

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairman Ruth Teichman at 9:30 A.M. on February 7, 2007 in Room 234-N of the Capitol.

All members were present.

Committee staff present:

Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Ken Wilke, Office of Revisor of Statutes
Bev Beam, Committee Secretary

Conferees appearing before the committee:

John Thomas Thull, State Banking Commissioner
Dale Goter, City of Wichita
Sonya Allen, State Banking Commissioner's Office

Others attending:

See attached list.

The Chair called the meeting to order and welcomed John Thomas Thull to his confirmation hearing as State Banking Commissioner. Mr. Thull gave an overview of his past employment. (Attachment 1)

Senator Wysong moved recommendation of John Thomas Thull as State Banking Commissioner to the full Senate. Senator Brungardt seconded. Motion carried.

Hearing on:

SB 154 - concerning municipal bonds; relating to the limit on the amount of the bond issue; amending K.S.A. 10-106 and repealing the existing section.

The Chair asked Dale Goter, City of Wichita, for his testimony. Mr. Goter said the City of Wichita seeks legislative approval for an amendment to K.S.A. 10-106, increasing the statutory cap on bonds that may be sold through public notice or private sale for municipal bond projects. Current law sets the cap at \$100,000; the amendment raises that cap to \$2 million.

By raising the cap on negotiated bond placements, the city could pool as much as \$2 million in 20-year bonds and work directly with local bond houses to place the obligations at a more competitive rate resulting in financial benefits to homeowners and others who make the monthly special assessment repayments. (Attachment 2)

The Chair closed the hearing on **SB 154.**

Hearing on:

SB 197 - concerning the office of the state bank commissioner; relating to the office of administrative hearings; exception; amending K.S.A. 2006 Supp. 75-37,121 and repealing the existing section.

Sonya Allen, State Commissioner's Office General Counsel, testified that this bill would include an amendment to add the "Office of the State Bank Commissioner," in addition to the "State Banking Board," to the list of exempt entities. Ms. Allen said this amendment reflects the original intent of the law when it was drafted and current practices allow for the greatest efficiency in terms of providing timely hearings to individuals who have been denied a license or have been the subject of some other administrative action, and whose appeal is to the Commissioner or Administrator of the UCCC. The amendment would allow us to continue our existing hearing process. The current process ensures that the individual hearing the matter has expertise in this area of the law, and provides an accurate and consistent interpretation of the Kansas Mortgage Business Act and the Kansas Uniform Consumer Credit Code. The Office of the State Bank Commissioner respectfully requests favorable consideration of **SB 197.** (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE Senate Financial Institutions and Insurance Committee at 9:30 A.M. on February 7, 2007 in Room 234-N of the Capitol.

Written testimony from the Kansas Association of Mortgage Brokers was also presented in favor of **SB 197**. (Attachment 4)

Action on:

SB 137 - concerning banks; prohibiting the establishment of branches with commercial affiliates.

Senator Brownlee moved to pass SB 137 out favorably. Senator Wysong seconded. Motion carried.

Action on:

SB 127 - concerning insurance; pertaining to subsidence insurance.

Senator Wilson moved to accept the amendments to SB 127 as presented by Ken Wilke. Senator Wysong seconded. Motion carried.

Senator Wysong moved to accept KDHE amendment recommendations to SB 127. Senator Barone seconded. Motion carried.

Senator Barone moved to pass the bill out favorably as amended. Seconded by Senator Steineger. Motion carried.

Action on:

Senator Vicki Schmidt moved SB 197 out favorably for passage. Senator Brownlee seconded. Motion carried.

Action on:

Senator Vicki Schmidt moved SB 154 out favorably for passage. Senator Steineger seconded. Motion carried.

Ken Wilke presented balloon language to **SB 113 concerning insurance agents and producers; relating to the continuing education requirements**. Following discussion, the Chair said this bill would be worked at a later date.

The meeting adjourned at 10:30 a.m.

FINANCIAL INSTITUTIONS & INSURANCE COMMITTEE GUEST LIST

DATE: 2-7-07

NAME	REPRESENTING
Doug Wareham	KBA
Kathy Olsen	KBA
Natalie Haag	Security Benefit
Alex Kotyantz	P.I.A
BRANDON BOHNING	KBA
Judi Stork	OSBC
Kevin Glendening	✓
Louise Monell	✓
Glen Caspers	✓
Sonya Allen	✓
Kerri Spielman	KATA
Terrel Wright	Ks Credit Union Assn

Senate Confirmation Information Summary
Prepared and Submitted by the Office of Governor Kathleen Sebelius

Appointee: John Thomas Thull

Position: State Banking Commissioner

Appointment Date: January 25, 2007

Expiration Date: N/A

Term Length: Pleasure of the Governor

Statutory Authority: K.S.A. 75-1304

Party Affiliation: Democrat

⇒ Statutory geographic representation
Requirements *(insert any that apply)*

Congressional District: N/A

County: N/A

Size requirement *(if any)*: N/A

Other, specify: N/A

⇒ Statutory party affiliation requirement: N/A

⇒ Statutory industry or occupation requirements: N/A

Salary: \$90,000

Predecessor: Clancy Norris, who resigned

Board Composition Prior to Confirmation of New Appointee:

(SEE ATTACHED LIST)

FI&I
2-7-07
Attachment 1

John Thomas Thull
300 Campus Ct.
North Newton, KS

1998 to Present	President Central National Bank Newton 626 N. Main Newton, KS 67114
1989 to 1997	Vice-President Commercial and Agricultural Loan Officer Midland National Bank 527 Main Newton, KS 67114
1985 to 1989	Vice President Agricultural Loan Officer Central Bank and Trust 110 W. Avenue A. Hutchinson, KS 67501
1976 to 1985	Loan Specialist U.S.D.A. Farmers Home Administration 301 Houston Manhattan, KS 66502
1975 to 1976	Vocational Agriculture Instructor U.S.D. 378 P.O. Box 38 Riley, KS 66531

Bio **Tom Thull**

Full Name: John Thomas Thull

Birth Date: September 2, 1952

Education: Ag. Education KSU 1975

Married: August 3, 1974
Shelley J. (Schreuder) Thull
Math Teacher at Haven High School

Children: Son Andrew 27, Mechanical Engineer, General Motors, Flint, MI, lives in Grand Blanc, MI, Married to Erin
Daughter Casey Phillips 25, Loan Underwriter, Midland Loan Services, Overland Park, KS, lives in Olathe, Married to Mychael

Occupation: Bank President, Central National Bank, Newton, KS

Community Service: State Representative 72nd Dist. Two terms
Mayor of North Newton for 8 years
Harvey County Council of Governments
Past President Harvey County Bankers Association
Newton Area Chamber of Commerce
Director
Marketing Newton Committee Chairman
Community Décor Committee
Golf Tournament Committee
Past President Harvey County Economic Development Council
Bethel College Advisory Board
Past Director and Drive Chair of Harvey County United Way
Director Harvey County Builders
Director Newton Rotary
Chair Health Occupations Advisory Board Newton High School
Campaign Treasurer for Senator Christine Downey
Meals on Wheels Volunteer
Affiliate Member Harvey Co. Board of Realtors
Neighborhood Coordinator for National Night Out in North Newton
Vice President Harvey County Catbackers
American Red Cross Blood Donor, 3 gallons +
American Legion Rider
Railrodders Car Club

(for Appointments Office use only)

KBI Check: NA In Process Complete

KANSAS GOVERNOR SEBELIUS APPOINTMENT QUESTIONNAIRE

Position for which you are applying: State Bank Commissioner

Full Name (please include title and middle name): John Thomas Thull

Home Address:

300 Campus Ct, North Newton, KS 67117 Harvey
(City, State, Zip) (County)

Business Address: 626 N. Main, Newton, KS 67114 Harvey
(City, State, Zip) (County)

Business Name: Central National Bank

Position Title: Branch President

Home Phone: 316 283-8540 Business Phone: 316 284-3150 Cell Phone: 316 288-6372

Facsimile No: 316 283-8540 E-Mail Address: jthull@cox.net

Driver's License No:  Social Security No: 

Date of Birth: 9/2/52 Place of Birth: Beloit, KS Kansas resident? Yes

Registered Voter? Yes Party Affiliation: Democratic

Congressional District: 4th Kansas Senate District: 31 Kansas Representative District: 72

Do you have the legal right to live and work in the United States? Yes

Education: Cawker City High School - 1970, B.S. Agriculture Kansas State University 1975

Employment Experience: 1998 to Present - Central National Bank, Newton; 1989 - 1997 Midland National Bank, Newton; 1985 - 1989, Central Bank & Trust, Hutchinson; 1976 - 1985, USDA

Do you hold any professional licenses? If so, please provide numbers: No

What special skills could you bring to this position? Legislative Experience

Previous government appointments: _____
(Please provide dates)

EXPERIENCE AND AFFILIATIONS (Note: All yes answers require a detailed response. Attach a separate sheet if necessary.)

1. **Military Service:** List rank, date, and type of discharge from active service: *N/A*
2. **Government Experience:** List on a separate sheet any experience or association with local, state or federal government (exclusive of elective public office but including advisory, consulting, honorary, or other part-time service or positions), with dates of service: *Harvey County Council of Governments 1999-2002 Bethel College Advisory Board 2002*
3. **Elective Public Office:** List on a separate sheet all elective public offices sought and/or held with dates of service: *1994-2002 Mayor of North Newton
2003-2006 Kansas House of Representatives*
4. **Honors and Awards.** List on a separate sheet all scholarships, fellowships, honorary degrees, honorary society memberships, and any other special recognitions for outstanding service or achievements:
5. **Organization Affiliations.** List on a separate sheet all local, state, and national civic, cultural, educational, charitable, or work-related organizations you have been associated with in the past ten years. Include any position held in the organization and the dates of service. *Harvey Co. Eco Devs Council
Harvey County United Way, Newton Rotary Club, Newton Area Chamber of Commerce*
6. **Organization Restrictions:** To your knowledge, is any organization listed above restricted on the basis of race, color, religion, sex, national origin, disability, marital status, or veteran status? If yes, please describe: No Yes _____
7. **Issues.** Have you ever been publicly identified, in person or by organizational membership, with a particularly controversial national or local issue? If so, please describe. No Yes _____
8. **Submission of views.** Have you ever submitted oral or written views to any governmental authority, whether executive or legislative, or to the news media on any particular controversial issue other than in an official governmental capacity? If yes, please describe. No Yes _____
9. **Associations.** Have you ever had any association with any person, group, or business venture that could be used, even unfairly, to impugn or attack your character and qualifications for the position to which you seek to be appointed? If yes, please describe. No Yes _____
10. **Opposition.** Do you know of any person or group who might take overt or covert steps to attack, even unfairly, your appointment? If yes, please identify and explain the basis for the potential attack on a separate sheet. No Yes _____
11. **Miscellaneous.** List on a separate sheet any factors, other than the information provided above, which particularly qualify you or are relevant to the position to which you are seeking appointment? Include any special skills.

CONFLICTS OF INTEREST: (Yes answers require a detailed response. If necessary, use a separate sheet.)

12. **Relationship to governmental employees.** Are you or your spouse or other close family members related to any state governmental official or employee? If yes, please provide details. No X Yes _____
13. **Compensation.** During the past five years have you or your spouse or other close family members received any compensation or been involved in any financial transaction with the State of Kansas? If yes, please explain. No X Yes _____
14. **Business relationships.** Describe on a separate sheet any business relationship, dealing, or financial transaction which you have had during the last five years, whether for yourself, on behalf of a client, or acting as an agent, which you believe may constitute an appearance of impropriety or result in a potential conflict of interest in the position to which you want to be appointed. If none, please so state. None
15. **Transactions with officials.** During the past five years, have you or your spouse or other close family members received any compensation or been involved in any financial transaction with any state government official? If, yes, please explain on a separate sheet. No X Yes _____
16. **Spouse or other family members.** If the nature of employment for your spouse or other close family member is related in any way to the position to which you want to be appointed, please indicate the employer, the position, and the length of time it has been held. If it is not, please so state. Not related
17. **Lobbying activities.** Describe briefly on a separate sheet any lobbying activity during the past ten years in which you have engaged for the purpose of influencing the passage, defeat, or modification of any legislative or administrative action. Describe briefly any lobbying activity during the last ten years in which your spouse has engaged for the purpose of influencing the passage, defeat, or modification of any legislative or administrative action that is related in any way to the position to which you are seeking appointment. (Lobbying activity includes any activity performed as an individual or agent of another individual, or of any organization that involves direct communication with an official in the executive branch of state government, or any official of the legislative branch.) If none, please so state. None
18. **Regulated activities.** Describe on a separate sheet any interest that you, your spouse, or other close family member may have (whether as an officer, owner, director, trustee, or partner) in any corporation, firm, partnership, or other business enterprise and any non-profit organization or other institution that is regulated by or receives direct financial benefits from any department or agency of the State of Kansas. If none, please so state. None
19. **Other.** Please describe on a separate sheet any other matter in which you are involved that is or may be incompatible or in conflict with the discharge of the duties of the position to which you seek to be appointed or which may impair or tend to impair your independence of judgment or action in the performance of the duties of that position. If none, please so state. None

ETHICAL MATTERS: (Yes answers require a detailed response. If necessary, use a separate sheet.)

20. **Citations.** Have you ever been cited for a breach of ethics for unprofessional conduct by, or been named in a complaint to any court, administrative agency, professional association, disciplinary committee, or other professional group? If yes, please provide details.
No Yes _____
21. **Convictions.** Have you ever been convicted of or entered a plea of guilty or nolo contendere or forfeited collateral for any criminal violation other than a minor traffic offense? (Minor traffic offenses do not include the Kansas offenses of driving under the influence, operating while impaired, reckless driving, or the equivalent offenses in other states.) If yes, please explain.
No Yes _____
22. **U.S. Military convictions.** Have you ever been convicted by any military court? If yes, please provide details. No Yes _____
23. **Imprisonment.** Have you ever been imprisoned, been on probation, or been on parole? If yes, please provide details. No Yes _____
24. **Agency proceedings: Civil Litigation.** Are you presently, or have you ever been, a party in interest in any administrative agency proceeding or civil litigation that is related in any way to the position to which you are seeking appointment? If yes, please provide details.
No Yes _____
25. **Agency proceedings and civil litigation of affiliates and family.** Has any business in which you, your spouse, close family member or business associate are or were an officer, director or partner been a party to any administrative agency proceeding or civil litigation relevant to the position to which you are seeking appointment? If yes, please provide details. (With respect to this question, you need only consider proceedings and litigation that occurred while you, your spouse, close family member, or business associate were an officer of that business.)
No Yes _____
26. **Other litigation.** Other than the litigation described above, have you or any business in which you are or were an officer, director, or partner been a plaintiff or a defendant in a civil lawsuit? If yes, please describe. Is anyone currently threatening to sue you or any business in which you are an officer, director, or partner? If yes, please describe. No Yes _____
27. **Drivers license.** Has your drivers license ever been suspended or revoked? If yes, please describe. No Yes _____
28. **Parking tickets.** Do you have outstanding parking tickets from any jurisdiction in Kansas that have remained unpaid for more than 60 days? If yes, please explain. No Yes _____
29. **Security clearance denial.** Have you ever been denied a military or other governmental clearance? If yes, please explain. No Yes _____

30. **Firings.** During the past ten years, have you been fired from a job for any reason? Did you quit after being told that you would be fired, or did you leave by mutual agreement because of specific problems? If yes, please provide details. No Yes _____
31. **Alimony and child support.** Are you now, or have you ever been delinquent in the payment of alimony or child support? If yes, please provide details. No Yes _____
32. **Consumption of alcohol.** Are you currently abusing alcohol? No Yes _____
33. **Controlled substances.** Are you currently engaged in the illegal use of a controlled substance or abusing the use of a prescribed controlled substance? If yes, please describe. No Yes _____
34. **Physical examination.** If you receive a conditional offer of appointment or employment, would you be willing to take a physical examination, which may include a drug test? No _____ Yes
35. **Other.** Please provide any additional information, favorable or unfavorable, which you feel should be considered in connection with your appointment.

FINANCIAL MATTERS: (Yes answers require a detailed response. If necessary, use a separate sheet.)

36. **Delinquencies.** Are you delinquent on any federal, state, or local debt? (Include delinquencies for income, property, or other taxes; governmental loans; overpayment of benefits; required payments into or under governmental programs; and other debts or required payments to the government; plus any defaults on or under loans which are or were guaranteed, insured, or subsidized by any unit of government.) If yes, please provide details on a separate sheet of paper. No Yes _____

REFERENCES/SIGNIFICANT SUPPORTERS (elected officials, community leaders, friends, etc.)

Name: Jim Heinicke Relationship to you: Friend Newton City Manager

Telephone: 316 284-6002

Name: Mickey Dean Relationship to you: Friend Ex. Dir. Harvey Co. Eco. Dev.

Telephone: 316 283-6033

Name: Merrill Rober Relationship to you: Friend Campaign Treasurer

Telephone: 316 283-6444

Name: Kerry Newell Relationship to you: Friend Community Leader

Telephone: 316 283-4450

AUTHORIZATION AND CERTIFICATION:

The facts set forth in my application are true and complete. False statements, answers, or omissions on this application shall be sufficient cause for nonconsideration or for dismissal after appointment or employment. I also recognize that my selection is based on receipt of satisfactory information from former employers and references, and upon my ability to perform the essential elements, with or without reasonable accommodations, for the position for which I am applying. I herein authorize investigation, without liability, of the information supplied by me in this application for employment or appointment including academic, occupational, health, law enforcement, and government records. I also authorize listed employers and references, without liability, to make full response to any inquiries in connection with this application for appointment or employment. I understand and agree that the terms, conditions, compensation, benefits, hours, schedule, and duration of my appointment or employment may be determined, changed, or modified from time to time at the will of the appointing authority or designee without limitation or condition. I FURTHER CERTIFY THAT I HAVE READ THE FOREGOING PARAGRAPH AND KNOWINGLY MAKE THIS AUTHORIZATION BY SETTING FORTH MY SIGNATURE.

I understand that if I am required to be registered, licensed, or certified by federal or state law or regulation for the position I seek, I will notify the appointing authority immediately if any investigation, limitation, or cancellation of my registration, licensure, or certification occurs. If any investigation, probation, limitation, or cancellation occurs, I understand that my failure to notify my appointing authority as described above will result in the termination of my appointment or employment.

Signature John J. Thule Date 12/3/06

Please attach a copy of your resume if you have not previously provided one to the Appointments office.



Sec. of St. bar code

KANSAS GOVERNMENTAL ETHICS COMMISSION

STATEMENT OF SUBSTANTIAL INTERESTS FORM

INSTRUCTIONS. This statement (pages 1 through 4) must be completed by individuals who are required to do so by law. Any individual who intentionally fails to file as required by law, or intentionally files a false statement, is subject to prosecution for a class B misdemeanor.

Please read the "Guide" and Definition" section provided with this form for additional assistance in completing sections "C" through "G". If you have questions or wish assistance, please contact the Commission office at 109 West 9th, Topeka, KS or call 785-296-4219.

A. IDENTIFICATION: PLEASE TYPE OR PRINT

Thull John T.
Last Name First Name MI

Shelley J. Thull
Spouse's Name

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

North Newton, KS 67117
City, State, Zip Code

316 283-8540 316 284-3150
Home Phone Number (include area code) Business Phone Number (include area code)

B. THIS FORM IS REQUIRED TO BE FILED BECAUSE YOU ARE:

(check one or more of the following)

- 1. State Elected Official (Governor, Lt. Governor, Attorney General, Commissioner of Insurance, State Treasurer, Secretary of State, State Senator, State Representative, Member of State Board of Education, or District Attorney);
2. Appointed Member of a State Board, Council, Commission or Authority;
3. Appointed State Position is Subject to Senate Confirmation;
4. Employee of a State Agency or University;
5. General Counsel for State Office;
6. Candidate for State Office;
7. Other (Contractor / Member of Compact).

List Name of Agency, Board, University or Elected Position (You may use abbreviations but not acronyms)

State Banking Commission Commissioner

Agency Division if applicable (May use acronyms) Position

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

C. **OWNERSHIP INTERESTS:** List any corporation, partnership, proprietorship, trust, joint venture and every other business interest, including land used for income, and specific stocks, mutual funds or retirement accounts in which either you or your spouse has owned within the preceding 12 months a legal or equitable interest exceeding \$5,000 or 5%, whichever is less. If you or your spouse own more than 5% of a business, you must disclose the percentage held. Please insert additional page if necessary to complete this section.

If you have nothing to report in Section "C", check here ____.

	BUSINESS NAME AND ADDRESS	TYPE OF BUSINESS	DESCRIPTION OF INTERESTS HELD	PERCENT OF OWNERSHIP INTERESTS	HELD BY WHOM
1.	Central of Kansas Inc Junction City, KS 66441	Bank	Stock	< 1%	John Shelley
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

D. **GIFTS OR HONORARIA:** List any person or business from whom you or your spouse either individually or collectively, have received gifts or honoraria having an aggregate value of \$500 or more in the preceding 12 months.

If you have nothing to report in Section "D", check here ____.

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

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

1. YOUR PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR. IF SAME AS SECTION "B", CHECK HERE .

If you have nothing to report in Section "E"1, check here .

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	Central National Bank	626 N. Main, Newton, KS	Bank
2.	Kansas Legislature	State Capitol, Topeka, KS	Legislature

2. SPOUSE'S PLACE(S) OF EMPLOYMENT OR OTHER BUSINESS IN THE PRECEDING CALENDAR YEAR.

If you have nothing to report in Section "E"2, check here .

	NAME OF BUSINESS	ADDRESS	TYPE OF BUSINESS
1.	USD 312	Haven, KS 67543	School
2.			

F. OFFICER OR DIRECTOR OF AN ORGANIZATION OR BUSINESS: List any organization or business in which you or your spouse hold a position of officer, director, associate, partner or proprietor at the time of filing, irrespective of the amount of compensation received for holding such position. Please insert additional page if necessary to complete this section.

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

	BUSINESS NAME AND ADDRESS	POSITION HELD	HELD BY WHOM
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			

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

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

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

H. DECLARATION:

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

12/18/06
Date

John T. Thull
Signature of Person Making Statement

NUMBER OF ADDITIONAL PAGES _____.

Return your completed statement to the Secretary of State, Elections Division, Memorial Hall, First Floor, 120 SW 10th Topeka, Kansas 66612-1594.



WICHITA

Dale Goter
Government Relations Manager

TESTIMONY

City of Wichita
455 N Main, Wichita, KS. 67202
Wichita Phone: 316.268.4351
dgoter@wichita.gov

**Kansas Senate
Financial Institutions and Insurance Committee
Senate Bill 154
Municipal bond limits**

Feb. 7, 2007

THE LEGISLATIVE ISSUE:

The City of Wichita seeks legislative approval for an amendment to K.S.A 10-106, increasing the statutory cap on bonds that may be sold through public notice or private sale (negotiated) for municipal bond (including special assessment) projects. Current law sets the cap at \$100,000; the amendment raises that cap to \$2 million.

EXPLANATION:

Each year, the City of Wichita issues special assessment bonds for tens of millions of dollars to finance public improvements in various city development projects. Currently, the City is carrying \$217 million in special assessment debt, which is repaid from special assessments collected from property owners and/or developers.

In most cases, the City goes to the bond market with as much as \$22 million worth of projects, soliciting bond placement in a national competitive market for 15-year obligations.

Several years ago, the City of Wichita created a separate bonding program that offered 20-year financing for certain special assessments. The program was targeted at projects that carried unusually high costs due to special circumstances such as unique drainage problems or other complications that drive up the total project costs.

The option of 20-year funding helps reduce the monthly cost to property owners who repay the bonds as special assessments.

Unfortunately, the number of such projects is limited. The City tries to accumulate as many as possible before going to market, but the total is often too small to draw competitive attention from bond brokers.

By raising the cap on negotiated bond placements, the City could pool as much as \$2 million in 20-year bonds and work directly with local bond houses to place the obligations at a more competitive rate. The net result is expected to be a more competitive rate for these limited issues, and a resulting financial benefits to homeowners and others who make the monthly special assessment repayments.

FI&I
2-7-07
Attachment 2



KANSAS

KATHLEEN SEBELIUS, GOVERNOR

OFFICE OF THE STATE BANK COMMISSIONER
Judi M. Stork, Acting Bank Commissioner

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

February 7, 2007

Madame Chairperson and Members of the Committee:

My name is Sonya Allen, and I am the General Counsel for the Office of the State Bank Commissioner. I am testifying today in support of SB 197.

Several years ago, the Legislature created a central administrative hearing body within the Department of Administration called the Office of Administrative Hearings. The law phases in required use of the Office of Administrative Hearings by many state agencies over a number of years, and in 2009, the last group of agencies is added. That 2009 language currently provides an exemption for the fee funded agencies from using the Office of Administrative Hearings. With regard to our agency, which is fee funded, the current language in the statute includes an exemption for hearings conducted by the "State Banking Board". The State Banking Board is the entity that hears appeals from decisions of the Commissioner on a number of application and licensing issues. However, for some other laws that the agency enforces, the appeal is to the Commissioner or the Administrator of the Kansas Uniform Consumer Credit Code (UCCC), rather than the Banking Board. So, on July 1, 2009, our agency will be half-in and half-out of the requirement to use the Office of Administrative Hearings. This bill would include an amendment to add the "Office of the State Bank Commissioner", in addition to the "State Banking Board", to the list of exempt entities. The primary reasons we are requesting your consideration of this bill are:

- 1.) We believe this amendment reflects the original intent of the law when it was drafted; i.e., to exempt our entire agency from being required to use the Office of Administrative Hearings; and
- 2.) We believe our current practices allow for the greatest efficiency in terms of providing timely hearings to individuals who have been denied a license or have been the subject of some other administrative action, and whose appeal is to the Commissioner or Administrator of the UCCC. The amendment would allow us to continue our existing hearing process. Our current process ensures that the individual hearing the matter has expertise in this area of the law, and provides an accurate and consistent interpretation of the Kansas Mortgage Business Act and the Kansas Uniform Consumer Credit Code. This timeliness, expertise and consistency are beneficial to our agency as well as to the individual or company who has requested a hearing.

For these reasons, the Office of the State Bank Commissioner would respectfully request your favorable consideration of SB 197.

FI&I
2-7-07
Attachment 3



Kansas Association of Mortgage Brokers
14904 W 87th Parkway #234
Lenexa, KS 66215

To: Senate Financial Institutions and Insurance Committee

February 6, 2007

RE: Testimony in support of SB 197

Madam Chairman and Members of the Committee:

On behalf of the Kansas Association of Mortgage Brokers (KAMB), I would like to express our Association's support for SB 197. KAMB believes appropriate, consistent regulation and oversight is a necessary and important step to insure consumer confidence and high standards of professionalism in the mortgage industry. Our association has worked closely with the Office of the State Bank Commissioner to promote consumer protection and weed out bad players who do not support the high standards of conduct to which our members subscribe. KAMB believes it is appropriate for the Bank Commissioner's office to retain the ability to conduct administrative hearings. The current process facilitates consistent and reasonable application of the laws, and timely disposition of hearings. Removing that process from the Bank Commissioner's office would only create another layer of bureaucracy that would slow the process and limit the expertise to make informed rulings often involving complex financial issues. This could create situations that would not benefit consumers or our industry. For these reasons, we urge the committee to act favorably on SB 197. Thank you in advance for your support.

Randy Anderson
Randy Anderson
Director of Legislative Affairs
Kansas Association of Mortgage Brokers

FI&I
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Attachment 4