

Approved 5-1-87  
Date

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Wint Winter, Jr. at  
Chairperson

12:35 ~~am~~/p.m. on April 2, 1987 in room 529-S of the Capitol.

All members were present except:

Committee staff present:

Arden Ensley, Revisor of Statutes  
Lynne Holt, Legislative Research Department  
Grace Cooper, Secretary

Conferees appearing before the committee:

E. A. Mosher, League of Kansas Municipalities  
Allen Bell, Department of Administration

The meeting was called to order at 12:35 p.m. by the Chairman, Senator Wint Winter, Jr..

House Bill 2077 - An Act concerning the Kansas technology enterprise corporation; relating to centers of excellence; concerning functions thereof.

Chairman Winter called the attention of the Committee to a hand-out from Fred Sudermann, Wichita State University, which contains a suggested amendment to HB 2077. (Attachment I) The amendment which he requests would provide for the deletion of the words "for basic research" from line 116 of the bill. This amendment would allow core funding to apply to any center of excellence and not just centers of excellence for basic research.

Senator Feleciano moved that House Bill 2077 be amended in line 116 by striking the words "for basic research". Senator Daniels seconded the motion. The motion carried.

Senator Daniels moved that House Bill 2077 be recommended favorably for passage as amended. Senator Feleciano seconded the motion. The motion carried.

House Bill 2538 - An Act concerning the community resource act; transferring administration thereof from the secretary of commerce to Kansas state university; prescribing powers, duties and functions for the state board of regents and assistant provost of the division of continuing education of Kansas state university.

Senator Feleciano moved that HB 2538 be recommended favorably for passage. Senator Burke seconded the motion. The motion carried.

Senate Bill 407 - An Act concerning municipalities; relating to the issuance of bonds thereby and to the finances thereof.

The Chairman called on E. A. Mosher, League of Kansas Municipalities, to discuss and explain his proposed amendments to SB 407. (Attachment II) Mr. Mosher provided the Committee with a balloon draft of SB 407 which contains these proposed amendments. (Attachment III)

Senate Bill 73 - An Act enacting the Kansas development finance authority act.

Chairman Winter reminded the Committee that there had been two general sets of objections during the Committee's hearings on SB 73 to the bill. One came from the League of Savings Institutions who objected to the ability of the proposed authority to issue bonds for moderate income housing projects. He pointed out that the proposed balloon version of

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,  
room 529-S, Statehouse, at 12:35 ~~am~~/p.m. on April 2, 1987

SB 73 (Attachment IV) eliminates that ability. He said that he had received a letter from the League of Savings Institutions in which the League stated that it had reviewed the draft balloon version of SB 73, that it feels that this draft addresses the concerns which the League had previously expressed to the Committee, and that it feels that it would not have any objections to the bill in this form.

The Chairman said that the second concern expressed during the hearings on SB 73 came from a number of people from the bonding industry. These people objected most specifically to the ability of the proposed authority to issue a variety of municipal bond issuances. He stated that that ability is stricken from the balloon version of the bill.

Allen Bell, Department of Administration, discussed the balloon version of SB 73. He said that any bonds that are authorized under the laws of the state pertaining to general obligation bonds or utility revenue bonds of political sub-divisions are not allowed to be financed with the proceeds of bonds by the proposed finance authority, under the provisions of this version of the bill, except that it could be done with pooled bonds. He stated that the bill contains a definition of pooled bonds as being bonds of the authority, the interest on which is subject to federal income tax.

Mr. Bell told the Committee that the balloon version of SB 73 contains a change in the number of members of the board of directors of the proposed authority to five members. The only ex-officio member would be the Secretary of Commerce and the Governor would appoint the four public members.

Senator Daniels moved that the balloon version of SB 73 be amended to provide that the four public members of the Kansas development finance authority board be subject to Senate confirmation. Senator D. Kerr seconded the motion. The motion carried.

Mr. Bell stated that the ability of the authority to finance improvements for state agencies and to finance industrial enterprises, low income housing, health facilities, and educational facilities is left in the balloon version of SB 73.

Senator Karr questioned subsection (o) of New Section 3 on page 7 of the balloon version of SB 73 regarding short-term advance funding. Mr. Bell said that in order for political subdivisions to use bonds issued for advance funding by the finance authority, they would have to use the general obligation and utility revenue bond laws and, he observed, they are prohibited from doing that. He stated that this subsection could have been eliminated from the bill.

Senator Feleciano moved that the balloon version of SB 73 be amended on page 7 by striking subsection (o) which speaks to short-term advance funding. Senator Karr seconded the motion. The motion carried.

Senator Karr questioned the definition of "agricultural business enterprises" in New Section 3 Subsection (c) of the balloon version of SB 73 as to whether or not it includes storage facilities. Senator D. Kerr observed that what was stricken from the definition in the balloon were the examples. The thinking behind this deletion, he said, was that the use of examples limited the definition. He said that he feels that storage facilities are very much included in the definition as it appears in this subsection.

Further discussion was held on the balloon version of SB 73 concerning whether or not it would help small businesses. Senator D. Kerr told the Committee that one of the goals of the bill is to give relatively small businesses access to national markets for long term fixed rate financing, something that is not readily available to them today.

It was the decision of the Committee to meet at 12:15 p.m. the next day, April 3, 1987, to continue its discussion of SB 73.

The meeting was adjourned at 1:45 p.m. by the Chairman.

Minutes prepared by Mary Allen.

GUEST LIST

NAME	REPRESENTING	
<i>Al Cooper</i>	<i>League of 35 Municipalities</i>	
<i>Kim Mills</i>	<i>Gen &amp; Bell</i>	<i>KC</i>
<i>Jack Ranson</i>	<i>Ranson Co. Inc</i>	<i>Wichita</i>
<i>Walter Cole</i>	<i>Ranson Co</i>	<i>Topeka</i>
<i>Gary Condra</i>	<i>self</i>	<i>Lawrence</i>
<i>Shirley Sullivan</i>	<i>FPPBR-KU</i>	<i>Lawrence</i>
<i>Ben Bradley</i>	<i>KS Assoc of Counties</i>	<i>Topeka</i>
<i>Sue Suter</i>	<i>McClure</i>	<i>WSU</i>
<i>Allen Bell</i>	<i>DOA</i>	<i>Topeka</i>

HB 2077.

1. I agree that it is difficult to distinguish between centers for basic research, applied research, or technical assistance. In all likelihood centers will be involved in some of each activity -
2. the problems of recruiting, developing and operating all types of centers are the same and thus I would encourage the committee to consider amending lines 115 and 116 by placing a period after the word excellence; and eliminating the words for basic research

Fred Sudman  
WSU

Senate Committee on Economic Development  
4-2-87

Attachment I



# League of Kansas Municipalities

PUBLISHERS OF KANSAS GOVERNMENT JOURNAL/112 WEST SEVENTH ST., TOPEKA, KANSAS 66603/AREA 913-354-9565

TO: Senate Committee on Economic Development  
FROM: E.A. Mosher, Executive Director  
DATE: April 2, 1987  
SUBJECT: SB 407--Municipal Bonds

The League is in support of SB 407, except for Section 8 relating to bonds issued by USD No. 512, on which we have no position and which was deleted by the Committee on Wednesday. Further, to help secure passage of the bill and for clarification purposes, we suggest Section 9 be deleted and certain amendments made to Sections 10 and 11.

A balloon draft with the proposed amendments is attached.

Following are some comments, by bill section.

Sections 1 through 6, Bond Law Revisions. We support, and offer no amendments.

Section 7, Local Sales Tax Revenue Bonds. We strongly support. Note in lines 202-207 that such sales tax bonds could be issued only for public facilities or improvements for which the city or county is authorized to issue bonds, with a specific exclusion against sales tax bonds for facilities or improvements to be used for commercial or retail purposes. It should also be noted that sales tax bonds could not be issued unless the voters of the city or county had authorized the levying of sales taxes at a referendum.

Section 8, USD No. 512 Bonds. Deleted by the Committee.

Section 9, Short-Term Advance Funding Bonds. While we support the concept of Section 9, we recommend the entire section be deleted. Past efforts to obtain somewhat similar legislation in the House has been unsuccessful; inclusion of Section 9 jeopardizes the passage of other, more critical provisions of the bill.

Section 10, Joint Local Bonds. This section would permit two or more local units to create a separate legal entity to issue bonds on behalf of the participating public agencies. The provisions would be supplemental to the Interlocal Cooperation Act. We believe it has great potential for achieving interlocal cooperation. It secures at least some of the objectives of the proposed state bond pool for local units included in original SB 73.

We propose three amendments to this section, as follows:

- (1) Insert on line 534 a provision which specifies that the local units participating in the joint bond issue must individually have authority to issue bonds for that purpose--see page 8 of the balloon draft. The language is similar to that found on lines 204-207 of SB 407.

*Senate Committee on Economic Development  
4-2-87*

Presidents: John L. Carder, Mayor, Iola • Vice Presidents: Carl Dean Holmes, Mayor, Plains • Past Presidents: Ed Eilert, Mayor, Overland Park • Directors: Robert C. Brown, Commissioner, Wichita • Robert Creighton, Mayor, Atwood • Irene B. French, Mayor, Merriam • Frances J. Garcia, Commissioner, Hutchinson • Donald L. Hamilton, City Clerk/Administrator, Mankato • Paula McCreight, Mayor, Ness City • Jay P. Newton, Jr., City Manager, Newton • John E. Reardon, Mayor, Kansas City • David E. Retter, City Attorney, Concordia • Arthur E. Treece, Commissioner, Coffeyville • Deane P. Wiley, City Manager, Garden City • Douglas S. Wright, Mayor, Topeka • Executive Director: E.A. Mosher

*Attach II*

- (2) Add a provision at the end of line 544 to make certain that the joint bonds may not be used for certain utility purposes--see page 8 of the balloon draft. The language is substantially identical to that found on lines 529-532 on page 15 of SB 73.
- (3) Delete subsection (d), lines 556 through 564--see balloon bill. The provisions of this subsection (d) are unnecessary and could cause future problems. The interlocal agreement entered into under K.S.A. 12-2901, et seq., must be entered in to by each of the participating public agencies. It is the interlocal agreement, agreed to by all the participating public agencies, that should determine the membership of any board of trustees, voting power, terms of each official representative, etc.

New Section 11, Bonds for Liability. The issuance of municipal bonds for liability protection is now under consideration in many areas throughout the nation. In some instances, the bonds proceeds would be used for the direct payment of tort claims, not just for "paying the cost of procuring insurance" (lines 567-568). The purpose of the amendment is to make it clear that the bonds proceeds could be used to pay liability claims as well as to pay for liability insurance.

We urge the Committee's favorable recommendation of SB 407 as amended.

Session of 1987

**SENATE BILL No. 407**

By Committee on Ways and Means

3-30

0017 AN ACT concerning municipalities; relating to the issuance of  
 0018 bonds thereby and to the finances thereof; amending K.S.A.  
 0019 10-131, 10-1009 and ~~72-6761~~ and K.S.A. 1986 Supp. 10-116a,  
 0020 10-311, 10-427, 10-427a and 12-195, and repealing the existing  
 0021 sections.

0022 *Be it enacted by the Legislature of the State of Kansas:*

0023 Section 1. K.S.A. 1986 Supp. 10-116a is hereby amended to  
 0024 read as follows: 10-116a. Any municipal or quasi-municipal cor-  
 0025 poration which has issued or may hereafter issue revenue bonds  
 0026 under the laws of the state of Kansas, may issue, without an  
 0027 election, revenue bonds pursuant to the provisions of this section  
 0028 to refund any revenue bond issue or issues, or part thereof, *any*  
 0029 *interest on such bonds or both such bonds and interest.* The  
 0030 principal amount of any issue of refunding revenue bonds shall  
 0031 not exceed the aggregate amount of: (a) The principal amount of  
 0032 the revenue bonds *or interest* being refunded; (b) the amount of  
 0033 any interest which has accrued thereon or interest that will  
 0034 accrue to the date of payment of the bonds being refunded; (c)  
 0035 the amount of any premium required to be paid should the bonds  
 0036 be called for redemption and payment; (d) expenses of the  
 0037 municipal or quasi-municipal corporation deemed by the gov-  
 0038 erning body to be necessary for the issuance of the refunding  
 0039 bonds; and (e) expenses incident to the payment of the bonds  
 0040 being refunded. The refunding revenue bonds may be sold or  
 0041 exchanged for the bonds being refunded either as a whole or in  
 0042 installments at any time or times, either at, before, or after the  
 0043 maturity of the bonds being refunded. If the refunding revenue  
 0044 bonds are sold more than six months prior to the maturity or  
 0045 earliest prior redemption date of the bonds being refunded, the

0046 proceeds derived from the sale, together with any other moneys  
 0047 on hand, shall be placed in escrow under a trust agreement with  
 0048 a Kansas bank having full trust powers. The proceeds and  
 0049 moneys shall be invested in direct obligations of, or obligations  
 0050 the principal of and the interest on which are unconditionally  
 0051 guaranteed by, the United States of America *or municipal obli-*  
 0052 *gations which are secured by direct obligations of the United*  
 0053 *States of America,* and which shall mature or be subject to  
 0054 redemption by the holders thereof not later than the respective  
 0055 dates when the proceeds of the obligations together with the  
 0056 interest accruing thereon and any other moneys or investments  
 0057 held in escrow will be required for the purposes intended. The  
 0058 trust agreement shall pledge or assign the moneys and invest-  
 0059 ments held in trust for the payment of the principal of the  
 0060 revenue bonds being refunded and may pledge or assign the  
 0061 moneys and investments held in trust for the payment of the  
 0062 interest on the revenue bonds being refunded and any redemp-  
 0063 tion premium thereon. The trust agreement may pledge or assign  
 0064 any of the obligations or other moneys or investments, or interest  
 0065 accruing thereon, held in trust, which are in excess of the amount  
 0066 of the obligations and other moneys and investments held which  
 0067 is equal to the amount of the principal of the bonds to be  
 0068 refunded which comes due on the date for which the bonds *may*  
 0069 have been called for redemption or irrevocable instructions to ~~all~~  
 0070 ~~the call~~ bonds for redemption have been given and any re-  
 0071 demption premium thereon, for the payment of the principal of  
 0072 and interest on any or all of the refunding revenue bonds and any  
 0073 redemption premium thereon, and shall contain provisions for  
 0074 protecting and enforcing the rights and remedies of the holders  
 0075 of the revenue bonds. The refunding revenue bonds issued  
 0076 pursuant to this section shall not be general obligations of the  
 0077 municipal or quasi-municipal corporation, except as herein pro-  
 0078 vided, and insofar as the same may be made applicable the  
 0079 issuance of the refunding revenue bonds, the security thereof,  
 0080 and the rights, duties and obligations of the municipal or quasi-  
 0081 municipal corporation in respect thereof, shall be governed by  
 0082 the laws governing such matters with respect to the bonds being

Senate Committee on Economic Development  
4-2-87  
Attachment III

0083 refunded and all other laws generally applicable to revenue  
0084 bonds issued in this state by the municipal or quasi-municipal  
0085 corporation.

0086 Sec. 2. K.S.A. 10-131 is hereby amended to read as follows:  
0087 10-131. The governing body of any municipality, as defined in  
0088 K.S.A. 10-101 *and amendments thereto* which has heretofore  
0089 issued or may hereafter issue bonds for any purpose, is hereby  
0090 authorized and empowered to invest any portion of the proceeds  
0091 of ~~said~~ *such bonds or funds held pursuant to the resolution or*  
0092 *ordinance authorizing the issuance of such bonds*, which is not  
0093 currently needed, in: (a) Investments authorized by K.S.A. 12-  
0094 1675, and amendments thereto, in the manner prescribed therein  
0095 ~~or~~; (b) in direct obligations of the United States government or  
0096 any agency thereof ~~or~~; (c) in the municipality's temporary notes  
0097 issued pursuant to K.S.A. 10-123 ~~or~~ *and amendments thereto*; (d)  
0098 in interest-bearing time deposits in commercial banks or trust  
0099 companies located in the county or counties in which the mu-  
0100 nicipality is located; or (e) *in such other investments as the*  
0101 *governing body shall determine in the resolution or ordinance*  
0102 *authorizing the bonds*. The interest received on any such in-  
0103 vestment shall upon receipt thereof be set aside and used for the  
0104 purpose of paying interest on the bonds issued or, ~~when bonds~~  
0105 ~~have been approved at an election held under the general bond~~  
0106 ~~law, placed in a fund to be~~ used for paying the cost of the project  
0107 for which the bonds were issued.

0108 Sec. 3. K.S.A. 1986 Supp. 10-311 is hereby amended to read  
0109 as follows: 10-311. (a) "Revenue bonds" mean bonds issued by  
0110 any municipality to be paid ~~exclusively~~ from the revenue  
0111 derived from the operation of a publicly owned utility, instru-  
0112 mentality or facility of a revenue producing character, *or which*  
0113 *are not general obligations of the issuing municipality*.

0114 (b) "Municipality" means any city, county, *municipal or*  
0115 *quasimunicipal corporation* or other political subdivision of the  
0116 state authorized to issue revenue bonds.

0117 (c) Revenue bonds issued by a municipality shall not be  
0118 included in computing the total bonded indebtedness of such  
0119 municipality for the purpose of determining the limitations on

0120 bonded indebtedness of such municipality.

0121 Sec. 4. K.S.A. 1986 Supp. 10-427 is hereby amended to read  
0122 as follows: 10-427. Every municipality of the state of Kansas is  
0123 hereby authorized and empowered to refund any bonds, *any*  
0124 *interest on such bonds or both bonds and the interest thereon* of  
0125 the municipality and may issue refunding bonds of the munici-  
0126 pality therefor. The municipality shall be governed by and  
0127 subject to the provisions of article 1 of chapter 10 of the Kansas  
0128 Statutes Annotated, and amendments thereto, so far as the same  
0129 may be consistent with the provisions of this act. The principal  
0130 amount of any issue of any refunding bonds shall not exceed the  
0131 aggregate amount of: (a) The principal amount of the issue or  
0132 issues or part thereof *or interest* being refunded; (b) the amount  
0133 of any interest which has accrued or will accrue to the date of  
0134 payment of the bonds being refunded; (c) the amount of any  
0135 redemption premium required; (d) expenses of the municipality  
0136 deemed by the governing body to be necessary for the issuance  
0137 of the refunding bonds; and (e) in the event the proceeds from  
0138 the sale of the refunding bonds are to be placed in escrow and  
0139 invested, the interest to accrue on the refunding bonds from the  
0140 date of delivery to the first or any subsequent available redemp-  
0141 tion date or dates selected by the governing body of the munici-  
0142 pality, or to the date or dates of maturity, whichever is deter-  
0143 mined by the governing body to be most advantageous or  
0144 necessary to the municipality.

0145 Sec. 5. K.S.A. 1986 Supp. 10-427a is hereby amended to read  
0146 as follows: 10-427a. (a) Refunding bonds issued under the au-  
0147 thority of K.S.A. 10-427, and amendments thereto, may be sold or  
0148 exchanged for the bonds being refunded either as a whole or in  
0149 installments at any time either at, before or after the maturity of  
0150 the bonds being refunded. Such bonds shall be exempt from  
0151 statutory limitations of bonded indebtedness and shall not be  
0152 included in computing the total bonded indebtedness of the  
0153 municipality for the purpose of applying any statute limiting the  
0154 bonded indebtedness of the municipality.

0155 (b) If refunding bonds are sold more than six months prior to  
0156 the maturity or earliest prior redemption date of the bonds being



0157 refunded, the proceeds derived from the sale, together with any  
 0158 other moneys on hand, shall be placed in escrow under a trust  
 0159 agreement with a Kansas bank having full trust powers. The  
 0160 proceeds and moneys shall be invested in direct obligations of,  
 0161 or obligations the principal of and the interest on which are  
 0162 unconditionally guaranteed by, the United States of America or  
 0163 *municipal obligations which are secured by direct obligations of*  
 0164 *the United States of America*, and which shall mature or be  
 0165 subject to redemption by the holders thereof not later than the  
 0166 respective dates when the proceeds of the obligations together  
 0167 with the interest accruing thereon and any other moneys or  
 0168 investments held in escrow will be required for the purposes  
 0169 intended. The trust agreement shall pledge or assign the moneys  
 0170 and investments held in trust for the payment of the principal of  
 0171 and the interest on the bonds being refunded and any redemp-  
 0172 tion premium and shall contain provisions for protecting and  
 0173 enforcing the rights and remedies of the holders of the bonds.

0174 Sec. 6. K.S.A. 10-1009 is hereby amended to read as follows:  
 0175 10-1009. The maximum stated rate of interest which may be fixed  
 0176 on bonds issued by a municipality or taxing subdivision of the  
 0177 state of Kansas shall be determined on the day the bonds are sold  
 0178 and shall not exceed the ~~20 bond~~ index of ~~tax exempt municipal~~  
 0179 *treasury bonds* published by the weekly ~~Bond Buyer Credit~~  
 0180 *Markets*, in New York, New York, on the Monday next preceding  
 0181 the day on which the bonds are sold, plus 2%.

0182 The maximum rate of interest specified in this section shall be  
 0183 applicable to bonds issued after the effective date of this act  
 0184 pursuant to proceedings initiated either before or after the ef-  
 0185 fective date of this act.

0186 Sec. 7. K.S.A. 1986 Supp. 12-195 is hereby amended to read  
 0187 as follows: 12-195. (a) Except as otherwise provided in subsec-  
 0188 tion (b), no city or county shall commit any of the funds or  
 0189 proceeds derived from a retailers' sales tax as a guarantee for the  
 0190 payment of bonds issued by such city or county.

0191 (b) ~~The board of county commissioners of a county which~~  
 0192 ~~imposes a countywide retailers' sales tax may issue revenue~~  
 0193 ~~bonds payable from the proceeds thereof for the purpose of~~

0194 ~~paying the state's share of the cost of highway improvement for~~  
 0195 ~~which a federal share is to be received.~~

0196 ~~Any tax imposed pursuant to this subsection shall terminate~~  
 0197 ~~whenever such revenue bonds and any interest thereon has been~~  
 0198 ~~paid in full.~~

0199 (b) *Any city or county which is the recipient of funds derived*  
 0200 *from a local option sales tax pursuant to K.S.A. 12-187 et seq.,*  
 0201 *and amendments thereto is hereby authorized to issue revenue*  
 0202 *bonds to provide for the payment of all or any portion of the cost*  
 0203 *of public facilities or improvements of such city or county for*  
 0204 *which such city or county is authorized pursuant to the consti-*  
 0205 *tution or laws of this state to issue general obligation bonds,*  
 0206 *excluding any facilities or improvements to be used for com-*  
 0207 *mercial or retail purposes.*

0208 (1) *Such bonds shall be authorized by ordinance of the gov-*  
 0209 *erning body of such city or resolution of the governing body of*  
 0210 *such county. The bonds may be issued as registered bonds or*  
 0211 *coupon bonds, payable to bearer, and, if coupon bonds, may be*  
 0212 *registrable as to principal only or as to principal and interest,*  
 0213 *and may be made exchangeable for bonds of another denomi-*  
 0214 *nation or in another form. The bonds may be in such form and*  
 0215 *denominations, may have such date or dates, may be stated to*  
 0216 *mature at such time or times, may bear interest payable at such*  
 0217 *times and at such rate or rates, may be payable at such places*  
 0218 *within or without the state, may be subject to such terms of*  
 0219 *redemption in advance of maturity at such prices, and may*  
 0220 *contain such terms and conditions, all as the city or county shall*  
 0221 *determine. The bonds shall have all the qualities of and shall be*  
 0222 *deemed to be negotiable instruments under the laws of the state*  
 0223 *of Kansas. The authorizing ordinance or resolution may contain*  
 0224 *any other terms, covenants and conditions that the city or*  
 0225 *county deems reasonable and desirable, including without lim-*  
 0226 *itation those pertaining to the maintenance of various funds and*  
 0227 *reserves, the nature and extent of any security for payment of*  
 0228 *the bonds, the custody and application of the proceeds of the*  
 0229 *bonds, the collection, transfer and disposition of sales tax reve-*  
 0230 *nuues, the investing of bond proceeds or any funds pledged to the*

0231 repayment of the bonds, and the rights, duties and obligations of  
0232 the city or county and the owners of the bonds.

0233 (2) The authorizing ordinance or resolution may provide for  
0234 the execution of a trust indenture between the city or county  
0235 and any financial institution within or without the state of  
0236 Kansas. The trust indenture may contain any terms, covenants  
0237 and conditions that are deemed desirable by the city or county.

0238 (3) Any authorizing ordinance or resolution and trust in-  
0239 denture relating to the issuance of and security for the bonds  
0240 shall constitute a contract between the city or county and the  
0241 owners of the bonds, which contract, and all covenants, agree-  
0242 ments and obligations therein, shall be promptly performed in  
0243 strict compliance with the terms and provisions of such con-  
0244 tract, and the covenants, agreements and obligations of the city  
0245 or county may be enforced by mandamus or other appropriate  
0246 proceeding at law or in equity. The pledge of revenues made by  
0247 the city or county shall be valid and binding from the time when  
0248 such pledge is made and the revenues so pledged and thereafter  
0249 received by the city or county shall immediately be subject to  
0250 the lien of such pledge without such physical delivery thereof or  
0251 further act on the part of the city or county, and the lien of any  
0252 such pledge shall be valid and binding as against all parties  
0253 having claims of any kind against the issuer, irrespective of  
0254 whether such parties have notice thereof. Neither the authoriz-  
0255 ing ordinance or resolution nor any other instrument by which a  
0256 pledge is created need be filed or recorded except in the records  
0257 of the city or county.

0258 (4) The revenue bonds may be sold in such manner, either at  
0259 public or private sale, and upon such terms as the city or county  
0260 shall determine to be reasonable, including sale at discount. It  
0261 shall be plainly stated on the face of such bond that it has been  
0262 issued under this act, that the bonds shall be special obligations  
0263 of the city or county, payable solely and only from the revenues  
0264 derived from the collection of such local sales taxes, and that, in  
0265 no event, shall the bonds constitute an indebtedness of the state  
0266 of Kansas or the city or county for which the faith and credit of  
0267 the state of Kansas or city or county is pledged.

0268 (5) Any bonds issued under the provisions of this section and  
0269 the interest thereon, shall be exempt from all taxes levied by the  
0270 state of Kansas, or any political or taxing subdivision thereof,  
0271 except inheritance taxes.

0272 (6) Bonds may be issued for the purpose of refunding, either  
0273 at maturity or in advance of maturity, any bonds issued under  
0274 this section. Such refunding bonds may either be sold or deliv-  
0275 ered in exchange for the bonds being refunded. If sold, the  
0276 proceeds may either be applied to the payment of the bonds  
0277 being refunded or deposited in trust and there maintained in  
0278 cash or investments for the retirement of the bonds being  
0279 refunded, as shall be specified by the city or county and the  
0280 authorizing ordinance or resolution or trust indenture securing  
0281 such refunding bonds. The authorizing ordinance or resolution  
0282 or trust indenture securing the refunding bonds may provide  
0283 that the refunding bonds shall have the same security for their  
0284 payment as provided for the bonds being refunded. Refunding  
0285 bonds shall be sold and secured in accordance with the provi-  
0286 sions of this act pertaining to the sale and security of the bonds.

0287 (7) Bonds issued under the provisions of this act shall be  
0288 eligible to secure the deposit of public funds under article 14 of  
0289 chapter 9 of the Kansas Statutes Annotated and amendments  
0290 thereto.

0291 (8) Bonds issued under the provisions of this act shall be in  
0292 addition to and not subject to any statutory limitation of  
0293 bonded indebtedness imposed on such city or county.

0294 ~~Sec. 8. K.S.A. 72-6761 is hereby amended to read as follows:~~  
0295 ~~72-6761. (a) The board of education of every school district is~~  
0296 ~~authorized to select any site or sites necessary for school district~~  
0297 ~~purposes. When a board determines that it is necessary to pur-~~  
0298 ~~chase or improve a site or sites, or to acquire, construct, equip,~~  
0299 ~~furnish, repair, remodel or make additions to any building or~~  
0300 ~~buildings used for school district purposes, including housing~~  
0301 ~~and boarding pupils enrolled in an area vocational school~~  
0302 ~~operated under the board, or to purchase school buses, the board~~  
0303 ~~may submit to the electors of the unified district the question of~~  
0304 ~~issuing general obligation bonds for one or more of the above~~

0305 purposes, and upon the affirmative vote of the majority of those  
 0306 voting thereon, the board shall be authorized to issue the bonds.  
 0307 The board shall adopt a resolution stating the purpose for which  
 0308 bonds are to be issued and the estimated amount thereof. The  
 0309 board shall give notice of the bond election in the manner  
 0310 prescribed in K.S.A. 10-120, and amendments thereto, and the  
 0311 election shall be held in accordance with the provisions of the  
 0312 general bond law.

0313 (b) *In lieu of holding the election authorized by subsection*  
 0314 *(a) on the question of issuing general obligation bonds, the*  
 0315 *board of education of unified school district No. 512, Johnson*  
 0316 *county, is authorized in the 1987-88 school year and in the*  
 0317 *1988-89 school year to issue bonds of the school district for one*  
 0318 *or more of the purposes specified in subsection (a) in the manner*  
 0319 *provided by this subsection. The board shall adopt a resolution*  
 0320 *stating the purpose for which the bonds are to be issued and the*  
 0321 *estimated amount thereof. The resolution shall state that such*  
 0322 *bonds will be issued 30 days after the last publication of the*  
 0323 *resolution unless, within such 30 day period, a petition in*  
 0324 *opposition to the issuance of such bonds, signed by not less than*  
 0325 *5% of the qualified electors of the school district, is filed with*  
 0326 *the county election officer of the home county of the school*  
 0327 *district. The resolution shall be published once a week for two*  
 0328 *consecutive weeks in a newspaper having general circulation in*  
 0329 *the school district. If no petition as provided above is filed, the*  
 0330 *board is authorized to issue the bonds specified in the resolu-*  
 0331 *tion. If a petition as provided above is filed, the board shall*  
 0332 *submit the question of whether the bonds shall be issued to the*  
 0333 *electors of the school district at an election called for the*  
 0334 *purpose. The board shall give notice of the election in the*  
 0335 *manner prescribed in K.S.A. 10-120, and amendments thereto,*  
 0336 *and the election shall be held in accordance with the provisions*  
 0337 *of the general bond law. Upon the affirmative vote of the*  
 0338 *majority of those voting thereon, the board shall be authorized*  
 0339 *to issue the bonds.*

0340 (c) No action shall be brought in any court to contest the  
 0341 validity of any election held under this section, nor to contest any

0342 of the proceedings preliminary thereto, except within 90 days  
 0343 immediately following the certification of the results of the  
 0344 election.

0345 (d) Any board may issue, without an election but with the  
 0346 written approval of the state board of education, bonds to con-  
 0347 struct or acquire buildings to be used for school district pur-  
 0348 poses, including housing and boarding pupils enrolled in an area  
 0349 vocational school operated under the board, to repair school  
 0350 district buildings, to acquire equipment or to purchase school  
 0351 buses, in an amount not to exceed \$20,000. The aggregate  
 0352 amount of bonds of a board outstanding at any time (exclusive of  
 0353 bonds specifically exempted from statutory limitations) shall not  
 0354 exceed 14% of the assessed valuation of tangible taxable prop-  
 0355 erty within the district, except that bonds issued without an  
 0356 election under this section shall not be subject to any bonded  
 0357 indebtedness limitations nor shall the bonds be considered in  
 0358 determining the bonded indebtedness of any school district, and  
 0359 The total amount of bonds outstanding which are issued here-  
 0360 under under this subsection without an election shall not at any  
 0361 one time exceed \$20,000. In lieu of bonds, temporary notes may  
 0362 be issued under K.S.A. 10-123, and amendments thereto, and the  
 0363 notes may be retired, at the option of the board of education, be  
 0364 retired by tax levies made under K.S.A. 10-113, and amendments  
 0365 thereto.

0366 (e) The aggregate amount of bonds of a board of education  
 0367 outstanding at any time (exclusive of bonds specifically ex-  
 0368 empted from statutory limitations) shall not exceed 14% of the  
 0369 assessed valuation of tangible taxable property within the  
 0370 school district, except that bonds issued without an election  
 0371 under subsection (d) shall not be subject to any bonded indebt-  
 0372 edness limitations nor shall the bonds be considered in deter-  
 0373 mining the bonded indebtedness of any school district.

0374 New Sec. 9. (a) The following words, terms and phrases,  
 0375 when used in this section shall have the meanings respectively  
 0376 ascribed to them in this section:

0377 (1) "Municipality" shall mean county, township, city, mu-  
 0378 nicipal university, school district, community college, drainage

0379 ~~district, and any other similar political subdivision or taxing~~  
0380 ~~district of the state;~~

0381 (2) "governing body" shall mean board of county commis-  
0382 sioners of any county, township board of any township, mayor  
0383 and councilmen or board of commissioners of any city, board of  
0384 education of any school district, board of trustees of any com-  
0385 munity college, board of regents of any municipal university,  
0386 board of directors of any drainage district and any other govern-  
0387 ing body or board of a municipality having authority under the  
0388 laws of the state to create indebtedness against the municipality;

0389 (3) "bonds" means any bonds, notes, debentures, interim  
0390 certificates or other evidences of indebtedness issued by the  
0391 municipality pursuant to this section;

0392 (4) "short-term advance funding" means the financing of  
0393 temporary cash shortfalls of a municipality based on the munici-  
0394 pality's projected monthly income and expenditures and its  
0395 surplus at the beginning of each fiscal year, and such shortfall is  
0396 the result of the municipality's projected income being insuffi-  
0397 cient to meet the needs of its estimated expenditures, even  
0398 though the aggregate income will exceed the aggregate expend-  
0399 itures for the fiscal year;

0400 (5) "state" means the state of Kansas.

0401 (b) (1) A municipality is hereby authorized and empowered  
0402 to issue bonds from time to time in such amounts as shall be  
0403 determined by the governing body of the municipality for the  
0404 purpose of financing short-term advance funding of such munic-  
0405 ipality. The municipality is further authorized and empowered  
0406 to use the proceeds of any bonds issued, together with any other  
0407 available funds, for the purpose of paying expenses of authoriz-  
0408 ing and issuing the bonds and funding such reserves as the  
0409 municipality deems necessary and desirable.

0410 (2) Such bonds shall be authorized by resolution of the gov-  
0411 erning body of such municipality. The bonds may be issued as  
0412 registered bonds or coupon bonds, payable to bearer, and, if  
0413 coupon bonds, may be registrable as to principal only or as to  
0414 principal and interest, and may be made exchangeable for bonds  
0415 ~~of another denomination or in another form. The bonds may be~~

0416 ~~in such form and denominations, may have such date or dates,~~  
0417 ~~may be stated to mature at such time or times, may bear interest~~  
0418 ~~payable at such times and at such rate or rates, may be payable at~~  
0419 ~~such places within or without the state, may be subject to such~~  
0420 ~~terms of redemption in advance of maturity at such prices, and~~  
0421 ~~may contain such terms and conditions, all as the municipality~~  
0422 ~~shall determine. The bonds shall have all the qualities of and~~  
0423 ~~shall be deemed to be negotiable instruments under the laws of~~  
0424 ~~the state of Kansas. The authorizing resolution may contain any~~  
0425 ~~other terms, covenants and conditions that the municipality~~  
0426 ~~deems reasonable and desirable, including without limitation~~  
0427 ~~those pertaining to the maintenance of various funds and re-~~  
0428 ~~serves, the nature and extent of any security for payment of the~~  
0429 ~~bonds, the custody and application of the proceeds of the bonds,~~  
0430 ~~the collection and disposition of revenues pledged to the repay-~~  
0431 ~~ment of the bonds, the investing of bond proceeds or any funds~~  
0432 ~~pledged to the repayment of the bonds, and the rights, duties and~~  
0433 ~~obligations of the municipality and the owners of the bonds.~~

0434 (3) The authorizing resolution may provide for the execution  
0435 of a trust indenture between the municipality and any financial  
0436 institution within or without the state of Kansas. The trust in-  
0437 denture may contain any terms, covenants and conditions that  
0438 are deemed desirable by the municipality.

0439 (4) Any authorizing resolution and trust indenture relating to  
0440 the issuance of and security for the bonds shall constitute a  
0441 contract between the municipality and the owners of the bonds,  
0442 which contract, and all covenants, agreements and obligations  
0443 therein, shall be promptly performed in strict compliance with  
0444 the terms and provisions of such contract, and the covenants,  
0445 agreements and obligations of the municipality may be enforced  
0446 by mandamus or other appropriate proceeding at law or in  
0447 equity. The pledge of revenues made by the municipality shall  
0448 be valid and binding from the time when such pledge is made  
0449 and the revenues so pledged and thereafter received by the  
0450 municipality shall immediately be subject to the lien of such  
0451 pledge without such physical delivery thereof or further act on  
0452 ~~the part of the municipality, and the lien of any such pledge shall~~

0453 be valid and binding as against all parties having claims of any  
0454 kind against the issuer, irrespective of whether such parties have  
0455 notice thereof. Neither the authorizing resolution nor any other  
0456 instrument by which a pledge is created need be filed or re-  
0457 corded except in the records of the municipality.

0458 (5) The bonds may be sold in such manner, either at public or  
0459 private sale, and upon such terms as the municipality shall  
0460 determine to be reasonable, including sale at discount. It shall  
0461 be plainly stated on the face of such bond that it has been issued  
0462 under this section, that the bonds shall be special obligations of  
0463 the municipality, payable solely and only from the revenues  
0464 pledged by the municipality, and that, in no event, shall the  
0465 bonds constitute an indebtedness of the state of Kansas or the  
0466 municipality for which the faith and credit of the state of Kansas  
0467 or municipality is pledged.

0468 (6) Any bonds issued under the provisions of this section and  
0469 the interest thereon, shall be exempt from all taxes levied by the  
0470 state of Kansas, or any political or taxing subdivision thereof,  
0471 except inheritance taxes.

0472 (7) Bonds may be issued for the purpose of refunding, either  
0473 at maturity or in advance of maturity, any bonds issued under  
0474 this section. Such refunding bonds may either be sold or deliv-  
0475 ered in exchange for the bonds being refunded. If sold, the  
0476 proceeds may either be applied to the payment of the bonds  
0477 being refunded or deposited in trust and there maintained in  
0478 cash or investments for the retirement of the bonds being re-  
0479 funded, as shall be specified by the municipality and the autho-  
0480 rizing resolution or trust indenture securing such refunding  
0481 bonds. The authorizing resolution or trust indenture securing the  
0482 refunding bonds may provide that the refunding bonds shall  
0483 have the same security for their payment as provided for the  
0484 bonds being refunded. Refunding bonds shall be sold and se-  
0485 cured in accordance with the provisions of this section pertain-  
0486 ing to the sale and security of the bonds.

0487 (8) Bonds issued under the provisions of this section shall be  
0488 eligible to secure the deposit of public funds under article 14 of  
0489 chapter 9 of the Kansas Statutes Annotated and amendments

0490 thereto.

0491 (9) Bonds issued under the provisions of this section shall be  
0492 exempt from any statutory limitation of bonded indebtedness  
0493 imposed on such municipality.

0494 (10) The provisions of the cash basis and budget laws of the  
0495 state shall not apply to any bonds issued under authority of this  
0496 section in such a manner as to prevent the intention of this  
0497 section from being made effective.

0498 New Sec. 140. (a) Any interlocal agreement entered into  
0499 under the provisions of K.S.A. 12-2901 *et seq.*, and amendments  
0500 thereto, may authorize the creation of a separate legal entity to  
0501 conduct the joint or cooperative action provided for in the  
0502 agreement. Such separate legal entity shall constitute a body  
0503 corporate and politic, and shall have, in addition to any other  
0504 powers reasonably necessary to the exercise of its function under  
0505 the agreement, the following powers to:

- 0506 (1) Sue and be sued in its corporate name;
- 0507 (2) take and hold any property, real or personal, in fee simple  
0508 or otherwise;
- 0509 (3) sell, lease, lend or otherwise transfer any property or  
0510 interest in property owned by it;
- 0511 (4) make contracts; and
- 0512 (5) have and use a corporate seal.

0513 Any such separate legal entity shall not constitute a municipality  
0514 within the meaning of K.S.A. 10-1101, and amendments thereto,  
0515 or a political subdivision of the state under any provision of the  
0516 law of this state establishing limits on bonded indebtedness. The  
0517 provisions of the cash-basis law and budget laws shall not apply  
0518 to any obligations incurred by a public agency exercising powers  
0519 under K.S.A. 12-2901 *et seq.*, and amendments thereto, to the  
0520 extent such obligations are incurred by such public agency to a  
0521 separate legal entity created pursuant to K.S.A. 12-2901 *et seq.*,  
0522 and amendments thereto, by one or more public agencies in  
0523 connection with the provision for the payment of claims against  
0524 any public agency of this state caused by the negligent or  
0525 wrongful act or omission of any of its employees under circum-  
0526 stances where any public agency would be liable for such claims,

8

*or become*

0527 nor to any bonds, notes or other evidence of indebtedness issued  
0528 in connection therewith.

0529 (b) In addition to its other powers, any separate legal entity  
0530 referred to in this section shall be authorized, subject to any  
0531 limitations imposed by contract, to issue bonds, notes or other  
0532 evidence of indebtedness, in its own name, on behalf of the  
0533 public agencies that are parties to the agreement creating the  
0534 separate legal entity. Such bonds, notes or other indebtedness  
0535 may be payable from or secured by any property, interest or  
0536 income of the separate legal entity, from whatever source  
0537 derived, but shall not constitute a charge against or indebtedness  
0538 of any public agency on behalf of which such bonds, notes or  
0539 other indebtedness are issued. In issuing such bonds, notes or  
0540 other indebtedness, the separate legal entity shall act as the  
0541 constituted authority of the public agencies on behalf of which  
0542 such bonds, notes or other indebtedness are issued, and the  
0543 interest on such bonds, notes or other indebtedness shall be  
0544 exempt from taxation under the laws of this state.

0545 (c) The duration of any separate legal entity referred to in this  
0546 section may be perpetual or as otherwise provided in the agree-  
0547 ment under which it was created; however, any property owned  
0548 or held by such separate legal entity shall become the property of  
0549 the public agencies that are parties to such agreement, according  
0550 to the terms of that agreement or as otherwise determined  
0551 according to equitable principles, if and when at any time no  
0552 bond, note or other indebtedness of the authority is not currently  
0553 outstanding and unpaid. No property of such separate legal  
0554 entity shall inure to the benefit of any private individual, corpo-  
0555 ration or association other than for fair value received.

~~0556 (d) Any separate legal entity referred to in this section may  
0557 act by resolution, adopted by the affirmative vote of at least a  
0558 majority of its members. The membership of such separate legal  
0559 entity may be as provided in the agreement under which it was  
0560 created, provided that the governing body of each public agency  
0561 that is a party to such agreement is entitled to appoint at least one  
0562 member and any successor to such member. The term of any  
0563 member may be as provided in such agreement, but shall not be~~

0564 ~~less than two years.~~  
0565 New Sec. ~~11~~. Any municipality, as the term is defined in [9  
0566 K.S.A. 75-6102 and amendments thereto, may issue general ob-  
0567 ligation bonds for the purpose of paying the costs of procuring liability  
0568 insurance ~~to provide for the payment of claims against such~~ [or  
0569 municipality caused by the negligent or wrongful act or omission  
0570 of any of its employees under circumstances which such munic-  
0571 ipality would be liable for such claims.  
0572 Sec. ~~12~~. K.S.A. 10-131, 10-1009 ~~and 72-6761~~ and K.S.A. 1986 [10  
0573 Supp. 10-116a, 10-311, 10-427, 10-427a and 12-195 are hereby  
0574 repealed.  
0575 Sec. ~~13~~. This act shall take effect and be in force from and [11  
0576 after its publication in the Kansas register.

[ for those purposes for which such public agencies  
are authorized pursuant to the constitution and laws  
of this state to issue bonds, notes or other evidence  
of indebtedness.

[ Nothing in this act shall be construed to authorize  
any separate legal entity to issue or sell bonds, notes  
or other evidence of indebtedness, or use the proceeds  
thereof, to purchase, condemn, or otherwise acquire  
a utility plant or distribution system owned or  
operated by a regulated public utility.

# SENATE BILL No. 73

By Legislative Commission on Kansas Economic Development

1-23

0017 AN ACT enacting the Kansas development finance authority act;  
0018 amending K.S.A. 1986 Supp. 9-1402 and repealing the existing  
0019 section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 New Section 1. The provisions of this act shall be cited as  
0022 the Kansas development finance authority act.

0023 New Sec. 2. The legislature hereby finds:-

0024 ~~(a) That there exists severe economic instability in traditional~~  
0025 national and international markets for goods and services pro-  
0026 duced by the citizens of the state of Kansas. This instability has  
0027 caused serious economic distress among the citizens of our state  
0028 and is manifest in the increasing number of business failures and  
0029 bankruptcies, both personal and corporate, and the extraordinar-  
0030 ily high levels of unemployment in agricultural business and  
0031 industrial enterprises and in the rapidly rising costs of housing  
0032 for elderly persons and families of low and moderate income.  
0033 The continued existence of these conditions is inimical to the  
0034 public health, welfare, safety, morals and economic security of  
0035 the citizens and inhabitants of the state.

0036 (b) That the economic well-being of the citizens of the state  
0037 of Kansas will be enhanced by the providing of economical  
0038 health care facilities for the benefit of its citizens, by the provid-  
0039 ing of educational facilities of every nature and kind, by the  
0040 providing of capital improvement facilities for its citizens and by  
0041 the providing of financial assistance to political subdivisions of  
0042 the state.

0043 For these reasons, the legislature hereby finds that there exists  
0044 in the state an immediate and urgent need to provide the means  
0045 ~~and methods for providing financing to~~

*Senate Committee on Economic Development*  
*4-2-87*

*Attachment IV*

0046 ~~(1) Complement Kansas' private financial institutions to bet~~  
0047 ~~ter serve their customers in ways which contribute to a~~  
0048 ~~strengthened and diversified Kansas economy and which do not~~  
0049 ~~compete with Kansas private financial institutions;~~  
0050 (2) restore and revitalize existing agricultural business and  
0051 industrial enterprises for the purpose of retaining existing em-  
0052 ployment within the state;  
0053 (3) promote and develop the expansion of existing and the  
0054 establishment of new agricultural business and industrial enter-  
0055 prises for the purpose of further alleviating unemployment  
0056 within the state and for providing additional employment;  
0057 (4) promote and target resources of the state to further the  
0058 development of export trade of Kansas products for the purpose  
0059 of the economic development of the state and for providing  
0060 additional employment therefrom;  
0061 (5) eliminate the shortage of decent, safe, sanitary and af-  
0062 fordable residential housing for elderly persons and families of  
0063 low and moderate income in the state;  
0064 (6) assure the development of reliable, affordable, efficient  
0065 and environmentally compatible sources of energy for all types  
0066 of public and private consumption;  
0067 (7) provide health care facilities for the citizens and inhabi-  
0068 tants of the state;  
0069 (8) provide capital improvement facilities for the benefit of  
0070 the citizens and inhabitants of the state;  
0071 (9) provide educational facilities for educational institutions  
0072 within the state;  
0073 (10) provide for short-term advance funding of the obliga-  
0074 tions of local governments throughout the state; and  
0075 (11) assist minority business in obtaining loans or other  
0076 means of financial assistance.  
0077 It is hereby declared to be the public policy and responsibility  
0078 of this state to promote the health, welfare, safety and economic  
0079 security of its inhabitants through the retention of existing em-  
0080 ployment and alleviation of unemployment in all phases of  
0081 agricultural business and industrial enterprises, the elimination  
0082 of the shortage of decent, safe, sanitary and affordable residential



00c ~~providing for elderly persons and persons of low and moderate~~  
 0084 ~~income, for the development of reliable, affordable, efficient and~~  
 0085 ~~environmentally compatible sources of energy for all types of~~  
 0086 ~~public and private consumption, for health care facilities, for~~  
 0087 ~~capital improvement facilities and for educational facilities for~~  
 0088 ~~the benefit of educational institutions within the state.~~

0089 ~~The legislature finds that the public policies and responsibili-~~  
 0090 ~~ties of the state as set forth in this section cannot be fully attained~~  
 0091 ~~without the use of public financing and that such public financ-~~  
 0092 ~~ing can best be provided by the creation of a state development~~  
 0093 ~~finance authority with comprehensive and extensive powers~~  
 0094 ~~therein, which authority shall have the power to issue revenue~~  
 0095 ~~bonds to provide financing for qualified agricultural business,~~  
 0096 ~~industrial enterprises, residential housing, energy enterprises~~  
 0097 ~~and facilities and health care, capital improvement and educa-~~  
 0098 ~~tional facilities, and that all of the foregoing are public purposes~~  
 0099 ~~and uses for which public moneys may be borrowed, expended,~~  
 0100 ~~advanced, loaned and granted.~~

0101 New Sec. 3. The following words or terms used in this act  
 0102 shall have the following meanings unless a different meaning  
 0103 clearly appears from the context:

0104 (a) "Act" means the Kansas development finance authority  
 0105 act.

0106 (b) "Authority" means the Kansas development finance au-  
 0107 thority created by section 4.

0108 (c) "Agricultural business enterprises" means facilities sup-  
 0109 porting farms, ranches and other agricultural or silvicultural  
 0110 commodity producers, ~~such as aquaculture, fish hatchery opera-~~  
 0111 ~~tions and fish farms, and related business and industries, in-~~  
 0112 ~~cluding, but not limited to, grain elevators, shipping heads,~~  
 0113 ~~livestock pens, warehouses and other storage facilities, related~~  
 0114 ~~transportation facilities, drainage facilities and any facilities re-~~  
 0115 ~~lated thereto.~~

0116 (d) "Board of directors" means the board of directors of the  
 0117 authority created in section 4.

0118 (e) "Bonds" means any bonds, notes, debentures, interim  
 0119 certificates, grant and revenue anticipation notes, interest in a

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low income

0120 lease, lease certificate of participation or other evidences of  
0121 indebtedness, whether or not the interest on which is subject to  
0122 federal income taxation, issued by the authority pursuant to this  
0123 act, ~~except that bonds shall not mean bonds issued by a municipi-~~  
0124 ~~palty which constitute a general obligation of the municipality.~~  
0125 (f) "Capital improvements" means, ~~whether obtained by~~  
0126 ~~purchase, lease, construction, reconstruction, restoration, im-~~  
0127 ~~provement, alteration, repair or other means,~~ any physical public  
0128 betterment or improvement or any preliminary plans, studies or  
0129 surveys relative thereto; land or rights in land, including, with-  
0130 out limitations, leases, air rights, easements, rights-of-way or  
0131 licenses; and any furnishings, machinery, vehicles, apparatus or  
0132 equipment for any public betterment or improvement ~~which~~  
0133 ~~shall include, without limiting the generality of the foregoing~~  
0134 definition, the following: Any and all facilities for state agen-  
0135 cies, city or town halls, courthouses and other administrative,  
0136 executive or other public offices, court facilities, jails, firefight-  
0137 ing facilities and apparatus, parking garages or other facilities,  
0138 educational and training facilities for public employees, audito-  
0139 riums, stadiums, convention halls and similar public meeting or  
0140 entertainment facilities, civil defense facilities, air and water  
0141 pollution control facilities, drainage and flood control facilities,  
0142 storm sewers, arts and crafts centers, museums, libraries, public  
0143 parks, playgrounds or other public open space, marinas, swim-  
0144 ming pools, tennis courts, golf courses, camping facilities, gym-  
0145 nasiums and other recreational facilities, tourist information and  
0146 assistance centers, historical, cultural, natural or folklore sites,  
0147 fair and exhibition facilities, streets and street lighting, alleys,  
0148 sidewalks, roads, bridges and viaducts, airports, passenger or  
0149 freight terminals, hangars and related facilities, barge terminals,  
0150 ports, harbors, ferries, wharves, docks and similar marine ser-  
0151 vices, slack water harbors, water resource facilities, waterfront  
0152 development and navigation facilities, public transportation fa-  
0153 cilities, public water systems and related transmission and dis-  
0154 tribution facilities, storage facilities, wells, impounding reser-  
0155 voirs, treatment plants, lakes, dams, watercourses and water  
0156 ~~rights, sewage collection systems and treatment plants, mainte-~~

0157 ~~nance and storage buildings and facilities, police and sheriff~~  
0158 ~~stations, apparatus and training facilities, incinerators, garbage~~  
0159 ~~and solid waste disposal, compacting and recycling facilities of~~  
0160 ~~every kind and social and rehabilitative facilities.~~

0161 (g) "Construct" means to acquire or build, in whole or in  
0162 part, in such manner and by such method, including contracting  
0163 therefor, and if the latter, by negotiation or bidding upon such  
0164 terms and pursuant to such advertising as the authority shall  
0165 determine to be in the public interest and necessary, under the  
0166 circumstances existing at the time, to accomplish the purposes of  
0167 and authority set forth in this act.

0168 (h) "Loans" means loans made for the purposes of financing  
0169 any of the activities authorized within this act, including loans  
0170 made to financial institutions for funding or as security for loans  
0171 made for accomplishing any of the purposes of this act and  
0172 reserves and expenses appropriate or incidental thereto.

0173 (i) "Educational facilities" means real, personal and mixed  
0174 property of any and every kind intended by an educational  
0175 institution in furtherance of its educational program, ~~including,~~  
0176 ~~but not limited to, dormitories, classrooms, laboratories, athletic~~  
0177 ~~fields, administrative buildings, equipment and other property~~  
0178 ~~for use therein or thereon.~~

0179 (j) "Facilities" means any real property, personal property or  
0180 mixed property of any and every kind ~~including, without limiting~~  
0181 ~~the generality of the foregoing, rights of way, roads, streets,~~  
0182 ~~pipes, pipelines, reservoirs, utilities, materials, equipment, fix-~~  
0183 ~~tures, machinery, furniture, furnishings, instrumentalities, and~~  
0184 ~~other real, personal or mixed property of every kind or any~~  
0185 ~~preliminary studies and surveys relative thereto.~~

0186 (k) "Health care facilities" means facilities for furnishing  
0187 physical or mental health care, ~~including, without limitation,~~  
0188 ~~medical care facilities, other facilities for the diagnosis and~~  
0189 ~~treatment of any illness or disease, offices and clinics of persons~~  
0190 ~~licensed to practice medicine and surgery, dentists, optometrists,~~

0191 ~~podiatrists, chiropractors and related facilities, adult care homes~~  
0192 ~~and related facilities, long term or life care facilities for the~~  
0193 ~~elderly or disabled, and shall include facilities used to furnish~~

0194 ~~emergency medical health care and emergency medical services,~~  
 0195 ~~including, but not limited to, ambulances or vehicles specifically~~  
 0196 ~~designed, equipped and licensed for transporting the sick or~~  
 0197 ~~injured, emergency medical equipment and supplies, dispatch-~~  
 0198 ~~ing other communication systems, computers for billing, collec-~~  
 0199 ~~tions, system design and control and training and administrative~~  
 0200 ~~facilities.~~

0201 (l) "Housing development" means any work or undertaking,  
 0202 whether new construction or rehabilitation, which is designed  
 0203 and financed pursuant to the provisions of this act for the primary  
 0204 purpose of providing sanitary, decent and safe dwelling accom-  
 0205 modations for elderly persons and families of low ~~or moderate~~  
 0206 ~~income in need of housing. Such undertaking may include any~~  
 0207 ~~buildings, land, equipment, facilities or other real or personal~~  
 0208 ~~properties which are necessary, convenient or desirable appur-~~  
 0209 ~~tenances such as, but not limited to, site preparation, landscap-~~  
 0210 ~~ing and other nonhousing facilities, such as community and~~  
 0211 ~~recreational facilities, as the authority determines to be neces-~~  
 0212 ~~sary, convenient or desirable appurtenances, retirement homes,~~  
 0213 ~~centers and related facilities, adult care homes and related facil-~~  
 0214 ~~ities, and long term or life care facilities for the elderly or dis-~~  
 0215 ~~abled.~~

0216 (m) "Industrial enterprise" means facilities for manufactur-  
 0217 ing, producing, processing, assembling, repairing, extracting,  
 0218 warehousing, distributing, communications, computer services,  
 0219 transportation, corporate and management offices and services  
 0220 provided in connection with any of the foregoing, in isolation or  
 0221 in any combination, that involve the creation of new or addi-  
 0222 tional employment or the retention of existing employment ~~and~~  
 0223 ~~industrial parks, except that a shopping center, retail store or~~  
 0224 ~~shop or other similar undertaking which is solely or predomina-~~  
 0225 ~~ntly of a commercial retail nature shall not be an industrial~~  
 0226 ~~enterprise for the purposes of this act.~~

0227 (n) "Political subdivision" means political or taxing subdivi-  
 0228 sions of the state, including boards, commissions, authorities,  
 0229 councils, committees, subcommittees and other subordinate  
 0230 groups or administrative units thereof, receiving or expending

municipal and quasi-municipal  
 corporations,

0231 and supported, in whole or in part, by public funds.

0232 ~~(e)~~ "Short-term advance funding" means the financing of  
0233 temporary cash shortfalls of political subdivisions based on the  
0234 political subdivision's projected monthly income and expendi-  
0235 tures and its surplus at the beginning of each fiscal year, and  
0236 such shortfall is the result of the political subdivision's projected  
0237 income being insufficient to meet the needs of its estimated  
0238 expenditures, even though the aggregate income will exceed the  
0239 aggregate expenditures for the fiscal year.

(p)

0240 ~~(p)~~ "State" means the state of Kansas.

(q)

0241 ~~(q)~~ "State agency" means any office, department, board,  
0242 commission, bureau, division, public corporation, agency or in-  
0243 strumentality of this state.

(r)

0244 ~~(r)~~ "Intergovernmental agreement" means any service con-  
0245 tract entered into by a contracting party which establishes a  
0246 permanent or perpetual relationship thereby obligating the fi-  
0247 nancial resources of the contracting party.

0248 (s) "Permanent or perpetual relationship" means any agree-  
0249 ment exhibiting an effective duration greater than one year, 12  
0250 calendar months or an agreement exhibiting no fixed duration  
0251 but where the apparent intent to such agreement is to establish a  
0252 permanent or perpetual relationship.

0253 New Sec. 4. (a) There is hereby created, with such duties  
0254 and powers as are hereinafter set forth to carry out the provisions  
0255 of this act, a public body politic and corporate, with corporate  
0256 succession, to be an independent instrumentality/exercising  
0257 essential public functions, and to be known as the Kansas de-  
0258 velopment finance authority.

of this state

0259 (b) The board of directors of the authority shall consist of the  
0260 secretary of the department of revenue and 10 public members to  
0261 be appointed by the governor, with the advice and consent of the  
0262 senate, except that the members appointed by the governor shall  
0263 be residents of the state, shall have been qualified electors  
0264 therein for at least one year preceding the time of appointment  
0265 and shall be recognized by their peers as outstanding in the field  
0266 of economic development or development finance. Each con-  
0267 gressional district in the state shall be represented by at least one

commerce

four

(o) "Pooled bonds" means bonds of the authority, the interest on which is subject to federal income taxation, which are issued for the purpose of acquiring bonds issued by two or more political subdivisions.

0268 ~~public member of the board of directors of the authority. One~~  
 0269 public member of the board of directors shall be a representative  
 0270 of the agricultural business enterprise industry, and one public  
 0271 ~~member shall be a representative of the state's elderly popula-~~  
 0272 ~~tion.~~

Not less than three members of such board shall be representative of the general public and not more than three members so appointed shall be members of the same political party.

0273 The governor shall appoint two public members of the board  
 0274 for a term of ~~one year, two for a term of two years, three for a term~~  
 0275 ~~of three years, and three for a term of four years, and thereafter,~~  
 0276 upon the expiration of such terms, public members shall be  
 0277 appointed for a term of four years.

two

0278 Each board member shall hold office for the term of such  
 0279 member's appointment and until such member's successor shall  
 0280 have been appointed and qualified. Any vacancy in the board  
 0281 occurring other than by expiration of term shall be filled by the  
 0282 appointment of the governor, but for the unexpired term only.

0283 ~~(c) Each appointed public board member may be removed~~  
 0284 ~~from office by the governor, for cause, after a public hearing, and~~  
 0285 ~~may be suspended by the governor pending the completion of~~  
 0286 ~~such hearing. Each board member, before entering upon such~~  
 0287 ~~member's duties, shall take and subscribe an oath to perform the~~  
 0288 ~~duties of office faithfully, impartially and justly to the best of~~  
 0289 ~~such member's ability. A record of such oath shall be filed in the~~  
 0290 ~~office of the secretary of state.~~

(c) The governor shall designate the chairperson and vice-chairperson of the board from the members of such board.

0291 (d) The authority shall have such rights, powers and privi-  
 0292 leges and shall be subject to such duties as provided by this act.  
 0293 ~~The board of directors, from the public members of the board~~  
 0294 ~~appointed by the governor, annually and at such other times as~~  
 0295 ~~may be deemed appropriate by the board of directors, shall elect~~  
 0296 ~~one of their members as a chairperson and one of their members~~  
 0297 ~~as a vice chairperson. The board of directors shall also employ a~~  
 0298 president who shall serve at the will of the governor.

governor shall appoint

0299 The ~~board~~ shall appoint and employ such additional officers,  
 0300 accountants, financial advisors or experts, bond counsel or other  
 0301 attorneys, agents and employees as it may require and shall  
 0302 determine their qualifications, duties and compensation. Peri-  
 0303 ~~odically, the authority will review selection of bond counsel or~~  
 0304 ~~other attorneys to insure that legal representatives are selected~~

president

subject to the approval of the board of directors

0305 ~~in a manner that will provide the authority with competent,~~  
 0306 ~~economical legal representation which furthers the best interest~~  
 0307 ~~of the authority.~~ The president shall be an ex officio nonvoting  
 0308 member of the board and may be elected secretary of the board.  
 0309 The powers of the authority shall be vested in the members of  
 0310 the board of directors and ~~six~~ members of the board shall consti-  
 0311 tute a quorum at any meeting thereof. Action may be taken and  
 0312 motions and resolutions adopted by the board at any meeting  
 0313 thereof by the affirmative vote of a majority of present and voting  
 0314 board members. Any motion and resolution to authorize an issue  
 0315 of bonds, to approve a loan application, to authorize a lease  
 0316 transaction or to approve a bond guaranty shall have the affirma-  
 0317 tive vote of at least ~~six~~ board members. ~~No vacancy in the~~  
 0318 ~~membership of the board shall impair the right of a quorum of~~  
 0319 ~~the members to exercise all the powers and perform all duties of~~  
 0320 ~~the board.~~

three

three

0321 (c) Before the issuance of any bonds, each member of the  
 0322 board of directors of the authority shall execute a surety bond in  
 0323 the penal sum of \$250,000 and the president of the authority  
 0324 shall execute a surety bond in the penal sum of \$250,000, each  
 0325 surety bond to be conditioned upon the faithful performance of  
 0326 the duties of the office by such board member or president, as  
 0327 the case may be, to be executed by a surety company authorized  
 0328 to transact business in the state of Kansas, as surety, and to be  
 0329 approved by the attorney general. At all times after the issuance  
 0330 of any bonds by the authority, each member of the board of  
 0331 directors of the authority shall maintain such surety bonds in full  
 0332 force and effect. All costs of such surety bonds shall be borne by  
 0333 the authority.

0334 (f) The members of the board of directors of the authority  
 0335 shall serve without compensation, but the authority may reim-  
 0336 burse its board members for actual expenses necessarily in-  
 0337 curred in the discharge of their official duties.

(g) No part of the funds of the authority shall inure to the  
 0339 benefit of, or be distributed to, its employees, officers or board of  
 0340 directors, except that the authority shall be authorized and em-  
 0341 powered to pay its employees reasonable compensation.

0342 (h) The authority may be dissolved by act of the legislature  
 0343 on condition that the authority has no debts or obligations out-  
 0344 standing or provision has been made for the payment or retire-  
 0345 ment of such debts or obligations. Upon any such dissolution of  
 0346 the authority, all property, funds and assets thereof shall be  
 0347 vested in the state.

0348 New Sec. 5. Except as otherwise limited by this act, the  
 0349 authority shall have the following powers to:

0350 (a) Sue and be sued;

0351 (b) have a seal and alter the same at its pleasure;

0352 (c) make and alter bylaws for its organization and internal  
 0353 management;

0354 (d) make and issue such rules and regulations as may be  
 0355 necessary to carry out the purposes of this act;

0356 (e) acquire, hold and dispose of real and personal property  
 0357 for its corporate purposes;

0358 (f) appoint officers, agents and employees, prescribe their  
 0359 duties and qualifications and fix their compensation;

0360 (g) borrow money and to issue notes, bonds and other obli-  
 0361 gations, ~~whether or not the interest on which is subject to federal~~  
 0362 income taxation, and to provide for the rights of the lenders or  
 0363 holders thereof;

0364 ~~(h) issue bonds on behalf of state agencies and political~~  
 0365 subdivisions;

0366 (i) issue bonds to provide financing for a specific activity or  
 0367 particular project authorized herein or to provide, on a pooled or  
 0368 consolidated basis, financing for a group of state agencies or  
 0369 political subdivisions of the state for activities or projects autho-  
 0370 rized hereunder which shall be secured by and payable solely  
 0371 from the bonds, lease payments or other obligations issued by or  
 0372 payable to the state agencies or political subdivisions of the state  
 0373 and the security and sources of payments thereof. Prior to the  
 0374 engagement of a financial institution to serve as trustee, paying  
 0375 agent or in any fiduciary capacity in connection with any pro-  
 0376 gram, indenture or general resolution of the authority, the au-  
 0377 thority shall request proposals for such services and the selection to  
 0378 of such financial institution shall be made on the basis of the

pursuant to section 6



0379 ~~response to such request which is the most economical and in~~  
0380 ~~the best interest of the authority;~~

(h)

0381 ~~(g) purchase notes or participations in notes evidencing loans~~  
0382 ~~which are secured by mortgages or security interests and to enter~~  
0383 ~~into contracts in that regard;~~

(i)

0384 ~~(k) make secured or unsecured loans, including loans made~~  
0385 ~~to financial institutions to secure loans made by the financial~~  
0386 ~~institutions to qualifying agricultural business enterprises, capi-~~  
0387 ~~tal improvements, educational facilities, energy enterprises,~~  
0388 ~~health care facilities, housing developments, industrial enter-~~  
0389 ~~prises and short-term advance funding of local government obli-~~  
0390 ~~gations. Prior to the making of any loan for qualifying agricultural~~  
0391 ~~business enterprises or industrial enterprises, such loan transac-~~  
0392 ~~tion shall be recommended to the authority by a financial insti-~~  
0393 ~~tution or investment banker;~~

except that nothing in this act shall  
be construed to authorize the authority  
to make loans directly to individuals  
to finance housing developments

0394 ~~(l) sell mortgages and security interests at public or private~~  
0395 ~~sale, to negotiate modifications or alterations in mortgage and~~  
0396 ~~security interests, to foreclose on any mortgage or security inter-~~  
0397 ~~est in default or commence any action to protect or enforce any~~  
0398 ~~right conferred upon it by any law, mortgage, security agree-~~  
0399 ~~ment, contract or other agreement, and to bid for and purchase~~  
0400 ~~property which was the subject of such mortgage or security~~  
0401 ~~interest at any foreclosure or at any other sale, to acquire or take~~  
0402 ~~possession of any such property, and to exercise any and all~~  
0403 ~~rights as provided by law for the benefit or protection of the~~  
0404 ~~authority or mortgage holders;~~

(j)

0405 ~~(m) collect fees and charges in connection with its loans,~~  
0406 ~~bond guarantees, commitments and servicing, including, but not~~  
0407 ~~limited to, reimbursement of costs of financing as the authority~~  
0408 ~~shall determine to be reasonable and as shall be approved by the~~  
0409 ~~authority;~~

(k)

0410 ~~(n) make and execute contracts for the servicing of mortgages~~  
0411 ~~acquired by the authority pursuant to this act, and to pay the~~  
0412 ~~reasonable value of services rendered to the authority pursuant~~  
0413 ~~to those contracts;~~

(l)

0414 ~~(o) accept gifts, grants, loans and other aid from the federal~~  
0415 ~~government, the state, any state agency, any political subdivision~~

(m)

of the state, or any person or corporation, foundation or legal entity, and to agree to and comply with any conditions attached to federal and state financial assistance not inconsistent with the provisions of this act;

~~(n)~~ invest moneys of the authority not required for immediate use, including proceeds from the sale of any bonds, in such manner as the board shall determine, subject to any agreement with bondholders stated in the authorizing resolution providing for the issuance of bonds;

(n)

~~(o)~~ procure insurance against any loss in connection with its programs, property and other assets;

(o)

~~(p)~~ provide technical assistance and advice to the state or political subdivisions of the state and to enter into contracts with the state or political subdivisions of the state to provide such services. The state or political subdivisions of the state are hereby authorized to enter into contracts with the authority for such services and to pay for such services as may be provided them;

(p)

ities

~~(c) (1) contract, cooperate or join any one or more other governments or public agencies, any political subdivisions of the state or the United States to perform any administrative service, activity or undertaking which any such contracting party is authorized by law to perform, including the issuance of bonds. Such intergovernmental agreements shall be authorized by ordinance or resolution of the contracting party. Any intergovernmental agreement enacted may provide for the contracting party to:~~

~~(A) Cooperate in the exercise of any function, power or responsibility;~~

~~(B) share the services of any officer, department, board, employee or facility; and~~

~~(C) transfer or delegate any function, power, responsibility or duty.~~

~~(2) An intergovernmental agreement shall be authorized and approved by the governing body of each party to the agreement,~~

~~shall set forth fully the purposes, powers, rights, obligations and responsibilities of the contracting parties, and shall specify the~~

ater  
nte-

0453 ~~following:~~

0454 (A) Its duration;

0455 (B) the precise organization, composition and nature of any  
0456 separate legal entity created;

0457 (C) the purpose or purposes of the intergovernmental agree-  
0458 ment;

0459 (D) the manner of financing the joint or cooperative under-  
0460 taking and establishing and maintaining a budget;

0461 (E) the permissible method or methods to be employed in  
0462 accomplishing the partial or complete termination of an agree-  
0463 ment and for disposing of property upon partial or complete  
0464 termination. The method or methods for termination shall in-  
0465 clude a requirement of six months' written notification of the  
0466 intent to withdraw by the governing body of the public agency  
0467 wishing to withdraw;

0468 (F) provision for an administrator or a joint board responsible  
0469 for administering the joint or cooperative undertaking, including  
0470 representation of the contracting parties on the joint board;

0471 (G) the manner of acquiring, holding and disposing of real  
0472 and personal property used in the joint or cooperative undertak-  
0473 ing; and

0474 (H) any other necessary and proper matters.

0475 (3) Every agreement, prior to and as a condition precedent to  
0476 its final adoption and performance, shall be submitted to the  
0477 attorney general who shall determine whether the agreement is  
0478 in proper form and compatible with the laws of the state of  
0479 Kansas. The attorney general shall approve any agreement sub-  
0480 mitted unless the attorney general finds it does not meet the  
0481 conditions set forth in this section and shall detail in writing  
0482 addressed to the governing bodies of the public agencies con-  
0483 cerned the specific respects in which the proposed agreement  
0484 fails to meet the requirements of law. Failure to disapprove an  
0485 agreement within 30 days of its submission shall constitute  
0486 approval;

0487 (I) undertake and carry out studies and analyses of agricul-  
0488 tural business, industrial, health care, housing, energy, educa-  
0489 tional, capital improvement and local governments' short-term

~~advance funding needs within the state and ways of meeting~~  
0491 ~~such needs;~~  
0492 ~~(u) establish accounts in one or more depositories;~~  
0493 ~~(v) lease, acquire, construct, sell and otherwise deal in and~~  
0494 ~~contract concerning any facilities, and to accept funds for and~~  
0495 ~~participate in federal and other governmental programs estab-~~  
0496 ~~lished for the purpose of the promotion and development of~~  
0497 ~~agricultural business, industry, the provision of decent, safe and~~  
0498 ~~sanitary housing, health care, education, tourism and capital~~  
0499 ~~improvements and related matters;~~  
0500 ~~(w) have and exercise all of the powers granted to the public~~  
0501 ~~housing authorities by the state, except that the authority shall~~  
0502 ~~not have the power of eminent domain;~~  
0503 ~~(x) do any and all things necessary or convenient to carry out~~  
0504 ~~its purposes and exercise the powers given and granted in this~~  
0505 ~~act;~~  
0506 ~~(y) assist minority businesses in obtaining loans or other~~  
0507 ~~means of financial assistance. The terms and conditions of such~~  
0508 ~~loans or financial assistance, including the charges for interest~~  
0509 ~~and other services, will be consistent with the provisions of this~~  
0510 ~~act. In order to comply with this requirement, efforts must be~~  
0511 ~~made to solicit for review and analysis proposed minority busi-~~  
0512 ~~ness ventures. Basic loan underwriting standards will not be~~  
0513 ~~waived to inconsistently favor minority persons or businesses~~  
0514 ~~from the intent of the authority's lending practices.~~  
0515 New Sec. 6. ~~(a) The authority is hereby authorized and em-~~  
0516 ~~powered to issue bonds from time to time, whether or not the~~  
0517 ~~interest on which is subject to federal income taxation, either for~~  
0518 ~~a specific activity or for a particular project or on a pooled or~~  
0519 ~~consolidated basis for a series of related or unrelated activities or~~  
0520 ~~projects authorized by a group of state agencies or political~~  
0521 ~~subdivisions of the state in such amounts as shall be determined~~  
0522 ~~by the authority for the purpose of financing qualified agricul-~~  
0523 ~~tural business enterprises, capital improvement facilities, edu-~~  
0524 ~~cational facilities, health care facilities, housing developments,~~  
0525 ~~industrial enterprises and short-term advance funding of politi-~~  
0526 ~~cal subdivision obligations, or any combination of such facilities,~~

(q)

(r)

(s)

(t)

(u)

New Sec. 6. (a) The authority is hereby authorized and empowered to issue bonds, either for a specific activity or on a pooled basis for a series of related or unrelated activities or projects duly authorized by a political subdivision or group of political subdivisions of the state in such amounts as shall be determined by the authority for the purpose of financing capital improvement facilities, educational facilities, health care facilities, housing developments and short-term advance funding of political subdivision obligations. Nothing in this act shall be construed to authorize the authority to issue bonds or use the proceeds thereof to (1) purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility or (2) finance any capital improvement facilities, educational facilities, or health care facilities which are authorized under the laws of the state to be financed by the issuance of general obligation or utility revenue bonds of a political subdivision.

~~or any interest in facilities, including without limitation lease-~~  
 0528 hold interests in and mortgages on such facilities, except that  
 0529 nothing in this act shall be construed to authorize the authority to  
 0530 issue or sell revenue bonds or use the proceeds thereof to  
 0531 purchase, condemn, or otherwise acquire a utility plant or dis-  
 0532 tribution system owned or operated by a regulated public utility.  
 0533 The authority is authorized and empowered to use the proceeds  
 0534 of any bond issues, together with any other available funds, for  
 0535 making loans, purchasing mortgages or security interests in loan  
 0536 participations as herein authorized and paying all incidental  
 0537 expenses in connection therewith, paying expenses of authoriz-  
 0538 ing and issuing the bonds, paying interest on the bonds until  
 0539 revenues thereof are available in sufficient amounts, and funding  
 0540 such reserves as the authority deems necessary and desirable.  
 0541 All moneys received by the authority, other than moneys re-  
 0542 ceived by virtue of an appropriation, are hereby specifically  
 0543 declared to be cash funds, restricted in their use and to be used  
 0544 solely as provided herein. No moneys of the authority other than  
 0545 moneys received by appropriation shall be deposited with the  
 0546 state treasurer.

0547 (b) The authority, when requested to do so by a state agency  
 0548 or a political subdivision, is hereby authorized and empowered  
 0549 to engage an underwriter or underwriters to facilitate the is-  
 0550 suance and sale of bonds to accomplish the financing of a specific  
 0551 activity or a particular project of such state agency or political  
 0552 subdivision permitted to be financed hereunder or other activi-  
 0553 ties and projects for which no state agency or political subdivi-  
 0554 sion is authorized by law to obtain such financing which the  
 0555 authority determines to be consistent with the purposes of this  
 0556 act. In the furtherance thereof, the authority is also authorized  
 0557 and empowered to engage in connection therewith such legal  
 0558 counsel and other experts as may be recommended by such  
 0559 underwriter or underwriters.

0560 (c) No less than 30 days prior to the issuance of any bonds  
 0561 authorized under this act with respect to any project or activity  
 0562 which is to be undertaken for the direct benefit of any person or  
 0563 ~~entity which is not a state agency or a political subdivision,~~

except that the acquisition by the authority of general obligation or utility revenue bonds issued by political subdivisions with the proceeds of pooled bonds shall not violate the provisions of the foregoing.

(b) The authority is hereby authorized and empowered to issue bonds for activities and projects of state agencies as requested by the secretary of administration. No bonds may be issued pursuant to this act for any activity or project of a state agency unless the activity or project either has been approved by an appropriation or other act of the legislature or has been approved by the state finance council acting on this matter which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto. When requested to do so by the secretary of administration, the authority is further authorized and empowered to issue bonds for the purpose of refunding, whether at maturity or in advance of maturity, any outstanding bonded indebtedness of any state agency. The revenues of any state agency which are pledged as security for any bonds of such state agency which are refunded by refunding bonds of the authority may be pledged to the authority as security for the refunding bonds.

(c) The authority is hereby authorized and empowered to issue bonds for the purpose of financing industrial enterprises, agricultural business enterprises, educational facilities, health care facilities and housing developments, or any combination of such facilities, or any interest in facilities, including without limitation leasehold interests in and mortgages on such facilities. No less than 30 days prior to the issuance of any bonds authorized under this act with respect to any project or activity which is to be undertaken for the direct benefit of any person or entity which is not a state agency or a political subdivision, written notice of the intention of the authority to provide

~~0 written notice of the intention of the authority to provide fi-  
 0565 nancing and issue bonds therefor shall be given by the president  
 0566 of the authority to the municipality in which the project or  
 0567 activity is to be located, or, if the project or activity is not  
 0568 proposed to be located within a municipality, such notice shall  
 0569 be given to the county judge of the county. No bonds for the  
 0570 financing of the project or activity shall be issued by the author-  
 0571 ity or any other political subdivision or instrumentality of the  
 0572 state for a one-year period if, within 15 days after the giving of  
 0573 such notice, the legislative body of the political subdivision in  
 0574 which the project or activity is proposed to be located shall have  
 0575 duly enacted an ordinance or resolution stating express disap-  
 0576 proval by the legislative body of the project or activity and the  
 0577 reasons therefor. Such disapproval shall not be effective unless a  
 0578 certified copy of such ordinance or resolution shall have been  
 0579 delivered to the president of the authority within 20 days of the  
 0580 giving of notice by the president as herein required. Any notice  
 0581 required by this section may be given by the mailing or actual  
 0582 delivery thereof to the proper person, and it shall be conclu-  
 0583 sively presumed that any notice given by mail, with proper  
 0584 postage prepaid, has been timely received by the addressee,  
 0585 except that, it shall not be necessary to give the notice provided  
 0586 for herein if the project or activity is of such a nature that a public  
 0587 hearing has been held in the affected political subdivision with  
 0588 respect thereto and approval given in the manner required by  
 0589 ~~section 103(l) of the internal revenue code of 1954, as amended.~~  
 0590 New Sec. 7. (a) Bonds issued shall be authorized by resolu-  
 0591 tion of the authority. The bonds may be issued as registered  
 0592 bonds or coupon bonds, payable to bearer, and, if coupon bonds,  
 0593 may be registrable as to principal only or as to principal and  
 0594 interest, and may be made exchangeable for bonds of another  
 0595 denomination or in another form. The bonds may be in such form  
 0596 and denominations, may have such date or dates, may be stated  
 7 to mature at such time or times, may bear interest payable at such  
 3 times and at such rate or rates, may be payable at such places  
 0599 within or without the state, may be subject to such terms of  
 0600 redemption in advance of maturity at such prices, and may~~

financing and issue bonds therefor shall be given by the president of the authority to the governing body of the city in which the project or activity is to be located, or, if the project or activity is not proposed to be located within a city, such notice shall be given to the governing body of the county. No bonds for the financing of the project or activity shall be issued by the authority for a one-year period if, within 15 days after the giving of such notice, the governing body of the political subdivision in which the project or activity is proposed to be located shall have duly enacted an ordinance or resolution stating express disapproval of the project or activity and shall have notified the president of the authority of such disapproval.

(d) The authority is hereby authorized and empowered to use the proceeds of any bond issues herein authorized, together with any other available funds, for purchasing, leasing, constructing, restoring, renovating, altering or repairing facilities as herein authorized, for making loans, purchasing mortgages or security interests in loan participations and paying all incidental expenses therewith, paying expenses of authorizing and issuing the bonds, paying interest on the bonds until revenues thereof are available in sufficient amounts, purchasing bond insurance or other credit enhancements on the bonds, and funding such reserves as the authority deems necessary and desirable. All moneys received by the authority, other than moneys received by virtue of an appropriation, are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. No moneys of the authority other than moneys received by appropriation shall be deposited with the state treasurer.

0601 contain such terms and conditions, all as the authority shall  
0602 determine. The bonds shall have all the qualities of and shall be  
0603 deemed to be negotiable instruments under the laws of the state  
0604 of Kansas, subject to provisions as to registration as set forth  
0605 above. The authorizing resolution may contain any other terms,  
0606 covenants and conditions that the authority deems reasonable  
0607 and desirable, including without limitation those pertaining to  
0608 the maintenance of various funds and reserves, the nature and  
0609 extent of any security for payment of the bonds, the custody and  
0610 application of the proceeds of the bonds, the collection and  
0611 disposition of revenues, the investing for authorized purposes,  
0612 and the rights, duties and obligations of the authority and the  
0613 holders and registered owners of the bonds.

0614 (b) The authorizing resolution may provide for the execution  
0615 of a trust indenture between the authority and any financial  
0616 institution within or without the state of Kansas. The trust in-  
0617 denture may contain any terms, covenants and conditions that  
0618 are deemed desirable by the authority, including without limi-  
0619 tation those pertaining to the maintenance of various funds and  
0620 reserves, the nature and extent of any security for the payment of  
0621 the bonds, the custody and application of the proceeds of the  
0622 bonds, the collection and disposition of revenues, the investing  
0623 and reinvesting of any moneys during periods not needed for  
0624 authorized purposes, and the rights, duties and obligations of the  
0625 authority and the holders and registered owners of the bonds.

0626 (c) Any authorizing resolution and trust indenture relating to  
0627 the issuance and security of the bonds shall constitute a contract  
0628 between the authority and holders and registered owners of the  
0629 bonds, which contract, and all covenants, agreements and obli-  
0630 gations therein, shall be promptly performed in strict compliance  
0631 with the terms and provisions of such contract, and the cove-  
0632 nants, agreements and obligations of the authority may be en-  
0633 forced by mandamus or other appropriate proceeding at law or in  
0634 equity.

0635 New Sec. 8. (a) The bonds may be sold in such manner,  
0636 either at public or private sale, and upon such terms as the  
0637 authority shall determine to be reasonable and expedient for

0638 effectuating the purposes for which the authority was created.  
0639 The bonds may be sold at such price as the authority may accept,  
0640 including sale at discount.

0641 (b) The bonds shall be executed by manual or facsimile  
0642 signatures of the chairperson of the board of directors and the  
0643 president of the authority or of any other director or officer of the  
0644 authority authorized to make such signature by resolution of the  
0645 board of directors. In case any of the officers whose signatures  
0646 appear on the bonds or coupons shall cease to be such officers  
0647 before delivery of such bonds or coupons, their signatures,  
0648 nevertheless, shall be valid and sufficient for all purposes. The  
0649 authority shall adopt and use a seal in the execution and issuance  
0650 of the bonds, and each bond shall be impressed or imprinted  
0651 with the seal of the authority.

0652 (c) It shall be plainly stated on the face of each bond that it  
0653 has been issued under this act, that the bonds shall be obliga-  
0654 tions only of the authority, and that, in no event, shall the bonds  
0655 constitute an indebtedness of the state of Kansas or an indebt-  
0656 edness for which the faith and credit of the state of Kansas ~~or any~~  
0657 ~~of its revenues are pledged or an indebtedness secured by lien~~  
0658 ~~on or a security interest in any property of the state.~~ The payment  
0659 of the principal of, redemption premium, if any, or interest on the  
0660 trustee's and paying agent's fees in connection with the bonds  
0661 may be secured by a lien on and security interest in facilities  
0662 financed by bonds issued hereunder, by lien or pledge of loans  
0663 made or mortgages purchased by the authority and any collateral  
0664 security received by the authority, including without limitation  
0665 the authority's interest in and any revenue derived from any loan  
0666 agreements. It shall not be necessary to the perfection of the lien  
0667 and pledge for such purposes that the trustee in connection with  
0668 such bond issue or the holders of the bonds take possession of  
0669 the loans, mortgages and collateral security.

0670 ~~New Sec. 9. When gubernatorial approval is required by the~~  
0671 ~~provisions of the tax equity and fiscal responsibility act of 1982,~~  
0672 ~~or any other federal or state law, the governor is hereby autho-~~  
0673 ~~rized to approve the issuance of bonds by the authority upon~~  
0674 ~~receipt of written request for approval from the board of direc-~~



0675 ~~Such written request shall state that the authority has~~  
 0676 ~~conducted a public hearing, pursuant to appropriate public no-~~  
 0677 ~~tice, concerning the purposes for which the bonds are to be~~  
 0678 ~~issued, shall contain a description of the project or projects to be~~  
 0679 ~~financed and shall describe the method of financing the project~~  
 0680 ~~or projects. The written request shall also summarize the com-~~  
 0681 ~~ments made and questions posed at the public hearing.~~

0682 New Sec. 10. Any bonds issued under the provisions of this  
 0683 act and the interest paid thereon, unless specifically declared to  
 0684 be taxable in the authorizing resolution, shall be exempt from all  
 0685 state, county and municipal taxes, and the exemption shall in-  
 0686 clude income, inheritance and property taxes.

0687 New Sec. 11. Any pledge of revenues, moneys, funds or  
 0688 other property made by the authority shall be valid and binding  
 0689 from the time when such pledge is made and the revenues,  
 0690 moneys, funds or other property so pledged and thereafter re-  
 0691 ceived by the authority shall immediately be subject to the lien  
 0692 of such pledge without such physical delivery thereof or further  
 0693 act on the part of the authority, and the lien of any such pledge  
 0694 shall be valid and binding as against all parties having claims of  
 0695 any kind in tort, contract or otherwise against the authority,  
 0696 irrespective of whether such parties have notice thereof. Neither  
 0697 the authorizing resolution nor any other instrument by which a  
 0698 pledge is created need be filed or recorded except in the records  
 0699 of the authority.

0700 New Sec. 12. No director or officer of the authority shall be  
 0701 liable personally for any reason arising from the issuance of  
 0702 bonds hereunder unless such person acted with a corrupt intent.

0703 New Sec. 13. The authority may create and establish one or  
 0704 more special funds or accounts as appropriate to secure bonds  
 0705 issued hereunder, as determined by the authority.

0706 New Sec. 14. All revenues received by the authority, except  
 0707 revenues derived from appropriations, are hereby specifically  
 0708 declared to be cash funds restricted in their use, and dedicated  
 0709 and to be used solely as provided in this act. The pledged  
 0710 revenues shall not be deposited with the state treasurer, but,  
 0711 ~~shall be deposited by the authority in cash~~

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~~0711 account or accounts in such depository or depositories as shall be  
0713 specified by resolution of the authority and used by the authority  
0714 solely for the purpose of carrying out the provisions of this act  
0715 and in conformity with the provisions of any resolution or any  
0716 indenture securing bonds of the authority or other agreement  
0717 entered into by the authority pursuant to the provisions of this  
0718 act. Any revenues at any time held by the authority in excess of  
0719 the amount necessary to accomplish the purposes of this act and  
0720 to comply with all covenants and agreements of the authority  
0721 relating thereto may by resolution of the board of directors be  
0722 declared to be surplus moneys and may be designated for de-  
0723 posit to such other fund or funds as the legislature may deem  
0724 appropriate.~~

0725 New Sec. 15. Bonds may be issued for the purpose of re-  
0726 funding, either at maturity or in advance of maturity, any bonds  
0727 issued under this act. Such refunding bonds may either be sold  
0728 or delivered in exchange for the bonds being refunded. If sold,  
0729 the proceeds may either be applied to the payment of the bonds  
0730 being refunded or deposited in trust and there maintained in  
0731 cash or investments for the retirement of the bonds being re-  
0732 funded, as shall be specified by the authority and the authorizing  
0733 resolution or trust indenture securing such refunding bonds. The  
0734 authorizing resolution or trust indenture securing the refunding  
0735 bonds may provide that the refunding bonds shall have the same  
0736 security for their payment as provided for the bonds being  
0737 refunded. Refunding bonds shall be sold and secured in accord-  
0738 ance with the provisions of this act pertaining to the sale and  
0739 security of the bonds.

~~0740 New Sec. 16. Bonds issued under the provisions of this act  
0741 shall be eligible to secure the deposit of public funds under  
0742 article 14 of chapter 9 of the Kansas Statutes Annotated.~~

~~0743 New Sec. 17. Any municipality, or any board, commission or  
0744 other authority duly established by ordinance of any municipal-  
0745 or the boards of trustees, respectively, of any local police or  
0746 pension plan, as defined in K.S.A. 12-5001, and amendments  
0747 thereto, or the board of trustees of any retirement system created  
0748 by the legislature of the state of Kansas, in its discretion, may~~

~~0750 invest any of its funds not immediately needed for its purposes,  
0750 in bonds issued under the provisions of this act.~~

0751 ~~New Sec. 18.~~ On or before the last day of January in each  
0752 year, the authority shall make an annual report of its activities for  
0753 the preceding calendar year to the governor and to the legisla-  
0754 ture. Such report shall contain an audit of the preceding calendar  
0755 year, prepared by a firm of nationally recognized certified public  
0756 accountants.

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0757 ~~New Sec. 19.~~ All officers, departments, boards, agencies,  
0758 divisions and commissions of the state are hereby authorized and  
0759 empowered to render any and all of such services to the authority  
0760 as may be within the area of their respective governmental  
0761 functions as fixed or established by law, and as may be required  
0762 by the authority. The cost and expenses of any such services  
0763 shall be met and provided by the authority.

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0764 ~~New Sec. 20. (a) No officer or employee of the authority for  
0765 purpose of personal gain shall have or attempt to have, directly or  
0766 indirectly, any interest in any contract or agreement of the  
0767 authority in connection with the sale or purchase of any bonds or  
0768 investments of the authority. The legislature hereby finds and  
0769 declares, in furtherance of the public purposes set forth in  
0770 section 4, that it shall not be deemed a violation of the provisions  
0771 of this section if any member of the board of directors, or any firm  
0772 owned by such member or by which such member is employed,  
0773 shall participate in any program of the authority provided that  
0774 such participation shall be on the same terms and subject to the  
0775 same conditions governing all other participants in such pro-  
0776 gram.~~

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0777 ~~(b) Any member, officer, employee or agent of the authority  
0778 who shall be found guilty of violating the provisions of this  
0779 section shall be barred from public employment in the state in  
0780 any capacity whatsoever for a period of five years from the date  
0781 such person was adjudged guilty of such violation, in addition to  
such other penalties as may be provided by law.~~

0782 ~~New Sec. 21.~~ This act shall be liberally construed. Nothing  
0784 contained herein is or shall be construed as a restriction or  
0785 limitation upon any powers which the authority might otherwise

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0786 have under any other law of this state, and the provisions of this  
0787 act are cumulative to such powers. The provisions hereof do and  
0788 shall be construed to provide a complete, additional and alter-  
0789 native method for the doing of the things authorized and shall be  
0790 regarded as supplemental and additional to powers conferred by  
0791 any other laws. The issuance of bonds under the provisions  
0792 hereof need not comply with the requirements of any other state  
0793 laws applicable to the issuance of bonds, notes and other obli-  
0794 gations and it shall not be necessary to comply with general  
0795 provisions of other laws dealing with public facilities, their  
0796 acquisition, construction, leasing, encumbering or disposition.  
0797 No proceedings, notice or approval shall be required for the  
0798 issuance of any bonds or any instrument or the security therefor  
0799 except as provided for herein.

0800 Sec. ~~22~~ K.S.A. 1986 Supp. 9-1402 is hereby amended to read  
0801 as follows: 9-1402. (a) Before any deposit of public moneys or  
0802 funds shall be made by any municipal corporation or quasi-mu-  
0803 nicipal corporation of the state of Kansas with any state or  
0804 national bank, trust company, state or federally chartered savings  
0805 and loan association or federally chartered savings bank, such  
0806 municipal or quasi-municipal corporation shall obtain security  
0807 for such deposit in one of the following manners prescribed by  
0808 this section.

0809 (b) Such bank, trust company, state or federally chartered  
0810 savings and loan association or federally chartered savings bank  
0811 may give to the municipal corporation or quasi-municipal cor-  
0812 poration a personal bond in double the amount which may be on  
0813 deposit at any given time.

0814 (c) Such bank, trust company, state or federally chartered  
0815 savings and loan association or federally chartered savings bank  
0816 may give a corporate surety bond of some surety corporation  
0817 authorized to do business in this state, which bond shall be in an  
0818 amount equal to the public moneys or funds on deposit at any  
0819 given time and such bond shall be conditioned that such deposit  
0820 shall be paid promptly on the order of the municipal corporation  
0821 or quasi-municipal corporation making such deposits.

0822 (d) Any state or national bank, trust company, state or feder-

0823 ally chartered savings and loan association or federally chartered  
0824 savings bank may deposit, maintain, pledge and assign for the  
0825 benefit of the governing body of the municipal corporation or  
0826 quasi-municipal corporation in the manner provided in this act,  
0827 securities the market value of which is equal to 100% of the total  
0828 deposits at any given time, and such securities shall consist of:  
0829 (1) Direct obligations of, or obligations that are insured as to  
0830 principal and interest by, the United States of America or any  
0831 agency thereof and obligations and securities of United States  
0832 sponsored corporations which under federal law may be ac-  
0833 cepted as security for public funds;  
0834 (2) bonds of any municipal corporation or quasi-municipal  
0835 corporation of the state of Kansas which have been refunded in  
0836 advance of their maturity and are fully secured as to payment of  
0837 principal and interest thereon by deposit in trust, under escrow  
0838 agreement with a bank, of direct obligations of, or obligations the  
0839 principal of and the interest on which are unconditionally  
0840 guaranteed by, the United States of America;  
0841 (3) bonds of the state of Kansas;  
0842 (4) general obligation bonds of any municipal corporation or  
0843 quasi-municipal corporation of the state of Kansas;  
0844 (5) revenue bonds of any municipal corporation or quasi-  
0845 municipal corporation of the state of Kansas if approved by the  
0846 state bank commissioner in the case of banks and by the savings  
0847 and loan commissioner in the case of savings and loan associa-  
0848 tions or federally chartered savings banks;  
0849 (6) temporary notes of any municipal corporation or quasi-  
0850 municipal corporation of the state of Kansas which are general  
0851 obligations of the municipal or quasi-municipal corporation is-  
0852 suing the same;  
0853 (7) warrants of any municipal corporation or quasi-municipal  
0854 corporation of the state of Kansas the issuance of which is  
0855 authorized by the state board of tax appeals and which are  
0856 payable from the proceeds of a mandatory tax levy;  
0857 (8) bonds of either a Kansas not-for-profit corporation or of a  
0858 local housing authority that are rated at least Aa by Moody's  
0859 Investors Service or AA by Standard & Poor's Corp.;

0860 (9) bonds issued pursuant to K.S.A. 12-1740 *et seq.*, and  
 0861 amendments thereto, that are rated at least MIG-1 or Aa by  
 0862 Moody's Investors Service or AA by Standard & Poor's Corp.; or  
 0863 (10) notes of a Kansas not-for-profit corporation that are is-  
 0864 sued to provide only the interim funds for a mortgage loan that is  
 0865 insured by the federal housing administration; or

0866 (11) bonds issued pursuant to sections 1 through 21.

0867 (e) No state or national bank, trust company, state or federally  
 0868 chartered savings and loan association or federally chartered  
 0869 savings bank may deposit and maintain for the benefit of the  
 0870 governing body of a municipal or quasi-municipal corporation of  
 0871 the state of Kansas, any securities which consist of:

0872 (1) Bonds secured by revenues of a utility which has been in  
 0873 operation for less than three years; or

0874 (2) bonds issued under K.S.A. 12-1740 *et seq.*, and amend-  
 0875 ments thereto, unless such bonds have been refunded in ad-  
 0876 vance of their maturity as provided in subsection (d) or such  
 0877 bonds are rated at least Aa by Moody's Investors Service or AA  
 0878 by Standard & Poor's Corp.

0879 (f) Whenever a bond is authorized to be pledged as a security  
 0880 under this section, such bond shall be accepted as a security if:

0881 (1) In the case of a certificated bond, it is assigned, delivered or  
 0882 pledged to the holder of the deposit for security; (2) in the case of  
 0883 an uncertificated bond, registration of a pledge of the bond is  
 0884 authorized by the system and the pledge of the uncertificated  
 0885 bond is registered; or (3) in a form approved by the attorney  
 0886 general, which assures the availability of the bond proceeds  
 0887 pledged as a security for public deposits.

0888 (g) Any expense incurred in connection with granting ap-  
 0889 proval of revenue bonds shall be paid by the applicant for  
 0890 approval.

0891 ~~Sec. 23~~ K.S.A. 1986 Supp. 9-1402 is hereby repealed.

0892 ~~Sec. 24~~ This act shall take effect and be in force from and  
 0893 its publication in the statute book.

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