

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE.

The meeting was called to order by Chairperson Richard Bond at 9:06 a.m. on February 1, 1994 in Room 529-S of the Capitol.

All members were present.

Committee staff present: William Wolff, Legislative Research Department  
Fred Carman, Revisor of Statutes  
June Kossover, Committee Secretary

Conferees appearing before the committee: Sally Thompson, State Treasurer  
John P. Smith, Gubernatorial Appointee to Administrator, State  
Department of Credit Unions  
Candace Murphy, Gubernatorial Appointee to State Banking  
Board

Others attending: See attached list

Senator Corbin moved to approve the minutes of the meeting of January 28 as submitted. The motion was seconded by Senator Steffes. The motion carried.

Sally Thompson, State Treasurer, appeared before the committee to request introduction of three bills. (Attachment #1.) Bill introduction request number one provides for inclusion of municipal investment pool to existing list of acceptable investments authorized for bond proceeds. (Attachment #2.) Request number two would authorize reverse repurchase agreements for the MIP; modify the statute regarding trust departments to be subject to the same terms, conditions and limitations as state MIP; and add language to explicitly include repurchase agreements in regard to "delivery versus payment" and perfected status. (Attachment #3.)

Request number three amends language in 9-1405 to perfect security or custodial agreements with banks, or the Attorney General's opinion on relationships between banks. It would also redefine the term "warrant" to include electronic fund transfers; change language regarding investments in state agency bonds and projects; establish idle fund reserve; eliminate language which is a holdover from prior to the establishment of the PMIB; and remove transitional language from the original PMIB organization, deleting executive officer reference. (Attachment #4.)

Senator Hensley made a motion to introduce the three bills requested by the State Treasurer. The motion was seconded by Senator Lawrence. The motion carried.

Senator Bond explained to the committee that, in the Senate session today, he will be asked to concur or non-concur to House amendments to the unclaimed property bill. Senator Bond advised that he intends to non-concur and ask for a Conference Committee and explained his position.

The confirmation hearing was opened on John P. Smith, Gubernatorial Appointee to Administrator, State Department of Credit Unions. (Attachment #5.) Mr. Smith provided a brief personal history and professional background and also presented an overview of the Kansas Department of Credit Unions. (Attachment #6.) In response to Senator Bond's question, Mr. Smith explained that approximately 50 credit unions closed or were merged as a result of the requirement for federal insurance. Senator Steffes asked for Mr. Smith's thoughts on common bond criteria for credit unions. Mr. Smith replied that there is a statute requiring common bond and that, as administrator, he will carefully monitor this. Mr. Smith also advised the committee that he is forming a quality improvement team. Mr. Smith also advised that there is no interstate involvement with credit unions, although a request for disaster recovery assistance by an out of state credit union would be considered.

Senator Steffes also inquired about safeguards of funds in light of the \$250 million problem with U. S. Central Credit Union, a Kansas chartered credit union in Overland Park. Mr. Smith replied that the credit union has assets of \$28.5 billion; therefore, the investment was a small percent of the loan portfolio and he feels certain there will be no loss to Kansas Credit Unions.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,  
Room 529-S Statehouse, at 9:06 on February 1, 1994.

In response to Senator Lawrence's question, Mr. Smith replied that credit unions are insured by the National Credit Union Administration, which is a very healthy fund and that no credit unions in Kansas are uninsured.

There being no further questions, the hearing was closed.

Confirmation hearing was opened on Candace Murphy, Gubernatorial Appointee to the State Banking Board. (Attachment #7.) After providing personal information and professional history, Ms. Murphy was questioned briefly by committee members on her view of the problems facing the banking industry and the function of the Banking Board. The confirmation hearing was closed.

Senator Hensley moved to recommend Mr. Smith favorably to the Senate for confirmation. The motion was seconded by Senator Corbin and the Motion carried.

Senator Hensley moved to also recommend Ms. Murphy for confirmation to the State Banking Board. The motion was seconded by Senator Lee. The motion carried.

The committee adjourned at 9:45 a.m.

The next meeting is scheduled for February 2, 1994.

# GUEST LIST

SENATE

COMMITTEE: FINANCIAL INSTITUTIONS AND INSURANCE

DATE: 2-1-94

NAME	ADDRESS	ORGANIZATION
Richard E. Wilborn	McPherson	Alliance Ins Co
L.M. Cornish	Topeka	Ks P/C Assn Ks Insurance
Paul W. W. W.	Topeka	Ks Credit Union Assn
George Wingert		Gov Office
Joe Newberry	Alma	KSDCU
Gail Kasson	Lawrence	KSDCU
Mike Culbertson	Wichita	Ks Credit Union Assoc.
Donna Weister	Topeka	Sen Overnights Conf Comm
Ken Roberson	Overland Park	U.S. Central
Sue Bond	Overland Park	
Maureen Nightingale	Topeka	Norfolk Bank Credit Union
Doreen D. D.	Topeka	Norfolk Bank
Roger Frazier	"	Ks Govt Consultants
FRANCOIS HENRIQUEZ	LAWRENCE	U.S. Central Co. U.
Chuck Stow	Topeka	KBA
Candy Dimp	Protection	St Banking Board
Kevin Glendening	Topeka	St Banking Rept.
Jana Dixon	Topeka	State Treasury
Sally Thompson		
Greg Winkler	Topeka	Ks Credit Union Assn.

## RECAP OF PROPOSED LEGISLATION FOR 1994

### 3RS1689

Provides for inclusion of municipal investment pool (MIP) to existing laundry list of acceptable investments authorized for bond proceeds (Muni bond statute:10-131)

### 3RS1700

1. Authorizes reverse repo's for the pool.
2. Attempts to modify municipal investment statute regarding trust departments to be subject to same terms, conditions and limitations as state MIP.
3. Adds language to explicitly include repurchase agreements in regard to "delivery versus payment" and perfected status.

### 3RS1736

**\*1. ATTEMPTS TO CODIFY AG'S OPINION RE INTERSTATE BANKING AND JOINT CUSTODY ISSUES AS WELL AS RELATED PARTY PROHIBITIONS. (LOCAL FUNDS INVESTMENTS:9-1405)**

2. Redefines the term warrant to include EFT's

**\*3. DEFINITIONS CHANGED: 1. BANK (AG OPINION) AND 2. SECURITIES (SAME CHANGES AS IN HB 2675)**

**DEFINITIONS ADDED: 1. CUSTODIAL BANK AND 2. CENTRALIZED SECURITIES DEPOSITORY.**

**\*4. A. ADDS "QUALIFIED" LANGUAGE TO ALLOW RULES & REGS TO SPECIFY WHICH BANKS ARE AUTHORIZED, I.E. BASED ON CAPITAL LEVELS, TO HOLD STATE FUNDS (NO SIMILAR PROVISION IN LOCAL LAW)**

**B. Changes language re investments in state agency bonds and projects**

5. Establishes idle fund reserve

6. & 7. Eliminates old A&R language which is a holdover from the time when A&R selected bank accounts rather than PMIB. This change

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was suggested by A&R since the noncompliance is noted in the statewide audit.

**\*8. REQUIRES WRITTEN SECURITY AGREEMENT FOR ALL ACCOUNTS GREATER THAN \$100,000. OTHER FDIC REQUIREMENTS FOR COLLATERAL PROTECTION COVERED HERE.**

**PG.2-RECAP**

**\*9. ATTEMPTS TO CODIFY AG'S OPINION ON AFFILIATES, CUSTODIAL RELATIONSHIPS, AND JOINT CUSTODY RECEIPTS. REQUIRES AN AGREEMENT BETWEEN AFFILIATES (WHEN ONE PUTS UP COLLATERAL FOR ANOTHER) IN ORDER TO PERFECT SECURITY INTEREST. REQUIRES CUSTODIAL AGREEMENT. REQUIRES COLLATERAL COVERAGE OF ACCRUED INTEREST.**

**\*10. AMENDS DEFAULT PROVISIONS TO INCLUDE APPOINTMENT OF RECEIVER OR CONSERVATOR. PROVIDES FOR TRANSFER OF SECURITIES TO THE STATE FOR RECOVERY OF DEPOSIT.**

**\*11. PROVIDES FOR CONVERSION OF DEPOSIT TO REPO AT BANK'S OPTION DUE TO LACK OF PROPER CAPITAL LEVELS.**

**12. Removes transitional language from original PMIB organization. Deletes executive officer language.**

**\* DENOTES LANGUAGE NEEDED TO REFLECT/PERFECT SECURITY OR CUSTODIAL AGREEMENTS WITH BANKS OR THE ATTORNEY GENERAL'S OPINION ON RELATIONSHIPS BETWEEN BANKS**

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PROPOSED BILL NO. \_\_\_\_\_

By xx

AN ACT relating to municipalities; concerning the investment of proceeds of bonds or notes in the municipal investment pool; amending K.S.A. 10-131 and repealing the existing section.

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

Section 1. K.S.A. 10-131 is hereby amended to read as follows: 10-131. The governing body of any municipality, as defined in K.S.A. 10-101, and amendments thereto, which has issued or may issue bonds or temporary notes for any purpose, is hereby authorized and empowered to invest any portion of the proceeds of such bonds, notes or funds held pursuant to the resolution or ordinance authorizing the issuance of such bonds or notes, which is not currently needed, in: (a) Investments authorized by K.S.A. 12-1675, and amendments thereto, in the manner prescribed therein; (b) the municipal investment pool established pursuant to K.S.A. 1993 Supp. 12-1677a, and amendments thereto; (c) direct obligations of the United States government or any agency thereof; ~~(e)~~ (d) the municipality's temporary notes issued pursuant to K.S.A. 10-123, and amendments thereto; ~~(d)~~ (e) interest-bearing time deposits in commercial banks located in the county or counties in which the municipality is located; ~~(e)~~ (f) obligations of the federal national mortgage association, federal home loan banks or the federal home loan mortgage corporation; ~~(f)~~ (g) repurchase agreements ~~collateralized by~~ for securities described in ~~(b)~~ (c) or ~~(e)~~ (f) above; ~~(g)~~ (h) investment agreements with or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation; ~~(h)~~ (i) investments in shares or units of a money market fund or trust the portfolio of which is comprised entirely

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of securities described in ~~(b)~~ (c) or ~~(e)~~ (f) above; ~~(i)~~ (j) receipts evidencing ownership interests in securities or portions thereof described in ~~(b)~~- (c) or ~~(e)~~ (f) above; ~~(j)~~ (k) municipal bonds or other obligations issued by any municipality of the state of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which are general obligations of the municipality issuing the same; or ~~(k)~~ (l) bonds of any municipality of the state of Kansas as defined in K.S.A. 10-1101, and amendments thereto, which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in ~~(b)~~ (c) or ~~(e)~~ (f) above. The interest received on any such investment shall upon receipt thereof be set aside and used for the purpose of paying interest on the bonds or notes issued or used for paying the cost of the project for which the bonds or notes were issued.

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

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

PROPOSED BILL NO. \_\_\_\_\_

By

AN ACT relating to public moneys; concerning the investment thereof; amending K.S.A. 1993 Supp. 12-1675 and repealing the existing section.

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

New Section 1. Whenever the daily withdrawals in the municipal investment pool established in K.S.A. 1993 Supp. 12-1677a, and amendments thereto, exceed the available cash in such municipal investment pool and there are municipal investment pool moneys in investments authorized in paragraph (1) of subsection (b) of K.S.A. 12-1677a, and amendments thereto, the treasurer, with approval of the board, may:

(a) Borrow upon the security of any one or more interest-bearing time deposits in an amount sufficient to meet the municipal investment pool's obligations. Any such loan shall be repaid in full within 60 days or prior to July 1, whichever occurs first. Interest payment by the state for any loan under this section shall be made only by way of setoff from interest obligations to the state from the bank making such loan. The amount borrowed under this section from any bank shall never exceed an amount equal to the amount of municipal investment pool moneys on deposit in the bank; or

(b) enter into reverse repurchase agreements utilizing securities purchased by the board pursuant to paragraph (1) of subsection (b) of K.S.A. 12-1677a, and amendments thereto. Such reverse repurchase agreements may be entered into with Kansas banks or primary government securities dealers which report to the market reports division of the federal reserve bank of New York. Expenses of reverse repurchase agreements shall be paid by deducting such expenses against other interest income to the municipal investment pool.

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Sec. 2. K.S.A. 1993 Supp. 12-1675 is hereby amended to read as follows: 12-1675. (a) The governing body of any county, city, township, school district, area vocational-technical school, community college, firemen's relief association, community mental health center, community facility for the mentally retarded or any other governmental entity, unit or subdivision in the state of Kansas having authority to receive, hold and expend public moneys or funds may invest any moneys which are not immediately required for the purposes for which the moneys were collected or received, and the investment of which is not subject to or regulated by any other statute.

(b) Such moneys shall be invested only:

(1) In temporary notes or no-fund warrants issued by such investing governmental unit;

(2) in time deposit, open accounts or certificates of deposit with maturities of not more than two years: (A) In commercial banks which have offices located in such investing governmental unit; or (B) if the office of no commercial bank is located in such investing governmental unit, then in commercial banks which have offices in the county or counties in which all or part of such investing governmental unit is located;

(3) in time certificates of deposit with maturities of not more than two years: (A) With state or federally chartered savings and loan associations or federally chartered savings banks which have offices located in such investing governmental unit; or (B) if the office of no state or federally chartered savings and loan association or federally chartered savings bank is located in such governmental unit, then with state or federally chartered savings and loan associations or federally chartered savings banks which have offices in the county or counties in which all or part of such investing governmental unit is located;

(4) in repurchase agreements with: (A) Commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks which have offices located in

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such investing governmental unit, for direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof; or (B) (i) if the office of no commercial bank, state or federally chartered savings and loan association or federally chartered savings bank is located in such investing governmental unit; or (ii) if no commercial bank, state or federally chartered savings and loan association or federally chartered savings bank has an office located in such investing governmental unit is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or greater than the investment rate, as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto, then such repurchase agreements may be entered into with commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks which have offices in the county or counties in which all or part of such investing governmental unit is located; or (C) if no bank, state or federally chartered savings and loan association or federally chartered savings bank which has its office in such county or counties is willing to enter into such an agreement with the investing governmental unit at an interest rate equal to or greater than the investment rate, as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto, then such repurchase agreements may be entered into with commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks which have offices in the state of Kansas;

(5) in United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years. Such investment transactions shall only be conducted with the following, which is doing business within the state of Kansas, any state or national bank, state or federally chartered savings and loan association, or federally chartered savings bank; the federal reserve bank of Kansas City, Missouri; or with primary government securities dealers which report to the market

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report division of the federal reserve bank of New York, or any broker-dealer engaged in the business of selling government securities which is registered in compliance with the requirements of section 15 or 15C of the securities exchange act of 1934 and registered pursuant to K.S.A. 17-1254, and amendments thereto;

(6) in the municipal investment pool fund established in K.S.A. 1993 Supp. 12-1677a, and amendments thereto;

(7) in the investments authorized and in accordance with the conditions prescribed in K.S.A. 1993 Supp. 12-1677b, and amendments thereto; or

(8) with in multiple municipal client investment pools managed by the trust departments of commercial banks which have offices located in the county or counties where such investing governmental unit is located or with trust companies which have contracted to provide trust services under the provisions of K.S.A. 9-2107, and amendments thereto, with commercial banks which have offices located in the county or counties in which such investing governmental unit is located. Public moneys invested under this paragraph shall be secured in the same manner as provided for under K.S.A. 9-1402, and amendments thereto. Pooled investments of public moneys made by trust departments under this paragraph shall be limited--to--those--investments authorized--under--subsection--(b)--of subject to the same terms, conditions and limitations as are applicable to the municipal investment pool established by K.S.A. 1993 Supp. 12-1677a, and amendments thereto.

(c) The investments authorized in paragraphs (5), (6), (7) or (8) of subsection (b) shall be utilized only if the appropriate eligible commercial banks, which have offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such bank has an office which is located within such governmental unit, or the appropriate eligible state or federally chartered savings and loan associations or federally

chartered savings banks, which have offices located in the investing governmental unit or in the county or counties in which all or a part of such investing governmental unit is located if no such state or federally chartered savings and loan association or federally chartered savings bank has an office which is located within such governmental unit, cannot or will not make the investments authorized in paragraph (2) or (3) of subsection (b) available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto.

(d) In selecting a depository pursuant to paragraph (2) or (3) of subsection (b), if a commercial bank, state or federally chartered savings and loan association or federally chartered savings bank has an office located in the investing governmental unit and such financial institution will make such deposits available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto, and such financial institution otherwise qualifies for such deposit, the investing governmental unit shall select one or more of such financial institutions for deposit of funds pursuant to this section. If no such financial institution qualifies for such deposits, the investing governmental unit shall select for such deposits one or more commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks which have offices in the county or counties in which all or a part of such investing governmental unit is located which will make such deposits available to the investing governmental unit at interest rates equal to or greater than the investment rate, as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto, and which otherwise qualify for such deposits.

(e) (1) All security purchases and repurchase agreements shall occur on a delivery versus payment basis.

(2) All securities, including those acquired by repurchase

agreements, shall be perfected in the name of the investing governmental unit and shall be delivered to the purchaser or a third-party custodian which may be the state treasurer.

Sec. 3. K.S.A. 1993 Supp. 12-1675 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the Kansas register.

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PROPOSED BILL NO. \_\_\_\_\_

By

AN ACT concerning state moneys; relating to the deposit thereof; amending K.S.A. 75-4215, 75-4217, 75-4220 and 75-4221 and K.S.A. 1993 Supp. 9-1405, 75-3732, 75-4201, 75-4209, 75-4214, 75-4218 and 75-4222 and repealing the existing sections.

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

Section 1. K.S.A. 1993 Supp. 9-1405 is hereby amended to read as follows: 9-1405. (a) All bonds and securities given by any bank, state or federally chartered savings and loan association or federally chartered savings bank to secure public moneys of the United States or any board, commission or agency thereof, shall be deposited as required by the United States government or any of its designated agencies.

(b) All bonds and securities pledged to secure the deposits of any municipal corporation or quasi-municipal corporation shall be deposited with a Kansas state or national bank or trust company having adequate modern facilities for the safekeeping of securities, the federal reserve bank of Kansas City, the federal home loan bank of Topeka or with the state treasurer, and a joint custody receipt taken therefor with one copy going to the municipal corporation or quasi-municipal corporation making the public deposit and one copy going to the bank, state or federally chartered savings and loan association or federally chartered savings bank which has secured such public deposits. This section shall not prohibit any custodial bank receiving securities for safekeeping from issuing a joint custody receipt and placing those securities in such bank's account with an out-of-state affiliate, a nonaffiliate bank or a centralized securities depository. No bonds or securities pledged to secure public deposits shall be left for safekeeping ~~in any safe deposit vault~~

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Attachment #4

~~owned-or-controlled-directly-or-indirectly--by~~ with any Kansas state or national bank or trust company owned directly or indirectly by a parent corporation, having common controlling shareholders or a common majority of the board of directors with the ability to control or influence directly or indirectly the bank, state or federally chartered savings and loan association or federally chartered savings bank securing such public deposits. When bonds and securities are deposited with the state treasurer as authorized by this subsection, the state treasurer shall make a charge for such service which is equivalent to the reasonable and customary charge made therefor.

(c) All such bonds and securities shall be deposited under a joint custody receipt issued by a bank within the state of Kansas or the federal reserve bank of Kansas City, the federal home loan bank of Topeka or with the state treasurer. All bonds or securities held by any depository and for which a joint custody receipt has been issued shall be retained by such depository and not released except upon consent of both the municipal corporation or quasi-municipal corporation making the deposit and the bank, state or federally chartered savings and loan association or federally chartered savings bank taking or securing such deposit. In every report required to be published by any bank, state or federally chartered savings and loan association or federally chartered savings bank it shall show in full all of the assets pledged or deposited as security for public moneys.

(d) A bank, state or federally chartered savings and loan association or federally chartered savings bank which fails to pay according to its terms any deposit of public moneys of any municipal or quasi-municipal corporation shall immediately take such actions as are required to enable bonds and securities pledged to secure such deposit to be sold to satisfy its obligation to the municipal or quasi-municipal corporation.

(e) As used in this section: "Centralized securities depository" means a clearing agency registered with the

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warrant as used in state law, shall also include payments pursuant to any funds transfers authorized pursuant to this subsection.

Sec. 3. K.S.A. 1993 Supp. 75-4201 is hereby amended to read as follows: 75-4201. As used in this act, unless the context otherwise requires:

(a) "Treasurer" means state treasurer.

(b) "Controller" means director of accounts and reports.

(c) "Board" means the pooled money investment board.

(d) "Bank" means a state bank incorporated under the laws of Kansas or a national bank doing-business having such bank's home office within the state of Kansas.

(e) "State moneys" means all moneys in the treasury of the state or coming lawfully into the possession of the treasurer.

(f) "Custodial moneys" means state moneys deposited with the treasurer which, in the written opinion of the attorney general, are required by contract, bequest or law to be segregated from other bank accounts.

(g) "Special moneys" means moneys which are required to be or are deposited in a custodial bank account or a fee agency account by the state or any agency thereof.

(h) "State bank account" means state moneys or special moneys deposited in accordance with the provisions of this act.

(i) "Operating account" means a state bank account which is payable or withdrawable, in whole or in part, on demand.

(j) "Investment account" means a state bank account which is not payable on demand but shall not include custodial accounts.

(k) "Market rate" means the average of the average equivalent yields, with equivalent maturities, of: (1) United States government securities; and (2) debt obligations of the following United States government agencies, federal home loan banks, federal national mortgage association and federal farm credit bank.

(1) "Investment rate" means a rate which is the equivalent yield for United States government securities having a maturity

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date as published in the Wall Street Journal, nearest the maturity date for equivalent maturities. For liquidity investments, the 0-90 day rate shall be computed on the average effective federal funds rate as published by the federal reserve system for the previous week.

(m) "Custodial account" means a state bank account of custodial moneys.

(n) "Fee agency account" means a state bank account of any state agency consisting of fees, tuition or charges authorized by law prior to remittance to the state treasurer.

(o) "Disbursement" means a payment of any kind whatsoever made from the state treasury or from any operating account, except transfer of state or special moneys between or among operating accounts and investment accounts or either or both of them.

(p) "Securities" means, for the purposes of K.S.A. 75-4218, and amendments thereto, any one or more of the following, which may be accepted or rejected by the pooled money investment board:

(1) Direct obligations of, or obligations that are insured as to principal and interest by, the United States government or any agency thereof and obligations, letters of credit and securities of United States sponsored enterprises which under federal law may be accepted as security for public funds.

(2) Kansas municipal bonds which are general obligations of the municipality issuing the same.

(3) Revenue bonds of any agency or arm of the state of Kansas.

(4) Revenue bonds of any municipality, as defined by K.S.A. 10-101, and amendments thereto, within the state of Kansas or bonds issued by a public building commission as authorized by K.S.A. 12-1761, and amendments thereto, if approved by the state bank commissioner, except (A) bonds issued under the provisions of K.S.A. 12-1740 et seq., and amendments thereto, unless such bonds are rated at least MIG-1 or Aa by Moody's Investors Service or AA by Standard & Poor's Corp. and (B) bonds secured by

revenues of a utility which has been in operation for less than three years. Any expense incurred in connection with granting approval of revenue bonds shall be paid by the applicant for approval.

(5) Temporary notes of any municipal corporation or quasi-municipal corporation within the state of Kansas which are general obligations of the municipal corporation or quasi-municipal corporation issuing the same.

(6) Warrants of any municipal corporation or quasi-municipal corporation within the state of Kansas the issuance of which is authorized by the state board of tax appeals and which are payable from the proceeds of a mandatory tax levy.

(7) Bonds of any municipal or quasi-municipal corporation of the state of Kansas which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America. A copy of such escrow agreement shall be furnished to the treasurer.

(8) Securities listed in paragraph (13) of subsection (d) of K.S.A. 9-1402 and amendments thereto within limitations of K.S.A. 9-1402 and amendments thereto. ~~Such securities may be accepted or rejected by the treasurer.~~

(9) A bond guaranteeing deposits in a bank, savings or savings and loan association in excess of federal deposit insurance corporation insurance, underwritten by an insurance company authorized to do business in the state of Kansas.

~~(9)~~(10) All of such securities shall be current as to interest according to the terms thereof.

~~(10)~~(11) Whenever a bond is authorized to be pledged as a security under this section, such bond shall be accepted as a security if: (i) In the case of a certificated bond, it is assigned, delivered or pledged to the holder of the deposit for security; (ii) in the case of an uncertificated bond,

registration of a pledge of the bond is authorized by the system and the pledge of the uncertificated bond is registered; or (iii) in a form approved by the attorney general, which assures the availability of the bond proceeds pledged as a security for public deposits.

(q) "Savings bank" means a federally chartered savings bank insured by the federal deposit insurance corporation and doing business within the state of Kansas.

(r) "Savings and loan association" means a state or federally chartered savings and loan association insured by the federal deposit insurance corporation and doing business within the state of Kansas.

(s) "Custodial bank" means a bank designated to keep safely collateral pledged as security for state bank accounts.

(t) "Centralized securities depository" means a clearing agency registered with the securities and exchange commission which provides safekeeping and book-entry settlement services to its participants.

Sec. 4. K.S.A. 1993 Supp. 75-4209 is hereby amended to read as follows: 75-4209. (a) After the board determines the liquidity needs for the state, and determines the varying maturities of the investment accounts to be offered and the amount of state moneys to be invested in each of the maturities offered, in accordance with rules and regulations adopted pursuant to K.S.A. 1993 Supp. 75-4232, and amendments thereto, the board shall make available state moneys eligible for investment accounts in the following manner:

(1) (A) The board shall offer to ~~all~~ qualified banks, on a competitive bid basis, state moneys for deposit in investment accounts at maturities of not more than four years and such bids shall be at a rate of at least the market rate, as defined in subsection (k) of K.S.A. 75-4201, and amendments thereto.

(B) As part of the offering under subparagraph (A) the board shall offer to ~~all~~ qualified banks, on a twelve-month average, 50% of the amount of state moneys available for investment or

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\$350,000,000, whichever amount is greater, at maturities of not more than four years and at the investment rate as defined in subsection (1) of K.S.A. 75-4201, and amendments thereto. Such accounts shall be apportioned by the board among the banks which propose to receive such accounts and which qualify therefor on the basis of the ratio of each bank's combined capital, undivided profits and surplus to the total capital, undivided profits and surplus of all such banks.

(C) Qualified banks shall be determined in accordance with capitalization requirements established by rules and regulations adopted pursuant to K.S.A. 1993 Supp. 75-4232, and amendments thereto.

(2) The board may invest and reinvest state moneys eligible for investment which are not invested in accordance with paragraph (1), in the following investments:

(A) 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 the United States sponsored enterprises which under federal law may be accepted as security for public funds, except that not more than 10% of the moneys available for investment under this subsection may be invested in mortgage backed securities of such enterprises and of the government national mortgage association;

(B) repurchase agreements with a Kansas bank or 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; or

(C) investments in state-agency-and SKILL act projects and bonds pursuant to K.S.A. 1993 Supp. 74-8920, and amendments thereto, and investments in any state agency bonds or bond project.

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(b) At any time moneys are available for deposits or investments for a period of time which is insufficient to permit deposit in investment accounts or to provide for the liquidity needs for the state, the board may invest such moneys in repurchase agreements as authorized in subparagraph (B) of paragraph (2) of subsection (a).

(c) When moneys are available for deposits or investments, the board may invest in preferred stock of Kansas venture capital, inc., under terms and conditions prescribed by K.S.A. 74-8203, and amendments thereto, but such investments shall not in the aggregate exceed a total amount of \$10,000,000.

(d) When moneys are available for deposits or investments, the board may invest in loans pursuant to legislative mandates, except that not more than the lesser of 10% or \$80,000,000 of the state moneys shall be invested.

(e) Interest on investment accounts in banks is to be paid at maturity, but not less than annually, ~~except that interest on such investment accounts awarded between August 17, 1992, and June 30, 1993, is to be paid no later than June 30, 1993.~~

(f) Investments made by the board under the provisions of this section shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

(g) Investments under subsection (a) shall be for a period not to exceed four years, except for investments in mortgage-backed securities.

(h) Investments in securities under subparagraph (A) of paragraph (2) 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 maturities except for the 10% limitation on mortgage-backed securities. For purposes of this subsection, "interest rate risk" means market

value changes due to changes in current interest rates.

New Sec. 5. (a) There is hereby established in the state treasury the state pooled money reserve fund. Amounts of gains realized in the disposition of investments made pursuant to K.S.A. 75-4209, and amendments thereto, shall be deposited in the state pooled money reserve fund.

(b) At least annually the state treasurer will determine the recommended balances for the state pooled money reserve fund.

(c) Whenever the balance of moneys in such fund is equal to or greater than the maximum balance established pursuant to subsection (b), any such gains shall be credited to the state general fund. Any losses realized on the disposition of investments made pursuant to K.S.A. 75-4209, and amendments thereto, shall be charged to the state pooled money reserve fund except that in the event that there are insufficient balances in such fund, the amount of the insufficiency shall be charged to the state general fund.

Sec. 6. K.S.A. 1993 Supp. 75-4214 is hereby amended to read as follows: 75-4214. (a) The board shall designate one or more banks, savings banks or savings and loan associations in each county in which a state agency making collection of any fee, tuition, or charge is located to have a fee agency account for the deposit of accounts of such agency having an average daily balance of \$10,000 or more.

(b) Any state agency making collection of fees, tuition or charges, with the approval of the board, may select a bank, savings bank or savings and loan association in the county in which the agency is located to have a fee agency account for the deposit of accounts of such agency having an average daily balance of less than \$10,000.

(c) To be eligible to hold a fee agency account as provided under subsections (a) and (b), any designated bank, savings bank or savings and loan association must meet the minimum capital requirements for a commercial bank as required by the federal deposit insurance corporation.

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(d) At the end of each month any bank, savings bank or savings and loan association having a fee agency account shall forward to the board ~~and the director of accounts and reports~~ a detailed statement of such account ~~on forms approved by the director of accounts and reports.~~

Sec. 7. K.S.A. 75-4215 is hereby amended to read as follows:  
75-4215. (a) All fees, tuition and charges of any and whatsoever nature hereafter collected by any state agency shall be remitted daily to the state treasurer unless otherwise provided under authority specified in this act.

(b) Agencies otherwise required to make daily remittances to the treasurer may make such remittances less frequently if so authorized by the board, but not less often than monthly.

(c) If authorized by the board, fees, tuition and charges shall be deposited in a fee agency account designated by the board. The same shall be remitted monthly, or more often if required by the board, to the state treasurer by such agency drawing on such fee agency account all moneys therein except such balance as is specified by the board and except for any direct refunds of tuition, fees or charges from such fee agency account authorized under K.S.A. 76-738, and amendments thereto. When requested, such agency shall file with the board, ~~state treasurer and director of accounts and reports~~ a detailed and verified report with each deposit showing the sources from which such fees, tuition and charges were received.

(d) Fee agency accounts and moneys to be deposited therein shall be subject to post audit under article 11 of chapter 46 of Kansas Statutes Annotated.

Sec. 8. K.S.A. 75-4217 is hereby amended to read as follows:  
75-4217. Awards of all state bank accounts, aggregating more than \$100,000, shall be made pursuant to a written agreement between the board and the banks having such accounts security agreement between the depository bank and the board, granting the state of Kansas a security interest in securities pledged to secure payment of deposits in state bank accounts. This agreement shall

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be approved by the board of directors of the depository bank, as reflected in the minutes of the board. From the time of execution, the security agreement shall remain continuously an official record of the depository bank. Separate security agreements shall be entered into for each class of account in each bank.

Sec. 9. K.S.A. 1993 Supp. 75-4218 is hereby amended to read as follows: 75-4218. (a) All state bank accounts shall be secured by pledge of securities as provided in this section.

(b) The bank, savings bank or savings and loan association receiving or having a state bank account shall deposit or cause its ~~agent,--trustee--or--an~~ affiliate bank ~~having--identical ownership--as--the--bank--receiving--or--having--such--account~~ to deposit securities owned by it, ~~or--by--its--agent--or--trustee holding--securities--on--its--behalf,~~ or by such its affiliate bank, in one of the following ways:

(1) Deposit with the treasurer.

(2) Deposit with a bank having adequate modern facilities for the safekeeping of securities ~~and--doing--business--in--the--state of--Kansas,~~ and which facilities shall have had the prior approval of the board. Any such bank receiving securities for safekeeping shall be liable to the state for any loss suffered by the state in the event such bank relinquishes the custody of any such securities contrary to the provisions of this act or rules and regulations adopted thereunder. This section shall not prohibit any such custodial bank receiving securities for safekeeping from issuing a joint custody receipt and placing those securities in its account with an out-of-state affiliate, a nonaffiliate bank or a centralized securities depository. No such deposit of securities shall be made in any facility owned ~~or--controlled directly--or--indirectly--by--the~~ directly or indirectly by a parent corporation, having common controlling shareholders or a common majority of the board of directors or having common directors with the ability to direct or indirectly control or influence the bank, savings bank or savings and loan association depositing the

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same.

(3) Deposit with the federal reserve bank of Kansas City, Missouri.

(4) Deposit with the federal home loan bank of Topeka, Kansas.

(5) Any combination of (1), (2), (3) and (4).

(c) The depository bank shall obtain a written agreement from its affiliate bank that the affiliate bank grants a security interest in securities owned by the affiliate bank which are pledged on behalf of the depository bank to secure payment of deposits made with the depository bank pursuant to this section. Such agreement shall be approved by the board of directors of the affiliate bank. From the time of execution of such agreement, the agreement shall remain continuously an official record of the affiliate bank. Any such deposit of securities, except with the treasurer, shall have a joint custody receipt which provides for a perfected security interest taken therefor with one copy going to the treasurer and one copy going to the bank, savings bank or savings and loan association which deposits such securities. In lieu of the initial deposit of securities provided for in this subsection (c), the treasurer or the treasurer's duly authorized deputy, for a period of not to exceed 10 calendar days, may accept the telephone assurance of a bank qualified as provided in (2) or (3) of subsection (b), that the depository bank has requested the issuance of a joint custody receipt with the state of Kansas, specifying the securities pledged, for the purpose of compliance with this section and that such joint custody receipt will be forthcoming.

(d) The depository bank, the board and the custodial bank shall enter into a written agreement for the safekeeping of securities and the agreement shall be maintained in the records of the depository bank.

~~(d)~~ (e) Securities deposited to comply with this section may be withdrawn on application of the bank, savings bank or savings and loan association depositing the securities, if such

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application is approved by the treasurer or the treasurer's duly authorized deputy for the reason that such deposit of securities is no longer needed to comply with this section or are required for collection by virtue of their maturity or for exchange. Securities withdrawn for collection by virtue of their maturity or for exchange shall be replaced within 15 calendar days, but until replaced the state shall retain a first lien on the withdrawn security or the proceeds therefrom.

(e) (f) Operating accounts, investment accounts, fee agency accounts and custodial accounts shall be secured by pledge of securities, the market value of which is equal to 100% of the amount of the deposits in the account, plus accrued interest, less ~~so-much-of-any-such~~ the amount of deposits in the account as is protected by the federal deposit insurance corporation. Any agency responsible for a fee agency account shall transfer immediately all moneys not so secured to the state treasurer for deposit in the state treasury.

Sec. 10. K.S.A. 75-4220 is hereby amended to read as follows: 75-4220. ~~The-bank-and-securities-pledged-by-it~~ (a) Each depository or its affiliate bank pledging securities for such depository pursuant to K.S.A. 75-4218, and amendments thereto, shall be liable for payment ~~in-case-any-bank-having-a-state--bank account--of--any--type--shall-fail--(a)--to~~ if: (1) The depository bank fails to: (A) Pay any check, draft or warrant drawn by the treasurer and director of accounts and reports, or (b) to; or (B) account for any check, draft, warrant, order, or certificate of deposit, or any money entrusted to it such bank by the treasurer; or (2) a conservator or receiver is appointed for the depository bank.

Any loss incurred by the state by reason of failure by any bank to safely keep and account for state or special moneys and interest thereon shall be recovered by the state from the bank and a sale of the securities pledged under this act. The attorney general is authorized to prosecute in the name of the state any and all actions for recovery of any loss incurred by the state

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under this act.

In case of default by any bank having a state bank account of any type, the securities pledged under this act ~~shall be sold by the person holding such securities~~, if not in the possession of the treasurer, shall be transferred to the treasurer by the custodial bank to be sold by the treasurer and payment of the proceeds of such sale shall be made to the state to the extent of ~~its~~ the state's interest, ~~but such sale shall be without recourse as to the state~~ subject to the provisions of K.S.A. 75-4221, and amendments thereto.

Sec. 11. K.S.A. 75-4221 is hereby amended to read as follows: 75-4221. (a) In all cases wherein it shall appear to the board that the securities pledged by any bank have become ~~in any manner impaired~~ inadequate, it shall be the duty of the board to immediately notify such bank and demand that additional security be pledged to make good such ~~impairment~~ inadequacy; and in default of such additional security being promptly furnished, the board shall instruct the treasurer ~~and the director of accounts and reports~~ to forthwith close the account.

(b) In cases where a bank's capitalization fails to meet the requirements established by the board pursuant to K.S.A. 75-4209, and amendments thereto, the board shall instruct the treasurer to advise the bank it must select one of the following options:

(1) Close the account for the full amount, including accrued interest and without penalty if the deposit exceeds seven days,  
or

(2) convert the account to a repurchase agreement under terms acceptable to the board.

(c) In the event of the insolvency or dissolution from any cause of a bank having a state bank account of any type, the state shall be entitled to file a claim for the full amount of such account and shall retain or collect dividends or interest on securities pledged by ~~said~~ such bank until the amount of ~~said~~ the dividends or interest added to the amount realized from sale of any securities so pledged to the state ~~shall equal~~ equals the

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amount of ~~said~~ the account and any interest due thereon.

The state shall be fully responsible to any bank for the safe return of any securities deposited in the state treasury in accordance with this act.

Sec. 12. K.S.A. 1993 Supp. 75-4222 is hereby amended to read as follows: 75-4222. (a) It shall be unlawful for the pooled money investment board to award a state bank account to any bank in which any member of the board is interested as a stockholder or officer, except upon the unanimous vote of the other members of the board.

(b) The state treasurer shall be chairperson of the board. ~~The board shall appoint an executive officer and such executive officer shall be in the classified service of the Kansas civil service act. The person performing the functions and duties of the executive officer immediately prior to the effective date of this act shall continue as executive officer and shall attain permanent status in the classified position without examination and without a probationary period and shall retain all retirement benefits which such person had prior to the effective date of this act, and such person's service shall be deemed to have been continuous.~~ The board may appoint such additional ~~classified~~ employees as may be needed. ~~The persons employed as classified employees of the board immediately prior to the effective date of this act shall continue in such employment and shall attain permanent status in the classified service without examination and without a probationary period and shall retain all retirement benefits which such persons have prior to the effective date of this act, and the service of such employees shall be deemed to have been continuous.~~ In addition to the above personnel, the board may appoint investment officers and investment analysts, who shall be in the unclassified service of the Kansas civil service act. The ~~executive officer~~ chairperson shall keep and preserve a written record of the board's proceedings.

(c) The ~~executive officer of the pooled money investment board and~~ employees working for the pooled money investment board

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shall have access at all times to all papers, documents and property in the custody or possession of the state treasurer that relate to duties of the board, and the state treasurer shall take such steps as may be necessary to make this provision of law effective for such purposes as the pooled money investment board may indicate.

(d) Except as otherwise provided in this act, all budgeting, purchasing and related management functions of the pooled money investment board shall be administered under the direction and supervision of the state treasurer.

(e) The board shall make an annual report to the legislature of the investments by the board of all moneys under the jurisdiction and control of the board, by filing a copy of the report with the chief clerk of the house of representatives and with the secretary of the senate no later than the ~~tenth~~ 10th calendar day of each regular session of the legislature.

Sec. 13. K.S.A. 75-4215, 75-4217, 75-4220 and 75-4221 and K.S.A. 1993 Supp. 9-1405, 75-3732, 75-4201, 75-4209, 75-4214, 75-4218 and 75-4222 are hereby repealed.

Sec. 14. This act shall take effect and be in force from and after its publication in the Kansas register.

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SENATE CONFIRMATION QUESTIONNAIRE  
APPOINTMENTS BY GOVERNOR JOAN FINNEY

Name: John Paul Smith

Home Address: 2643 North Pershing court

City, State, Zip Code: Wichita, KS 67220

Home Phone: 316 / 6810509

Business Address: 550 North Hillside

City, State, Zip Code: Wichita, KS 67214

Business Phone: 316 / 6882894

Date of Birth: 11-10-37 Place of Birth Kansas City, Mo

Party Affiliation Democratic

Appointed as: Credit Union Administrator

Effective 11/1/93 for the 4 year term  
ending 10/31/97 Succeeding Wayne Warfel <sup>supp</sup>  
Salary 50,004 Statutory Authority 17-2233

Statutory Requirements \_\_\_\_\_

1. EDUCATION:  
High School Abilene High School  
Year Graduated 1955

Postsecondary	Degree, etc.	Dates
<u>Emporia State Univ.</u>	<u>AB</u>	<u>1962</u>
<u>Kansas State Univ.</u>	<u>MS</u>	<u>1977</u>
_____	_____	_____

May 21, 1994  
Attachment #5

2. MEMBERSHIP IN BUSINESS, TRADE AND PROFESSIONAL ORGANIZATIONS DURING PAST 10 YEARS:

Dates	Name	Location
<u>1962-Present</u>	<u>American Soc. for Microbiology</u>	<u>Washington, D.C.</u>
<u>1962-Present</u>	<u>American Soc. for Med. Tech.</u>	<u>Bethesda, MD</u>
<u>1978-Present</u>	<u>Reserve officers ASSOC.</u>	<u>Alexandria, VA.</u>

3. HAVE YOU EVER BEEN ELECTED OR APPOINTED TO ANY PUBLIC OFFICE IN KANSAS? X Yes        No  
If so, please list dates and offices held.

Date	Office
<u>1991</u>	<u>Board of Health Wichita-Sedgwick county</u>
<u>1978</u>	<u>Health coordinating council, State of Kansas</u>

4. HAVE YOU EVER BEEN EMPLOYED BY OR HELD A POSITION OR OFFICE WITH ANY FEDERAL, FOREIGN STATE, OR LOCAL GOVERNMENTAL ENTITY OR AGENCY? No  
If so, please list dates and offices held:

_____	_____
_____	_____
_____	_____

5. HAVE YOU BEEN A REGISTERED LOBBYIST OR EMPLOYED A REGISTERED LOBBYIST AT ANY TIME DURING THE PAST 5 YEARS? No  
If you were a registered lobbyist, did you receive any compensation?  
List groups you represented or for which you employed a lobbyist:

_____
_____
_____

6. EXPERIENCE OR INTERESTS WHICH QUALIFY YOU FOR THE OFFICE TO WHICH YOU HAVE BEEN APPOINTED:

Board Member Wesley Medical Credit Union Wichita, KS  
President Wesley Medical Credit Union  
Chairholder Supervisory Committee Wesley Medical Credit Union

7. SUMMARY OF BUSINESS OR PROFESSIONAL EXPERIENCE:

30 years Teaching and managing clinical laboratory  
21 years managing credit union  
11 years managing farm

8. HAVE YOU EVER BEEN A MEMBER OF THE ARMED FORCES OF THE UNITED STATES? Yes

If so, please list dates of service, branch of service and date and type of discharge:

1955-1993 U.S. Navy Retired

9. HAVE YOU EVER BEEN ARRESTED, CHARGED OR HELD BY FEDERAL, STATE OR OTHER LAW ENFORCEMENT AUTHORITIES FOR VIOLATION OF ANY FEDERAL LAW, STATE LAW, COUNTY OR MUNICIPAL LAW, REGULATION OR ORDINANCE (EXCLUDING TRAFFIC VIOLATIONS FOR WHICH A FINE OF \$100 OR LESS WAS IMPOSED)? No

10. DISPOSITION OF ANY INTERESTS THAT MIGHT HAVE PRESENTED A POTENTIAL CONFLICT OF INTEREST FOR THIS POSITION.

Return to: Mary Holladay  
Appointment Secretary  
Office of the Governor  
2nd Floor, State Capitol  
Topeka, KS 66612

John P. Linnell  
Signature

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DEC 15 1993



SECRETARY OF STATE

STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE

APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

PLEASE TYPE OR PRINT

**Last Name**

**First Name**

**MI**

**Spouse's Name**

Number & Street Name, Apartment Number, Rural Route, or P.O. Box Number

City, State, Zip CodeHome Phone Number

**Business Phone Number**

**B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:**

List Name of Agency, Commission or Board

## Position

★	5	7	1	6
---	---	---	---	---

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- C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.
- If you have nothing to report in Section "C", check here \_\_\_\_.

BUSINESS NAME AND ADDRESS		TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1.	Farm Property	Farming	356 Acres	___	___ You
	R. R. #4 Abilene, KS		Farmland	___	___ Spouse
				___	___ X Jointly
2.	Farm Property	Farming	50% interest	___	___ You
			160 Acres	___	___ Spouse
	R. R. #4 Abilene, KS		Farmland	___	___ X Jointly
3.	Farming Operations (cattle)	Cattle Feeding	Partnership interest 10%	___	___ You
				___	___ Spouse
	R. R. #1 Abilene, KS			___	___ X Jointly
4.				___	___ You
				___	___ Spouse
				___	___ Jointly
5.				___	___ You
				___	___ Spouse
				___	___ Jointly
6.				___	___ You
				___	___ Spouse
				___	___ Jointly
7.				___	___ You
				___	___ Spouse
				___	___ Jointly

- D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.
- If you have nothing to report in Section "D", check here  X .

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

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**E. RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE \_\_\_\_.  
If you have nothing to report in Section "E"1, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	HCA Wesley Medical Center	550 North Hillside Wichita, KS	Hospital
2.	U. S. Navy	Washington, D.C.	Naval Reserve

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.  
If you have nothing to report in Section "E"2, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	USD # 259	Wichita, KS	School District
2.			

**F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section.  
If you have nothing to report in Section "F", check here \_\_\_\_.

BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1. Wichita - Sedgwick County Board of Health Wichita, KS	Board Chairman	John P. Smith
2. American Society for Clinical Laboratory Sciences Bethesda, MD	Chairman Judicial Committee	John P. Smith
3. Sedgwick County Democratic Party Wichita, KS	Secretary, Central Committee	John P. Smith
4.		
5.		

- G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.
- If you have nothing to report in Section "G", check here \_\_\_\_.

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.	U. S. Department of Agriculture	Washington, D.C.	John P. Smith
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			

H. **DECLARATION:**

I, John P. Smith, declare that this statement of substantial interests (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

12-14-93

Date

  
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES 0.

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.

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**AN OVERVIEW  
OF THE  
KANSAS STATE  
DEPARTMENT OF CREDIT UNIONS**

**John P. Smith, Administrator**

**Presented to the  
Kansas Senate  
Financial Institutions and Insurance Committee  
Honorable Dick Bond, Chairman**

**February 1, 1994**

*File 2/1/94  
Attachment 6*

## WHAT ARE CREDIT UNIONS?

MEMBER-OWNED FINANCIAL COOPERATIVES  
DEMOCRATICALLY CONTROLLED-ONE MEMBER, ONE VOTE

CONTROLLED BY BOARDS OF DIRECTORS  
WHO SERVE VOLUNTARILY WITHOUT PAY

MEMBERS POOL THEIR SAVINGS TO LOAN TO OTHER MEMBERS

ARE UNITED BY A COMMON BOND - A GROUP OF EMPLOYEES,  
AN ASSOCIATION, OR A GEOGRAPHIC AREA, FOR EXAMPLE

REGULATED BY A STATE OR FEDERAL REGULATORY AUTHORITY

## KANSAS CREDIT UNIONS

TOTAL 171, 131 STATE CHARTERED, 40 FEDERALLY CHARTERED

COMBINED ASSETS OF STATE CHARTERED TOTAL \$1.47 BILLION  
SERVING 445,000 MEMBERS

ALL INSURED (DEPOSIT INSURANCE) BY THE NATIONAL CREDIT  
UNION ADMINISTRATION (NCUA), AN AGENCY OF THE FEDERAL  
GOVERNMENT.

THERE ARE THREE CORPORATE CREDIT UNIONS, INCLUDING  
U.S. CENTRAL, THE LARGEST CREDIT UNION IN EXISTENCE

KANSAS CREDIT UNIONS ENJOY VERY POSITIVE TRENDS  
AND ARE WELL CAPITALIZED, 8.9% AT JUNE 30, 1993

KANSAS CREDIT UNIONS ARE REPRESENTED BY THEIR STATE  
TRADE ASSOCIATION, THE KANSAS CREDIT UNION ASSOCIATION

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6-2

## KANSAS STATE DEPARTMENT OF CREDIT UNIONS

CREATED IN 1968 TO CHARTER, EXAMINE, AND REGULATE KANSAS  
STATE CHARTERED CREDIT UNIONS

STAFF OF 12 EMPLOYEES, 5 ADMINISTRATIVE AND 7 FIELD EXAMINERS

ADVISE PROVIDED BY THE CREDIT UNION COUNCIL, WHOSE 7 MEMBERS  
ARE APPOINTED BY THE GOVERNOR

EXAMINATION IS PERFORMED USING AN AUTOMATED SYSTEM,  
THE AUTOMATED CORE EXAMINATION SYSTEM (ACES) PROVIDED  
AND SUPPORTED BY NCUA AND BASED ON "CAMEL" RATINGS

C	=	CAPITAL	1	=	BEST RATING
A	=	ASSET QUALITY	5	=	POOREST RATING
M	=	MANAGEMENT			
E	=	EARNINGS			
L	=	LIQUIDITY			

KSDCU IS A FEE SUPPORTED AGENCY, CONTRIBUTING 20% OF OUR  
FEE INCOME TO THE STATE GENERAL FUND

### KSDCU RELATED ACTIVITIES

RECODIFICATION OF CREDIT UNION STATUTES WAS COMPLETED IN 1992

IN 1991, LEGISLATION REQUIRING FEDERAL INSURANCE WAS APPROVED  
ALL KANSAS CREDIT UNIONS NOW HAVE FEDERAL SHARE INSURANCE

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# KANSAS STATE DEPARTMENT OF CREDIT UNIONS

## CAMEL RATING SUMMARY

<b>CAMEL RATING</b>	<b>NUMBER</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Code 1	9	6.9	208.7	11.6
Code 2	78	60.0	1,418.9	78.8
Code 3	38	29.2	145.2	8.1
Code 4	5	3.9	28.0	1.5
Code 5	0	0.0	0.0	0.0
<b>TOTALS</b>	<b>130</b>	<b>100.0</b>	<b>1,800.0</b>	<b>100.0</b>

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SENATE CONFIRMATION QUESTIONNAIRE  
APPOINTMENTS BY GOVERNOR JOAN FINNEY

Name: Candace Jo (Candy) Murphy

Home Address: HCR Box 5

City, State, Zip Code: Protection, KS 67127

Home Phone: 316 / 622-4679

Business Address: P.O. Box 98

City, State, Zip Code: Protection, KS 67127

Business Phone: 316 / 622-4224

Date of Birth: 7-06-54 Place of Birth Hardtner, Kansas

Party Affiliation Democrat KBI Check(Yes/No) Yes

Appointed as: State Banking Board

Effective 5/1/93 for the 3 year term  
ending 4/30/96 Succeeding Terry Patterson  
Salary none Statutory Authority 74-3004

Statutory Requirements \_\_\_\_\_

1. EDUCATION:  
High School Protection High School

Year Graduated 1972

Postsecondary

Degree, etc.

Dates

Patricia Stevens College

Executive Secretary

1972-1973

Senate Files 2/1/94  
Attachment # 7

2. MEMBERSHIP IN BUSINESS, TRADE AND PROFESSIONAL ORGANIZATIONS DURING PAST 10 YEARS:

Dates	Name	Location
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<u>None</u>		

3. HAVE YOU EVER BEEN ELECTED OR APPOINTED TO ANY PUBLIC OFFICE IN KANSAS? Yes ☒ No ☐  
If so, please list dates and offices held.

Date	Office
------	--------


4. HAVE YOU EVER BEEN EMPLOYED BY OR HELD A POSITION OR OFFICE WITH ANY FEDERAL, FOREIGN STATE, OR LOCAL GOVERNMENTAL ENTITY OR AGENCY? No ☐  
If so, please list dates and offices held:


5. HAVE YOU BEEN A REGISTERED LOBBYIST OR EMPLOYED A REGISTERED LOBBYIST AT ANY TIME DURING THE PAST 5 YEARS? No ☐

If you were a registered lobbyist, did you receive any compensation?

List groups you represented or for which you employed a lobbyist:


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6. EXPERIENCE OR INTERESTS WHICH QUALIFY YOU FOR THE OFFICE TO WHICH YOU HAVE BEEN APPOINTED:

I have worked for almost 15 years in the banking industry in almost all areas of a commercial bank. I have served on the Board of Directors of The Bank of Protection and the Protection Bank Holding Co., Inc. for several years.

7. SUMMARY OF BUSINESS OR PROFESSIONAL EXPERIENCE:

I attended and graduated from the Graduate School of Banking, a 3 year course which was an intensive course of study in comprehensive bank problems, managerial tools and techniques and vital bank issues. I have attended many different seminars and training sessions to continually keep abreast of the banking industry.

8. HAVE YOU EVER BEEN A MEMBER OF THE ARMED FORCES OF THE UNITED STATES? No

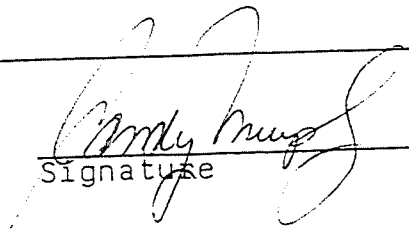
If so, please list dates of service, branch of service and date and type of discharge:

9. HAVE YOU EVER BEEN ARRESTED, CHARGED OR HELD BY FEDERAL, STATE OR OTHER LAW ENFORCEMENT AUTHORITIES FOR VIOLATION OF ANY FEDERAL LAW, STATE LAW, COUNTY OR MUNICIPAL LAW, REGULATION OR ORDINANCE (EXCLUDING TRAFFIC VIOLATIONS FOR WHICH A FINE OF \$100 OR LESS WAS IMPOSED)? No

10. DISPOSITION OF ANY INTERESTS THAT MIGHT HAVE PRESENTED A POTENTIAL CONFLICT OF INTEREST FOR THIS POSITION.

None

Return to: Mary Holladay  
Appointment Secretary  
Office of the Governor  
2nd Floor, State Capitol  
Topeka, KS 66612

  
Signature

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FILED

JUL 26 1993

BILL GRAVES  
SECRETARY OF STATE

## KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

## STATEMENT OF SUBSTANTIAL INTERESTS FOR INDIVIDUALS WHOSE

## APPOINTMENT TO STATE OFFICE IS SUBJECT TO SENATE CONFIRMATION

**INSTRUCTIONS.** This statement (pages 1 through 4) must be completed by each person whose appointment to a state position is subject to Senate confirmation (K.S.A. 46-247 and 46-248). Failure to complete and return this statement may result in a fine of \$10 per day for each day it remains unfiled. Also, any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and "Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 913-296-4219.

A. IDENTIFICATION:

PLEASE TYPE OR PRINT

M	U	R	P	H	Y					C	A	N	D	A	C	E						J	
---	---	---	---	---	---	--	--	--	--	---	---	---	---	---	---	---	--	--	--	--	--	---	--

Last Name

First Name

MI

M	U	R	P	H	Y					T	O	M											E
---	---	---	---	---	---	--	--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	---

Spouse's Name

H	C	R		B	O	X		5															
---	---	---	--	---	---	---	--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Number &amp; Street Name, Apartment Number, Rural Route, or P.O. Box Number

P	R	O	T	E	C	T	I	O	N	.		K	S		6	7	1	2	7				
---	---	---	---	---	---	---	---	---	---	---	--	---	---	--	---	---	---	---	---	--	--	--	--

City, State, Zip Code

3	1	6	**	6	2	2	**	4	6	7	9
---	---	---	----	---	---	---	----	---	---	---	---

Home Phone Number

3	1	6	**	6	2	2	**	4	2	2	4
---	---	---	----	---	---	---	----	---	---	---	---

Business Phone Number

B. APPOINTED POSITION SUBJECT TO SENATE CONFIRMATION:

B	O	A	R	D		M	E	M	B	E	R												
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List Name of Agency, Commission or Board

S	T	A	T	E		B	A	N	K	I	N	G		B	O	A	R	D					
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Position

\* The last four digits of your social security number will aid in identifying you from others with the same name on the computer list. This information is optional.

\* 

4	9	9	6
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- C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income in, which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.
- If you have nothing to report in Section "C", check here \_\_\_\_.

BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	HELD BY WHOM	PERCENT OF OWNERSHIP INTERESTS
1. Tom and Candy Murphy Protection, KS 67127	Farming	153 Acres of land	____ You ____ Spouse <input checked="" type="checkbox"/> 100% Jointly	
2.			____ You ____ Spouse ____ Jointly	
3.			____ You ____ Spouse ____ Jointly	
4.			____ You ____ Spouse ____ Jointly	
5.			____ You ____ Spouse ____ Jointly	
6.			____ You ____ Spouse ____ Jointly	
7.			____ You ____ Spouse ____ Jointly	

- D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.
- If you have nothing to report in Section "D", check here ☒.

NAME OF PERSON OR BUSINESS FROM WHOM GIFT RECEIVED	ADDRESS	RECEIVED BY:
1.		
2.		
3.		

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**E. RECEIPT OF COMPENSATION:** List all places of employment in the last calendar year, and any other businesses from which you or your spouse received \$2,000 or more in compensation (salary, thing of value, or economic benefit conferred on in return for services rendered, or to be rendered), which was reportable as taxable income on your federal income tax returns.

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE \_\_\_\_.  
If you have nothing to report in Section "E"1, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	The Bank of Protection	Protection, KS 67127	Banking
2.			

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.  
If you have nothing to report in Section "E"2, check here \_\_\_\_.

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	Pioneer Hi-Bred, Inc.	Des Moines, Iowa	Seed Dealer
2.	MRT, a Partnership	Protection, KS 67127	Farming/Ranching

**F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS:** List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section.  
If you have nothing to report in Section "F", check here \_\_\_\_.

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.	The Bank of Protection	President/CEO	
	Protection, KS 67127	Director	Candace
2.	Protection Bank Holding Co., Inc.		
	Protection, KS 67127	Director	Candace
3.	CMS Electric, Cooperative, Inc.		
	Meade, KS 67864	Director	Tom
4.			
5.			

- G. **RECEIPT OF FEES AND COMMISSIONS:** List each client or customer who pays fees or commissions to a business or combination of businesses from which fees or commissions you or your spouse received an aggregate of \$2,000 or more in the preceding calendar year. The phrase "client or customer" relates only to businesses or combination of businesses. In the case of a partnership, it is the partner's proportionate share of the business, and hence of the fee, which is significant, without regard to expenses of the partnership. An individual who receives a salary as opposed to portions of fees or commissions is generally not required to report under this provision. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "G", check here X.

	NAME OF CLIENT / CUSTOMER	ADDRESS	RECEIVED BY
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			
13.			

H. **DECLARATION:**

I, Candace J. Murphy, declare that this statement of substantial interest (including any accompanying pages and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete statement of all of my substantial interests and other matters required by law. I understand that the intentional failure to file this statement as required by law or intentionally filing a false statement is a class B misdemeanor.

7-23-93

Date

Candace J. Murphy  
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES \_\_\_\_.

Return your completed statement to the Secretary of State, State House, Topeka, Kansas 66612.

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