

STATE BOARD OF ADMINISTRATION OF FLORIDA ("SBA")

2024-2025 ANNUAL REGULATORY PLAN

[Required pursuant to Chapter 2015-162, Laws of Florida]

OCTOBER 1, 2024

- Laws Amended/Created over previous 12 months that modify the agency's duties or authority (as required by Section 120.74(1)(a), Florida Statutes):

Chapter 2024-187, Laws of Florida, (HB 7071)- Foreign Investments by the State Board of Administration

The law creates Section 215.4735, Florida Statutes, that enacts provisions to prohibit the SBA from acquiring, on behalf of the FRS Trust Fund¹, direct holdings in a Chinese company.

Under the law: “China” means the government of the People’s Republic of China, the Chinese Communist Party, the Chinese military, or any instrumentality thereof, or any combination thereof. “Chinese company” means a company that is publicly known to be majority-owned by China. “Company” means a sole proprietorship, an organization, an association, a corporation, a partnership, a joint venture, a limited partnership, a limited liability partnership, a limited liability company, or any other entity or business association, including all wholly owned subsidiaries, majority-owned subsidiaries, and parent companies, or an affiliate of such entity or business association which exists for the purpose of making a profit. “Direct holdings” in a company mean all securities of that company which are held directly by the FRS Trust Fund or in an account or fund in which the FRS Trust Fund owns all shares or interests. It does not include indirect holdings in actively managed investment funds, including a private equity fund, or holdings in exchange-traded funds. “Indirect holdings” means all securities of that company which are held in a commingled fund or other collective investment, such as a mutual fund, in which the FRS Trust Fund owns shares or interests, together with other investors not subject to this section. “Majority-owned” means the owning of 50.1 % or more of the outstanding equity interests of a company.

By June 1, 2024, the SBA was required to review all current direct holdings to determine which direct holdings, if any, included securities of a Chinese company. By September 1, 2024, the SBA was required to develop a divestment plan for all direct holdings in Chinese companies. The divestment plan must be developed and implemented consistent with the

¹ The law defines “Florida Retirement System Trust Fund” to mean all assets of the FRS held by the SBA in its capacity as a fiduciary pursuant to part I of Chapter 121, Florida Statutes.

fiduciary standards of the SBA. The law requires the SBA to complete divestment from direct holdings in Chinese companies included in the divestment plan no later than September 1, 2025, or at such later time if necessary for the SBA to implement the divestment plan consistent with its fiduciary standards.

The new law requires the SBA's actions that are taken in compliance with the law's provisions, including all good faith determinations regarding companies, to be adopted and incorporated into the FRS Pension Plan Investment Policy Statement. When divesting from Chinese companies, the law exempts the SBA from its typical fiduciary duty to only invest based on pecuniary factors.

Effective Date: Upon Becoming Law (signed by the Governor on May 15, 2024).

Required Rule Amendments. Rule 19-4.0035, F.A.C., is being amended to adopt the FRS Pension Plan Investment Policy Statement that has been revised in accordance with the new law's requirements.

Chapter 2024-92, Laws of Florida, (CS/HB 151)- Florida Retirement System

Beginning July 1, 2024, the law amends Section 121.091(9), Florida Statutes, to allow an FRS retiree to be reemployed with an employer participating in the FRS and receive both compensation and retirement benefits, after meeting the definition of "termination," thereby effectively eliminating the "suspension of benefits" period typically applied during months 7 through 12 after the date of retirement. The reemployed retiree may not renew membership in the FRS except as provided in s. 121.122, Florida Statutes, and the employer must pay retirement contributions in an amount equal to the unfunded actuarial liability (UAL) portion of the employer contribution that would be required for active members of the FRS in addition to the contributions required by s. 121.76, Florida Statutes. The law also closes the FRS Preservation of Benefits Plan to new members effective July 1, 2026. The Preservation of Benefits Plan currently provides that FRS members are eligible to receive a benefit that is in excess of the annual benefit limit established by the Internal Revenue Service. Effective July 1, 2024, the limitation on an annual benefit under a defined benefit plan is \$275,000. The law also establishes the contribution rates paid by employers that participate in the Florida Retirement System (FRS) beginning July 1, 2024. These rates are intended to fund the full normal cost and the amortization of the unfunded actuarial liability of the FRS and the impact of changes made by the bill. The 3 percent employee contribution rate is not changed by this bill.

Effective: July 1, 2024

Required Rule Amendments. Amendments are being made to Rule 19-11.009, F.A.C., to reflect the fact the "suspension of benefits" period typically applied during months 7 through 12 after the date of retirement has been eliminated, effective July 1, 2024.

NOTE: There are a few laws that affect all Florida governmental entities, but that do not need to be implemented by rulemaking by the governmental entities, nor by the sending of reports or other information to another governmental entity. The SBA recognizes the existence of these new laws and may revise, or has revised, its internal policies, procedures, and contracts in view of these changes. The new laws are as follows:

Chapter 2024-184, Laws of Florida, (HB 7063)- Anti-human Trafficking

This law makes several updates that relate to combatting human trafficking in Florida. Of particular interest to Florida governmental entities is the law's requirement that any nongovernmental entity that enters into, renews, or extends a contract with a Florida governmental entity must supply the governmental entity with an affidavit attesting that the nongovernmental entity does not use coercion for labor or services.

Effective: July 1, 2024

Required Rule Amendments. None.

Chapter 2024-19, Laws of Florida, (SB 818)- Military Leave

The new law amends Sections 115.04 and 115.14, Florida Statutes, to limit the application of the entitlement to full pay for the first thirty (30) days of federal military service by the public officials and employees of the state, counties of the state, and municipalities or political subdivision of the state only to situations in which such servicemember is activated under federal military service that is greater than or equal to ninety (90) consecutive days.

Effective: July 1, 2024

Required Rule Amendments. None.

Chapter 2024-111, Laws of Florida, (SB 548)- Public Records Exemption- Identifying Information of Current and Former Military Personnel

The new law provides an exemption from public records requirements for the home address, phone numbers, and date of birth of current and former military personnel and their spouses and dependents, and the name and location of a school attended by such a spouse and schools or day care facilities attended by such dependents. "Military personnel" are defined as being either persons employed by the Department of Defense who have access to information designated as secret or top secret, or servicemembers of a special operations force. To receive the exemption, a request must be made in writing and must include a statement of reasonable efforts to protect the information from access. The exemption applies to

information held by an agency before, on, or after the effective date of the law. The public records exemption is subject to the Open Government Sunset Review Act and will be repealed on October 2, 2029, unless reenacted before that date.

Effective: July 1, 2024

Required Rule Amendments. None.

Chapter 2024-184, Laws of Florida, (SB 674)- United States-produced Iron and Steel in Public Works Projects

The new law creates Section 255.0993, Florida Statutes, to require a governmental entity that contracts for a public works project or for the purchase of materials for a public works project to ensure that any iron or steel product that will be permanently incorporated into the project be produced in the United States. This contract requirement is waived if the governmental entity determines that any of the following apply: (a) The iron or steel products required for the project are not produced in the United States in sufficient quantities, are not reasonably available, or are of an unsatisfactory quality; (b) The use of US-produced iron or steel products will increase the total cost of the project by more than 20 percent; or (c) Compliance with the requirement is inconsistent with the public interest. A governmental entity may allow a minimal use of foreign iron or steel materials in the project, if they are ancillary to the primary product and the cost of the materials does not exceed 0.10 percent of the total contract cost, or \$2,500, whichever is greater. Electrical components, systems, equipment, and appurtenances, except transmission and distribution poles, are not considered as being iron or steel products and thereby are exempt from the U.S.-produced requirement. The law requires the Department of Management Services to develop guidelines and procedures by rule to implement the law.

Effective: July 1, 2024

Required Rule Amendments. None.

Chapter 2024-56, Laws of Florida, (HB 7043)- Public Records- Agency Personnel Information

This law continues the series of current public record exemptions in Section 119.071(4)(d), Florida Statutes, that protect the personal identifying information of specified agency personnel, their spouses, and children, when held by an agency. Personal identifying information can include the individual's home address, telephone number, date of birth, and location of childcare facilities. The agency personnel who are covered by this public record exemption, due to the nature of their employment, include: (a) Active or former sworn law enforcement personnel, including correctional and correctional probation officers; (b) Current or former firefighters; (c) Current or former state attorneys, assistant state attorneys, statewide prosecutors, or assistant statewide prosecutors; (d) Current or former local

government agency or water management district human resources, labor relations, or employee relations managers or directors, if their employment involves specific personnel-related duties, such as labor negotiations or firing; (e) Current or former code enforcement officers; (f) Current or former guardians ad litem; (g) Current or former juvenile probation officers and their related personnel, human services counselor administrators, senior human services counselor administrators, rehabilitation therapists, and social services counselors of the Department of Juvenile Justice; (h) Current or former public defenders, assistant public defenders, criminal conflict and civil regional counsel, and assistant criminal conflict and civil regional counsel; (i) Current or former Department of Business and Professional Regulation investigators or inspectors; and (j) Current or former personnel who are employed in an agency's office of inspector general or internal audit department, if the employee's duties include the auditing or investigation of specific activities that could lead to criminal or administrative discipline. The law removes the October 2, 2024, scheduled repeal of the public record exemptions, thereby maintaining the exemptions for the specified agency personnel and their spouses and children.

Effective: October 1, 2024

Required Rule Amendments. None

Chapter 2024-140, Laws of Florida, (HB 989), Committee Substitute for Committee Substitute for House Bill No. 989, an Act relating to the Chief Financial Officer

Ch. 2024-140 amends section 255.502(4)(h). Section 255.502(4)(h) defines "authorized investments" for purposes of the Florida Building and Facilities Act (sections 255.501 - 255.525, F.S.). The Act primarily relates to DMS's authority to manage facilities in the Florida Facilities Pool. Within the Act, the term "authorized investments" appears only in Section 255.503, which states, in part (emphasis added):

255.503 Powers of the Department of Management Services.-The Department of Management Services shall have all the authority necessary to carry out and effectuate the purposes and provisions of this act, including, but not limited to, the authority to: ***

(8) Create and establish funds and accounts for the purpose of debt service reserves, for the matching of the timing and the amount of available funds and debt service charges, for sinking funds, for capital depreciation reserves, for operating reserves, for capitalized interest and moneys not required for immediate disbursement to acquire all or a portion of any facility, and for any other reserves, funds, or accounts reasonably necessary to carry out the provisions of this act and to invest in *authorized investments* any moneys held in such funds and accounts, *provided such investments will be made on behalf of the Department of Management Services by the State Board of Administration or the Chief Financial Officer, as appropriate.*

Effective: July 1, 2024

Required Rule Amendments. None

- Laws not otherwise listed that the Agency expects to implement by rulemaking before the following July:

N/A

- Updates to prior year's plan or supplement. If in a prior year, a law was identified requiring rulemaking to implement but notice of proposed rule has not been published:

N/A

Additional Information: Proposed Changes to Rules that are required by existing laws:

See attached sheet.

STATE BOARD OF ADMINISTRATION OF FLORIDA
ANNUAL REGULATORY PLAN CERTIFICATION

I HEREBY CERTIFY that the Annual Regulatory Plan (ARP) for the State Board of Administration of Florida ("SBA"), including the Florida Hurricane Catastrophe Fund, as required pursuant to Section 120.74(1), Florida Statutes has been reviewed by the undersigned. I also certify that the SBA, including the Florida Hurricane Catastrophe Fund, at least annually reviews all of its rules, the most recent review occurring in August 2024, to determine whether the rules remain consistent with the SBA's rulemaking authority and the laws implemented.



Chris Spencer
Executive Director
State Board of Administration of
Florida



Maureen M. Hazen
General Counsel & Chief Ethics Officer
State Board of Administration of
Florida

ENTERED this 24th day of September 2024.

A copy of this Regulatory Plan will be posted on the SBA's website on or before October 1, 2024.

State Board of Administration/Florida Hurricane Catastrophe Fund
2024-2025 Annual Regulatory Plan

Rule Number	Rule Title	Rulemaking Action	Reason for Rulemaking	Additional Details on Reason for Rulemaking	Description of Current Rule or Statute to be Implemented	Description of Changes to be Made in Rulemaking	Economic Impact	Highly Technical or Complicated
19-8.010	Reimbursement Contract	Rule Amendment	Statutory Mandate (State statutory mandate; s. 215.555(17)(b) requires the SBA to adopt the Reimbursement Contract form no later than February 1 of each year.)	The Reimbursement Contract is annually reviewed and revised to accommodate statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.010 implements this statute by specifying the form of the annual Reimbursement Contract.	Various technical and clarifying changes are anticipated at this time.	None	Yes
19-8.028	Reimbursement Premium Formula	Rule Amendment	Statutory Mandate (State statutory mandate; s. 215.555(5) requires the SBA to adopt a formula for the "actuarially indicated" premium to be paid by insurers to the FHCF. To comply with the "actuarially indicated" requirement, the premium formula is revised annually.)	The annual revision of the Reimbursement Premium Formula also accommodates statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.028 implements this statute by providing the formula for determining premiums to be paid to the fund by participating insurers.	Implementation of actuarial recommendations pursuant to s. 215.555(5)(b), F.S., and technical and clarifying changes	None	Yes
19-8.029	Insurer Reporting Requirements and Responsibilities	Rule Amendment	Technical Changes	This rule provides for insurer reporting of insured values, as required by s. 215.555(5)(c), F.S., and instructions to insurers relating to examinations under s. 215.555(4)(f), F.S. It is revised annually to accommodate statutory changes, technical issues, and any need for clarification.	Section 215.555, F.S., originally enacted in 1993, establishes the Florida Hurricane Catastrophe Fund within the SBA and provides for reimbursement of a portion of residential property insurers' hurricane losses. Rule 19-8.029 implements this statute by providing for reporting of insured values to the fund and providing instructions relating to examination of insurers.	Various technical and clarifying changes are anticipated at this time.	None	Yes