

SENATE BILL No. 369

By Committee on Ways and Means

2-28

9 AN ACT concerning the infrastructure needs of state educational insti-
10 tutions and the financing thereof; enacting the university infrastructure
11 finance law; enacting the state board of regents infrastructure main-
12 tenance finance loan program law; relating to the powers and duties
13 of the state board of regents, the Kansas turnpike authority and the
14 Kansas development finance authority; amending K.S.A. 68-2011 and
15 K.S.A. 2006 Supp. 75-4209 and 75-4237 and repealing the existing
16 sections.

17

18 *Be it enacted by the Legislature of the State of Kansas:*

19 New Section 1. (a) Sections 1 through 6, and amendments thereto,
20 shall be known and may be cited as the university infrastructure finance
21 law.

22 (b) It is hereby found and declared that the provisions of the univer-
23 sity infrastructure finance law are necessary to provide a source of funds
24 to finance certain essential state purposes in connection with state edu-
25 cational institutions.

26 New Sec. 2. As used in the university infrastructure finance law:

27 (a) “Surcharge” means the surcharge authorized by section 6, and
28 amendments thereto, on tolls for transit over turnpike projects charged
29 and collected by the Kansas turnpike authority pursuant to the turnpike
30 authority act.

31 (b) “Turnpike authority act” means the provisions of article 20 of
32 chapter 68 of the Kansas Statutes Annotated, and amendments thereto.

33 (c) “University infrastructure finance fund” means the fund estab-
34 lished by section 3, and amendments thereto.

35 (d) “State educational institution” has the meaning ascribed thereto
36 in K.S.A. 76-711, and amendments thereto.

37 (e) “State board” means the state board of regents.

38 (f) “Infrastructure” means a building and related utility systems lo-
39 cated at a state educational institution.

40 (g) “Improvement” means the maintenance, repair, reconstruction or
41 rehabilitation of infrastructure. “Improvement” shall not mean new con-
42 struction of infrastructure.

43 (h) “Infrastructure improvement project” or “project” means the

1 maintenance, repair, reconstruction or rehabilitation of a building and
2 related utility systems located at a state educational institution.

3 (i) "Cost" means all costs or expenses which are necessary or inci-
4 dental to an infrastructure improvement project and which are directly
5 attributable thereto.

6 New Sec. 3. There is hereby established in the state treasury the
7 university infrastructure finance fund which shall be administered and
8 maintained for the use and benefit of the state educational institutions as
9 provided by the university infrastructure finance law. The university in-
10 frastructure finance fund shall be administered by the state board. Subject
11 to the provisions of appropriation acts, all expenditures from the univer-
12 sity infrastructure finance fund shall be made for purposes of infrastruc-
13 ture improvement projects and for payment of debt service on revenue
14 bonds issued to finance such projects.

15 New Sec. 4. (a) Subject to the provisions of appropriation acts, the
16 state board may:

17 (1) Transfer moneys from the university infrastructure finance fund
18 to an account or accounts of a state educational institution for expenditure
19 by the institution to pay the costs of an infrastructure improvement pro-
20 ject as approved by the state board; and

21 (2) make expenditures from the university infrastructure finance fund
22 for the payment of debt service on revenue bonds issued pursuant to the
23 approval in subsection (a) of section 5, and amendments thereto, to fi-
24 nance the costs of an infrastructure improvement project. The state board
25 shall advise and consult with the joint committee on state building con-
26 struction as required by subsection (b) of K.S.A. 75-3717b, and amend-
27 ments thereto, regarding each infrastructure improvement project that
28 has been approved by the state board for a state educational institution.
29 No bonds shall be issued for any infrastructure improvement project un-
30 less the state board first has advised and consulted with the joint com-
31 mittee on state building construction, which advising and consulting shall
32 occur before making the first transfer from the university infrastructure
33 finance fund to any account or accounts of a state educational institution.

34 (b) Subject to the provisions of appropriation acts, the state board
35 may pledge funds appropriated to it from the university infrastructure
36 finance fund or from any other source and transferred to a special revenue
37 fund of the state board specified by law for the payment of debt service
38 on revenue bonds issued for the purposes set forth in section 5, and
39 amendments thereto. Neither the state nor the state board shall have the
40 power to pledge the full faith and credit or taxing power of the state of
41 Kansas for such purposes and any payment by the state board for such
42 purposes shall be subject to and dependent on appropriations by the
43 legislature. Any obligation of the state board for payment of debt service

1 on revenue bonds and any such revenue bonds issued for the purposes
2 set forth in section 5, and amendments thereto, shall not be considered
3 a debt or obligation of the state for the purpose of section 6 of article 11
4 of the constitution of the state of Kansas.

5 New Sec. 5. (a) The Kansas development finance authority is hereby
6 authorized to issue revenue bonds pursuant to subsection (a) of K.S.A.
7 74-8905, and amendments thereto, to finance the cost of infrastructure
8 improvement projects. The projects which are initiated by the state board
9 under the university infrastructure finance law are hereby approved for
10 the state board for the purposes of subsection (b) of K.S.A. 74-8905, and
11 amendments thereto. The aggregate principal amount of bonds issued
12 pursuant to this section shall not exceed \$300,000,000, plus all amounts
13 required for costs of bond issuance, costs of interest on the bonds issued
14 for infrastructure improvement projects during the time such improve-
15 ments are being made and any required reserves for the payment of
16 principal and interest on the bonds. All moneys received from the issu-
17 ance of any such bonds shall be deposited and accounted for as prescribed
18 by applicable bond covenants. The debt service for any such bonds issued
19 for such infrastructure improvement project shall be financed by approp-
20 riations from the university infrastructure finance fund or from moneys
21 appropriated from the state general fund as may be necessary to pay debt
22 service on the bonds. No bonds shall be issued for any such infrastructure
23 improvement project unless the state board first has advised and con-
24 sulted with the joint committee on state building construction as required
25 by section 4, and amendments thereto.

26 (b) Subject to the provisions of appropriation acts, the secretary of
27 administration may enter into pledge agreements with the Kansas devel-
28 opment finance authority to pledge moneys for the payment of bonds
29 issued pursuant to the approval in subsection (a).

30 New Sec. 6. (a) In addition to all tolls imposed and collected by the
31 Kansas turnpike authority under the turnpike authority act, the authority
32 shall impose and collect a surcharge on all such tolls pursuant to this
33 section. The surcharge shall not be considered a toll for purposes of the
34 turnpike authority act. The surcharge shall be imposed and collected be-
35 ginning on July 1, 2008, in the amount of 5% of aggregate tolls collected,
36 increasing on July 1, 2009, to 10% of aggregate tolls collected, increasing
37 on July 1, 2011, to 15% of aggregate tolls collected, increasing on July 1,
38 2012, to 20% of aggregate tolls collected and increasing on July 1, 2014,
39 to 25% of aggregate tolls collected. At the discretion of the authority, the
40 amount of the surcharge imposed and collected on individual tolls may
41 be rounded up or down to the nearest \$.05 on individual cash tolls and
42 the nearest \$.01 on individual electronic tolls in order to most closely
43 approximate the overall percentage of aggregate tolls required by the

1 preceding sentence. No such surcharge shall be imposed while any bonds
2 issued under the turnpike authority act prior to the effective date of this
3 act remain outstanding pursuant to the terms of the resolutions and in-
4 dentures under which such bonds were issued.

5 (b) On or before the 10th day of each month, moneys derived from
6 the surcharge imposed pursuant to this section during the preceding
7 month shall be remitted to the state treasurer in accordance with K.S.A.
8 75-4215, and amendments thereto. Upon receipt of each such remittance,
9 the state treasurer shall deposit the entire amount in the state treasury
10 to the credit of the university infrastructure finance fund established by
11 section 3, and amendments thereto.

12 (c) Except as provided by this subsection and in order to facilitate the
13 imposition of the surcharge authorized by this section, the Kansas turn-
14 pike authority shall defease, redeem or pay bonds issued under the turn-
15 pike authority act from the proceeds of refunding bonds, any available
16 moneys from reserve funds for existing bonds and other moneys available
17 for such purpose on or before June 1, 2008. In the event of extraordinary
18 circumstances or material unanticipated costs, the secretary of adminis-
19 tration may waive, for a specified period of time, the requirement to
20 defease, redeem or pay such bonds. Upon the defeasance, redemption
21 or payment of the bonds issued under the turnpike authority act prior to
22 the effective date of this act, the Kansas turnpike authority shall certify
23 to the secretary of administration the cost of such defeasance, redemption
24 or payment, which cost shall include the costs of issuance of refunding
25 bonds and the present value of additional debt service incurred as a result
26 of the issuance of refunding bonds. At the discretion of the secretary of
27 administration and subject to the provisions of appropriation acts, such
28 costs, to the extent approved by the secretary of administration, shall be
29 reimbursed to the Kansas turnpike authority from the university infra-
30 structure finance fund in the amount of 10% of the moneys credited to
31 the university infrastructure finance fund from the surcharge imposed
32 pursuant to this section. Such reimbursements shall be paid on July 1 of
33 each year or as soon thereafter as sufficient moneys are available until
34 such costs approved by the secretary of administration are fully reim-
35 bursed to the Kansas turnpike authority.

36 (d) The provisions of this section shall be part of and supplemental
37 to the provisions of article 20 and chapter 68 of the Kansas Statutes An-
38 notated, and amendments thereto.

39 Sec. 7. K.S.A. 68-2011 is hereby amended to read as follows: 68-
40 2011. (a) All moneys received pursuant to the authority of this act,
41 whether as proceeds from the sale of bonds or as revenues, shall be
42 deemed to be trust funds to be held and applied solely as provided in this
43 act. The resolution authorizing the bonds of any issue or the trust agree-

1 ment securing such bonds shall provide that any officer with whom, or
2 any bank or trust company with which, such moneys shall be deposited
3 shall act as trustees of such moneys and shall hold and apply the same
4 for the purposes hereof, subject to such regulations as this act and such
5 resolution or trust agreement may provide.

6 (b) *Moneys collected from the surcharge authorized by section 6, and*
7 *amendments thereto, shall not be moneys or revenues subject to the trust*
8 *imposed by subsection (a).*

9 New Sec. 8. Sections 8 through 16, and amendments thereto, shall
10 be known and may be cited as the state board of regents infrastructure
11 maintenance finance loan program law.

12 New Sec. 9. As used in the state board of regents infrastructure
13 maintenance finance loan program law, and amendments thereto:

14 (a) “State board loan fund” means the state board of regents pooled
15 money investment board loan fund established by section 11, and amend-
16 ments thereto.

17 (b) “Infrastructure finance loan fund” means the state board of re-
18 gents infrastructure finance loan fund established by section 10, and
19 amendments thereto.

20 (c) “Costs” means all costs or expenses which are necessary or inci-
21 dental to an infrastructure improvement project and which are directly
22 attributable thereto.

23 (d) “Infrastructure” means a building and related utility systems lo-
24 cated at a state educational institution.

25 (e) “Improvement” means the maintenance, repair, reconstruction or
26 rehabilitation of infrastructure. “Improvement” shall not mean new con-
27 struction of infrastructure.

28 (f) “Infrastructure improvement project” or “project” means the
29 maintenance, repair, reconstruction or rehabilitation of a building and
30 related utility systems located at a state educational institution.

31 (g) “Regents loan funds” means the infrastructure finance loan fund
32 and the state board loan fund.

33 (h) “State educational institution” has the meaning ascribed thereto
34 in K.S.A. 76-711, and amendments thereto.

35 (i) “State board” means the state board of regents.

36 (j) “Authority” means the Kansas development finance authority.

37 (k) “State board of regents infrastructure maintenance finance loan
38 program” or “program” means the state board of regents infrastructure
39 maintenance finance loan program established by section 12, and amend-
40 ments thereto.

41 New Sec. 10. (a) There is hereby established in the state treasury the
42 state board of regents infrastructure finance loan fund. The following shall
43 be deposited to the credit of the infrastructure finance loan fund:

- 1 (1) Amounts appropriated or otherwise made available by the legis-
2 lature for the purposes of the infrastructure finance loan fund;
- 3 (2) the proceeds, if any, from the sale of bonds issued pursuant to
4 section 17, and amendments thereto, for the purposes of the infrastruc-
5 ture finance loan fund to the extent provided in any agreement entered
6 into between the state board or the state treasurer, or both the state board
7 and the state treasurer, and the authority;
- 8 (3) amounts of repayments made by the state board for loans financed
9 with moneys credited to the infrastructure finance loan fund, together
10 with payments of interest thereon, in accordance with agreements en-
11 tered into between the state board and the state treasurer;
- 12 (4) amounts earned on the investment of bond proceeds in the infra-
13 structure finance loan fund; and
- 14 (5) amounts contributed or otherwise made available by any public
15 or private entity for use in effectuating the purposes of the infrastructure
16 finance loan fund.
- 17 (b) Subject to the provisions of sections 8 through 16, and amend-
18 ments thereto, and to the provisions of appropriations acts, expenditures
19 from the infrastructure finance loan fund may be made solely for the
20 following purposes:
- 21 (1) To provide financial assistance to the state board or a state edu-
22 cational institution to finance infrastructure improvement projects;
- 23 (2) to provide reserves for or otherwise secure bonds issued pursuant
24 to section 17, and amendments thereto, and to provide insurance or other
25 credit enhancement for such bonds;
- 26 (3) to provide reserves for, or to otherwise secure, amounts payable
27 by the state board on loans made for infrastructure improvement projects
28 under the university infrastructure finance law in the event of default on
29 a particular loan;
- 30 (4) for the payment of the principal, including sinking fund payments
31 of and premium, if any, and interest on bonds issued pursuant to section
32 17, and amendments thereto;
- 33 (5) to provide a subsidy for, or to otherwise assist, the state board in
34 the payment of debt service costs on loans made pursuant to sections 8
35 through 16, and amendments thereto; and
- 36 (6) to pay administrative costs of the infrastructure finance loan fund
37 or incurred pursuant to paragraphs (1) through (5).
- 38 (c) The state treasurer is authorized to pledge all revenues, moneys
39 and assets of the infrastructure finance loan fund to the repayment of
40 bonds issued pursuant to section 17, and amendments thereto.
- 41 (d) On or before the 10th day of each month, the director of accounts
42 and reports shall transfer from the state general fund to the infrastructure
43 finance loan fund interest earnings based on:

1 (1) The average daily balance in the infrastructure finance loan fund
2 for the preceding month; and

3 (2) the net earnings rate of the pooled money investment portfolio
4 for the preceding month.

5 New Sec. 11. (a) There is hereby established in the state treasury a
6 fund to be known as the state board of regents pooled money investment
7 board loan fund. The following shall be deposited to the credit of the
8 state board loan fund:

9 (1) Any amounts provided by the pooled money investment board for
10 the purposes of the state board loan fund; and

11 (2) amounts of repayments made by the state board of loans financed
12 with moneys credited to the state board loan fund, exclusive of interest
13 which shall be applied as provided in subsection (c) of section 12, and
14 amendments thereto, in accordance with agreements entered into be-
15 tween the state board and the state treasurer.

16 (b) On or before the 10th day of each month, the director of accounts
17 and reports shall transfer from the state general fund to the state board
18 loan fund interest earnings based on:

19 (1) The average daily balance in the state board loan fund for the
20 preceding month; and

21 (2) the net earnings rate of the pooled money investment portfolio
22 for the preceding month.

23 New Sec. 12. (a) There is hereby established the state board of re-
24 gents infrastructure maintenance finance loan program. The state board
25 shall be responsible for the administration of the program including the
26 prioritization of projects, the recommendation of projects for loans, the
27 amount of loans and the identification of the dedicated revenues neces-
28 sary to repay the loan for each approved project. The total aggregate
29 amount of loans outstanding under the program at any one time shall not
30 exceed \$200,000,000. Except as provided for loans financed by the issu-
31 ance of bonds, the term of any loan made from the regents loan funds
32 shall not exceed eight years. In the case of a loan financed by the issuance
33 of bonds, the term of such loan shall not exceed the period of time for
34 which such bonds are issued.

35 (b) Upon request of the state board, the state treasurer shall transfer
36 from the infrastructure finance loan fund an amount not to exceed the
37 total amount of each loan in increments of not less than \$250,000 to an
38 account or accounts of a state educational institution for expenditure by
39 the institution for one or more infrastructure improvement projects as
40 approved by the state board. The state treasurer also may make expend-
41 itures from the infrastructure finance loan fund and from the revenues
42 described in subsection (e) for the payment of debt service on revenue
43 bonds issued to finance such projects and the repayment of loans, upon

1 request by the state board.

2 (c) Upon request of the state board, the state treasurer shall transfer
3 from the state board loan fund an amount not to exceed the total amount
4 of each loan in increments not less than \$250,000 to an account or ac-
5 counts of an educational institution for expenditure by the institution for
6 one or more infrastructure improvement projects as approved by the state
7 board. Interest shall accrue on the outstanding balance once the loan
8 proceeds are transferred to the state educational institution. All interest
9 paid on a loan made from the state board loan fund shall be deposited in
10 the state general fund.

11 (d) The state board may enter into agreements and contracts with
12 state educational institutions, the state treasurer and others as required
13 to effect the purposes of sections 8 through 16, and amendments thereto,
14 including without limitation, the loan agreements described in subsection
15 (e).

16 (e) The state board may enter into one or more loan agreements with
17 the state treasurer for each infrastructure improvement project pursuant
18 to which the state board shall agree to repay each loan. Each loan agree-
19 ment shall provide for a pledge to the repayment of the loan made thereby
20 of the general revenues of the state board, and may provide for an addi-
21 tional pledge to the repayment of the loan made thereby of the appli-
22 cable revenues of a state educational institution, if any, as determined by
23 the state board. The state board is authorized to consent to the assignment
24 of loan agreements for loans made from the infrastructure finance loan
25 fund and the revenues payable pursuant to such loan agreements for the
26 payment of bonds approved pursuant to section 17, and amendments
27 thereto.

28 (f) Oversight of infrastructure improvement projects approved by the
29 state board and financed pursuant to sections 8 through 17, and amend-
30 ments thereto, shall be provided by the joint committee on state building
31 construction. The state board shall advise and consult with the joint com-
32 mittee on state building construction as required by subsection (b) of
33 K.S.A. 75-3717b, and amendments thereto, regarding each infrastructure
34 improvement project which has been approved by the state board. No
35 loan shall be made for any infrastructure improvement project unless the
36 state board first has advised and consulted with the joint committee on
37 state building construction, which advising and consulting shall occur be-
38 fore making the first transfer from the regents loan funds to any account
39 or accounts of the state board or such state educational institution.

40 New Sec. 13. (a) The state board may apply for loans pursuant to
41 sections 8 through 16, and amendments thereto, on behalf of state edu-
42 cational institutions. The information specified in subsection (a) of section
43 12, and amendments thereto, shall be included in any application for a

1 loan, along with such other information regarding the loan, the infrastruc-
2 ture improvement project, the applicable state educational institution and
3 any other information that the pooled money investment board may
4 require.

5 (b) The state board shall forward a completed loan application to the
6 pooled money investment board for consideration.

7 (c) The pooled money investment board shall accept and review ap-
8 plications for loans to be made from the regents loan funds.

9 (d) Unless provision has been made with the state treasurer and the
10 authority for the funding of a loan from the infrastructure finance loan
11 fund, the loan shall be made from the state board loan fund.

12 (e) The pooled money investment board may reject an application for
13 a loan only if the amount of the loan requested causes the total amount
14 for the program to exceed the limit set forth in subsection (a) of section
15 12, and amendments thereto, or the limits imposed by subsection (d) of
16 K.S.A. 75-4209, and amendments thereto.

17 (f) The pooled money investment board shall forward to the state
18 treasurer, an approved state board loan application.

19 New Sec. 14. Upon receipt of a state board loan application ap-
20 proved by the pooled money investment board, the state treasurer shall
21 enter into a loan agreement with the state board to make a state board
22 loan in the amount certified by the state treasurer. Loans made from the
23 state board loan fund shall bear interest at a variable rate of interest, which
24 is 2% below the market rate for a one-year maturity provided in K.S.A.
25 75-4237, and amendments thereto, and which shall be recalculated on
26 the first business day of January and July of each year using the market
27 rate then in effect. Loans made from the infrastructure finance loan fund
28 shall bear interest at an interest rate which is 80% of the ninety-day
29 average of the Bond Buyer 20 Bond Index on the date of the loan
30 agreement.

31 New Sec. 15. If the state treasurer enters into an agreement for a
32 loan to be made from the state board loan fund, the pooled money in-
33 vestment board shall transfer the amount of the loan to the state board
34 loan fund.

35 New Sec. 16. The state and the state treasurer shall not be liable in
36 any manner for payment of the principal and interest obligations incurred
37 by the state board pursuant to sections 8 through 16, and amendments
38 thereto.

39 New Sec. 17. The Kansas development finance authority is hereby
40 authorized to issue revenue bonds pursuant to subsection (a) of K.S.A.
41 74-8905, and amendments thereto, for the purpose of financing an infra-
42 structure improvement project or to finance, acquire or reimburse the
43 pooled money investment board for loans made pursuant to sections 8

1 through 16, and amendments thereto. Infrastructure improvement pro-
2 jects which are initiated by the state board of regents under the university
3 infrastructure finance law are hereby approved for the state board for the
4 purposes of subsection (b) of K.S.A. 74-8905, and amendments thereto.
5 The total amount of bonds issued pursuant to this section shall not exceed
6 the amount necessary to finance the loans authorized pursuant to sections
7 8 through 16, and amendments thereto, together with any necessary or
8 appropriate reserve funds and costs of issuance, including credit enhance-
9 ment. Proceeds of revenue bonds issued under this section shall be de-
10 posited in the state board infrastructure finance loan fund.

11 Sec. 18. K.S.A. 2006 Supp. 75-4209 is hereby amended to read as
12 follows: 75-4209. (a) The director of investments may invest and reinvest
13 state moneys eligible for investment which are not invested in accordance
14 with K.S.A. 75-4237, and amendments thereto, in the following
15 investments:

16 (1) Direct obligations of, or obligations that are insured as to principal
17 and interest by, the United States of America or any agency thereof and
18 obligations and securities of the United States sponsored enterprises
19 which under federal law may be accepted as security for public funds, on
20 and after the effective date of this act moneys available for investment
21 under this subsection shall not be invested in mortgage-backed securities
22 of such enterprises and of the government national mortgage association,
23 except that any such mortgage-backed securities held prior to the effec-
24 tive date of this act may be held to maturity;

25 (2) repurchase agreements with a bank or a primary government se-
26 curities dealer which reports to the market reports division of the federal
27 reserve bank of New York for direct obligations of, or obligations that are
28 insured as to principal and interest by, the United States government or
29 any agency thereof and obligations and securities of United States gov-
30 ernment sponsored enterprises which under federal law may be accepted
31 as security for public funds;

32 (3) commercial paper that does not exceed 270 days to maturity and
33 which has received one of the two highest commercial paper credit ratings
34 by a nationally recognized investment rating firm.

35 (b) When moneys are available for deposit or investments, the direc-
36 tor of investments may invest in SKILL act projects and bonds pursuant
37 to K.S.A. 74-8920, and amendments thereto, and in state agency bonds
38 and bond projects.

39 (c) When moneys are available for deposits or investments, the di-
40 rector of investments may invest in preferred stock of Kansas venture
41 capital, inc., under terms and conditions prescribed by K.S.A. 74-8203,
42 and amendments thereto, but such investments shall not in the aggregate
43 exceed a total amount of \$10,000,000.

- 1 (d) When moneys are available for deposits or investments, the di-
2 rector of investments may invest in loans pursuant to legislative mandates,
3 except that not more than the lesser of ~~10% or \$80,000,000~~ 20% or
4 \$300,000,000 of the state moneys shall be invested.
- 5 (e) Interest on investment accounts in banks is to be paid at maturity,
6 but not less than annually.
- 7 (f) Investments made by the director of investments under the pro-
8 visions of this section shall be made with judgment and care, under cir-
9 cumstances then prevailing, which persons of prudence, discretion and
10 intelligence exercise in the management of their own affairs, not for spec-
11 ulation, but for investment, considering the probable safety of their capital
12 as well as the probable income to be derived.
- 13 (g) Investments under subsection (a) or (b) or under K.S.A. 75-4237,
14 and amendments thereto, shall be for a period not to exceed four years,
15 except that linked deposits authorized under the provisions of K.S.A. 2006
16 Supp. 2-3703 through 2-3707, and amendments thereto, shall not exceed
17 a period of 10 years and agricultural production loan deposits authorized
18 under the provisions of K.S.A. 2006 Supp. 75-4268 through 75-4274, and
19 amendments thereto, shall not exceed a period of eight years.
- 20 (h) Investments in securities under paragraph (1) of subsection (a)
21 shall be limited to securities which do not have any more interest rate
22 risk than do direct United States government obligations of similar ma-
23 turities. For purposes of this subsection, "interest rate risk" means market
24 value changes due to changes in current interest rates.
- 25 (i) The director of investments shall not invest state moneys eligible
26 for investment under subsection (a), in the municipal investment pool
27 fund, created under K.S.A. 2006 Supp. 12-1677a, and amendments
28 thereto.
- 29 (j) The director of investments shall not invest moneys in the pooled
30 money investment portfolio in derivatives. As used in this subsection,
31 "derivatives" means a financial contract whose value depends on the value
32 of an underlying asset or index of asset values.
- 33 (k) Moneys and investments in the pooled money investment port-
34 folio shall be invested and reinvested by the director of investments in
35 accordance with investment policies developed, approved, published and
36 updated on an annual basis by the board. Such investment policies shall
37 include at a minimum guidelines which identify credit standards, eligible
38 instruments, allowable maturity ranges, methods for valuing the portfolio,
39 calculating earnings and yields and limits on portfolio concentration for
40 each type of investment. Any changes in such investment policies shall
41 be approved by the pooled money investment board. Such investment
42 policies may specify the contents of reports, methods of crediting funds
43 and accounts and other operating procedures.

1 (l) The board shall adopt rules and regulations to establish an overall
2 percentage limitation on the investment of moneys in investments au-
3 thorized under paragraph (3) of subsection (a), and within such author-
4 ized investment, the board shall establish a percentage limitation on the
5 investment in any single business entity.

6 Sec. 19. K.S.A. 2006 Supp. 75-4237 is hereby amended to read as
7 follows: 75-4237. (a) The director of investments shall accept requests
8 from banks interested in obtaining investment accounts of state moneys.
9 Such requests may be submitted any business day and shall specify the
10 dollar amount and maturity. The director of investments is authorized to
11 award the investment account to the requesting bank at the market rate
12 established by subsection (b). Awards of investment accounts pursuant to
13 this section shall be subject to investment policies of the pooled money
14 investment board. When multiple requests are received and are in excess
15 of the amount available for investment that day for any maturity, awards
16 shall be made available in ascending order from smallest to largest dollar
17 amount requested, subject to investment policies of the board.

18 (b) The market rate shall be determined each business day by the
19 director of investments, in accordance with any procedures established
20 by the pooled money investment board. Subject to any policies of the
21 board, the market rate shall reflect the highest rate at which state moneys
22 can be invested on the open market in investments authorized by sub-
23 section (a) of K.S.A. 75-4209, and amendments thereto, for equivalent
24 maturities.

25 (c) (1) Notwithstanding the provisions of this section, linked deposits
26 made pursuant to the provisions of K.S.A. 2-3703 through 2-3707, and
27 amendments thereto, shall be at an interest rate which is 2% less than
28 the market rate determined under this section and which shall be recal-
29 culated on the first business day of each calendar year using the market
30 rate then in effect.

31 (2) Notwithstanding the provisions of this section, agricultural pro-
32 duction loan deposits made pursuant to the provisions of K.S.A. 2006
33 Supp. 75-4268 through 75-4274, and amendments thereto, shall be at 2%
34 less than the market rate provided by this section and which shall be
35 recalculated on the first business day of ~~each calendar~~ *January and July*
36 *of each year* using the market rate then in effect.

37 (3) *Notwithstanding the provisions of this section, pooled money in-*
38 *vestment board loan fund loans made pursuant to the provisions of sec-*
39 *tions 8 through 16, and amendments thereto, shall be made at a rate 2%*
40 *less than the market rate provided by this section and such rate shall be*
41 *recalculated on the first business day of January and July of each year*
42 *using the market rate in effect on such date.*

43 New Sec. 20. (a) Each contract entered into by any state board of

1 regents for any infrastructure improvement project financed under the
2 university infrastructure finance law or the state board of regents infra-
3 structure maintenance finance loan program law shall be based on bid or
4 contract specifications prescribing and requiring that employees of any
5 contractor or subcontractor shall be paid not less than the hourly wages,
6 including fringe benefits, paid to corresponding classes of laborers and
7 mechanics employed on similar projects in the county where the project
8 is to be performed. Such minimum wage shall be the wage paid to the
9 majority of the laborers or mechanics, unless the same wages are not paid
10 to a majority, in which case the minimum wage shall be the average wages
11 paid, weighted by the total employed in the classification. In the alter-
12 native, the minimum wage shall be the wage determined under federal
13 law which would be required to be paid on federally funded projects at
14 the location of the public works project.

15 (b) Employees employed by contractors or subcontractors in the ex-
16 ecution of a contract for any infrastructure improvement project financed
17 under the university infrastructure finance law or the state board of re-
18 gents infrastructure maintenance finance loan program law shall be paid
19 not less than the wages as determined pursuant to subsection (a).

20 New Sec. 21. If the cost of any infrastructure improvement project
21 under the university infrastructure finance law or the state board of re-
22 gents infrastructure maintenance finance law or any other capital im-
23 provement project exceeds \$100,000, the construction documents for
24 such project shall prescribe standards for energy conservation that pro-
25 vide the highest level of energy conservation and efficiency that is prac-
26 tical for the project, including participation in the facilities conservation
27 improvement program, as approved by the energy office of the state cor-
28 poration commission. The standards for energy conservation approved
29 for the project by the state corporation commission shall be included as
30 program and base bid requirements for the project and not as bid
31 alternates.

32 New Sec. 22. Prior to the commencement of any infrastructure im-
33 provement project under the university infrastructure finance law or the
34 state board of regents infrastructure maintenance finance law the cost of
35 which exceeds \$500,000 and prior to the commencement of any other
36 capital improvement project the cost of which exceeds \$500,000 for the
37 construction of any new building or major addition to a building of a
38 nature that would increase the maintenance costs of such building, the
39 state board of regents shall provide for the ongoing maintenance costs of
40 such infrastructure improvement project or capital improvement project
41 by identifying in its budget for the following fiscal year funds available
42 for such purpose. In addition, each subsequent capital improvements
43 budget of the state board of regents shall provide for the ongoing main-

1 tenance cost of each such infrastructure improvement project or capital
2 improvement project.

3 Sec. 23. K.S.A. 68-2011 and K.S.A. 2006 Supp. 75-4209 and 75-4237
4 are hereby repealed.

5 Sec. 24. This act shall take effect and be in force from and after its
6 publication in the Kansas register.