

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

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