

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by \_\_\_\_\_ Senator Paul Hess \_\_\_\_\_ at  
Chairperson11:00 a.m./p.m./ on February 28, 1983, 19\_\_ in room 123-S of the Capitol.All members were present except:  
Senators Harder and McCray

## Committee staff present:

Research Department: Marlin Rein, Sherry Brown, Mary Galligan, Richard Ryan  
Revisor's Office: Norman Furse  
Committee Office: Mark Skinner, Doris Fager

## Conferees appearing before the committee:

Don Hoffman, Attorney, appearing for State Treasurer Joan Finney  
Ron Todd, Insurance Commissioner's Office  
James Cobler, Division of Accounts and Reports  
Jay Breidenthal, Security National Bank, Kansas City, KansasSB 217 - Fee Agency Accounts of State Agencies

Mr. Hoffman said that there has been a considerable amount of difficulty under present legislation in ascertaining who has the principal responsibility for the administration of fee agency bank accounts. He noted that one of the specific areas creating problems is the University of Kansas Medical Center fee accounts. Existing legislation requires these accounts be rotated, and also requires that the banks be conveniently located to KUMC.

Mr. Hoffman explained that the amendment in SB 217 would place fee agency accounts under the exclusive jurisdiction of the Pooled Money Investment Board. Banks would then bid competitively on these accounts based on compensating arrangements. Contracts could be tailored to fit the specific fee agency account in question, and the obligations of the winning bank could also be set by contract.

Mr. Hoffman said there had been some difficulty getting funds from some of the banks involved into the State Treasury. As a result, substantial sums of interest money have been lost. Some in-house studies have been done concerning forcing banks to turn over funds to the state treasury on a quicker basis. Those studies have indicated there would be substantial savings to the state if that were done uniformly and if administration were centralized. Mr. Cobler said his office is prepared to cite examples of transactions to prove Mr. Hoffman's point.

Senator Bogina asked if there are problems anywhere except in Wyandotte County in connection with KUMC. Mr. Hoffman said there have been a number of cases where money has been held within banks beyond when the Pooled Money Investment Board would have thought prudent. He said the only lawsuit action has been in Wyandotte County, where a bank which lost the account under rotation noted that--under existing legislation where the phrase stating the bank must be conveniently located to the agency having such account--this bank was obviously more conveniently located than some of the other banks in the rotation. It asked the Court to declare that other banks in Wyandotte County were so inconvenient to the agency that they should not be allowed to be in the rotation. The lawsuit was dismissed by the Judge.

Mr. Hoffman concluded that the basic theory of the proposed legislation is to consolidate the administration of accounts in the Pooled Money Investment Board.

Mr. Breidenthal said that, in his opinion, bidding this type of account is not totally the answer. He suggested that rules and regulations would accomplish the same thing. He added that the problem with bidding the accounts is that it cuts out the small banks in the state. In connection with Mr. Hoffman's statement concerning the need for getting funds into the state treasury on a quicker basis, Mr. Breidenthal said he did not feel the

SB 217 - Continued

accounts are large enough that it will make that much difference in the amount of money the state receives.

Senator Hein suggested that the state should operate on the same basis as a private business; and if so, would probably go to larger banks, anyway. Mr. Hoffman answered that if there were rules and regulations set up by the state, that point would be reached. He added that it might be well to consider that all banks involved are in the State of Kansas, that they invest primarily in their own counties; and that the only way they can do that is by new deposits. If the state loses a day's worth of float, perhaps the small bank will be helped.

SB 219 - Investment of public moneys by pooled money investment board; Repurchase Agreements

In connection with this measure, Mr. Hoffman distributed Attachments A, B, and C. He stated that the proposal in question permits the Pooled Money Investment Board, in its discretion, to go directly to Wall Street for the taking of repurchase agreement bids. Following Mr. Hoffman's statement, there were questions concerning whether there was someone in the State Treasurer's office who was competent in handling the repurchase agreements. Mr. Hoffman answered that someone in the Pooled Money Investment Board handles these funds, and suggested that it is a simple process.

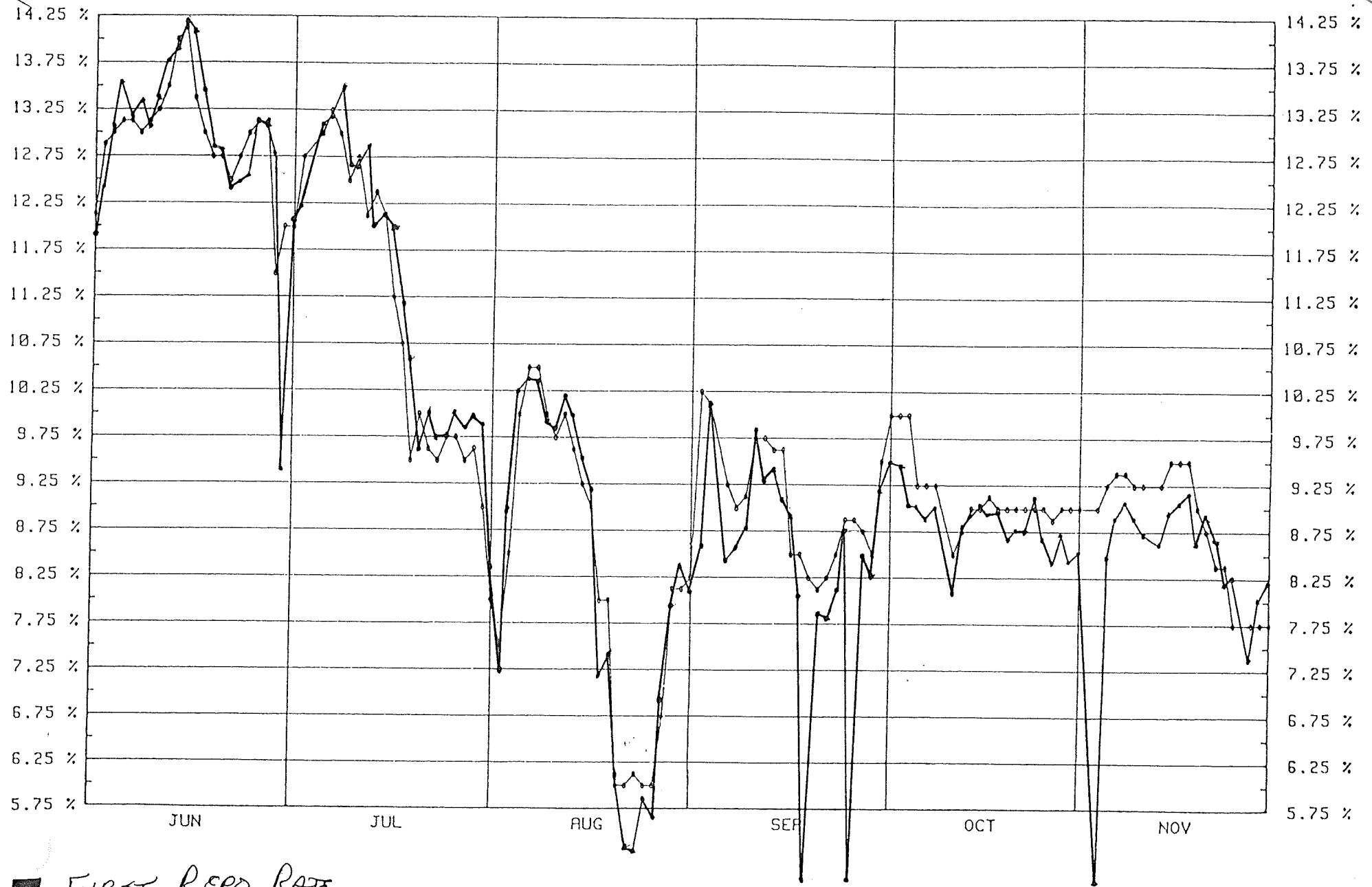
Following a series of questions from committee members regarding SB 219, the meeting was adjourned by the Chairman.

# OVER-NIGHT REPURCHASE AGREEMENTS

## DAILY RATES FOR PERIOD JUNE 1, 1982 THRU NOVEMBER 30, 1982

*APR*

AHA  
 2-28-83 11:00 AM



FIRST REPO RATE  
 STATE TREASURER

PREPARED BY: MONEY MARKET RESEARCH



		<u>Diff. in Earnings</u>	<u># Bills</u>	<u>Ave./ Bil</u>	<u># Days</u>	<u>Ave. Day</u>
1-17-83	1st Natl SALINA	\$ 14,084.39	22	\$ 640.20	21	\$ 670.60
2-1-83	COMMERCIAL NATL KC	5,800.10	11	527.28	13	446.14
	SECURITY NATL KC	4,427.86	7	632.55	9	491.98
1	1					
1st Natl	COMMERCE BK, TOPEKA	974.28	2	487.14	4	243.50
		<u>\$ 25,286.63</u>				

ATB 2-28-83

11-6-83 4:30 PM



REPURCHASE AGREEMENTS

DATE	AMOUNT OFFERED (in millions)	NUMBER OF DAYS	WINNING BANK	% BID	AMOUNT EARNED BY STATE	STREET RATE %	AMOUNT STREET RATE WOULD EARN	DIFFERENCE IN EARNINGS
1-3-83	14	1	1ST NATL SALINA	8.367	3,253.83	9.000	3,500.00	246.17
1-3-83	26.9	1	1ST NATL, SALINA	8.365	6,250.51	9.000	6,725.00	474.49
1-4-83	40.4	1	1ST NATL SALINA	9.015	10,116.83	9.750	10,941.67	824.84
1-4-83	3	1	COMMERCIAL NATL, K.C.	8.900	741.67	9.750	812.50	70.83
1-5-83	34	1	1ST NATL SALINA	8.601	8,123.17	9.000	8,500.00	376.83
1-5-83	27.7	1	1ST NATL SALINA	8.461	6,510.27	9.000	6,925.00	414.73
1-6-83	44	1	1ST NATL SALINA	7.710	9,423.33	8.375	10,236.11	812.78
1-6-83	20.2	1	1ST NATL SALINA	7.865	4,413.14	8.375	4,699.31	286.17
1-7-83	48	3	COMMERCIAL NATL, K.C.	8.030	32,120.00	8.400	33,600.00	1,480.00
1-7-83	24.4	3	1ST NATL, SALINA	7.774	15,807.13	8.400	17,080.00	1,272.87
1-10-83	54	1	SECURITY NATL, K.C.	7.750	11,625.00	8.250	12,375.00	750.00
1-10-83	25.3	1	1ST NATL, SALINA	7.719	5,424.74	8.250	5,797.92	373.18
1-11-83	66	1	COMMERCIAL NATL, K.C.	7.945	14,565.83	8.250	15,125.00	559.17
1-11-83	13.4	1	COMMERCIAL NATL, K.C.	7.970	2,966.61	8.250	3,070.83	104.22
1-12-83	68.1	1	COMMERCIAL NATL, K.C.	8.330	15,757.58	8.750	16,552.08	794.50
1-12-83	18.2	1	COMMERCIAL NATL, K.C.	8.130	4,110.17	8.750	4,423.61	313.44
1-13-83	78.1	1	SECURITY NATL, K.C.	8.150	17,680.97	8.500	18,440.28	759.31
1-13-83	16.3	1	COMMERCIAL NATL, K.C.	9.500	4,301.39	8.500	3,848.61	(452.78)
1-14-83	86.1	3	1ST NATL SALINA	8.216	58,949.80	8.500	60,987.50	2,037.70
1-14-83	8.6	3	COMMERCIAL BK, TOPEKA	7.500	5,375.00	8.375	6,002.08	627.08
1-17-83	72.1	1	COMMERCIAL NATL, K.C.	8.090	16,202.47	8.375	16,773.26	570.79
1-17-83	21.4	1	1ST NATL SALINA	7.712	4,584.36	8.375	4,978.17	394.11

REPURCHASE AGREEMENTS

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1-18-83	88.1	1	SECURITY NATL K.C.	8.100	19,822.50	8.375	20,495.49	672.99
1-18-83	14.4	1	Commerce BR, TOPEKA	7.507	3,002.80	8.375	3,350.00	347.20
1-19-83	42.1	1	SECURITY NATL K.C.	7.650	8,946.25	8.250	9,647.92	701.67
1-19-83	14.8	1	1ST NATL SALIDA	7.542	3,100.60	8.250	3,391.67	291.07
1-20-83	40.1	1	SECURITY NATL K.C.	7.900	8,799.72	8.250	9,189.58	389.86
1-20-83	12.9	1	1ST NATL, SALIDA	7.562	2,709.72	8.250	2,956.25	246.53
1-21-83	44.1	3	COMMERCIAL NATL K.C.	7.760	28,518.00	8.125	29,859.38	1,341.38
1-21-83	12	3	SECURITY NATL K.C.	7.500	7,500.00	8.125	8,125.00	625.00
1-24-83	36.1	1	1ST NATL SALIDA	8.021	8,043.28	8.375	8,398.26	354.98
1-24-83	15.2	1	1ST NATL SALIDA	7.678	3,241.82	8.375	3,536.11	294.29
1-25-83	34.1	1	1ST NATL SALIDA	8.136	7,706.60	8.375	7,932.99	226.39
1-25-83	23.2	1	1ST NATL SALIDA	7.737	4,986.07	8.375	5,397.22	411.15
1-26-83	36.1	1	COMMERCIAL NATL K.C.	8.010	8,032.25	8.400	8,423.33	391.08
1-26-83	29.3	1	SECURITY NATL K.C.	7.750	6,307.64	8.400	6,836.67	529.03
1-27-83	46.1	1	COMMERCIAL NATL, K.C.	7.760	9,937.11	8.250	10,564.58	627.47
1-27-83	24	1	1ST NATL SALIDA	7.640	5,093.33	8.250	5,500.00	406.67
1-28-83	54.1	3	1ST NATL SALIDA	7.811	35,214.59	8.300	37,419.17	2,204.58
1-28-83	19.7	3	1ST NATL SALIDA	7.761	12,740.98	8.300	13,625.83	884.85
1-31-83	40.1	1	1ST NATL SALIDA	7.811	8,700.59	8.375	9,328.82	628.23
1-31-83	42.8	1	1ST NATL SALIDA	7.852	9,335.16	8.375	9,956.94	621.78

②

Difference in Earnings

Dec. 1982

1st Natl, Salina	\$ 7,622.15	7 winning bids
Security Natl, K.C.	60,907.04 (2,255.80)	27 winning bids
Commercial Natl, K.C.	4,872.43	7 winning bids
Commerce Bk, Topeka	<u>718.14</u>	1 winning bid
	\$ 74,119.76	

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12-01-82	52.3	1	1ST NATL, SALINA	8.112	11,784.93	8.545	12,413.99	629.06
12-01-82	51.3	1	1ST NATL, SALINA	8.298	11,824.65	8.875	12,646.88	822.23
12-02-82	38.3	1	SECURITY NATL, K.C.	8.125	8,644.10	9.000	9,575.00	930.90
12-02-82	31.5	1	SECURITY NATL, K.C.	8.011	7,009.63	9.000	7,875.00	865.37
12-03-82	40.3	3	SECURITY NATL, K.C.	8.281	27,810.36	8.700	29,217.50	1,407.14
12-03-82	27.4	3	1ST NATL, SALINA	8.225	18,780.42	8.700	19,865.00	1,084.58
12-06-82	44.3	1	1ST NATL, SALINA	8.037	9,889.98	8.750	10,767.36	877.38
12-06-82	28.3	1	1ST NATL, SALINA	8.309	6,531.80	8.750	6,878.47	346.67
12-07-82	43.3	1	SECURITY NATL, K.C.	7.890	9,489.92	8.625	10,373.96	884.04
12-07-82	29.9	1	SECURITY NATL, K.C.	7.425	6,166.88	8.625	7,163.54	996.66
12-08-82	45.3	1	SECURITY NATL, K.C.	7.744	9,744.53	8.500	10,695.83	951.30
12-08-82	23.2	1	SECURITY NATL, K.C.	7.125	4,591.67	8.500	5,477.78	886.11
12-09-82	46.3	1	SECURITY NATL, K.C.	7.950	10,224.58	8.750	11,253.47	1,028.89
12-09-82	23.4	1	SECURITY NATL, K.C.	7.400	4,810.00	8.750	5,687.50	877.50
12-10-82	48.3	3	SECURITY NATL, K.C.	7.500	30,187.50	8.750	35,218.75	5,031.25
12-10-82	24.1	3	SECURITY NATL, K.C.	6.900	13,857.50	8.750	17,572.92	3,715.42
12-13-82	55.3	1	SECURITY NATL, K.C.	8.050	12,365.69	8.875	13,632.99	1,267.30
12-13-82	24.7	1	SECURITY NATL, K.C.	7.350	5,042.92	8.875	6,089.24	1,046.32
12-14-82	60.3	1	SECURITY NATL, K.C.	7.475	12,520.63	8.500	14,237.50	1,716.87
12-14-82	19.3	1	SECURITY NATL, K.C.	7.000	3,752.78	8.500	4,556.94	804.
12-15-82	68.3	1	1ST NATL, SALINA	7.442	14,119.13	8.750	16,600.69	2,481.56
12-15-82	26.4	1	SECURITY NATL, K.C.	7.450	5,463.33	8.750	6,416.67	953.34



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12-16-82	42.3	1	SECURITY NATL, K.C.	7.500	8,812.50	8.750	10,281.25	1,468.75
12-16-82	21.8	1	1ST NATL, SALINA	6.470	3,917.94	8.750	5,298.61	1,380.67
12-17-82	48.3	3	SECURITY NATL, K.C.	7.000	28,175.00	8.750	35,218.75	7,043.75
12-17-82	20.1	3	SECURITY NATL, K.C.	6.750	11,306.25	8.750	14,656.25	3,350.00
12-20-82	48.3	1	SECURITY NATL, K.C.	6.000	8,050.00	8.375	11,236.46	3,186.46
12-20-82	15.9	1	SECURITY NATL, K.C.	5.600	2,473.33	8.375	3,698.96	1,225.63
12-21-82	42.3	1	SECURITY NATL, K.C.	6.000	7,050.00	8.375	9,840.63	2,790.63
12-21-82	21.1	1	SECURITY NATL, K.C.	5.600	3,282.22	8.375	4,908.68	1,626.46
12-22-82	32.3	1	SECURITY NATL, K.C.	6.000	5,383.33	8.375	7,514.24	2,130.91
12-22-82	14.1	1	SECURITY NATL, K.C.	5.000	1,958.33	8.375	3,280.21	1,321.88
12-23-82	20.3	4	COMMERCIAL NATL, KC	8.000	18,044.44	8.625	19,454.17	1,409.73
12-23-82	24.2	4	COMMERCIAL NATL, K.C.	8.100	21,780.00	8.625	23,191.67	1,411.67
12-27-82	22.3	1	COMMERCIAL NATL, K.C.	8.000	4,955.56	8.500	5,265.28	309.72
12-27-82	17	1	COMMERCIAL NATL, KC.	8.000	3,777.78	8.500	4,013.89	236.11
12-28-82	22.3	1	COMMERCIAL NATL, KC	8.000	4,955.56	8.750	5,420.14	464.58
12-28-82	26.7	1	COMMERCIAL NATL, KC	8.125	6,026.04	8.750	6,489.58	463.54
12-29-82	26.3	1	COMMERCE BK, TOPEKA	8.267	6,039.50	9.250	6,757.64	718.14
12-29-82	27.7	1	COMMERCIAL NATL, KC	8.500	6,540.28	9.250	7,117.36	577.08
12-30-82	24	4	SECURITY NATL, KC	9.500	25,333.33	10.500	28,010.00	2,676.67
12-30-82	27.6	4	SECURITY NATL, KC	7.000	21,466.67	10.500	32,210.00	10,743