

## HOUSE BILL No. 2987

By Committee on Appropriations

3-24

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9 AN ACT concerning the state board of regents; deferred maintenance  
10 support funding; authorizing a pilot investment program for invest-  
11 ment of the idle funds of a state educational institution; prescribing  
12 certain guidelines, powers, duties, functions and limitations therefor.  
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14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) As used in this section:

16 (1) “Core balance” means the amount of the idle funds of the state  
17 educational institution identified by the state educational institution as  
18 being legally available for investment for a period of time exceeding a  
19 minimum of 12 months; “core balance” shall not include any moneys  
20 appropriated from the state general fund;

21 (2) “state educational institution” means Emporia state university,  
22 Fort Hays state university, Pittsburg state university, Kansas state uni-  
23 versity, Wichita state university or the university of Kansas;

24 (3) “independent investing entity” means the foundation, corporation  
25 or other not-for-profit legal entity created or designated by the state ed-  
26 ucational institution for the purpose of implementing the pilot investment  
27 program approved by the state board of regents; and

28 (4) “foundation” means the investing agent designated by K.S.A. 76-  
29 156a, and amendments thereto.

30 (b) The state board of regents is hereby authorized to approve a pilot  
31 investment program with one state educational institution to provide for  
32 the investment of the core balance of that state educational institution’s  
33 idle funds, excluding any moneys appropriated from the state general  
34 fund.

35 (c) The state board of regents is authorized to determine, establish  
36 and adopt the procedures, standards, and criteria that must be used in  
37 conducting the pilot investment program and shall require the state ed-  
38 ucational institution and its independent investment entity to enter into  
39 an agreement that shall be approved by the state board of regents before  
40 such agreement is effective and may be implemented.

41 (d) The pilot investment program approved by the state board of  
42 regents shall be subject to the following requirements and limitations:

43 (1) The core balance of the idle funds for the pilot state educational

1 institution may only be invested according to the terms and limitations  
2 established and approved by the state board of regents;

3 (2) the maximum amount of moneys of the state educational insti-  
4 tution that are invested under the pilot investment program established  
5 and approved under this section shall not exceed \$40,000,000 at any one  
6 time and no moneys appropriated from the state general fund for the  
7 state educational institution shall be invested under the pilot investment  
8 program;

9 (3) the core balance of moneys to be invested shall be selected and  
10 identified by the state educational institution and shall be approved by  
11 the state board of regents and shall be transferred to the independent  
12 investment entity;

13 (4) the investment of the funds under the pilot investment program  
14 shall be managed by an independent investment entity that is designated  
15 or established by the state educational institution for the purpose of im-  
16 plementing and carrying out the pilot investment program; and

17 (5) a report on the investment portfolio for the pilot investment pro-  
18 gram and other pertinent details shall be provided to the state board of  
19 regents by the state educational institution and the independent invest-  
20 ment entity on a quarterly basis, or whenever the state board of regents  
21 requests such a report or other information about the investment  
22 program.

23 (e) The pilot investment program shall last as long as it is determined  
24 appropriate or advisable by the state board of regents, except that the  
25 pilot program shall not continue for longer than five years and shall end  
26 on or before June 30, 2013. The state board of regents may terminate the  
27 pilot investment program at any time for any reason, including but not  
28 limited to a determination that the program is not providing sufficient  
29 returns or that investment losses are deemed excessive.

30 (f) Net interest earnings shall be remitted by the independent in-  
31 vesting entity to the state educational institution for deposit in the state  
32 treasury. The entire amount of each such remittance shall be credited to  
33 the deferred maintenance support fund of the state educational institu-  
34 tion and shall only be expended for deferred maintenance projects.

35 (g) If the pilot investment program ends for any reason, the total  
36 amount of funds invested under the pilot investment program at that  
37 time, and any net earnings thereon, shall be returned to the state edu-  
38 cational institution and shall be deposited and accounted for as required  
39 by law.

40 (h) In January of each year, the state board of regents shall provide  
41 the legislature with a report on the details and results of the pilot invest-  
42 ment program, until the pilot investment program ends or is otherwise  
43 concluded.

1     Sec. 2. This act shall take effect and be in force from and after its  
2     publication in the statute book.