

April 2021

Kansas
Lynn Rogers
State Treasurer

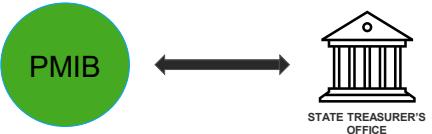
Linked Deposit Loan Programs



Overview

Linked deposit loan programs

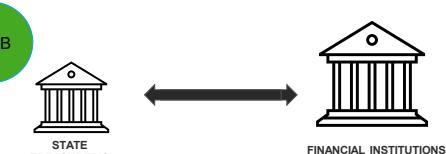
- Created by the Kansas Legislature to help Kansans and their businesses
- Provide low-cost loans, increase the return on state idle funds.



Overview

Linked deposit loan programs

- Financial institutions request loans through the State Treasurer's Office



Linked Deposit Programs

Kansas

Four Programs available – rules vary based on legislation

- Agricultural Loans
- Housing Loans
- Economic Recovery Loans*
- Extraordinary Utility Loans*

*Not signed into law, yet.



Economic Recovery Loans

Kansas

Overview

- Established in 2021 SB 15, modified in CCR for SB 86
- Effective May 3, 2021
- Designed to provide relief to struggling small businesses and agriculture operations
- \$60 million allocated from PMIB



Economic Recovery Loans

Kansas

Eligibility

- Operating business primarily for commercial or agricultural purposes
- Not more than 250 full-time employees
- Maintaining offices or operating facilities in Kansas
- Loan proceeds are to be used for operating expenses involved in operating the borrower's business in Kansas.



Extraordinary Utility Loans

Kansas

Overview

- Established in 2021 SB 86 as a follow up to the City Utility Loan Program
- Transfers \$20M from City Utility Loan Program
- Additional funds may be transferred upon June certification of City Utility Loan Program
- Effective May 3, 2021



Extraordinary Utility Loans

Kansas

Eligibility

- Designed to provide relief to wholesale natural gas customers with extraordinary costs, including businesses and school districts
- KS commercial banks, credit unions, & Farm Credit associations with a branch or HQ in-state.



Agricultural Production Loans

Kansas

Overview

- 2000 KS Legislature allocated \$50 million
- Began July 1, 2000
- An additional \$5 million was allocated July 1, 2001.



\$55 million
\$36,184,044.58 Available

Agricultural Production Loans



Eligibility

$$\frac{\text{TOTAL DEBT}}{\text{TOTAL ASSETS}} = 40\%+$$



Kansas Housing Loans



- The 2008 Kansas Legislature allocated \$60 million for the Kansas Housing Loan Deposit Program modeled after the Agricultural Production Loan program to provide funding for the construction of new housing.



All residential structures newly built or rehabilitated will be sold or appraised at or below:

\$287,434 for a single-family residence
 \$367,975 for a two-family residence
 \$444,751 for a three-family residence
 \$522,757 for a four-family residence

Kansas Housing Loans





- 5-year maximum amortization
- Deposit Rate: 2.0% below, min. 0.50%
- Loan IR: No more than 4.0% greater than deposit rate
- As of 4/15/21 there are no outstanding loans, and the total \$60,000,000 in funds are available.

Program Parameters

Kansas

	Economic Recovery	Extraordinary Utility	Agricultural	Housing
Loan Amount (Max)	\$250,000	\$500,000	\$250,000	\$250,000
Term (Max)	10 years	3 years	8 years	5 years*
Current Rate to FI	0.25	0.25	0.5	0.5
Rate added by FI (Max)	300 b.p. (3%)	300 b.p. (3%)	400 b.p. (4%)	400 b.p. (4%)
Repricing	A – Jan	A – Jan	SA – Jan/Jul	SA – Jan/Jul

*Adult Care Homes - 20 years

Program Mechanics

Kansas

Financial Institutions make the loan:

- They follow their own lending standards and decision making
- Document loans with their paperwork
- Determine how much to add to loan program rate
- Retain credit risk for loan
- Submit Linked Deposit Participation Agreement to State Treasurer's Office

Program Mechanics

Kansas

Participation Agreement

- The lender must complete a Linked Deposit Participation agreement before they can issue loans under this program. This agreement is signed by the lender, the Kansas State Treasurer, and the Director of Investments of the Pooled Money Investment Board.
- Additional agreements required by the Pooled Money Investment Board for any institution participating in its CD program(s). Resolution Form, Security Agreement Custodial Agreement, & Custodial Agreement
- The original form of this agreement and all appendices are mailed to the State Treasurer's Office. The State Treasurer's Office processes the agreement and shares it with the PMIB. The PMIB processes the Resolution, Security Agreement, and Custodial Agreement.
- Upon receipt of the above, the State Treasurer's Office enters the lender's information in our Vault system and the PMIB certifies that they have the documentation related to the participation agreement on file.

Program Mechanics



Borrower's Certification of Eligibility

- The borrower must complete and submit to the State Treasurer's Office the Certificate of Eligibility to provide their information and to certify that they meet the requirements of the program and that they will use the funds for the program's purpose.

Program Mechanics



Lender's Certificate of Compliance

- The lender must complete and submit to the State Treasurer's Office the Certificate of Compliance to request a loan deposit for a specific borrower and will agree to comply with the rules and guidelines of the program.

Program Mechanics



Approval

- After all documents have been submitted and processed, the State Treasurer's Office will approve and certify the loan and the PMIB will set the rate based on the market rate.
- The PMIB will arrange with the State Treasurer to have the funds wired to the Lender using information provided in the Participation agreement.
- This wire is generally ready to go out the day after all paperwork is submitted and approved.

Program Mechanics



Interest Payments

- Interest will be remitted by ACH transfer initiated by the PMIB on the first banking day (for settlement in two banking days) following June 30 and December 31 of each year.
- The Treasurer will notify the Participant of the estimated amount to be transferred at least ten (10) business days prior to the transfer.
- This process is mostly automated and the Participant receives notification in the form of a system generated email.

Program Mechanics



Principal Payments

- The Participant immediately forwards any payment of principal by an eligible borrower to the Treasurer to reduce the outstanding principal of the Participant's linked deposit.
- Principal balances are confirmed as of year-end in January of every year

Program Mechanics



Documentation



Financial Services

The Cash Management Services Division is charged with receipt and deposit responsibilities, as well as from making to payment of warrants. The State Treasurer is authorized with the possession of all public moneys paid to the state treasury. The treasurer deposits moneys in banks to be designated as state banks and in the state bank of the state of Kansas. The treasurer is also authorized to make the disposition of funds in the state bank accounts. The principal of accounts to be held in the state bank and the state bank of the state of Kansas.

- Kansas Vendor Payment Information
- City Utility Low Interest Loan Program
- Kansas Economic Recovery Loan Deposit Program
- Kansas Agricultural Production Loan Deposit Program
- Kansas Housing Loan Deposit Program
- Tax Distribution Information
- Reporting and Search Past Receipts

Treasurer's Office

Kansas

Unclaimed Property

- \$400 million in assets
- Nearly \$6 million returned since January 4
- Free and easy to search
- Search current and previous names

State Treasurer
Lynn Rogers found
money for me!
And he can find it for you too!

Visit kansascash.ks.gov

Treasurer's Office

Kansas

Other Services

- Municipal Bonds
- Cash Management Program
- Learning Quest 529 Education Savings Plans
- K.I.D.S. Matching Grants Program
- ABLE Savings Accounts
- ScholarShop



Treasurer's Office

Kansas

Contact Us

Email

treasurer@treasurer.ks.gov

Visit our website

KansasCash.KS.gov
