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2018 Legislature

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An act relating to the Participant Local Government  
Advisory Council; amending s. 218.409, F.S.;  
abolishing the Participant Local Government Advisory  
Council; amending ss. 218.421 and 218.422, F.S.;  
conforming provisions to changes made by the act;  
providing an effective date.

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

Section 1. Paragraph (d) of subsection (2), subsection  
(6), paragraph (a) of subsection (8), and subsections (9) and  
(10) of section 218.409, Florida Statutes, are amended to read:  
218.409 Administration of the trust fund; ~~creation of~~  
~~advisory council.~~-

(2)

(d) The investment policy shall be reviewed and approved  
annually by the trustees or when market changes dictate, and in  
each event the investment policy shall be reviewed by the  
Investment Advisory Council ~~and by the Participant Local~~  
~~Government Advisory Council.~~

(6) (a) The board or a professional money management firm  
shall provide a report, at a minimum monthly or upon the  
occurrence of a material event, to every participant having a  
beneficial interest in the trust fund, the board's executive

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26 | director, the trustees, the Joint Legislative Auditing  
27 | Committee, and the Investment Advisory Council,~~and the~~  
28 | ~~Participant Local Government Advisory Council~~. The report shall  
29 | include:

30 |       1. Reports of any material impacts on the trust fund and  
31 | any actions or escalations taken by staff to address such  
32 | impacts. The trustees shall provide quarterly a report to the  
33 | Joint Legislative Auditing Committee that the trustees have  
34 | reviewed and approved the monthly reports and actions taken, if  
35 | any, to address any impacts.

36 |       2. A management summary that provides an analysis of the  
37 | status of the current investment portfolio and the individual  
38 | transactions executed over the last month. This management  
39 | summary shall be prepared in a manner that will allow anyone to  
40 | ascertain whether investment activities during the reporting  
41 | period have conformed to investment policies. Such reporting  
42 | shall be in conformance with best market practices. The board or  
43 | a professional money management firm shall furnish upon request  
44 | the details of an investment transaction to any participant, the  
45 | trustees, and the Investment Advisory Council,~~and the~~  
46 | ~~Participant Local Government Advisory Council~~.

47 |       (b) The market value of the portfolio shall be calculated  
48 | daily. Withdrawals from the trust fund shall be based on a  
49 | process that is transparent to participants and will ensure that  
50 | advantages or disadvantages do not occur to parties making

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51 deposits or withdrawals on any particular day. A statement of  
52 the market value and amortized cost of the portfolio shall be  
53 issued to participants in conjunction with any deposits or  
54 withdrawals. In addition, this information shall be reported  
55 monthly with the items in paragraph (a) to participants, the  
56 trustees, and the Investment Advisory Council, ~~and the~~  
57 ~~Participant Local Government Advisory Council~~. The review of the  
58 investment portfolio, in terms of value and price volatility,  
59 shall be performed with practices consistent with the GFOA  
60 Recommended Practice on "Mark-to-Market Practices for State and  
61 Local Government Investment Portfolios and Investment Pools." In  
62 defining market value, consideration shall be given to GASB  
63 Statement 31. Additional reporting may be made to pool  
64 participants through regular and frequent ongoing multimedia  
65 educational materials and communications, including, but not  
66 limited to, historical performance, investment holdings,  
67 amortized cost and market value of the trust fund, credit  
68 quality, and average maturity of the trust fund investments.

69 (8)(a) The principal, and any part thereof, of each  
70 account constituting the trust fund is subject to payment at any  
71 time from the moneys in the trust fund. However, the executive  
72 director may, in good faith, on the occurrence of an event that  
73 has a material impact on liquidity or operations of the trust  
74 fund, for 48 hours limit contributions to or withdrawals from  
75 the trust fund to ensure that the board can invest moneys

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76 entrusted to it in exercising its fiduciary responsibility. Such  
77 action must be immediately disclosed to all participants, the  
78 trustees, the Joint Legislative Auditing Committee, and the  
79 Investment Advisory Council, ~~and the Participant Local~~  
80 ~~Government Advisory Council~~. The trustees shall convene an  
81 emergency meeting as soon as practicable from the time the  
82 executive director has instituted such measures and review the  
83 necessity of those measures. If the trustees are unable to  
84 convene an emergency meeting before the expiration of the 48-  
85 hour moratorium on contributions and withdrawals, the moratorium  
86 may be extended by the executive director until the trustees are  
87 able to meet to review the necessity for the moratorium. If the  
88 trustees agree with such measures, the trustees shall vote to  
89 continue the measures for up to an additional 15 days. The  
90 trustees must convene and vote to continue any such measures  
91 before the expiration of the time limit set, but in no case may  
92 the time limit set by the trustees exceed 15 days.

93 (9) The Auditor General shall conduct an annual financial  
94 audit of the trust fund, which shall include testing for  
95 compliance with the investment policy. The completed audit shall  
96 be provided to the participants, the board, the trustees, the  
97 Investment Advisory Council, ~~the Participant Local Government~~  
98 ~~Advisory Council~~, and the Joint Legislative Auditing Committee.  
99 As soon as practicable, but no later than 30 days after  
100 completion of the audit, the trustees shall report to the Joint

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101 Legislative Auditing Committee that the trustees have reviewed  
 102 the audit of the trust fund and shall certify that any necessary  
 103 items are being addressed by a corrective action plan that  
 104 includes target completion dates.

105 ~~(10) (a) There is created a six-member Participant Local~~  
 106 ~~Government Advisory Council for the purposes of regularly~~  
 107 ~~reviewing the administration of the trust fund and making~~  
 108 ~~recommendations regarding such administration to the trustees.~~  
 109 ~~The members of the council shall be appointed by the board and~~  
 110 ~~subject to confirmation by the Senate. Members must possess~~  
 111 ~~special knowledge, experience, and familiarity obtained through~~  
 112 ~~active, long-standing, and material participation in the~~  
 113 ~~dealings of the trust fund. Each member shall serve a 4-year~~  
 114 ~~term. Any vacancy shall be filled for the remainder of the~~  
 115 ~~unexpired term. The council shall annually elect a chair and~~  
 116 ~~vice chair from within its membership. A member may not serve~~  
 117 ~~consecutive terms as chair or vice chair.~~

118 ~~(b) The council shall prepare and submit a written~~  
 119 ~~biennial report to the board, trustees, the Investment Advisory~~  
 120 ~~Council, and the Joint Legislative Auditing Committee that~~  
 121 ~~describes the activities and recommendations of the council.~~

122 Section 2. Paragraph (c) of subsection (2) and paragraph  
 123 (a) of subsection (3) of section 218.421, Florida Statutes, are  
 124 amended to read:

125 218.421 Fund B Surplus Funds Trust Fund; purpose;

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126 rulemaking; administration; reporting.—

127 (2)

128 (c) The investment policy shall be reviewed and approved  
 129 by the trustees upon the transfer of the funds into the trust  
 130 fund or when market changes dictate, and in each event, the  
 131 investment policy shall be reviewed by the Investment Advisory  
 132 Council ~~and by the Participant Local Government Advisory~~  
 133 ~~Council.~~

134 (3) (a) The board or a professional money management firm  
 135 shall provide a report at a minimum, monthly, or upon the  
 136 occurrence of a material event, to every participant having a  
 137 beneficial interest in the trust fund, the board's executive  
 138 director, the trustees, the Joint Legislative Auditing  
 139 Committee, and the Investment Advisory Council, ~~and the~~  
 140 ~~Participant Local Government Advisory Council.~~ The report shall  
 141 include:

142 1. Reports of any material impacts on the trust fund, and  
 143 any actions or escalations taken by staff to address such  
 144 impacts. The trustees shall provide quarterly a report to the  
 145 Joint Legislative Auditing Committee that the trustees have  
 146 reviewed and approved the monthly reports and actions taken, if  
 147 any, to address any impacts.

148 2. A management summary that provides an analysis of the  
 149 status of the current investment portfolio and the individual  
 150 transactions executed over the last month. This management

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151 summary shall be prepared in a manner that will allow anyone to  
 152 ascertain whether investment activities during the reporting  
 153 period have conformed to investment policies. Such reporting  
 154 shall be in conformance with best market practices.

155 3. The board or a professional money management firm shall  
 156 furnish upon request the details of an investment transaction to  
 157 any participant, the trustees, and the Investment Advisory  
 158 Council, ~~and the Participant Local Government Advisory Council.~~

159 Section 3. Section 218.422, Florida Statutes, is amended  
 160 to read:

161 218.422 Fund B Surplus Funds Trust Fund; review.—Unless  
 162 the Fund B Surplus Funds Trust Fund has been terminated by law  
 163 or through self-liquidation, prior to the 2013 Regular Session  
 164 of the Legislature, the Auditor General shall review the trust  
 165 fund and the steps taken up to that time to return as much of  
 166 the principal to the participants as possible and provide a  
 167 summary report to the board, the trustees, the President of the  
 168 Senate, the Speaker of the House of Representatives, and the  
 169 Investment Advisory Council, ~~and the Participant Local~~  
 170 ~~Government Advisory Council.~~

171 Section 4. This act shall take effect upon becoming a law.