

House Bill No. 2265

An act relating to the City of Jacksonville; amending chapter 18615, Laws of Florida, 1937, as amended; amending authorized investments; requiring an investment plan for the Police and Fire Pension Fund; providing an effective date.

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

Section 1. Section 4 of chapter 18615, Laws of Florida, 1937, as amended, is amended to read:

(Substantial rewording of section. See section 4 of chapter 18615, Laws of Florida, 1937, as amended by chapter 78-533, Laws of Florida, for present text.)

Section 4. General powers.—

(1) The board shall have the power to:

(a) Be the sole entity responsible for administering the Jacksonville Police and Fire Pension Fund.

(b) Invest and reinvest the assets of pension fund in:

1. Time or savings accounts of a national bank, a state bank insured by the Federal Deposit Insurance Corporation, or a savings and loan association insured by the Federal Savings and Loan Insurance Corporation.

2. Obligations of the United States or obligations guaranteed as to principle and interest by the United States.

3. Bonds issued by the State of Israel.

4. Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided the stock of the corporation is listed on any one or more of the national stock exchanges and the bonds hold a rating in one of the three highest classifications by a major rating service; and the board of trustees shall not invest more than 5 percent of its assets in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5 percent of the outstanding capital stock of the company, nor shall the aggregate of its investments under this paragraph exceed 50 percent of the fund's assets in bonds, or 60 percent of the fund's assets in common stocks, or investments authorized by chapters 175 and 185, F.S. for public pension funds. Such investments must be recommended by either a competent nationally recognized investment counseling firm or a corporate trustee who is nationally recognized in pension fund investments.

At no time shall the investment in real estate and real estate related securities exceed 10 percent of the book value of the fund. Such investments must be recommended by either a competent nationally recognized investment counseling firm or a corporate trustee who is nationally recognized in pension fund investments.

(2)(a) In making investments for the plan, the board shall make no investment after June 30, 1996, which is not in conformance with the plan's investment plan. The investment plan must include, among other items: the investment objectives; permitted types of securities in which the board may invest and the limits thereof; the types of securities in which the board may not invest; the criteria to measure annual investment performance; and any other applicable criteria established by the board.

(b) The investment plan shall be developed by the plan administrator and shall be approved by the board. Upon adoption by the board, the investment plan and any amendments shall be promptly filed with the Division of Retirement, and the plan's sponsor and plan actuary.

(c) The effective date of the investment plan shall be the 31st calendar day following the filing date with the plan sponsor. Investments permitted by the investment plan shall not be made prior to the effective date of the investment plan.

(d) The investment plan may be amended at any time subject to paragraphs (b) and (c).

(e) For each illiquid investment, an investment for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism, the investment plan shall: include the criteria set forth in s. 215.47(6), Florida Statutes; require a statement as to the additional expected yield anticipated to compensate the plan for the additional risk of such investment which additional yield is not available from an investment for which there is a generally recognized market; require the board to verify the determination of the fair market value for each such investment as of each date as of which an actuarial valuation is prepared and that the determination complies with all applicable state and federal requirements; and require the board to disclose to the Division of Retirement and the plan's sponsor each such investment as of each date as of which an actuarial valuation is prepared for which the fair market value is not provided.

(f) Immediately prior to the date as of which each actuarial valuation is prepared, the board shall determine the total expected annual rate of return for the plan's assets for the year beginning with the date as of which the actuarial valuation is prepared for each of the next several years and for the long-term thereafter. This determination shall be promptly filed with the Division of Retirement, and the plan's sponsor and plan actuary.

Section 2. This act shall take effect upon becoming a law.

Became a law without the Governor's approval June 5, 1996.

Filed in Office Secretary of State June 4, 1996.