

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Economic Development

Recommends that Senate Bill No. 73

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

Be amended by substituting a new bill to be designated as "Substitute for Senate Bill No. 73," as follows:

"Substitute for SENATE BILL NO. 73

By Committee on Economic Development

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

And the substitute bill be passed.

Chairperson

4-29-87

Substitute for SENATE BILL NO. 73
By Committee on Economic Development

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

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

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

New Sec. 2. The following words or terms used in this act shall have the following meanings unless a different meaning clearly appears from the context:

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

(b) "Authority" means the Kansas development finance authority created by section 3.

(c) "Agricultural business enterprises" means facilities supporting or utilized in the operation of farms, ranches and other agricultural, aquacultural or silvicultural commodity producers and services provided in conjunction with the foregoing.

(d) "Board of directors" means the board of directors of the authority created by section 3.

(e) "Bonds" means any bonds, notes, debentures, interim certificates, grant and revenue anticipation notes, interest in a lease, lease certificate of participation or other evidences of indebtedness, whether or not the interest on which is subject to federal income taxation, issued by the authority pursuant to this act.

(f) "Capital improvements" means any physical public betterment or improvement or any preliminary plans, studies or surveys relative thereto; land or rights in land, including,

without limitations, leases, air rights, easements, rights-of-way or licenses; and any furnishings, machinery, vehicles, apparatus or equipment for any public betterment or improvement.

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

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

(i) "Educational facilities" means real, personal and mixed property of any and every kind intended by an educational institution in furtherance of its educational program.

(j) "Facilities" means any real property, personal property or mixed property of any and every kind.

(k) "Health care facilities" means facilities for furnishing physical or mental health care.

(l) "Housing development" means any work or undertaking, whether new construction or rehabilitation, which is designed and financed pursuant to the provisions of this act for the primary purpose of providing sanitary, decent and safe dwelling accommodations for elderly persons and families of low income in need of housing.

(m) "Industrial enterprise" means facilities for manufacturing, producing, processing, assembling, repairing, extracting, warehousing, distributing, communications, computer services, transportation, corporate and management offices and services provided in connection with any of the foregoing, in isolation or in any combination, that involve the creation of new or additional employment or the retention of existing employment.

(n) "Political subdivision" means political or taxing subdivisions of the state, including municipal and quasi-municipal corporations, boards, commissions, authorities, councils, committees, subcommittees and other subordinate groups or administrative units thereof, receiving or expending and supported, in whole or in part, by public funds.

(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.

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

(q) "State agency" means any office, department, board, commission, bureau, division, public corporation, agency or instrumentality of this state.

New Sec. 3. (a) There is hereby created, with such duties and powers as are hereinafter set forth to carry out the provisions of this act, a public body politic and corporate, with corporate succession, to be an independent instrumentality of this state exercising essential public functions, and to be known as the Kansas development finance authority.

(b) The board of directors of the authority shall consist of the secretary of the department of commerce and four members to be appointed by the governor. Not less than three members of such board shall be representative of the general public and not more than three members shall be members of the same political party.

The governor shall appoint, subject to confirmation by the senate as provided in K.S.A. 75-4315b and amendments thereto, two public members of the board for a term of two years and two for a term of four years, and thereafter, upon the expiration of such terms, public members shall be appointed for a term of four years.

Each board member shall hold office for the term of such member's appointment and until such member's successor shall have been appointed and qualified. Any vacancy in the board occurring

other than by expiration of term shall be filled by the appointment of the governor, but for the unexpired term only.

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

(d) The authority shall have such rights, powers and privileges and shall be subject to such duties as provided by this act. The governor shall appoint a president who shall serve at the will of the governor.

The president shall appoint and employ such additional officers, accountants, financial advisors or experts, bond counsel or other attorneys, agents and employees as it may require and shall determine their qualifications, duties and compensation subject to the approval of the board of directors. The president shall be an ex officio nonvoting member of the board and may be elected secretary of the board. The powers of the authority shall be vested in the members of the board of directors and three members of the board shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the board at any meeting thereof by the affirmative vote of a majority of present and voting board members. Any motion and resolution to authorize an issue of bonds, to approve a loan application, to authorize a lease transaction or to approve a bond guaranty shall have the affirmative vote of at least three board members.

(e) Before the issuance of any bonds, each member of the board of directors of the authority shall execute a surety bond in the penal sum of \$250,000 and the president of the authority shall execute a surety bond in the penal sum of \$250,000, each surety bond to be conditioned upon the faithful performance of the duties of the office by such board member or president, as the case may be, to be executed by a surety company authorized to transact business in the state of Kansas, as surety, and to be approved by the attorney general. At all times after the issuance of any bonds by the authority, each member of the board of directors of the authority shall maintain such surety bonds in

full force and effect. All costs of such surety bonds shall be borne by the authority.

(f) The members of the board of directors of the authority shall serve without compensation, but the authority may reimburse its board members for actual expenses necessarily incurred in the discharge of their official duties.

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

(h) The authority may be dissolved by act of the legislature on condition that the authority has no debts or obligations outstanding or provision has been made for the payment or retirement of such debts or obligations. Upon any such dissolution of the authority, all property, funds and assets thereof shall be vested in the state.

New Sec. 4. Except as otherwise limited by this act, the authority shall have the following powers to:

- (a) Sue and be sued;
- (b) have a seal and alter the same at its pleasure;
- (c) make and alter bylaws for its organization and internal management;
- (d) make and issue such rules and regulations as may be necessary to carry out the purposes of this act;
- (e) acquire, hold and dispose of real and personal property for its corporate purposes;
- (f) appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensation;
- (g) borrow money and to issue notes, bonds and other obligations pursuant to section 5, whether or not the interest on which is subject to federal income taxation, and to provide for the rights of the lenders or holders thereof;
- (h) purchase notes or participations in notes evidencing loans which are secured by mortgages or security interests and to enter into contracts in that regard;

(i) make secured or unsecured loans for any of the purposes for which bonds of the authority may be issued under this act, except that nothing in this act shall be construed to authorize the authority to make loans directly to individuals to finance housing developments;

(j) sell mortgages and security interests at public or private sale, to negotiate modifications or alterations in mortgage and security interests, to foreclose on any mortgage or security interest in default or commence any action to protect or enforce any right conferred upon it by any law, mortgage, security agreement, contract or other agreement, and to bid for and purchase property which was the subject of such mortgage or security interest at any foreclosure or at any other sale, to acquire or take possession of any such property, and to exercise any and all rights as provided by law for the benefit or protection of the authority or mortgage holders;

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

(l) make and execute contracts for the servicing of mortgages acquired by the authority pursuant to this act, and to pay the reasonable value of services rendered to the authority pursuant to those contracts;

(m) accept gifts, grants, loans and other aid from the federal government, the state, any state agency, any political subdivision 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;

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

(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;

(q) establish accounts in one or more depositories;

(r) lease, acquire, construct, sell and otherwise deal in and contract concerning any facilities;

(s) have and exercise all of the powers granted to the public housing authorities by the state, except that the authority shall not have the power of eminent domain;

(t) do any and all things necessary or convenient to carry out its purposes and exercise the powers given and granted in this act;

(u) assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be consistent with the provisions of this act. In order to comply with this requirement, efforts must be made to solicit for review and analysis proposed minority business ventures. Basic loan underwriting standards will not be waived to inconsistently favor minority persons or businesses from the intent of the authority's lending practices.

New Sec. 5. (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 and housing developments. 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, 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 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 issue bonds for the purpose of establishing and funding one or more series of venture capital funds in such principal amounts, at such interest rates, in such maturities, with such security, and upon such other terms and in such manner as is approved by resolution of the authority. The proceeds of such bonds not placed in a venture capital fund or used to pay or reimburse organizational, offering and administrative expenses and fees necessary to the issuance and sale of such bonds shall be invested and reinvested in such securities and other instruments as shall be provided in the resolution under which such bonds are issued. Moneys in a venture capital fund shall be used to make venture capital investments in new, expanding or developing businesses, including, but not limited to, equity and debt securities, warrants, options and other rights to acquire such securities, subject to the provisions of the resolution of the

authority. The authority shall establish an investment policy with respect to the investment of the funds in a venture capital fund not inconsistent with the purposes of this act. The authority shall enter into an agreement with a management company experienced in venture capital investments to manage and administer each venture capital fund upon terms not inconsistent with the purposes of this act and such investment policy. The authority may establish an advisory board to provide advice and consulting assistance to the authority and the management company with respect to the management and administration of each venture capital fund and the establishment of its investment policy. All fees and expenses incurred in the management and administration of a venture capital fund not paid or reimbursed out of the proceeds of the bonds issued by the authority shall be paid or reimbursed out of such venture capital fund.

(e) The authority is hereby authorized and empowered to use the proceeds of any bond issues herein authorized, together with any other available funds, for venture capital investments or 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.

New Sec. 6. (a) Bonds issued shall be authorized by resolution of the authority. The bonds may be issued as registered bonds or coupon bonds, payable to bearer, and, if

coupon bonds, may be registrable as to principal only or as to principal and interest, and may be made exchangeable for bonds of another denomination or in another form. The bonds may be in such form and denominations, may have such date or dates, may be stated to mature at such time or times, may bear interest payable at such times and at such rate or rates, may be payable at such places within or without the state, may be subject to such terms of redemption in advance of maturity at such prices, and may contain such terms and conditions, all as the authority shall determine. The bonds shall have all the qualities of and shall be deemed to be negotiable instruments under the laws of the state of Kansas, subject to provisions as to registration as set forth above. The authorizing resolution may contain any other terms, covenants and conditions that the authority deems reasonable and desirable, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for payment of the bonds, the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the investing for authorized purposes, and the rights, duties and obligations of the authority and the holders and registered owners of the bonds.

(b) The authorizing resolution may provide for the execution of a trust indenture between the authority and any financial institution within or without the state of Kansas. The trust indenture may contain any terms, covenants and conditions that are deemed desirable by the authority, including without limitation those pertaining to the maintenance of various funds and reserves, the nature and extent of any security for the payment of the bonds, the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the investing and reinvesting of any moneys during periods not needed for authorized purposes, and the rights, duties and obligations of the authority and the holders and registered owners of the bonds.

(c) Any authorizing resolution and trust indenture relating

to the issuance and security of the bonds shall constitute a contract between the authority and holders and registered owners of the bonds, which contract, and all covenants, agreements and obligations therein, shall be promptly performed in strict compliance with the terms and provisions of such contract, and the covenants, agreements and obligations of the authority may be enforced by mandamus or other appropriate proceeding at law or in equity.

New Sec. 7. (a) The bonds may be sold in such manner, either at public or private sale, and upon such terms as the authority shall determine to be reasonable and expedient for effectuating the purposes for which the authority was created. The bonds may be sold at such price as the authority may accept, including sale at discount.

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

(c) It shall be plainly stated on the face of each bond that it has been issued under this act, that the bonds shall be obligations only of the authority, and that, in no event, shall the bonds constitute an indebtedness of the state of Kansas or an indebtedness for which the faith and credit or taxing powers of the state of Kansas are pledged. The payment of the principal of, redemption premium, if any, or interest on the trustee's and paying agent's fees in connection with the bonds may be secured by a lien on and security interest in facilities financed by bonds issued hereunder, by lien or pledge of loans made or

mortgages purchased by the authority and any collateral security received by the authority, including without limitation the authority's interest in and any revenue derived from any loan agreements. It shall not be necessary to the perfection of the lien and pledge for such purposes that the trustee in connection with such bond issue or the holders of the bonds take possession of the loans, mortgages and collateral security.

New Sec. 8. Any bonds issued under the provisions of this act and the interest paid thereon, unless specifically declared to be taxable in the authorizing resolution, shall be exempt from all state, county and municipal taxes, and the exemption shall include income, inheritance and property taxes.

New Sec. 9. Any pledge of revenues, moneys, funds or other property made by the authority shall be valid and binding from the time when such pledge is made and the revenues, moneys, funds or other property so pledged and thereafter received by the authority shall immediately be subject to the lien of such pledge without such physical delivery thereof or further act on the part of the authority, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether such parties have notice thereof. Neither the authorizing resolution nor any other instrument by which a pledge is created need be filed or recorded except in the records of the authority.

New Sec. 10. No director or officer of the authority shall be liable personally for any reason arising from the issuance of bonds hereunder unless such person acted with a corrupt intent.

New Sec. 11. The authority may create and establish one or more special funds or accounts as appropriate to secure bonds issued hereunder, as determined by the authority.

New Sec. 12. Bonds may be issued for the purpose of refunding, either at maturity or in advance of maturity, any bonds issued under this act. Such refunding bonds may either be sold or delivered in exchange for the bonds being refunded. If

sold, the proceeds may either be applied to the payment of the bonds being refunded or deposited in trust and there maintained in cash or investments for the retirement of the bonds being refunded, as shall be specified by the authority and the authorizing resolution or trust indenture securing such refunding bonds. The authorizing resolution or trust indenture securing the refunding bonds may provide that the refunding bonds shall have the same security for their payment as provided for the bonds being refunded. Refunding bonds shall be sold and secured in accordance with the provisions of this act pertaining to the sale and security of the bonds.

New Sec. 13. On or before the last day of January in each year, the authority shall make an annual report of its activities for the preceding calendar year to the governor and to the legislature. Such report shall contain an audit of the preceding calendar year, prepared by a firm of nationally recognized certified public accountants. On or before the last days of January and July of each year, the authority shall provide a written report to the governor and the legislature with respect to all bonds of the authority issued during the previous semi-annual period, specifying the terms of sale and the costs, fees and expenses of each such bond issue.

New Sec. 14. All officers, departments, boards, agencies, divisions and commissions of the state are hereby authorized and empowered to render any and all of such services to the authority as may be within the area of their respective governmental functions as fixed or established by law, and as may be required by the authority. The cost and expenses of any such services shall be met and provided by the authority.

New Sec. 15. No officer, director or employee of the authority for purpose of personal gain shall have or attempt to have, directly or indirectly, any interest in any contract or agreement of the authority in connection with the sale or purchase of any bonds or investments of the authority.

New Sec. 16. This act shall be liberally construed. Nothing

contained herein is or shall be construed as a restriction or limitation upon any powers which the authority might otherwise have under any other law of this state, and the provisions of this act are cumulative to such powers. The provisions hereof do and shall be construed to provide a complete, additional and alternative method for the doing of the things authorized and shall be regarded as supplemental and additional to powers conferred by any other laws. The issuance of bonds under the provisions hereof need not comply with the requirements of any other state laws applicable to the issuance of bonds, notes and other obligations and it shall not be necessary to comply with general provisions of other laws dealing with public facilities, their acquisition, construction, leasing, encumbering or disposition. No proceedings, notice or approval shall be required for the issuance of any bonds or any instrument or the security therefor except as provided for herein.

Sec. 17. K.S.A. 1986 Supp. 9-1402 is hereby amended to read as follows: 9-1402. (a) Before any deposit of public moneys or funds shall be made by any municipal corporation or quasi-municipal corporation of the state of Kansas with any state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank, such municipal or quasi-municipal corporation shall obtain security for such deposit in one of the following manners prescribed by this section.

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

(c) Such bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may give a corporate surety bond of some surety corporation authorized to do business in this state, which bond shall be in an amount equal to the public moneys or funds on deposit at any

given time and such bond shall be conditioned that such deposit shall be paid promptly on the order of the municipal corporation or quasi-municipal corporation making such deposits.

(d) Any state or national bank, trust company, state or federally chartered savings and loan association or federally chartered savings bank may deposit, maintain, pledge and assign for the benefit of the governing body of the municipal corporation or quasi-municipal corporation in the manner provided in this act, securities the market value of which is equal to 100% of the total deposits at any given time, and such securities shall consist of:

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

(2) bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America;

(3) bonds of the state of Kansas;

(4) general obligation bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas;

(5) revenue bonds of any municipal corporation or quasi-municipal corporation of the state of Kansas if approved by the state bank commissioner in the case of banks and by the savings and loan commissioner in the case of savings and loan associations or federally chartered savings banks;

(6) temporary notes of any municipal corporation or quasi-municipal corporation of the state of Kansas which are general obligations of the municipal or quasi-municipal corporation issuing the same;

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

(8) bonds of either a Kansas not-for-profit corporation or of a local housing authority that are rated at least Aa by Moody's Investors Service or AA by Standard & Poor's Corp.;

(9) bonds issued pursuant to K.S.A. 12-1740 et seq., and amendments thereto, that are rated at least MIG-1 or Aa by Moody's Investors Service or AA by Standard & Poor's Corp.; or

(10) notes of a Kansas not-for-profit corporation that are issued to provide only the interim funds for a mortgage loan that is insured by the federal housing administration; or

(11) bonds issued pursuant to sections 1 through 16.

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

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

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

(f) Whenever a bond is authorized to be pledged as a security under this section, such bond shall be accepted as a security if: (1) In the case of a certificated bond, it is assigned, delivered or pledged to the holder of the deposit for security; (2) in the case of an uncertificated bond, registration of a pledge of the bond is authorized by the system and the pledge of the uncertificated bond is registered; or (3) in a form approved by the attorney general, which assures the availability

of the bond proceeds pledged as a security for public deposits.

(g) Any expense incurred in connection with granting approval of revenue bonds shall be paid by the applicant for approval.

Sec. 18. K.S.A. 1986 Supp. 9-1402 is hereby repealed.

Sec. 19. This act shall take effect and be in force from and after its publication in the Kansas register.