

By the Committee on Governmental Oversight and Accountability;
and Senator Ring

585-02380-10

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1 A bill to be entitled
2 An act relating to state financial matters; amending
3 s. 121.4501, F.S.; defining the term "electronic
4 means" and redefining the term "optional retirement
5 program"; providing for excess account balances in the
6 Public Employee Optional Retirement Program when an
7 employee transfers to the defined benefit program and
8 for the use of such excess balance; requiring the
9 State Board of Administration to develop procedures to
10 resolve complaints; providing for the use of records
11 in resolving such complaints; clarifying the state
12 board's rule authority with respect to the program;
13 amending s. 121.4502, F.S.; establishing a forfeiture
14 account in the Public Employee Retirement Program
15 Trust Fund and providing for the use of funds in the
16 account; amending s. 121.591, F.S.; permitting an
17 application for benefits under the optional retirement
18 program to be submitted by electronic means; amending
19 s. 121.74, F.S.; revising the contribution rates for
20 employers participating in the Florida Retirement
21 System; amending s. 121.78, F.S.; exempting the
22 Division of Retirement, the state board, and the
23 third-party administrator from liability for market
24 losses due to acts of God; amending s. 215.47, F.S.;
25 expanding the types of investments that the state
26 board is authorized to make; increasing the fund
27 amount that may be invested in a foreign entity;
28 amending s. 218.409, F.S.; providing for extending a
29 moratorium on contributions to the Local Government

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30 Surplus Funds Trust Fund under certain circumstances;
31 authorizing the state board to develop work products
32 that are subject to trademark, copyright, or patent;
33 providing an effective date.
34

35 Be It Enacted by the Legislature of the State of Florida:
36

37 Section 1. Subsection (2), paragraph (e) of subsection (4),
38 subsection (6), and paragraphs (a) and (g) of subsection (8) of
39 section 121.4501, Florida Statutes, are amended to read:

40 121.4501 Public Employee Optional Retirement Program.—

41 (2) DEFINITIONS.—As used in this part, the term:

42 (a) "Approved provider" or "provider" means a private
43 sector company that is selected and approved by the state board
44 to offer one or more investment products or services to the
45 ~~Public Employee~~ optional retirement program. The term includes a
46 bundled provider that offers participants a range of
47 individually allocated or unallocated investment products and
48 may offer a range of administrative and customer services, which
49 may include accounting and administration of individual
50 participant benefits and contributions; individual participant
51 recordkeeping; asset purchase, control, and safekeeping; direct
52 execution of the participant's instructions as to asset and
53 contribution allocation; calculation of daily net asset values;
54 direct access to participant account information; periodic
55 reporting to participants, at least quarterly, on account
56 balances and transactions; guidance, advice, and allocation
57 services directly relating to the provider's ~~its~~ own investment
58 options or products, but only if the bundled provider complies

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59 with the standard of care of s. 404(a)(1)(A-B) of the Employee
60 Retirement Income Security Act of 1974 (ERISA) and if providing
61 such guidance, advice, or allocation services does not
62 constitute a prohibited transaction under s. 4975(c)(1) of the
63 Internal Revenue Code or s. 406 of ERISA, notwithstanding that
64 such prohibited transaction provisions do not apply to the
65 optional retirement program; a broad array of distribution
66 options; asset allocation; and retirement counseling and
67 education. Private sector companies include investment
68 management companies, insurance companies, depositories, and
69 mutual fund companies.

70 (b) "Average monthly compensation" means one-twelfth of
71 average final compensation as defined in s. 121.021~~(24)~~.

72 (c) "Covered employment" means employment in a regularly
73 established position as defined in s. 121.021~~(52)~~.

74 (d) "Defined benefit program" means the defined benefit
75 program of the Florida Retirement System administered under part
76 I of this chapter ~~"Department" means the Department of~~
77 ~~Management Services.~~

78 ~~(e)-(e)~~ "Division" means the Division of Retirement within
79 the department ~~of Management Services.~~

80 (f) "Electronic means" means by telephone, if the required
81 information is received on a recorded line, or through Internet
82 access, if the required information is captured online.

83 ~~(g)-(f)~~ "Eligible employee" means an officer or employee, as
84 defined in s. 121.021, who:

85 1. Is a member of, or is eligible for membership in, the
86 Florida Retirement System, including any renewed member of the
87 Florida Retirement System initially enrolled before July 1,

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88 2010; or

89 2. Participates in, or is eligible to participate in, the
90 Senior Management Service Optional Annuity Program as
91 established under s. 121.055(6), the State Community College
92 System Optional Retirement Program as established under s.
93 121.051(2)(c), or the State University System Optional
94 Retirement Program established under s. 121.35.

95

96 The term does not include any member participating in the
97 Deferred Retirement Option Program established under s.
98 121.091(13), a retiree of a state-administered retirement system
99 initially reemployed on or after July 1, 2010, or a mandatory
100 participant of the State University System Optional Retirement
101 Program established under s. 121.35.

102 (h)~~(g)~~ "Employer" means an employer, as defined in s.
103 121.021~~(10)~~, of an eligible employee.

104 (i) "Optional retirement program" or "optional program"
105 means the Public Employee Optional Retirement Program
106 established under this part.

107 (j)~~(h)~~ "Participant" means an eligible employee who ~~elects~~
108 ~~to participate in the Public Employee Optional Retirement~~
109 ~~Program and enrolls in the~~ such optional program as provided in
110 subsection (4) or a terminated Deferred Retirement Option
111 Program participant as described in subsection (21).

112 ~~(i) "Public Employee Optional Retirement Program,"~~
113 ~~"optional program," or "optional retirement program" means the~~
114 ~~alternative defined contribution retirement program established~~
115 ~~under this section.~~

116 (k)~~(j)~~ "Retiree" means a former participant of the Florida

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117 ~~Retirement System Public Employee~~ optional retirement program
118 who has terminated employment and has taken a distribution as
119 provided in s. 121.591, except for a mandatory distribution of a
120 de minimis account authorized by the state board.

121 ~~(k) "State board" or "board" means the State Board of~~
122 ~~Administration.~~

123 ~~(l) "Trustees" means Trustees of the State Board of~~
124 ~~Administration.~~

125 (l) ~~(m)~~ "Vested" or "vesting" means the guarantee that a
126 participant is eligible to receive a retirement benefit upon
127 completion of the required years of service under the ~~Public~~
128 ~~Employee~~ optional retirement program.

129 (4) PARTICIPATION; ENROLLMENT.—

130 (e) After the period during which an eligible employee had
131 the choice to elect the defined benefit program or the ~~Public~~
132 ~~Employee~~ optional retirement program, or the month following the
133 receipt of the eligible employee's plan election, if sooner, the
134 employee shall have one opportunity, at the employee's
135 discretion, to choose to move from the defined benefit program
136 to the ~~Public Employee~~ optional retirement program or from the
137 ~~Public Employee~~ optional retirement program to the defined
138 benefit program. Eligible employees may elect to move between
139 Florida Retirement System programs only if they are earning
140 service credit in an employer-employee relationship consistent
141 with ~~the requirements under~~ s. 121.021(17)(b), excluding leaves
142 of absence without pay. Effective July 1, 2005, such elections
143 are shall be effective on the first day of the month following
144 the receipt of the election by the third-party administrator and
145 are not subject to the requirements regarding an employer-

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146 employee relationship or receipt of contributions for the
147 eligible employee in the effective month, except ~~that the~~
148 ~~employee must meet the conditions of the previous sentence~~ when
149 the election is received by the third-party administrator. This
150 paragraph is ~~shall be~~ contingent upon approval from the Internal
151 Revenue Service for including the choice described herein within
152 the programs offered by the Florida Retirement System.

153 1. If the employee chooses to move to the ~~Public Employee~~
154 optional retirement program, the applicable provisions of this
155 section shall govern the transfer.

156 2. If the employee chooses to move to the defined benefit
157 program, the employee must transfer from his or her ~~Public~~
158 ~~Employee~~ optional retirement program account, and from other
159 employee moneys as necessary, a sum representing the present
160 value of that employee's accumulated benefit obligation
161 immediately following the time of such movement, determined
162 assuming that attained service equals the sum of service in the
163 defined benefit program and service in the ~~Public Employee~~
164 optional retirement program. Benefit commencement occurs on the
165 first date the employee is ~~would become~~ eligible for unreduced
166 benefits, using the discount rate and other relevant actuarial
167 assumptions that were used to value the ~~Florida Retirement~~
168 ~~System~~ defined benefit plan liabilities in the most recent
169 actuarial valuation. For any employee who, at the time of the
170 second election, already maintains an accrued benefit amount in
171 the defined benefit program plan, the then-present value of the
172 ~~such~~ accrued benefit shall be deemed part of the required
173 transfer amount ~~described in this subparagraph~~. The division
174 shall ensure that the transfer sum is prepared using a formula

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175 and methodology certified by an enrolled actuary.

176 3. Notwithstanding subparagraph 2., an employee who chooses
177 to move to the defined benefit program and who became eligible
178 to participate in the ~~Public Employee~~ optional retirement
179 program by reason of employment in a regularly established
180 position with a state employer after June 1, 2002; a district
181 school board employer after September 1, 2002; or a local
182 employer after December 1, 2002, must transfer from his or her
183 ~~Public Employee~~ optional retirement program account and, from
184 other employee moneys as necessary, a sum representing the ~~that~~
185 employee's actuarial accrued liability.

186 4. An employee's ~~Employees'~~ ability to transfer from the
187 ~~Florida Retirement System~~ defined benefit program to the ~~Public~~
188 ~~Employee~~ optional retirement program pursuant to paragraphs (a)-
189 (d), and the ability of a ~~for~~ current employee ~~employees~~ to have
190 an option to later transfer back into the defined benefit
191 program under subparagraph 2., shall be deemed a significant
192 system amendment. Pursuant to s. 121.031(4), any ~~such~~ resulting
193 unfunded liability arising from actual original transfers from
194 the defined benefit program to the optional program must ~~shall~~
195 be amortized within 30 plan years as a separate unfunded
196 actuarial base independent of the reserve stabilization
197 mechanism defined in s. 121.031(3)(f). For the first 25 years, a
198 ~~no~~ direct amortization payment may not ~~shall~~ be calculated for
199 this base. During this 25-year period, the ~~such~~ separate base
200 shall be used to offset the impact of employees exercising their
201 second program election under this paragraph. It is the
202 ~~legislative~~ intent of the Legislature that the actuarial funded
203 status of the ~~Florida Retirement System~~ defined benefit program

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204 not be affected ~~plan is neither beneficially nor adversely~~
205 ~~impacted~~ by such second program elections in any significant
206 manner, after due recognition of the separate unfunded actuarial
207 base. Following the ~~this~~ initial 25-year period, any remaining
208 balance of the original separate base shall be amortized over
209 the remaining 5 years of the required 30-year amortization
210 period.

211 5. If the employee chooses to transfer from the optional
212 retirement program to the defined benefit program, and retains
213 an excess account balance in the optional program after
214 satisfying the buy-in requirements under this paragraph, the
215 excess may not be distributed until the member retires from the
216 defined benefit program. The excess account balance may be
217 rolled over to the defined benefit program and used to purchase
218 service credit or upgrade creditable service in that program.

219 (6) VESTING REQUIREMENTS.—

220 (a)1. With respect to employer contributions paid on behalf
221 of the participant to the ~~Public Employee~~ optional retirement
222 program, plus interest and earnings thereon and less investment
223 fees and administrative charges, a participant is ~~shall be~~
224 vested after completing 1 work year, ~~as defined in s.~~
225 ~~121.021(54)~~, with an employer, including any service while the
226 participant was a member of the defined benefit ~~retirement~~
227 program or an optional retirement program authorized under s.
228 121.051(2)(c) or s. 121.055(6).

229 2. If the participant terminates employment before ~~prior to~~
230 satisfying the vesting requirements, the nonvested accumulation
231 must ~~shall~~ be transferred from the participant's accounts to the
232 state board for deposit and investment by the state board in the

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233 suspense account created within ~~of~~ the Public Employee Optional
234 Retirement Program Trust Fund ~~of the board~~. If the terminated
235 participant is reemployed as an eligible employee within 5
236 years, the state board shall transfer to the participant's
237 account any amount ~~of the moneys~~ previously transferred from the
238 participant's accounts to the suspense account ~~of the Public~~
239 ~~Employee Optional Retirement Program Trust Fund~~, plus the actual
240 earnings on such amount while in the suspense account.

241 (b)1. With respect to amounts transferred from the defined
242 benefit program to the investment program, plus interest and
243 earnings, and less investment fees and administrative charges, a
244 participant shall be vested in the amount transferred ~~from the~~
245 ~~defined benefit program, plus interest and earnings thereon and~~
246 ~~less administrative charges and investment fees,~~ upon meeting
247 the service requirements for the participant's membership class
248 as set forth in s. 121.021(29). The third-party administrator
249 shall account for such amounts for each participant. The
250 division shall notify the participant and the third-party
251 administrator when the participant has satisfied the vesting
252 period for Florida Retirement System purposes.

253 2. If the participant terminates employment before ~~prior to~~
254 satisfying the vesting requirements, the nonvested accumulation
255 must ~~shall~~ be transferred from the participant's accounts to the
256 state board for deposit and investment by the board in the
257 suspense account created within ~~of~~ the Public Employee Optional
258 Retirement Program Trust Fund ~~of the board~~. If the terminated
259 participant is reemployed as an eligible employee within 5
260 years, the state board shall transfer to the participant's
261 account any amount ~~of the moneys~~ previously transferred from the

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262 participant's accounts to the suspense account ~~of the Public~~
263 ~~Employee Optional Retirement Program Trust Fund~~, plus the actual
264 earnings on such amount while in the suspense account.

265 (c) Any nonvested accumulations transferred from a
266 participant's account to the suspense account shall be forfeited
267 by the participant if the participant is not reemployed as an
268 eligible employee within 5 years after termination.

269 (8) ADMINISTRATION OF PROGRAM.—

270 (a) The ~~Public Employee~~ optional retirement program shall
271 be administered by the state board and affected employers. The
272 board may ~~is authorized to~~ require oaths, by affidavit or
273 otherwise, and acknowledgments from persons in connection with
274 the administration of its statutory duties and responsibilities
275 for this program under this chapter. An ~~No~~ oath, by affidavit or
276 otherwise, may not shall be required of an employee participant
277 at the time of enrollment ~~election~~. Acknowledgment of an
278 employee's election to participate in the program shall be no
279 greater than necessary to confirm the employee's election. The
280 state board shall adopt rules to carry out its statutory duties
281 with respect to administering the optional retirement program,
282 including, but not limited to, establishing the roles ~~role~~ and
283 responsibilities of affected state, local government, and
284 education-related employers, the state board, the department,
285 and third-party contractors ~~in administering the Public Employee~~
286 ~~optional retirement program~~. The department shall adopt rules
287 necessary to administer ~~implement~~ the optional program in
288 coordination with the defined benefit ~~retirement~~ program and the
289 disability benefits available under the optional program.

290 (g) The state board shall develop procedures to receive and

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291 resolve participant complaints against the program, the third-
292 party administrator, or any program vendor or provider and shall
293 resolve any conflict between the third-party administrator and
294 an approved provider ~~if~~ ~~when~~ such conflict threatens the
295 implementation or administration of the program or the quality
296 of services to employees, and may resolve any other conflicts.
297 The third-party administrator shall retain all participant
298 records for at least 5 years for use in resolving any
299 participant conflicts. The state board, the third-party
300 administrator, or a provider is not required to produce
301 documentation or an audio recording to justify action taken with
302 regard to a participant if the action occurred 5 or more years
303 before the complaint is submitted to the board. It is presumed
304 that all action taken 5 or more years before the complaint is
305 submitted was taken at the request of the participant and with
306 the participant's full knowledge and consent. To overcome this
307 presumption, the participant must present documentary evidence
308 or an audio recording demonstrating otherwise.

309 Section 2. Subsection (3) is added to section 121.4502,
310 Florida Statutes, to read:

311 121.4502 Public Employee Optional Retirement Program Trust
312 Fund.—

313 (3) A forfeiture account shall be created within the Public
314 Employee Optional Retirement Program Trust Fund to hold the
315 assets derived from the forfeiture of benefits by participants.
316 Pursuant to a private letter ruling from the Internal Revenue
317 Service, the forfeiture account may be used only for paying
318 expenses of the Public Employee Optional Retirement Program and
319 reducing future employer contributions to the program.

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320 Consistent with Rulings 80-155 and 74-340 of the Internal
321 Revenue Service, unallocated reserves within the forfeiture
322 account must be used as quickly and as prudently as possible
323 considering the state board's fiduciary duty. Expected
324 withdrawals from the account must endeavor to reduce the account
325 to zero each fiscal year.

326 Section 3. Paragraph (b) of subsection (1) of section
327 121.591, Florida Statutes, is amended to read:

328 121.591 Benefits payable under the Public Employee Optional
329 Retirement Program of the Florida Retirement System.—Benefits
330 may not be paid under this section unless the member has
331 terminated employment as provided in s. 121.021(39)(a) or is
332 deceased and a proper application has been filed in the manner
333 prescribed by the state board or the department. The state board
334 or department, as appropriate, may cancel an application for
335 retirement benefits when the member or beneficiary fails to
336 timely provide the information and documents required by this
337 chapter and the rules of the state board and department. In
338 accordance with their respective responsibilities as provided
339 herein, the State Board of Administration and the Department of
340 Management Services shall adopt rules establishing procedures
341 for application for retirement benefits and for the cancellation
342 of such application when the required information or documents
343 are not received. The State Board of Administration and the
344 Department of Management Services, as appropriate, are
345 authorized to cash out a de minimis account of a participant who
346 has been terminated from Florida Retirement System covered
347 employment for a minimum of 6 calendar months. A de minimis
348 account is an account containing employer contributions and

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349 accumulated earnings of not more than \$5,000 made under the
350 provisions of this chapter. Such cash-out must either be a
351 complete lump-sum liquidation of the account balance, subject to
352 the provisions of the Internal Revenue Code, or a lump-sum
353 direct rollover distribution paid directly to the custodian of
354 an eligible retirement plan, as defined by the Internal Revenue
355 Code, on behalf of the participant. If any financial instrument
356 issued for the payment of retirement benefits under this section
357 is not presented for payment within 180 days after the last day
358 of the month in which it was originally issued, the third-party
359 administrator or other duly authorized agent of the State Board
360 of Administration shall cancel the instrument and credit the
361 amount of the instrument to the suspense account of the Public
362 Employee Optional Retirement Program Trust Fund authorized under
363 s. 121.4501(6). Any such amounts transferred to the suspense
364 account are payable upon a proper application, not to include
365 earnings thereon, as provided in this section, within 10 years
366 after the last day of the month in which the instrument was
367 originally issued, after which time such amounts and any
368 earnings thereon shall be forfeited. Any such forfeited amounts
369 are assets of the Public Employee Optional Retirement Program
370 Trust Fund and are not subject to the provisions of chapter 717.

371 (1) NORMAL BENEFITS.—Under the Public Employee Optional
372 Retirement Program:

373 (b) If a participant elects to receive his or her benefits
374 upon termination of employment as defined in s. 121.021, the
375 participant must submit a written application or an application
376 by electronic means ~~an equivalent form~~ to the third-party
377 administrator indicating his or her preferred distribution date

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378 and selecting an authorized method of distribution as provided
379 in paragraph (c). The participant may defer receipt of benefits
380 until he or she chooses to make such application, subject to
381 federal requirements.

382 Section 4. Section 121.74, Florida Statutes, is amended to
383 read:

384 121.74 Administrative and educational expenses.—In addition
385 to contributions required under s. 121.71, effective July 1,
386 2010, through June 30, 2014, employers participating in the
387 Florida Retirement System shall contribute an amount equal to
388 0.03 ~~0.05~~ percent of the payroll reported for each class or
389 subclass of Florida Retirement System membership; effective July
390 1, 2014, the contribution rate shall be 0.04 percent of the
391 payroll reported for each class or subclass of membership. The
392 ~~which~~ amount contributed shall be transferred by the Division of
393 Retirement from the Florida Retirement System Contributions
394 Clearing Trust Fund to the State Board of Administration's
395 Administrative Trust Fund to offset the costs of administering
396 the optional retirement program and the costs of providing
397 educational services to participants in the defined benefit
398 program and the optional retirement program. Approval of the
399 trustees ~~of the State Board of Administration~~ is required before
400 ~~prior to~~ the expenditure of these funds. Payments for third-
401 party administrative or educational expenses shall be made only
402 pursuant to the terms of the approved contracts for such
403 services.

404 Section 5. Subsection (3) of section 121.78, Florida
405 Statutes, is amended to read:

406 121.78 Payment and distribution of contributions.—

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407 (3) (a) Employer contributions and accompanying payroll data
408 received after the 5th working day of the month are ~~shall be~~
409 considered late. The employer shall be assessed by the Division
410 of Retirement a penalty of 1 percent of the contributions due
411 for each calendar month or part thereof that the contributions
412 or accompanying payroll data are late. Proceeds from the 1-
413 percent assessment against contributions made on behalf of
414 participants of the defined benefit program shall be deposited
415 in the Florida Retirement System Trust Fund, and proceeds from
416 the 1-percent assessment against contributions made on behalf of
417 participants of the optional retirement program shall be
418 transferred to the third-party administrator for deposit into
419 participant accounts, as provided in paragraph (b).

420 (b) If contributions made by an employer on behalf of
421 participants of the optional retirement program or accompanying
422 payroll data are not received within the calendar month they are
423 due, including, but not limited to, contribution adjustments as
424 a result of employer errors or corrections, and if that
425 delinquency results in market losses to participants, the
426 employer shall reimburse each participant's account for market
427 losses resulting from the late contributions. If a participant
428 has terminated employment and taken a distribution, the
429 participant is responsible for returning any excess
430 contributions erroneously provided by employers, adjusted for
431 any investment gain or loss incurred during the period such
432 excess contributions were in the participant's ~~Public Employee~~
433 ~~Optional Retirement Program~~ account. The state board of
434 ~~Administration~~ or its designated agent shall communicate to
435 terminated participants any obligation to repay such excess

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436 contribution amounts. However, the state board ~~of~~
437 ~~Administration~~, its designated agents, the Public Employee
438 Optional Retirement Program Trust Fund, the department ~~of~~
439 ~~Management Services~~, or the Florida Retirement System Trust Fund
440 may shall not incur any loss or gain as a result of an
441 employer's correction of such excess contributions. The third-
442 party administrator, hired by the state board pursuant to s.
443 121.4501(8), shall calculate the market losses for each affected
444 participant. If ~~When~~ contributions made on behalf of
445 participants of the optional retirement program or accompanying
446 payroll data are not received within the calendar month due, the
447 employer shall also pay the cost of the third-party
448 administrator's calculation and reconciliation adjustments
449 resulting from the late contributions. The third-party
450 administrator shall notify the employer of the results of the
451 calculations and the total amount due from the employer for such
452 losses and the costs of calculation and reconciliation. The
453 employer shall remit to the Division of Retirement the amount
454 due within 30 ~~10~~ working days after the date of the penalty
455 notice sent by the division. The division shall transfer that
456 ~~said~~ amount to the third-party administrator, which ~~who~~ shall
457 deposit proceeds from the 1-percent assessment and from
458 individual market losses into participant accounts, as
459 appropriate. The state board may ~~is authorized to~~ adopt rules to
460 administer ~~implement~~ the provisions regarding late
461 contributions, late submission of payroll data, the process for
462 reimbursing participant accounts for resultant market losses,
463 and the penalties charged to the employers.

464 (c) Delinquency fees may be waived by the Division of

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465 Retirement, with regard to defined benefit program
466 contributions, and by the state board ~~of Administration~~, with
467 regard to optional retirement program contributions, only if
468 ~~when~~, in the opinion of the division or the board, as
469 appropriate, exceptional circumstances beyond the employer's
470 control prevented remittance by the prescribed due date
471 notwithstanding the employer's good faith efforts to effect
472 delivery. Such a waiver of delinquency may be granted an
473 employer only once ~~one-time~~ each state fiscal year.

474 (d) If contributions made by an employer on behalf of
475 participants in the optional retirement program are delayed in
476 posting to participant accounts due to acts of God beyond the
477 control of the Division of Retirement, the state board, or the
478 third-party administrator, as applicable, market losses
479 resulting from the late contributions are not payable to the
480 participants.

481 Section 6. Paragraphs (b) and (c) of subsection (1),
482 paragraph (a) of subsection (2), and subsection (5) of section
483 215.47, Florida Statutes, are amended, and paragraph (o) is
484 added to subsection (1) of that section, to read:

485 215.47 Investments; authorized securities; loan of
486 securities.—Subject to the limitations and conditions of the
487 State Constitution or of the trust agreement relating to a trust
488 fund, moneys available for investments under ss. 215.44-215.53
489 may be invested as follows:

490 (1) Without limitation in:

491 (b) ~~State Bonds~~, notes, or obligations of any state,
492 organized territory of the United States, or the District of
493 Columbia which pledge ~~pledging~~ the full faith and credit of the

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494 state, territory, or district; and revenue bonds, notes, or
495 obligations of any state, organized territory of the United
496 States, or the District of Columbia additionally secured by the
497 full faith and credit of the state, territory, or district.

498 (c) Bonds, notes, or obligations of the several counties or
499 districts in any the state, organized territory of the United
500 States, or the District of Columbia containing a pledge of the
501 full faith and credit of the county or district involved.

502 (o) Bonds, notes, or obligations described in 26 U.S.C. s.
503 149(g) (3) (B), if investment in such bonds, notes, or obligations
504 is necessary in order to comply with covenants in documents or
505 proceedings relating to bonds issued pursuant to s. 215.555(6).
506 Investments made pursuant to this paragraph may be purchased
507 only from the proceeds of bonds issued pursuant to s. 215.555(6)
508 and must be authorized under documents or proceedings relating
509 to such bonds.

510 (2) With no more than 25 percent of any fund in:

511 (a) Bonds, notes, or obligations of any state or organized
512 territory of the United States or the District of Columbia; of
513 any municipality or political subdivision, or any agency,
514 district, or authority thereof; or of any agency or authority of
515 this state, if the obligations are rated investment grade by at
516 least one nationally recognized statistical rating organization.

517 (5) With no more than 35 ~~25~~ percent of any fund in
518 corporate obligations and securities of any kind of a foreign
519 corporation or a foreign commercial entity having its principal
520 office located in any country other than the United States ~~of~~
521 ~~America~~ or its possessions or territories, not including United
522 States dollar-denominated securities listed and traded on a

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523 United States exchange which are a part of the ordinary
524 investment strategy of the board.

525 Section 7. Paragraph (a) of subsection (8) of section
526 218.409, Florida Statutes, is amended to read:

527 218.409 Administration of the trust fund; creation of
528 advisory council.—

529 (8) (a) The principal, and any part thereof, of each ~~and~~
530 ~~every~~ account constituting the trust fund is ~~shall be~~ subject to
531 payment at any time from the moneys in the trust fund. However,
532 the executive director may, in good faith, on the occurrence of
533 an event that has a material impact on liquidity or operations
534 of the trust fund, for 48 hours limit contributions to or
535 withdrawals from the trust fund to ensure that the board can
536 invest moneys entrusted to it in exercising its fiduciary
537 responsibility. Such action must ~~shall~~ be immediately disclosed
538 to all participants, the trustees, the Joint Legislative
539 Auditing Committee, the Investment Advisory Council, and the
540 Participant Local Government Advisory Council. The trustees
541 shall convene an emergency meeting as soon as practicable from
542 the time the executive director has instituted such measures and
543 review the necessity of those measures. If the trustees are
544 unable to convene an emergency meeting before the expiration of
545 the 48-hour moratorium on contributions and withdrawals, the
546 moratorium may be extended by the executive director until the
547 trustees can meet to review the necessity for the moratorium. If
548 the trustees agree with such measures, the trustees shall vote
549 to continue the measures for up to an additional 15 days. The
550 trustees must convene and vote to continue any such measures
551 before ~~prior to~~ the expiration of the time limit set, but in no

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552 case may the time limit set by the trustees exceed 15 days.

553 Section 8. Trademarks, copyrights, or patents.—The State
554 Board of Administration, on behalf of the Florida Retirement
555 System or any other trust fund under its jurisdiction, may
556 develop work products that are subject to trademark, copyright,
557 or patent statutes. The board may, in its own name or through
558 the growth initiative program created pursuant to s. 215.47(7),
559 Florida Statutes, or any other program developed with or for the
560 board:

561 (1) Perform all things necessary to secure letters of
562 patent, copyrights, or trademarks on any work products and
563 enforce its rights therein.

564 (2) License, lease, assign, or otherwise give written
565 consent to any person for the manufacture or use of its work
566 products on a royalty basis or for such other consideration as
567 the board deems proper.

568 (3) Take any action necessary, including legal action, to
569 protect its work products against improper or unlawful use of
570 infringement.

571 (4) Enforce the collection of any sums due the board for
572 the manufacture or use of its work products by any other party.

573 (5) Sell any of its work products and execute all
574 instruments necessary to consummate any such sale.

575 (6) Do all other acts necessary and proper for the
576 execution of powers and duties provided under this section.

577 Section 9. This act shall take effect July 1, 2010.