

By Senator Fine

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1 A bill to be entitled
2 An act relating to unrated bonds; amending s. 218.415,
3 F.S.; prohibiting local governments from requiring
4 minimum bond ratings in certain circumstances;
5 providing an effective date.

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

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9 Section 1. Subsection (5) of section 218.415, Florida
10 Statutes, is amended to read:

11 218.415 Local government investment policies.—Investment
12 activity by a unit of local government must be consistent with a
13 written investment plan adopted by the governing body, or in the
14 absence of the existence of a governing body, the respective
15 principal officer of the unit of local government and maintained
16 by the unit of local government or, in the alternative, such
17 activity must be conducted in accordance with subsection (17).
18 Any such unit of local government shall have an investment
19 policy for any public funds in excess of the amounts needed to
20 meet current expenses as provided in subsections (1)-(16), or
21 shall meet the alternative investment guidelines contained in
22 subsection (17). Such policies shall be structured to place the
23 highest priority on the safety of principal and liquidity of
24 funds. The optimization of investment returns shall be secondary
25 to the requirements for safety and liquidity. Each unit of local
26 government shall adopt policies that are commensurate with the
27 nature and size of the public funds within its custody.

28 (5) LISTING OF AUTHORIZED INVESTMENTS.—The investment
29 policy shall list investments authorized by the governing body

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30 of the unit of local government, subject to the provisions of
31 subsection (16). The investment policy authorized by the
32 governing body of the unit of local government shall not require
33 a minimum bond rating if the provisions of subsection (16)
34 authorize unrated bonds. Investments not listed in the
35 investment policy are prohibited. If the policy authorizes
36 investments in derivative products, the policy must require that
37 the unit of local government's officials responsible for making
38 investment decisions or chief financial officer have developed
39 sufficient understanding of the derivative products and have the
40 expertise to manage them. For purposes of this subsection, a
41 "derivative" is defined as a financial instrument the value of
42 which depends on, or is derived from, the value of one or more
43 underlying assets or index or asset values. If the policy
44 authorizes investments in reverse repurchase agreements or other
45 forms of leverage, the policy must limit the investments to
46 transactions in which the proceeds are intended to provide
47 liquidity and for which the unit of local government has
48 sufficient resources and expertise.

49 Section 2. This act shall take effect July 1, 2025.