

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 769
99TH GENERAL ASSEMBLY

Reported from the Committee on Insurance and Banking, February 15, 2018, with recommendation that the Senate Committee Substitute do pass.

5199S.06C

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal sections 30.270, 67.085, 95.530, 110.010, 110.080, 110.140, 165.221, 165.231, 165.241, and 165.271, RSMo, and to enact in lieu thereof ten new sections relating to financial transactions involving public entities, with existing penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 30.270, 67.085, 95.530, 110.010, 110.080, 110.140, 165.221, 165.231, 165.241, and 165.271, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 30.270, 67.085, 95.530, 110.010, 110.080, 110.140, 165.221, 165.231, 165.241, and 165.271, to read as follows:

30.270. 1. For the security of the moneys deposited by the state treasurer pursuant to the provisions of this chapter, the state treasurer shall, from time to time, submit a list of acceptable securities to be approved by the governor and state auditor if satisfactory to them, and the state treasurer shall require of the selected and approved banks or financial institutions as security for the safekeeping and payment of deposits, securities from the list provided for in this section, which list shall include only securities of the following kind and character, unless it is determined by the state treasurer that the use of such securities as collateral may place state public funds at undue risk:

- (1) Bonds or other obligations of the United States;
- (2) Bonds or other obligations of the state of Missouri including revenue bonds issued by state agencies or by state authorities created by legislative enactment;
- (3) Bonds or other obligations of any city in this state having a population

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

15 of not less than two thousand;

16 (4) Bonds or other obligations of any county in this state;

17 (5) Approved registered bonds or other obligations of any school district,
18 including certificates of participation and leasehold revenue bonds, situated in
19 this state;

20 (6) Approved registered bonds or other obligations of any special road
21 district in this state;

22 (7) State bonds or other obligations of any state;

23 (8) Notes, bonds, debentures or other similar obligations issued by the
24 farm credit banks or agricultural credit banks or any other obligations issued
25 pursuant to the provisions of an act of the Congress of the United States known
26 as the Farm Credit Act of 1971, and acts amendatory thereto;

27 (9) Bonds of the federal home loan banks;

28 (10) Any bonds or other obligations guaranteed as to payment of principal
29 and interest by the government of the United States or any agency or
30 instrumentality thereof;

31 (11) Bonds of any political subdivision established pursuant to the
32 provisions of [Section 30] **Sections 30(a) and 30(b)**, Article VI of the
33 Constitution of Missouri;

34 (12) Tax anticipation notes issued by any county of the first classification;

35 (13) A surety bond issued by an insurance company licensed pursuant to
36 the laws of the state of Missouri whose claims-paying ability is rated in the
37 highest category by at least one nationally recognized statistical rating
38 agency. The face amount of such surety bond shall be at least equal to the
39 portion of the deposit to be secured by the surety bond;

40 (14) An irrevocable standby letter of credit issued by a Federal Home
41 Loan Bank;

42 (15) Out-of-state municipal bonds, including certificates of participation
43 and leasehold revenue bonds, provided such bonds are rated in the highest
44 category by at least one nationally recognized statistical rating agency;

45 (16) (a) Mortgage securities that are individual loans that include
46 negotiable promissory notes and the first lien deeds of trust securing payment of
47 such notes on one to four family real estate, on commercial real estate, or on farm
48 real estate located in Missouri or states adjacent to Missouri, provided such
49 loans:

50 a. Are underwritten to conform to standards established by the state

51 treasurer, which are substantially similar to standards established by the Federal
52 Home Loan Bank of Des Moines, Iowa, and any of its successors in interest that
53 provide funding for financial institutions in Missouri;

54 b. Are offered by a financial institution in which a senior executive officer
55 certifies under penalty of perjury that such loans are compliant with the
56 requirements of the Federal Home Loan Bank of Des Moines, Iowa, when such
57 loans are pledged by such bank;

58 c. Are offered by a financial institution that is well capitalized; and

59 d. Are not construction loans, are not more than ninety days delinquent,
60 have not been classified as substandard, doubtful, or subject to loss, are one
61 hundred percent owned by the financial institution, are otherwise unencumbered
62 and are not being temporarily warehoused in the financial institution for sale to
63 a third party. Any disqualified mortgage securities shall be removed as collateral
64 within ninety days of disqualification or the state treasurer may disqualify such
65 collateral as collateral for state funds;

66 (b) The state treasurer may promulgate regulations and provide such
67 other forms or agreements to ensure the state maintains a first priority position
68 on the deeds of trust and otherwise protect and preserve state funds. Any rule
69 or portion of a rule, as that term is defined in section 536.010, that is created
70 under the authority delegated in this section shall become effective only if it
71 complies with and is subject to all of the provisions of chapter 536 and, if
72 applicable, section 536.028. This section and chapter 536 are nonseverable and
73 if any of the powers vested with the general assembly pursuant to chapter 536 to
74 review, to delay the effective date, or to disapprove and annul a rule are
75 subsequently held unconstitutional, then the grant of rulemaking authority and
76 any rule proposed or adopted after August 28, 2005, shall be invalid and void;

77 (c) A status report on all such mortgage securities shall be provided to the
78 state treasurer on a calendar monthly basis in the manner and format prescribed
79 by the state treasurer by the financial institutions pledging such mortgage
80 securities and also shall certify their compliance with subsection 2 **of this**
81 **section** for such mortgage securities;

82 (d) In the alternative to paragraph (a) of this subdivision, a financial
83 institution may provide a blanket lien on all loans secured by one to four family
84 real estate, all loans secured by commercial real estate, all loans secured by farm
85 real estate, or any combination of these categories, provided the financial
86 institution secures such blanket liens with real estate located in Missouri and

87 states adjacent to Missouri and otherwise complies with paragraphs (b) and (c)
88 of this subdivision;

89 (e) The provisions of paragraphs (a) to (d) of this subdivision are not
90 authorized for any Missouri political subdivision, notwithstanding the provisions
91 of chapter 110 to the contrary;

92 (f) As used in this subdivision, the term "unencumbered" shall mean
93 mortgage securities pledged for state funds as provided in subsection 1 of this
94 section, and not subject to any other express claims by any third parties,
95 including but not limited to a blanket lien on the bank assets by the Federal
96 Home Loan Bank, a depository arrangement when securities are loaned and
97 repurchased daily or otherwise, or the depository has pledged its stock and assets
98 for a loan to purchase another depository or otherwise; and

99 (g) As used in this subdivision, the term "well capitalized" shall mean a
100 banking institution that according to its most recent report of condition and
101 income or thrift financial report, publicly available as applicable, qualifies as well
102 capitalized under the uniform capital requirements established by the federal
103 banking regulators or as determined by state banking regulators under
104 substantially similar requirements;

105 (17) **Brokered or negotiable certificates of deposit that are fully**
106 **insured either by the Federal Deposit Insurance Corporation or the**
107 **National Credit Union Share Insurance Fund;**

108 (18) Any investment that the state treasurer may invest in as provided
109 in Article IV, Section 15 of the Missouri Constitution, and subject to the state
110 treasurer's written investment policy in section 30.260, that is not otherwise
111 provided for in this section, provided the banking institution or eligible lending
112 institution as defined in subdivision (10) of section 30.750 is well capitalized, as
113 defined in subdivision (16) of this subsection. The provisions of this subdivision
114 are not authorized for political subdivisions, notwithstanding the provisions of
115 chapter 110 to the contrary.

116 2. Securities deposited shall be in an amount valued at market equal at
117 least to one hundred percent of the aggregate amount on time deposit as well as
118 on demand deposit with the particular financial institution less the amount, if
119 any, which is insured either by the Federal Deposit Insurance Corporation or by
120 the National Credit [Unions] **Union** Share Insurance Fund. Furthermore, for a
121 well-capitalized banking institution, securities authorized in this section that are:

122 (1) Mortgage securities on loans secured on one to four family real estate

123 appraised to reflect the market value at the time of the loan and deposited as
124 collateral shall not exceed one hundred twenty-five percent of the aggregate
125 amount of time deposits and demand deposits;

126 (2) Mortgage securities on loans secured on commercial real estate or on
127 farm real estate appraised to reflect the market value at the time of the loan and
128 deposited as collateral shall not exceed the collateral requirements of the Federal
129 Home Loan Bank of Des Moines, Iowa;

130 (3) United States Treasury securities and United States Federal Agency
131 debentures issued by Fannie Mae, Freddie Mac, the Federal Home Loan Bank,
132 or the Federal Farm Credit Bank valued at market and deposited as collateral
133 shall not exceed one hundred five percent of the aggregate amount of time
134 deposits and demand deposits. All other securities, except as noted elsewhere in
135 this section, valued at market and deposited as collateral shall not exceed one
136 hundred fifteen percent of the aggregated amount of the time deposits and
137 demand deposits; and

138 (4) Securities that are surety bonds and letters of credit authorized as
139 collateral need only collateralize one hundred percent of the aggregate amount
140 of time deposits and demand deposits.

141 3. The securities or book entry receipts shall be delivered to the state
142 treasurer and receipted for by the state treasurer and retained by the treasurer
143 or by financial institutions that the governor, state auditor and treasurer agree
144 upon. The state treasurer shall from time to time inspect the securities and book
145 entry receipts and see that they are actually held by the state treasury or by the
146 financial institutions selected as the state depositories. The governor and the
147 state auditor may inspect or request an accounting of the securities or book entry
148 receipts, and if in any case, or at any time, the securities are not satisfactory
149 security for deposits made as provided by law, they may require additional
150 security to be given that is satisfactory to them.

151 4. Any securities deposited pursuant to this section may from time to time
152 be withdrawn and other securities described in the list provided for in subsection
153 1 of this section may be substituted in lieu of the withdrawn securities with the
154 consent of the treasurer; but a sufficient amount of securities to secure the
155 deposits shall always be held by the treasury or in the selected depositories.

156 5. If a financial institution of deposit fails to pay a deposit, or any part
157 thereof, pursuant to the terms of its contract with the state treasurer, the state
158 treasurer shall forthwith convert the securities into money and disburse the same

159 according to law.

160 6. Any financial institution making deposits of bonds with the state
161 treasurer pursuant to the provisions of this chapter may cause the bonds to be
162 endorsed or stamped as it deems proper, so as to show that they are deposited as
163 collateral and are not transferable except upon the conditions of this chapter or
164 upon the release by the state treasurer.

 67.085. Notwithstanding any law to the contrary, any political subdivision
2 of the state and any other public entity in Missouri may invest funds of the public
3 entity not immediately needed for the purpose to which such funds or any of them
4 may be applicable provided each public entity meets the requirements for
5 separate deposit insurance of public funds permitted by federal deposit insurance
6 and in accordance with the following conditions:

7 (1) The public funds are invested through a financial institution which
8 has been selected as a depository of the funds in accordance with the applicable
9 provisions of the statutes of Missouri relating to the selection of depositories and
10 such financial institution enters into a written agreement with the public entity;

11 (2) The selected financial institution arranges for the deposit of the public
12 funds in deposit accounts in one or more financial institutions wherever located
13 in the United States, for the account of the public entity;

14 (3) Each such deposit account is insured by federal deposit insurance for
15 one hundred percent of the principal and accrued interest of the deposit; **and**

16 (4) The selected financial institution acts as custodian for the public
17 entity with respect to such deposit accounts[; and

18 (5) On the same date that the public funds are deposited under
19 subdivision (2) of this section, the selected financial institution receives an
20 amount of deposits from customers of other financial institutions equal to the
21 amount of the public funds initially invested by the public entity through the
22 selected financial institution].

 95.530. In all cities not within a county, the mayor, the comptroller and
2 the treasurer shall constitute the funds committee, and the treasurer, by virtue
3 of his office, shall serve as chairman of such committee. The committee shall
4 annually select a bank or banks, or trust company or trust companies, or credit
5 union or credit unions, savings and loan or savings and loans, which has its
6 principal place of business in Missouri referred to hereafter as "listed
7 institutions", for the current deposit of the city's funds, which in their opinion
8 will be most commensurate with the safety thereof. The treasurer, as chairman,

9 shall supervise the business of the committee and maintain records of committee
10 proceedings, and shall call annual meetings or any other meeting as often as the
11 business of the city may require. The treasurer shall be a member of any
12 financial planning or decision-making body or committee furthering the needs of
13 the city's financial business, except the legislative and appropriating bodies. The
14 treasurer, by virtue of his office, shall sit on any committee or group which deals
15 with the issuance of bonds of the city or any agency or instrumentality
16 thereof. The treasurer shall serve as the chief investment and cash management
17 officer of the city and, as such, act as the sole investment authority on any
18 investments of public funds held by the city or any instrumentality thereof,
19 including funds derived from proceeds from the issuance of bonds and funds from
20 proceeds from lease/purchase agreements. Such investments shall be made in a
21 manner consistent with investment policies approved by the funds commission,
22 and with judgment and care, under circumstances then prevailing, which persons
23 of prudence, discretion and intelligence exercise in the management of their own
24 affairs, not for speculation, but for investment, considering the probable safety
25 of capital and income to be derived. The treasurer shall ensure the safety of all
26 funds held by the city or any instrumentalities thereof and, upon the approval of
27 the funds commission and reasonable notice, may assume control of any accounts
28 not managed in compliance with state law, serve as the custodian of any funds
29 held in such accounts and take any other measures reasonably required to ensure
30 the preservation of public funds and compliance with applicable law. The funds
31 commission, also known as the "funds committee", shall approve all financial
32 institutions for any banking services required by the city pursuant to investment
33 policies and evaluation criteria set by the treasurer and approved by the funds
34 commission. At least once per year, the treasurer and the city's external auditors
35 shall report to the comptroller on the city's compliance with this section. Any
36 state or municipally created agency, citywide elected officials or any
37 instrumentality thereof working in cooperation with the city in the collection,
38 management, investment or disbursement of governmental funds, shall annually
39 report a listing of all listed institution's accounts, including a list of all pledged
40 collateral, to the fund committee. Any financial institution acting as a depository
41 or custodian of public funds for any state or municipally created agency, citywide
42 elected official or any instrumentality thereof working in the collection,
43 management, investment or disbursement of governmental funds for a city located
44 not within a county shall annually report to the funds committee. Such agencies,

45 elected officials and instrumentalities shall, during the interim period, report any
46 change or transfer or establishment of new accounts or changes in collateral to
47 the fund committee within ten days of doing so. Financial institutions, when
48 requested by the funds committee, shall verify such information. Before any
49 deposit shall be made by the treasurer in any listed institution, the institution
50 shall give a bond in an amount equal to the deposit, with good and sufficient
51 sureties, to be approved by the unanimous vote of the members of the funds
52 committee, for the safekeeping and prompt payment of such funds, or any part
53 thereof, when demanded by the treasurer, and shall at all times keep the sureties
54 on such bond satisfactory to the funds committee. In lieu of [or in addition to]
55 such bond, listed institutions may, with the unanimous consent of the members
56 of the funds committee, deposit with the treasurer of such city or with some other
57 mutually satisfactory depository [in such city, in escrow, bonds or treasury
58 certificates of the United States or other interest-bearing obligations guaranteed
59 as to both principal and interest by the United States or agency or
60 instrumentality thereof in accordance with the approved] collateral securities
61 maintained and approved by the state treasurer, or bonds of the state of Missouri
62 or of any city not within a county, **authorized under section 30.270 and**
63 **approved by the state treasurer with respect to deposit and**
64 **management of state funds** of a [par] value equal to the amount of such
65 deposit, or any part of such deposit not protected by [such bond] **federal deposit**
66 **insurance**. The securities so deposited shall, in case of default by any such
67 listed institution, be taken possession of by the funds committee, and to the
68 extent required to make good such default, be sold for the benefit of such
69 city. Any securities so deposited may, with the unanimous consent of the
70 members of the funds committee, be withdrawn, and others of equal value and
71 amount substituted therefor. As the amount of such funds on deposit is reduced,
72 listed institutions, when not in default, shall be permitted to withdraw the excess
73 of collateral, except that there shall at no time be a less amount in par value of
74 collateral than the amount at such time of deposits. The securities so deposited
75 or any substitute therefor, shall, upon default, be exhausted before recourse shall
76 be had against the securities upon any bond executed by listed institutions for the
77 protection of such deposits. In lieu of or in addition to such deposit of city funds
78 in listed institutions, the treasurer may invest funds belonging to such city and
79 not immediately needed for the purpose to which such funds or any of them may
80 be applicable, in accordance with Section 15, Article IV of the Missouri

81 Constitution. In addition, the treasurer may enter into repurchase agreements
82 maturing and becoming payable within ninety days secured by United States
83 Treasury obligations or obligations of the United States government agencies or
84 instrumentalities of any maturity as provided by law.

110.010. 1. The public funds of every county, township, city, town, village,
2 school district of every character, road district, sewer district, fire protection
3 district, water supply district, drainage or levee district, state hospital, state
4 schools for the mentally deficient, Missouri School for the Deaf, Missouri School
5 for the Blind, Missouri Training School for Boys, training school for girls,
6 Missouri Veterans' Home, Missouri State Chest Hospital, state university,
7 Missouri state teachers' colleges, Lincoln University, **or any other political**
8 **subdivision or agency of the state** which are deposited in any banking
9 institution acting as a legal depository of the funds under the statutes of Missouri
10 requiring the letting and deposit of the same and the furnishing of security
11 therefor, shall be secured by the deposit of securities of the character prescribed
12 by section 30.270 for the security of funds deposited by the state treasurer.

13 2. The securities shall, at the option of the depository banking institution,
14 be delivered either to the fiscal officer or the governing body of the municipal
15 corporation or other depositor of the funds, or by depositing the securities with
16 another banking institution or safe depository as trustee satisfactory to both
17 parties to the depository agreement. The trustee may be a bank owned or
18 controlled by the same bank holding company as the depository banking
19 institution.

20 3. The rights and duties of the several parties to the depository contract
21 shall be the same as those of the state and the depository banking institution
22 respectively under section 30.270. If a depository banking institution deposits
23 the bonds or securities with a trustee as above provided, and the municipal
24 corporation or other depositor of funds gives notice in writing to the trustee that
25 there has been a breach of the depository contract and makes demand in writing
26 on the trustee for the securities, or any part thereof, then the trustee shall
27 forthwith surrender to the municipal corporation or other depositor of funds a
28 sufficient amount of the securities to fully protect the depositor from loss and the
29 trustee shall thereby be discharged of all further responsibility in respect to the
30 securities so surrendered.

31 4. **Pursuant to an agreement with the banking institution serving**
32 **as a depository for a public entity under this section, public funds held**

33 **in the custody of the depository may be invested in the obligations**
34 **described in Section 15, Article IV of the Missouri Constitution**
35 **permitted for the state treasurer, including repurchase agreements,**
36 **provided the investments are authorized in an investment policy**
37 **adopted by the public entity, treasurer, or other finance officer**
38 **authorized to act for the public entity.**

110.080. 1. Any banking corporation, association or trust company in the
2 city desiring to bid shall deliver to the secretary of the board on or before twelve
3 o'clock noon on the day of the meeting at which the depository is to be selected
4 a sealed bid stating the rate of interest that it offers to pay on the funds and
5 moneys of the institution for the term of up to four years next ensuing the date
6 of the bid.

7 2. [Each bid shall be accompanied by a check in favor of the institution
8 on some solvent banking corporation, association, or trust company in the city,
9 duly certified, for not less than one thousand dollars, as a guaranty of good faith
10 on the part of the bidder that if its bid is accepted by the board it will give the
11 security required by section 110.010.

12 3.] It is a misdemeanor for the secretary of the board to directly or
13 indirectly disclose the amount of any bid before the selection of the depository or
14 depositories.

110.140. 1. Any banking corporation or association in the county desiring
2 to bid shall deliver to the clerk of the commission, on or before the first Monday
3 of July at which the selection of depositories is to be made, a sealed proposal,
4 stating the rate of interest that the banking corporation, or association offers to
5 pay on the funds of the county for the term of two or four years next ensuing the
6 date of the bid, or, if the selection is made for a less term than two or four years,
7 as provided in sections 110.180 and 110.190, then for the time between the date
8 of the bid and the next regular time for the selection of depositories as fixed by
9 section 110.130.

10 2. [Each bid shall be accompanied by a certified check for not less than
11 two thousand five hundred dollars, as a guaranty of good faith on the part of the
12 bidder, that if his or her bid should be the highest he or she will provide the
13 security required by section 110.010. Upon his or her failure to give the security
14 required by law, the amount of the certified check shall go to the county as
15 liquidated damages, and the commission may order the county clerk to
16 readvertise for bids.

17 3.] It shall be a misdemeanor, and punishable as such, for the clerk of the
18 commission, or any deputy of the clerk, to directly or indirectly disclose the
19 amount of any bid before the selection of depositaries.

165.221. For the purpose of letting the funds the board shall divide the
2 funds into not less than two nor more than ten equal parts. Each bidder may bid
3 for any number of the parts, but the bid for each part shall be separate. Any
4 banking institution in the county or in an adjoining county desiring to bid shall
5 deliver to the secretary of the board, on or before the date selected for the
6 acceptance of bids, a sealed bid, stating the rate of interest, or method by which
7 the interest will be determined, that the banking institution offers to pay on one
8 part of the funds and moneys of the school district for the term of one to five
9 years, as the case may be, next ensuing the date of the bid; or if the selection is
10 made for a less term as provided in sections 165.201 to 165.291, then for the time
11 between the date of the bid and the next regular time for the selection of
12 depositaries, as fixed by section 165.211. [Each bid shall be accompanied by a
13 check in favor of the school district, on some solvent banking institution in the
14 county or an adjoining county, duly certified, for not less than two thousand five
15 hundred dollars, as a guaranty of good faith on the part of the bidder that if any
16 of its bids are accepted by the board it will deposit the security required by law.]
17 It is a misdemeanor for the secretary of the board to directly or indirectly disclose
18 the amount of any bid before all bids are opened at a public depositary bid
19 opening.

165.231. The school board or their designee in seven-director districts, on
2 the date selected for the acceptance of bids, shall publicly open the bids and cause
3 each bid to be verbally read and documented. Following discussion and
4 clarification of bids with the financial institutions, the board of education shall
5 cause each bid to be entered upon the records of the board and shall select from
6 among the bidders, as depositaries of the funds and moneys of the school district,
7 those whose bids are accepted, and shall notify each of the bidders so
8 selected. The board may reject any and all bids. The interest upon the funds and
9 moneys shall be computed upon the daily balances to the credit of the school
10 district with each depositary and shall be payable by each depositary on the first
11 day of each month to the treasurer of the school district, who shall place the same
12 to the credit of the district. Each depositary, by at least the fifth day of the
13 current month, shall render to the secretary of the board a statement, in writing,
14 showing the amount of interest paid by the depositary. [The secretary of the

15 board shall return the certified checks accompanying the bids to the banking
16 institutions whose bids which they accompanied were rejected and, upon the
17 approval of the security provided for in sections 110.010 and 110.020, return the
18 certified checks accompanying the accepted bids to the banking institutions
19 respectively, from which they were received.]

165.241. [On or before ten days] After notice to any depository of its
2 selection, the depository shall deliver or deposit securities in accordance with
3 sections 110.010 and 110.020 and the securities if delivered to the fiscal officer
4 of the seven-director school district may be deposited for safekeeping with any
5 federal reserve bank located in this state or with any banking institution located
6 in the county and approved by order of the school board entered of record on its
7 minutes. If at the time for selecting depositories it is unlawful for banking
8 institutions to pay interest upon demand deposits the school board at its option
9 either may select depositories as provided by law or may enter into written
10 agreement with any or all depositories acting as such during the preceding period
11 for renewal and continuation of the depository relationship for the ensuing period
12 with power and authority to renew and continue the same for successive periods
13 thereafter, subject however to termination as provided by law. The rights and
14 obligations of the parties and of any trustee joining in a renewal agreement shall
15 be deemed continuous throughout the periods of the renewals. Each depository
16 at all times shall maintain the security in kind and amount required by sections
17 110.010 and 110.020 with right in the depository when not in default to make
18 substitutions thereof and to withdraw interest coupons therefrom as they mature.

165.271. 1. As soon as the securities **satisfactory to the district** are
2 deposited [and approved by the board of a seven-director district, an order shall
3 be made designating], the banking institution depositing the securities **shall be**
4 **deemed** as a depository of the part of the funds and moneys of the school district
5 of which it has been selected as the depository, until the time fixed by sections
6 165.201 to 165.291 for another selection. The treasurer of the school district
7 immediately upon the making of the order shall transfer to the depository the
8 parts of all funds and moneys belonging to the school district that the depository
9 is entitled to receive by virtue of its designation.

10 2. In case any bonds, coupons or other indebtedness of the district are
11 payable, by the terms of the bonds, coupons or other evidences of indebtedness,
12 at any particular place outside the district, nothing contained in sections 165.201
13 to 165.291 shall prevent the board from causing the treasurer to place a sufficient

14 sum of money to meet the same at the place where the debts are payable at the
15 time of their maturity.

16 3. The treasurer of a seven-director district, as the funds and moneys of
17 the school district come into his hands from time to time, shall deposit them with
18 the depositaries to the credit of the school district, and at all times shall keep on
19 deposit with each depositary approximately that proportion of all the funds and
20 moneys of the district for which the board accepted the bid of the depositary. If
21 at any time the amount of funds and moneys on deposit with any depositary to
22 the credit of the school district is either more or less than the proportion thereof
23 for which the board accepted the bid of the depositary, that fact shall not impair
24 or in any manner affect the liability of the depositary to faithfully perform all the
25 duties and obligations devolving by law upon the depositary.

26 4. If any banking institution, after being selected as depositary and
27 notified thereof, fails to deposit the security within the time provided by section
28 165.241, [the certified check accompanying the accepted bid of the banking
29 institution shall be forfeited to the school district as liquidated damages, and] the
30 board[, after twenty days' notice in the manner herein provided,] **shall take**
31 **such action as it deems appropriate to safeguard district funds,**
32 **including deposit to another bank on an expedited basis and shall**
33 proceed to receive new bids and select another depositary in lieu of the one failing
34 to deposit the security.

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