

House Bill No. 603

An act relating to the General Pension and Retirement Fund of the City of Pensacola, Escambia County; amending chapter 99-474, Laws of Florida, as amended by chapter 2000-470, Laws of Florida; revising definitions; revising provisions for investments of funds; providing an effective date.

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

Section 1. Section 2 of chapter 99-474, Laws of Florida, as amended by chapter 2000-470, Laws of Florida, is amended to read:

Section 2. Definitions.—The words and phrases as used in this act shall have the following meanings unless a different meaning is plainly required by the context:

(1) Act.—The General Pension and Retirement Fund Special Act.

(2) Actuary.—The person, firm, or corporation, one of whose officers shall be a member of the Society of Actuaries and an enrolled actuary, as defined by the Employee Retirement Income Security Act of 1974, authorized by the board of trustees of the fund to render actuarial services to the fund.

(3) Average monthly salary.—One twenty-fourth of the salary of the 2 best years of the last 5 years of credited service prior to retirement or death.

~~(4) Bank of national repute.—See investment bank of national repute.~~

~~(4)(5)~~ Beneficiary.—Person so designated in writing by a member of the general pension plan who may become entitled to receive a refund of contributions made by a member of the plan.

~~(5)(6)~~ Best 2 years.—Two separate periods of 365 consecutive days.

~~(6)(7)~~ Board of trustees, the board, or the general pension board.—The pension board, consisting of six members as provided in this act.

~~(7)(8)~~ City.—The City of Pensacola.

~~(8)(9)~~ City council.—The city council of the City of Pensacola.

~~(9)(10)~~ Code.—Internal Revenue Code of 1986, as amended.

~~(10)(11)~~ Credited service years or credited years of service.—A period of service years credited to a member of the plan in which the member has contributed an amount to the General Pension and Retirement Fund, as provided in this act.

~~(11)(12)~~ Dependent.—The spouse or dependent children under the age of 18 of a member of the plan.

~~(12)~~(13) Dependent children.—A son or daughter under 18 years of age who is born in wedlock to a member of the plan; and/or a child under 18 years of age adopted by a member of the plan; and/or a child under 18 years of age dependent upon a member of the plan for support whose dependency is proven to the satisfaction of the board or, in the alternative, whose dependency has been established by a final court order.

~~(13)~~(14) Disability.—Physical or mental impairment which renders an employee partially and permanently or totally and permanently unable to perform the duties of his or her employment or unable to perform any substantial gainful employment.

~~(14)~~(15) ECUA.—Escambia County Utilities Authority.

~~(15)~~(16) General Pension and Retirement Fund, general pension plan, or the plan.—The special fund created exclusively for the purposes provided in this act.

~~(17)~~—Investment bank of national repute.—A bank having trust powers or a trust company which is experienced in the fiduciary investment of pension funds from more than one state.

~~(16)~~(18) Line of duty.—Within the scope of employment as an employee of the city during such times as such employee was rendering services to the city.

~~(17)~~(19) Major fraction of a year.—For calculation of benefits in this act, 6 months and 1 day.

~~(18)~~(20) Member of the plan.—An individual who has been credited with a period of service under the plan and has contributed an amount to the plan, as provided in this act.

~~(19)~~(21) Nonemployment.—Any period of time an individual is not employed in any capacity by the City of Pensacola.

~~(20)~~(22) Normal retirement and early retirement.—Any retirement not based upon a disability, illness, or injury.

~~(21)~~(23) Plan.—The General Pension and Retirement Fund.

~~(22)~~(24) Plan administrator.—The Director of Finance of the City of Pensacola.

~~(23)~~(25) Pensioner.—A member of the plan who has drawn or is drawing a pension under the provisions of this act.

~~(24)~~(26) Permanent full-time employee.—A person employed by the city, working an established work period set forth by city policy, and not employed on a part-time, temporary, or specified timeframe basis.

~~(25)~~ Professional money manager.—An investment management firm that is registered as an investment advisor with the Securities and Exchange Commission pursuant to the Investment Advisors Act of 1940, which firm shall acknowledge in writing its fiduciary duty to the Board of Trustees.

(26)(27) Refund of contributions.—The distribution of funds contributed by a member of the plan.

(27)(28) Retiree.—A member of the plan, or a dependent of a member, who has drawn or is drawing a pension under the provisions of this act.

(28)(29) Salary.—The total cash remuneration paid to the member of the plan by the city for services rendered before all pretax, salary deferral, or salary reduction contributions made to the General Pension and Retirement Fund on behalf of the general pension plan member under section 404(h)(2) of the Internal Revenue Code and any code section 457 plan and section 125 plan of the city. Unless otherwise provided by the city council, “salary” shall exclude any educational incentive pay, field training pay, certificate pay, specialized duty pay, pistol qualifications pay, clothing allowance, education benefit, accumulated sick leave pay at retirement, accumulated vacation pay at retirement, shift differential pay, nonsubstantiated business expenses, noncash benefits such as employer-provided vehicles, or any other city-provided benefit, severance pay, or similar lump-sum payment made upon separation of service, and any other pay excluded by the city council.

(29)(30) Service under the plan.—A period of service years credited to a member of the plan, during which the member has contributed an amount to the General Pension and Retirement Fund, as provided in this act.

(30)(31) Spouse.—Under the laws of the State of Florida, the legally married husband or wife of the member of the plan.

(31)(32) Surviving spouse.—The legally married husband or wife of a member of the plan who outlives the member of the plan.

(32)(33) Vested member or vesting right.—A member of the plan who has a right, or the right itself, to future pension benefits as provided in this act.

Section 2. Section 36 of chapter 99-474, Laws of Florida, is amended to read:

Section 36. Investing funds; custodian of securities, contracts with professional money managers ~~investment banks~~.—

(1) The pension board shall have the power and authority to invest and reinvest the assets of the General Pension and Retirement Fund in:

(a) 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.

(b) Obligations of the United States Government or obligations guaranteed as to principal and interest by the United States Government.

(c) Obligations of municipal authority issued pursuant to the laws of this state; however, for each of the 5 years next preceding the date of investment, the income of such authority available for fixed charges shall have been not less than 1½ times its average annual fixed-charges requirement over the life of its obligations.

(d) 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; however, the board 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 market value of the fund's investments in common stocks exceed 75 percent of the assets of the fund, nor shall the aggregate market value of the fund's investments in all corporate securities exceed 80 percent of the assets of the fund.

(e) Commingled bank and insurance company temporary investment, stock, and bond funds without regard to the quality restrictions for individual securities contained in paragraph (d).

(f) Commingled bank and insurance company real estate funds up to the maximum of 15 percent of assets at market value. Direct ownership and operation of real estate properties are prohibited.

(g) Guaranteed insurance contracts.

(h) Foreign securities, provided that the aggregate market value of such investments does not exceed 25 percent of the assets of the fund.

(2)(a) The pension board and the City of Pensacola are hereby authorized to contract with one or more professional money managers investment banks of national repute to act as agents and corporate trustees of all or any portion of the assets of the fund. Such professional money manager or managers ~~The investment bank or banks~~ shall have full investment powers with respect to said assets subject to the provisions of subsection (1) which limit the types of investments which may be made, and subject to such further restrictions as may be imposed by the board.

(b) The city and the board, for the purpose of contracting with one or more professional money managers an investment bank or banks to invest all or any portion of the fund, shall enter into agreements between themselves providing for procedures for selecting, entering into contracts with, and terminating contracts with any such professional money manager or managers investment bank or banks.

(3) In order to accomplish the purpose outlined in subsection (2), the pension board may direct the plan administrator of the city to act as the board's agent in handling the administrative details concerning contracting with any professional money manager or managers the investment bank; however, the plan administrator or his or her designee shall report the status of the pension funds to the pension board on a quarterly basis or with greater frequency as requested by the board, and the pension board shall review same and give directions to the plan administrator with respect to the continued contract status of the professional money manager or managers investment bank.

Section 3. This act shall take effect upon becoming a law.

Approved by the Governor June 26, 2003.

Filed in Office Secretary of State June 26, 2003.