

As Amended by Senate Committee

Session of 2025

SENATE BILL No. 232

By Committee on Federal and State Affairs

2-6

1 AN ACT concerning retirement and pensions; relating to management and
2 investment by the board of trustees of the Kansas public employees
3 retirement system of moneys certified by the state treasurer as
4 equivalent to the aggregate net amount received for unclaimed
5 property; modifying investment standards; authorizing investments in
6 certain foreign governments; amending K.S.A.~~—2024~~ **2025** Supp. 75-
7 2263 and repealing the existing section.
8

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

10 Section 1. K.S.A.~~—2024~~ **2025** Supp. 75-2263 is hereby amended to
11 read as follows: 75-2263. (a) (1) The state treasurer shall certify to the
12 board of trustees a portion of state moneys available for investment by the
13 pooled money investment board that is equivalent to the aggregate net
14 amount received for unclaimed property. The state treasurer may transfer
15 the amount certified to the board of trustees. All such moneys shall be
16 considered moneys in the state treasury for purposes of K.S.A. 75-6704,
17 and amendments thereto.

18 (2) Subject to the provisions of subsection (h), the board of trustees is
19 responsible for the management and investment of that portion of state
20 moneys available for investment by the pooled money investment board
21 that is certified by the state treasurer to the board of trustees as being
22 equivalent to the aggregate net amount received for unclaimed property
23 and shall discharge the board's duties with respect to such moneys solely
24 in the interests of the state general fund and shall invest and reinvest such
25 moneys and acquire, retain, manage, including the exercise of any voting
26 rights and disposal of investments of such moneys within the limitations
27 and according to the powers, duties and purposes as prescribed by this
28 section.

29 (b) Moneys specified in subsection (a) shall be invested and
30 reinvested to achieve the investment objective, which is preservation of
31 such moneys and accordingly providing that the moneys are as productive
32 as possible, subject to the standards set forth in this section. No such
33 moneys shall be invested or reinvested if the sole or primary investment
34 objective is for economic development or social purposes or objectives.

35 (c) In investing and reinvesting moneys specified in subsection (a)
36 and in acquiring, retaining, managing and disposing of investments of the

1 moneys, the board of trustees shall exercise the judgment, care, skill,
2 prudence and diligence under the circumstances then prevailing that
3 persons of prudence, discretion and intelligence acting in a like capacity
4 and familiar with such matters would use in the conduct of an enterprise of
5 like character and with like aims by diversifying the investments of the
6 moneys so as to minimize the risk of large losses, unless under the
7 circumstances it is clearly prudent not to do so, and not in regard to
8 speculation but in regard to the permanent disposition of similar moneys,
9 considering the probable income as well as the probable safety of their
10 capital.

11 (d) In the discharge of such management and investment
12 responsibilities the board of trustees may:

13 (1) Contract for the services of one or more professional investment
14 advisors or other consultants in the management and investment of such
15 moneys and otherwise in the performance of the duties of the board of
16 trustees under this section; ~~and~~

17 (2) arrange for the custody of such moneys as the board of trustees
18 considers advisable with one or more member banks or trust companies of
19 the federal reserve system or with one or more banks in the state of
20 Kansas, or both, to be held in safekeeping by the banks or trust companies
21 for the collection of the principal and interest or other income or of the
22 proceeds of sale; ~~and~~

23 (3) *invest in United States dollar-denominated bonds, notes,
24 debentures or other similar obligations of a foreign government that the
25 international monetary fund lists as an industrial country and for which
26 the full faith and credit of such nation has been pledged for the payment of
27 principal and interest so long as such ~~security~~ **country** shall be rated at
28 least A- or better by Standard and Poor's corporation or, A3 or better by
29 Moody's investors service or A- or better by Fitch ratings or an
30 equivalent investment grade by a securities rating organization accepted
31 by the national association of insurance commissioners. Investments shall
32 only be allowed in a country that has never defaulted on short-term or
33 long-term debt obligations. The investment in such foreign securities at
34 any one time shall not exceed 5% of the cash available for investment that
35 may be invested pursuant to this section. Under no circumstances shall
36 investments be made in bonds, notes, debentures or any similar
37 obligations of a foreign government that is:*

38 (A) *Identified as a state sponsor of terrorism by the United States
39 department of state; or*

40 (B) *an authoritarian or totalitarian government the sovereign powers
41 of which are exercised through a single person or group of persons who
42 are not elected by any form of legitimate popular voting.*

43 (e) The board of trustees shall require that each person contracted

1 with under subsection (d)(1) or (2) to provide services shall obtain
2 commercial insurance that provides for errors and omissions coverage for
3 such person in an amount to be specified by the board of trustees. The
4 amount of such coverage specified by the board of trustees shall be at least
5 the greater of \$500,000 or 1% of the funds entrusted to such person up to a
6 maximum of \$10,000,000. The board of trustees shall require a person
7 contracted with under subsection (d) to provide services to give a fidelity
8 bond in a penal sum as may be fixed by law or, if not so fixed, as may be
9 fixed by the board of trustees, with corporate surety authorized to do
10 business in this state. Such persons contracted with the board of trustees
11 pursuant to subsection (d) and any persons contracted with such persons to
12 perform the functions specified in subsection (b) shall be deemed to be
13 fiduciary agents of the board of trustees in the performance of contractual
14 obligations.

15 (f) (1) Subject to the objective set forth in subsection (b) and the
16 standards set forth in subsection (c), the board of trustees shall formulate
17 and adopt policies and objectives for the investment and reinvestment of
18 such moneys and the acquisition, retention, management and disposition of
19 investments of the moneys. Such policies and objectives shall be in writing
20 and shall include:

21 (A) Specific asset allocation standards and objectives;

22 (B) establishment of criteria for evaluating the risk versus the
23 potential return on a particular investment; and

24 (C) a requirement that all investment advisors, and any managers or
25 others with similar duties and responsibilities as investment advisors, shall
26 immediately report all instances of default on investments to the board of
27 trustees and provide such board of trustees with recommendations and
28 options, including, but not limited to, curing the default or withdrawal
29 from the investment.

30 (2) The board of trustees shall review such policies and objectives,
31 make changes considered necessary or desirable and readopt such policies
32 and objectives on an annual basis.

33 (g) All interest or other income of the investments of the moneys
34 invested under this section, after payment of any management fees, shall
35 be deposited in the state treasury to the credit of the state general fund.

36 (h) The state treasurer shall maintain the discretionary authority to
37 liquidate some or a portion of such moneys transferred to the board of
38 trustees pursuant to subsection (a) for:

39 (1) Investment by the pooled money investment board; or

40 (2) necessary payments to owners as defined in K.S.A. 58-3934(m),
41 and amendments thereto.

42 (i) As used in this section:

43 (1) "Board of trustees" means the board of trustees of the Kansas

1 public employees retirement system established by K.S.A. 74-4905, and
2 amendments thereto.

3 (2) "Fiduciary" means a person who, with respect to the moneys
4 invested under this section:

5 (A) Exercises any discretionary authority with respect to
6 administration of the moneys;

7 (B) exercises any authority to invest or manage such moneys or has
8 any authority or responsibility to do so;

9 (C) provides investment advice for a fee or other direct or indirect
10 compensation with respect to such moneys or has any authority or
11 responsibility to do so;

12 (D) provides actuarial, accounting, auditing, consulting, legal or other
13 professional services for a fee or other direct or indirect compensation with
14 respect to such moneys or has any authority or responsibility to do so; or

15 (E) is a member of the board of trustees or of the staff of the board of
16 trustees.

17 (3) "Pooled money investment board" means the pooled money
18 investment board established by K.S.A. 75-4221a, and amendments
19 thereto.

20 Sec. 2. K.S.A.~~2024~~ **2025** Supp. 75-2263 is hereby repealed.

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