

SENATE BILL No. 425

By Committee on Education

1-16

9 AN ACT concerning certain municipalities; relating to the investment of
10 public moneys; amending K.S.A. 2007 Supp. 12-1677b and repealing
11 the existing section.
12

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

14 Section 1. K.S.A. 2007 Supp. 12-1677b is hereby amended to read
15 as follows: 12-1677b. (a) The governing body of any city ~~or~~, county *or*
16 *school district* which has a written investment policy approved by the
17 governing body of such city ~~or~~, county *or school district* and approved by
18 the pooled money investment board may invest and reinvest pursuant to
19 the approved investment policy in the following investments, as author-
20 ized under paragraph (6) of subsection (b) of K.S.A. 12-1675, and amend-
21 ments thereto:

22 (1) Direct obligations of, or obligations that are insured as to principal
23 and interest by, the United States of America or any agency thereof and
24 obligations and securities of United States sponsored enterprises which
25 under federal law may be accepted as security for public funds, except
26 that such investments shall not be in mortgage-backed securities;

27 (2) interest-bearing time deposits in any banks, savings and loan as-
28 sociations and savings banks; or

29 (3) repurchase agreements with banks, savings and loan associations
30 and savings banks, or with a primary government securities dealer which
31 reports to the market reports division of the federal reserve bank of New
32 York for direct obligations of, or obligations that are insured as to principal
33 and interest by, the United States government or any agency thereof and
34 obligations and securities of United States government sponsored enter-
35 prises which under federal law may be accepted as security for public
36 funds.

37 (b) The investment policy of any city ~~or~~, county *or school district*
38 approved by the pooled money investment board under this section shall
39 be reviewed and approved at least annually by such board or when such
40 city ~~or~~, county *or school district* makes changes in such investment policy.

41 (c) City ~~and~~, county *and school district* investment policies shall ad-
42 dress liquidity, diversification, safety of principal, yield, maturity and qual-
43 ity, and capability of investment management staff.

1 (d) (1) All security purchases shall occur on a delivery versus pay-
2 ment basis.

3 (2) All securities shall be perfected in the name of the city ~~or~~, county
4 *or school district* and shall be delivered to the purchaser or a third party
5 custodian which may be the state treasurer.

6 (3) Investment transactions shall only be conducted with banks, sav-
7 ings and loan associations and savings banks; or with primary government
8 securities dealers which report to the market report division of the federal
9 reserve bank of New York; or any broker-dealer which is registered in
10 compliance with the requirements of section 15C of the securities
11 exchange act of 1934 and registered pursuant to K.S.A. 17-12a401, and
12 amendments thereto.

13 (4) The maximum maturity for investments under subsection (a) shall
14 be four years.

15 (e) Investments in securities under paragraph (1) of subsection (a)
16 shall be limited to securities which do not have any more interest rate
17 risk than do direct United States government obligations of similar ma-
18 turities. For purposes of this subsection, "interest rate risk" means market
19 value changes due to changes in current interest rates.

20 (f) A city ~~or~~, county *or school district* which violates subsection (c) or
21 (d) of K.S.A. 12-1675, and amendments thereto, or the rules and regu-
22 lations of the pooled money investment board shall forfeit its rights under
23 this section for a two year period and shall be reinstated only after a
24 complete review of its investment policy as provided for in subsection
25 (b). Such forfeiture shall be determined by the pooled money investment
26 board after notice and opportunity to be heard in accordance with the
27 Kansas administrative procedure act.

28 Sec. 2. K.S.A. 2007 Supp. 12-1677b is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.