

By the Committee on Community Affairs; and Senators Calatayud, Fine, and Polsky

578-03102-25

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A bill to be entitled
An act relating to unrated bonds; amending s. 218.415,
F.S.; prohibiting local governments from requiring
minimum bond ratings for certain investments;
providing an effective date.

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

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

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

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

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of the unit of local government, subject to the provisions of subsection (16). The investment policy authorized by the governing body of the unit of local government may not require a minimum bond rating for investments authorized pursuant to paragraph (16) (f). Investments not listed in the investment policy are prohibited. If the policy authorizes investments in derivative products, the policy must require that the unit of local government's officials responsible for making investment decisions or chief financial officer have developed sufficient understanding of the derivative products and have the expertise to manage them. For purposes of this subsection, a "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values. If the policy authorizes investments in reverse repurchase agreements or other forms of leverage, the policy must limit the investments to transactions in which the proceeds are intended to provide liquidity and for which the unit of local government has sufficient resources and expertise.

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