Retirement, with regard to defined benefit program
470 contributions, and by the state board ~~of Administration~~, with
471 regard to optional retirement program contributions, only if
472 ~~when~~, in the opinion of the division or the board, as
473 appropriate, exceptional circumstances beyond the employer's
474 control prevented remittance by the prescribed due date
475 notwithstanding the employer's good faith efforts to effect
476 delivery. Such a waiver of delinquency may be granted an
477 employer only once ~~one-time~~ each state fiscal year.

478 (d) If contributions made by an employer on behalf of
479 participants in the optional retirement program are delayed in
480 posting to participant accounts due to acts of God beyond the
481 control of the Division of Retirement, the state board, or the
482 third-party administrator, as applicable, market losses
483 resulting from the late contributions are not payable to the
484 participants.

485 Section 6. Subsection (1) of section 215.44, Florida
486 Statutes, is amended to read:

487 215.44 Board of Administration; powers and duties in
488 relation to investment of trust funds.—

489 (1) Except as ~~when~~ otherwise specifically provided by the
490 State Constitution and subject to any limitations of the trust
491 agreement relating to a trust fund, the Board of Administration,
492 hereinafter sometimes referred to as "board," composed of the
493 Governor as chair, the Chief Financial Officer, and the Attorney

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494 General, shall invest all the funds in the System Trust Fund, as
 495 defined in s. 121.021(~~36~~), and all other funds specifically
 496 required by law to be invested by the board pursuant to ss.
 497 215.44-215.53 to the fullest extent that is consistent with the
 498 cash requirements, trust agreement, and investment objectives of
 499 the fund.

500 (a) Notwithstanding any other law ~~to the contrary~~, the
 501 State Board of Administration may invest any funds of any state
 502 agency, any state university or college, ~~or any unit of local~~
 503 government, or any direct-support organization thereof pursuant
 504 to the terms of a trust agreement with the head or governing
 505 body of the respective entity ~~the state agency or the governing~~
 506 ~~body of the unit of local government, or pursuant to the~~
 507 enrollment requirements stated in s. 218.407, including
 508 investing such funds in the Local Government Surplus Funds Trust
 509 Fund established by s. 218.405. ~~which trust agreement shall~~
 510 ~~govern the investment of such funds, provided that~~

511 (b) The board shall approve the undertaking of investments
 512 subject to a trust agreement ~~such investment~~ before execution of
 513 the trust agreement by the State Board of Administration. The
 514 funds and the earnings therefrom are exempt from the service
 515 charge imposed by s. 215.20.

516 (c) As used in this subsection, the term "state agency" has
 517 the same meaning as ~~that~~ provided in s. 216.011(1) ~~216.001~~, and
 518 the terms "governing body" and "unit of local government" have
 519 the same meaning as that provided in s. 218.403.

520 Section 7. Paragraphs (b) and (c) of subsection (1),
 521 paragraph (a) of subsection (2), and subsection (5) of section
 522 215.47, Florida Statutes, are amended, and paragraph (o) is

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523 added to subsection (1) of that section, to read:

524 215.47 Investments; authorized securities; loan of
525 securities.—Subject to the limitations and conditions of the
526 State Constitution or of the trust agreement relating to a trust
527 fund, moneys available for investments under ss. 215.44-215.53
528 may be invested as follows:

529 (1) Without limitation in:

530 (b) ~~State Bonds, notes, or obligations of any state,~~
531 organized territory of the United States, or the District of
532 Columbia which pledge ~~pledging~~ the full faith and credit of the
533 state, territory, or district; and revenue bonds, notes, or
534 obligations of any state, organized territory of the United
535 States, or the District of Columbia additionally secured by the
536 full faith and credit of the state, territory, or district.

537 (c) Bonds, notes, or obligations of the several counties or
538 districts in any ~~the~~ state, organized territory of the United
539 States, or the District of Columbia containing a pledge of the
540 full faith and credit of the county or district involved.

541 (o) Bonds, notes, or obligations described in 26 U.S.C. s.
542 149(g)(3)(B), if investment in such bonds, notes, or obligations
543 is necessary in order to comply with covenants in documents or
544 proceedings relating to bonds issued pursuant to s. 215.555(6).
545 Investments made pursuant to this paragraph may be purchased
546 only from the proceeds of bonds issued pursuant to s. 215.555(6)
547 and must be authorized under documents or proceedings relating
548 to such bonds.

549 (2) With no more than 25 percent of any fund in:

550 (a) Bonds, notes, or obligations of any state or organized
551 territory of the United States or the District of Columbia; of

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552 any municipality or political subdivision, or any agency,
553 district, or authority thereof; or of any agency or authority of
554 this state, if the obligations are rated investment grade by at
555 least one nationally recognized statistical rating organization.

556 (5) With no more than 35 ~~25~~ percent of any fund in
557 corporate obligations and securities of any kind of a foreign
558 corporation or a foreign commercial entity having its principal
559 office located in any country other than the United States ~~of~~
560 ~~America~~ or its possessions or territories, not including United
561 States dollar-denominated securities listed and traded on a
562 United States exchange which are a part of the ordinary
563 investment strategy of the board.

564 Section 8. Paragraph (a) of subsection (8) of section
565 218.409, Florida Statutes, is amended to read:

566 218.409 Administration of the trust fund; creation of
567 advisory council.—

568 (8) (a) The principal, and any part thereof, of each ~~and~~
569 ~~every~~ account constituting the trust fund is ~~shall be~~ subject to
570 payment at any time from the moneys in the trust fund. However,
571 the executive director may, in good faith, on the occurrence of
572 an event that has a material impact on liquidity or operations
573 of the trust fund, for 48 hours limit contributions to or
574 withdrawals from the trust fund to ensure that the board can
575 invest moneys entrusted to it in exercising its fiduciary
576 responsibility. Such action must ~~shall~~ be immediately disclosed
577 to all participants, the trustees, the Joint Legislative
578 Auditing Committee, the Investment Advisory Council, and the
579 Participant Local Government Advisory Council. The trustees
580 shall convene an emergency meeting as soon as practicable from

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581 the time the executive director has instituted such measures and
582 review the necessity of those measures. If the trustees are
583 unable to convene an emergency meeting before the expiration of
584 the 48-hour moratorium on contributions and withdrawals, the
585 moratorium may be extended by the executive director until the
586 trustees can meet to review the necessity for the moratorium. If
587 the trustees agree with such measures, the trustees shall vote
588 to continue the measures for up to an additional 15 days. The
589 trustees must convene and vote to continue any such measures
590 before ~~prior to~~ the expiration of the time limit set, but in no
591 case may the time limit set by the trustees exceed 15 days.

592 Section 9. Trademarks, copyrights, or patents.—The State
593 Board of Administration, on behalf of the Florida Retirement
594 System or any other trust fund under its jurisdiction, may
595 develop work products that are subject to trademark, copyright,
596 or patent statutes. The board may, in its own name or through
597 the growth initiative program created pursuant to s. 215.47(7),
598 Florida Statutes, or any other program developed with or for the
599 board:

600 (1) Perform all things necessary to secure letters of
601 patent, copyrights, or trademarks on any work products and
602 enforce its rights therein.

603 (2) License, lease, assign, or otherwise give written
604 consent to any person for the manufacture or use of its work
605 products on a royalty basis or for such other consideration as
606 the board deems proper.

607 (3) Take any action necessary, including legal action, to
608 protect its work products against improper or unlawful use of
609 infringement.

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610 (4) Enforce the collection of any sums due to the board for
611 the manufacture or use of its work products by any other party.

612 (5) Sell any of its work products and execute all
613 instruments necessary to consummate any such sale.

614 (6) Do all other acts necessary and proper for the
615 execution of powers and duties provided under this section.

616 Section 10. This act shall take effect July 1, 2010.