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## The 2005 Florida Statutes

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[Title XIV](#)[Chapter 215](#)[View Entire Chapter](#)

TAXATION AND FINANCE FINANCIAL MATTERS: GENERAL PROVISIONS

**215.47 Investments; authorized securities; loan of securities.**--Subject to the limitations and conditions of the State Constitution or of the trust agreement relating to a trust fund, moneys available for investments under ss. [215.44](#)-[215.53](#) may be invested as follows:

(1) Without limitation in:

(a) Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.

(b) State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.

(c) Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.

(d) Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.

(e) Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.

(f) Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.

(g) Bonds issued by the Florida State Improvement Commission, Florida Development Commission, <sup>1</sup>Division of Bond Finance of the <sup>2</sup>Department of General Services, or Division of Bond Finance of the State Board of Administration.

(h) Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof, in an amount that does not exceed 15 percent of the net worth of the institution,

or a lesser amount as determined by rule by the State Board of Administration, provided such savings accounts and certificates of deposit are secured in the manner prescribed in chapter 280.

(i) Notes, bonds, and other obligations of agencies of the United States.

(j) Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.

(k) Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System having total deposits of not less than \$400 million.

(l) Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars.

(m) Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.

(n) Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

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

(a) Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if such obligations are rated in any one of the three highest ratings by two nationally recognized rating services. However, if only one nationally recognized rating service shall rate such obligations, then such rating service must have rated such obligations in any one of the two highest classifications heretofore mentioned.

(b) Notes secured by first mortgages on Florida real property, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.

(c) Investments collateralized by first mortgages covering single-family Florida residences, provided such mortgages do not exceed \$60,000, do not exceed 80 percent of value, are not delinquent, and are originated by a lender regulated by the state or Federal Government and the aggregate of the collateral furnished is at least 150 percent of the aggregate investment under this subsection. The mortgages used for collateral shall be segregated by the lending institution so that such segregation may be confirmed by independent audit. In the event any such mortgage used as collateral becomes more than 3 months

delinquent, the lender shall immediately substitute therefor a mortgage of equal or greater value.

(d) Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

(e) Group annuity contracts of the pension investment type with insurers licensed to do business in this state, except that amounts invested by the board with any one insurer shall not exceed 3 percent of its assets.

(f) Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

1. The title to real property acquired under this paragraph shall be vested in the name of the respective fund.

2. For purposes of taxation of property owned by any fund, the provisions of s. 196.199(2)(b) do not apply.

3. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in chapter 253, and the provisions of that chapter do not apply to such real property.

(g) Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.

(h) A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.

(i) Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in s. 215.475.

(j) United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.

(k) Asset-backed securities not otherwise authorized by this section.

(3) With no more than 80 percent of any fund in common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock, provided:

(a) The corporation is organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or

(b) The corporation is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Securities Exchange Act of 1934.

(c) Not more than 75 percent of the fund may be in internally managed common stock.

The board shall not invest more than 10 percent of the equity assets of any fund in the common stock, preferred stock, and interest-bearing obligations having an option to convert into common stock, of any one issuing corporation; and the board shall not invest more than 3 percent of the equity assets of any fund in such securities of any one issuing corporation except to the extent a higher percentage of the same issue is included in a nationally recognized market index, based on market values, at least as broad as the Standard and Poor's Composite Index of 500 Companies, or except upon a specific finding by the board that such higher percentage is in the best interest of the fund.

(4) With no more than 80 percent of any fund, in interest-bearing obligations with a fixed maturity of any corporation or commercial entity within the United States.

(5) With no more than 20 percent of any fund in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the board.

(6) With no more than 5 percent of any fund to be invested as deemed appropriate by the board, notwithstanding investment limitations otherwise expressed in this section. Prior to the board engaging in any investment activity not otherwise authorized under ss. 215.44-215.53, excluding investments in publicly traded securities, options, financial futures, or similar instruments, the board shall present to the Investment Advisory Council a proposed plan for such investment. Said plan shall include, but not be limited to, the expected benefits and potential risks of such activity; methods for monitoring and measuring the performance of the investment; a complete description of the type, nature, extent and purpose of the investment, including description of issuer, security in which investment is proposed to be made, voting rights or lack thereof and control to be acquired, restrictions upon voting, transfer, and other material rights of ownership, and the existence of any contracts, arrangements, understandings, or relationships with any person or entity (naming the same) with respect to the proposed investment; and assurances that sufficient investment expertise is available to the board to properly evaluate and manage such activity. The Investment Advisory Council may obtain independent investment counsel to provide expert advice with regard to such proposed investment activity by the board, and the board shall defray such costs.

(7) For the purpose of determining the above investment limitations, the value of bonds shall be the par value thereof, and the value of evidences of ownership and interest-bearing obligations having an option to convert to ownership shall be the cost thereof.

(8) Investments in any securities authorized by this section may be under repurchase agreements or reverse repurchase agreements.

(9) Investments made by the State Board of Administration shall be designed to maximize the financial return to the fund consistent with the risks incumbent in each investment and shall be designed to preserve an appropriate diversification of the portfolio. The board shall discharge its duties with respect to a plan solely in the interest of its participants and beneficiaries. The board in performing the above investment duties shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this subsection shall prevail.

(10) The board is authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the board by rule authorizes a different market.

(11) The board is authorized to invest in domestic or foreign notional principal contracts.

(12) The State Board of Administration, consistent with sound investment policy, may pledge up to 2 percent of the assets of the Florida Retirement System Trust Fund as collateral for housing bonds issued by the State of Florida or its political subdivisions under chapter 159, part V of chapter 420, or chapter 421 as a supplemental income program for the system. With regard to any collateral program, the State Board of Administration is authorized to coordinate or retain other governmental entities of the State of Florida or private entities to administer this program, as well as receive fees for the use of the designated collateral.

(13) The State Board of Administration, consistent with sound investment policy, may invest the earnings accrued and collected upon the investment of the minimum balance of funds required to be maintained in the State Transportation Trust Fund pursuant to s. [339.135\(6\)\(b\)](#). Such investment shall be limited as provided in s. [288.9607\(7\)](#).

(14) With no more than 5 percent of any fund in private equity through participation in limited partnerships and limited liability companies.

(15) The State Board of Administration is authorized to invest in domestic and foreign group trusts.

(16) Securities or investments purchased or held under the provisions of this section may be loaned to securities dealers or financial institutions, provided the loan is collateralized by cash or securities having a market value of at least 100 percent of the market value of the securities loaned.

**History.**--s. 5, ch. 57-353; s. 1, ch. 61-462; s. 1, ch. 63-341; s. 1, ch. 63-446; s. 1, ch. 65-551; s. 2, ch. 67-354; ss. 22, 35, ch. 69-106; s. 18, ch. 69-216; s. 1, ch. 70-47; ss. 1, 2, ch. 73-183; s. 65, ch. 73-333; s. 14, ch. 77-301; s. 2, ch. 79-262; s. 1, ch. 80-317; s. 123, ch. 81-259; s. 3, ch. 82-45; s. 35, ch. 83-3; s. 16, ch. 83-215; s. 1, ch. 83-229; s. 2, ch. 83-270; s. 1, ch. 84-137; s. 1, ch. 84-166; s. 213, ch. 85-342; s. 54, ch. 86-152; s. 3, ch. 86-236; s. 5, ch. 88-171; s. 2, ch. 88-385; s. 2, ch. 89-299; s. 26, ch. 91-244; s. 150, ch. 92-279; s. 8, ch. 92-312; s. 55, ch. 92-326; s. 5, ch. 93-162; s. 45, ch. 93-187; s. 64, ch. 93-268; s. 2, ch. 94-264; s. 5, ch. 94-332; s. 130, ch. 95-417; s. 5, ch. 96-177; s. 2, ch. 98-47; s. 5, ch. 2004-71; s. 6, ch. 2005-253.

<sup>1</sup>**Note.**--Transferred to the State Board of Administration by s. 2, ch. 92-279.

<sup>2</sup>**Note.**--Redesignated as the Department of Management Services by s. 4, ch. 92-279.

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