

By Senator Montford

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1 A bill to be entitled
2 An act relating to the Participant Local Government
3 Advisory Council; amending s. 218.409, F.S.;
4 abolishing the Participant Local Government Advisory
5 Council; amending ss. 218.421 and 218.422, F.S.;
6 conforming provisions to changes made by the act;
7 providing an effective date.

8
9 Be It Enacted by the Legislature of the State of Florida:

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11 Section 1. Paragraph (d) of subsection (2), subsection (6),
12 paragraph (a) of subsection (8), and subsections (9) and (10) of
13 section 218.409, Florida Statutes, are amended to read:

14 218.409 Administration of the trust fund; ~~creation of~~
15 ~~advisory council.~~-

16 (2)

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

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

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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
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,

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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 account
70 constituting the trust fund is subject to payment at any time
71 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
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

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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
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~~

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117 ~~consecutive terms as chair or vice chair.~~

118 ~~(b) The council shall prepare and submit a written biennial~~
119 ~~report to the board, trustees, the Investment Advisory Council,~~
120 ~~and the Joint Legislative Auditing Committee that describes the~~
121 ~~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;
126 rulemaking; administration; reporting.—

127 (2)

128 (c) The investment policy shall be reviewed and approved by
129 the trustees upon the transfer of the funds into the trust fund
130 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

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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
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 to
160 read:

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

171 Section 4. This act shall take effect July 1, 2018.