

SENATE BILL No. 39

AN ACT concerning certain municipalities; relating to the investment of public moneys; amending K.S.A. 2008 Supp. 12-1677b and repealing the existing section.

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

Section 1. K.S.A. 2008 Supp. 12-1677b is hereby amended to read as follows: 12-1677b. (a) The governing body of any city ~~or~~, county or school district which has a written investment policy approved by the governing body of such city ~~or~~, county or school district ~~and approved by the pooled money investment board may~~ and such written investment policy is approved by the pooled money investment board as provided in subsection (b) may invest and reinvest pursuant to the approved investment policy in the following investments, as authorized under paragraph (6) of subsection (b) of K.S.A. 12-1675, and amendments thereto:

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

(2) interest-bearing time deposits in any banks, savings and loan associations and savings banks; or

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

(b) In approving the investment policy of any city, county or school district, the pooled money investment board shall require that such policy addresses liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management staff. In addition, the policy shall provide procedures for compliance with subsection (c) of K.S.A. 12-1675, and amendments thereto, and a certification from the investment management staff that those procedures have been followed.

~~(b) (c)~~ (c) The investment policy of any city ~~or~~, county or school district approved by the pooled money investment board under this section shall be reviewed and approved at least annually by such board or when such city ~~or~~, county or school district makes changes in such investment policy. *On condition of approving the investment policy, the pooled money investment board shall review the policy to assure that it addresses liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management staff. In addition, the policy shall provide procedures for compliance with subsection (c) of K.S.A. 12-1675, and amendments thereto, a certification from the investment management staff that those procedures have been followed and a listing of the banks, savings and loan associations and savings banks from which the city, county or school district requested bids in the preceding year.*

~~(c) City and county investment policies shall address liquidity, diversification, safety of principal, yield, maturity and quality, and capability of investment management staff.~~

(d) (1) All security purchases shall occur on a delivery versus payment basis.

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

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

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

(e) Investments in securities under paragraph (1) of subsection (a) shall be limited to securities which do not have any more interest rate risk than do direct United States government obligations of similar ma-

turities. For purposes of this subsection, “interest rate risk” means market value changes due to changes in current interest rates.

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

Sec. 2. K.S.A. 2008 Supp. 12-1677b is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE concurred in
HOUSE amendments _____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE
as amended _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.