

As Amended by Senate Committee

As Amended by House Committee

Session of 2010

HOUSE BILL No. 2540

By Committee on Government Efficiency and Fiscal Oversight

1-26

12 AN ACT concerning municipal bonds; amending K.S.A. 10-131 and re-
13 pealing the existing section.

14

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

16 Section 1. K.S.A. 10-131 is hereby amended to read as follows: 10-
17 131. (a) The governing body of any municipality, as defined in K.S.A. 10-
18 101, and amendments thereto, which has issued or may issue bonds or
19 temporary notes for any purpose, is hereby authorized and empowered
20 to invest any portion of the proceeds of such bonds, notes or funds held
21 pursuant to the resolution or ordinance authorizing the issuance of such
22 bonds or notes, which is not currently needed, in: (1) Investments au-
23 thorized by K.S.A. 12-1675, and amendments thereto, in the manner
24 prescribed therein; (2) the municipal investment pool established pur-
25 suant to K.S.A. 12-1677a, and amendments thereto; (3) direct obligations
26 of the United States government or any agency thereof *which are uncon-*
27 *ditionally guaranteed by the United States government*; (4) the munici-
28 pality's temporary notes issued pursuant to K.S.A. 10-123, and amend-
29 ments thereto; (5) interest-bearing time deposits in commercial banks
30 located in the county or counties in which the municipality is located; (6)
31 subject to the limitations provided in subsection (b), obligations of the
32 federal national mortgage association, *government national mortgage as-*
33 *sociation*, federal home loan banks or the federal home loan mortgage
34 corporation; (7) repurchase agreements for securities described in (3) or
35 (6); (8) investment agreements with or other obligations of a financial
36 institution the obligations of which at the time of investment are rated in
37 either of the three highest rating categories by Moody's investors service
38 or Standard and Poor's corporation; (9) investments in ~~shares or units of~~
39 **shares or units of** a money market fund or trust the portfolio of which
40 is comprised entirely of securities described in (3) ~~or~~, (6) **or (7)**; (10)
41 receipts evidencing ownership interests in securities or portions thereof
42 described in (3) or (6); (11) municipal bonds or other obligations issued
43 by any municipality of the state of Kansas as defined in K.S.A. 10-1101,

1 and amendments thereto, which are general obligations of the munici-
2 pality issuing the same; or (12) bonds of any municipality of the state of
3 Kansas as defined in K.S.A. 10-1101, and amendments thereto, which
4 have been refunded in advance of their maturity and are fully secured as
5 to payment of principal and interest thereon by deposit in trust, under
6 escrow agreement with a bank, of securities described in (3) or (6). The
7 interest received on any such investment shall upon receipt thereof be
8 set aside and used for the purpose of paying interest on the bonds or
9 notes issued or used for paying the cost of the project for which the bonds
10 or notes were issued.

11 (b) No moneys authorized to be invested pursuant to subsection (a)
12 shall be invested in a derivative.

13 For the purposes of this section, “derivative” means any investment
14 instrument whose market price is derived from the fluctuating value of
15 an underlying asset, index, currency, futures contract, including futures,
16 options and collateralized mortgage obligations.

17 Sec. 2. K.S.A. 10-131 is hereby repealed.

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