

**Effective Date: February 24, 2021**

**POOLED MONEY INVESTMENT BOARD  
MUNICIPAL INVESTMENT POOL  
PARTICIPATION POLICY**

This Participation Policy is established by the Pooled Money Investment Board (the “PMIB”) to govern operation of the Municipal Investment Pool (the “MIP”).

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**ARTICLE ONE  
Definitions**

**Section 1.01.** “ACH” shall mean the Automated Clearing House through the Federal Reserve banking system.

**Section 1.02.** “Act” means K.S.A. 12-1675 *et seq.* and K.S.A. 75-4201 *et seq.* and any amendments thereto.

**Section 1.03.** “Authorized Representative(s) of the Depositor” shall mean those individuals who are authorized to execute documents and make deposits and withdrawals of funds under this Participation Policy as evidenced on behalf of the Depositor by a duly enacted resolution of the governing body of the Depositor, a certified copy of which is on file with the Pooled Money Investment Board.

**Section 1.04.** “Authorized Representative(s) of the PMIB” shall mean the Director of Investments and other employees authorized by the PMIB to invest funds held in the MIP under this Participation Agreement or perform other functions relating to the MIP.

**Section 1.05.** “Instruction” shall mean an authorization and direction to the PMIB regarding deposits and withdrawals which is performed online by an authenticated Authorized Representative(s) of the Depositor in KMIP. Written Instructions may be utilized for inter-depositor transfers or in the event the online option is unavailable. Written Instructions must be signed by an Authorized Representative(s) of the Depositor and submitted by facsimile transmission.

**Section 1.06.** “MIP” shall mean the Municipal Investment Pool.

**Section 1.07.** “Municipal Entity” shall mean any county, city, township, school district, area vocational-technical school, community college, library district, road district, drainage or levee district, sewer district, water district, fire district, firemen’s relief association, community mental health center, community facility for the mentally retarded or any other governmental entity, unit or subdivision, inter-local cooperative, municipal corporation, quasi-municipal corporation or political subdivision of the state of Kansas.

**Section 1.08.** “OMIP” shall mean the Overnight Municipal Investment Pool option, the conditions for which are outlined in Section 3.11.

**Section 1.09.** “Depositor” shall mean the municipal or state entity having deposits in the MIP.

**Section 1.10.** “KMIP” shall mean the (Kansas) Municipal Investment Pool Online Processing System.

**Section 1.11.** “Pooled Money Investment Board (PMIB)” shall mean the five-member board, organized and operated pursuant to the Act.

**Section 1.12.** “Quoted Rate Factor” shall mean the factor applied each day to each investment option available to Depositors in the MIP and which factor is computed in accordance with K.A.R. 122-4-1 and amendments thereto.

**Section 1.13.** “State Entity” shall mean only those state agencies or public instrumentalities of the state of Kansas, the funds of which may be invested by the PMIB expressly for that agency or instrumentality, or invested directly by that agency or instrumentality.

**Section 1.14.** “Treasurer” shall mean the Kansas State Treasurer.

**Section 1.15.** “Wire Transfers” shall mean directly wired transfers of MIP or Depositor funds through the Federal Reserve Bank system.

## **ARTICLE II Participation in the MIP**

**Section 2.01. Participation Requirements.** If a Depositor is governed by a commission, board, committee or any other group of individuals, the Depositor, before depositing any funds into the MIP, must provide the PMIB a duly certified copy of a resolution by the governing body designating an Authorized Representative(s) of the Depositor.

**Section 2.02. Creation of MIP.** The PMIB agrees to maintain the MIP in accordance with the Act; investment rules, regulations, and policies adopted by the PMIB. In accordance with the Act, the PMIB shall invest and reinvest all such funds received by the Treasurer for deposit in the MIP. All collateral and securities shall be delivered in the name of the State of Kansas. By maintaining funds in the MIP, the Participant thereby consents to the foregoing.

**Section 2.03. Accounts.** Each Depositor will be given a depositor number. Separate accounts for the various investment options may be established as directed by the Depositor.

**Section 2.04. Regulations and Policies.** The PMIB may adopt rules, regulations and policies for the management and investment of monies in the MIP and the administration and operation of the MIP. The Depositor, by maintaining deposits in the MIP thereby agrees to be bound by all rules, regulations, and policies which may be lawfully adopted by the PMIB.

### **ARTICLE III Fund Transfers in the MIP**

**Section 3.01. Method of Transfer of Funds.** All fund transfers, both deposits and withdrawals, shall be made by ACH or wire transfer, or interfund transaction if the Depositor is a qualified State Entity.

**Section 3.02. Instructions.** The Depositor shall provide an Instruction to the Authorized Representatives of the PMIB of all deposits, withdrawals and transfers to or from its account. Such Instructions must be made not later than 10:00 a.m. (Topeka time) on the date of the transaction, except that **withdrawals of one million dollars or more require notification by 3:00 pm the day before the withdrawal.**

**Section 3.03 Transaction Authorization.** KMIP security protocols allow transaction authorization by up to two Authorized Representatives of the Depositor. Should the Depositor's security protocols require more than two authorizations, that process would need to be addressed internally. KMIP does allow for all Authorized Representatives of the Depositor to be notified by email when any transaction has been approved by an Authorized Representative of the PMIB.

**Section 3.04. ACH Deposits.** ACH deposits will be credited to the account designated on the Instruction if the Depositor has submitted the Instruction before 3:00 pm the day before the deposit's effective date. If a Depositor fails to provide the PMIB with Instructions for the disposition of ACH deposits, said deposits shall be deposited in the Depositor's default overnight (OMIP) account in the MIP.

**Section 3.05. Wire Transfers.** It is the responsibility of the Depositor to instruct its bank that wire deposits to its MIP account must be received by the Treasurer before noon (Topeka time); likewise, wire withdrawals from a Depositor's MIP account by the Treasurer to a Depositor's bank account will be initiated no later than noon (Topeka time).

**Section 3.06. Interfund Transaction (State Entities Only).** Interfund transactions shall be initiated on-line by using the State of Kansas SMART website. Interfund transactions must be completed no later than 10:00 am (Topeka time) on the effective date of the transfer.

**Section 3.07. Deposits.** The Authorized Representatives of the PMIB shall credit funds received pursuant to Section 3.02 to the Depositor's account. Instructions for deposits, withdrawals or interfund transfers received after 10:00 a.m. may be subject to becoming effective the next business day.

**Section 3.08. Deposit Eligibility.** Prior to depositing public funds into the MIP, the Depositor shall offer such funds to the appropriate financial institutions as required by K.S.A. 12-1675(c). Only after the financial institutions decline to accept such funds at the investment rate for the term required, may the Depositor deposit such funds with the MIP.

**Section 3.09. Expected Maturities.** The term of deposit in the MIP shall be no shorter or longer than that term declined by the financial institutions offered the funds. The Depositor, by making deposits in MIP, certifies that it has complied with its responsibility to offer funds to local banks pursuant to K.S.A. 12-1675(c), and acknowledges that the PMIB has no responsibility for the tracking or reporting of the Depositor's bidding/offering information.

**Section 3.10. Fixed Rate Investment Options.** Depositors may make deposits in fixed rate investment options of 30 day, 90 day, 180 day, 1 year, 18 month or 2 year maturities. Minimum deposit amounts shall be prescribed by the PMIB. The rate shall be specified at the time the deposit is made by the Depositor and shall remain fixed at such rate during the applicable maturity period. Such rate shall constitute the quoted rate factor specified by K.A.R. 122-4-1, and amendments thereto. The quoted rate shall be net of the administrative fee authorized by K.S.A. 75-4234.

If a Depositor fails to provide the PMIB with Instructions for the disposition of deposits at maturity, said deposits shall be transferred to the Depositor's default overnight (OMIP) account in the MIP.

The Director of Investments may permit early withdrawal of fixed rate deposits under extenuating circumstances in which case the Depositor shall be penalized an amount at least equal to a minimum of 15 days of interest and a maximum penalty of 90 days of interest. This penalty shall be taken out of principal if interest earnings are not sufficient to pay the penalty.

**Section 3.11. Overnight Municipal Investment Pool Option.** The Depositor agrees and understands that if it wishes to participate in the OMIP option, such participation is limited to deposits with a minimum original duration of 1 day.

**Section 3.12. Withdrawals.** To withdraw funds by wire transfer from the MIP, an Authorized Representative(s) of the Depositor shall issue an Instruction to the PMIB not later than 10:00 a.m. (Topeka time) on the day the funds are to be withdrawn, specifying the account and the amount of money to be wired or transferred to the Depositor's designated bank account, except that **withdrawals of one million dollars or more require notification received by PMIB no later than 3:00 pm the day before the withdrawal.** Upon receipt of a withdrawal request, the Authorized Representative of the PMIB shall verify that the Depositor has sufficient funds maturing on the date the withdrawal is requested. If so, the Authorized Representative of the PMIB shall withdraw the funds as requested by the Depositor. On the rare occasion of a State declared (i.e. Inclement Weather day) or National emergency which impacts the PMIB's ability to initiate banking transactions, the Pooled Money Investment Board reserves the right to fund withdrawal requests on a best efforts basis.

## **ARTICLE IV**

### **Investment and Duties**

**Section 4.01. Investment.** All monies held in the MIP shall be invested and reinvested by the Authorized Representatives of the PMIB in accordance with rules, regulations and policies of the PMIB, only in Authorized Instruments as approved by the Act. Any available MIP funds that are not invested shall be held in the State's operating account. All investments will be held by the Treasurer and held either physically in the treasury, in the Treasurer's book-entry safekeeping account at the Federal Reserve Bank of Kansas City, or by any other third party approved and designated by the PMIB.

**Section 4.02. Earnings.** Earnings in the MIP will be calculated as follows: the actual daily balance in each MIP Overnight account times the Quoted Rate Factor for that day, divided by the actual number of days in the year. Earnings on overnight investment accounts will be credited on the last calendar day of each month except that earnings will be posted on the day of a withdrawal when a withdrawal is taken mid-month. Earnings on Fixed-Rate Investment Options are based on simple interest and number of days to maturity, with interest being paid at maturity.

**Section 4.03. Daily Quoted Rate Factor Calculation (Administrative Fee).** Deposits in the MIP are subject to an administrative fee not to exceed a maximum of 25 basis points (0.25%). This fee is set by K.S.A. 75-4234. The PMIB may adjust the administrative fee from time to time, as market conditions warrant. The rates offered to MIP depositors are net of fees. No other costs or fees are assessed by the PMIB.

**Section 4.03. Liability.** Neither the PMIB nor any officer or employee of the state of Kansas shall be liable for any act or omission in the management, investment, administration or operation of the MIP unless caused by actual fraud or malice.

## **ARTICLE V**

### **Reports**

**Section 5.01. Reports.** The Director of Investments shall provide reports to the Depositor which will include a detailed listing of all transactions occurring in the Depositor's accounts for each month, as soon as is practical after the end of the month. These reports will be available online using KMIP. The reports will include a summary of transactions for the month, the current market value of the Pooled Money Investment Portfolio, the weighted average maturity ratio of the Pooled Money Investment Portfolio, the original costs of the investments in the Pooled Money Investment Portfolio, including any fees associated with such investments and such other relevant information as the Director of Investments may wish to include in such reports. Additionally, the Authorized Representatives of the PMIB will maintain copies of the Depositor's account numbers in physical or computer form for a minimum of three fiscal years. This information will be available to Depositors on written request. Copies of all Depositor reports shall be available for public examination during regular business hours at the office of the PMIB. The Depositor, by maintaining deposits in the MIP, acknowledges that the PMIB is subject to the Open Records Act, K.S.A. 45-215 *et seq.*, as amended.

**ARTICLE VI**  
**Specific Depositor Information**

**Section 6.01. ID and Passwords.** Each Authorized Representative(s) of the Depositor will be assigned an operator ID and a temporary online password. The temporary online password can be changed once the Authorized Representative(s) of the Depositor is validated in KMIP. The Authorized Representatives of the PMIB will not have access to online passwords. Each Authorized Representative(s) of the Depositor shall also designate a separate password by submitting a unique 8-12 digit alphanumeric identifying password on a "Password Designation/Email" form to obtain information about their account(s) by phone. No transactions will be authorized by phone.

**Section 6.02. Bank Account.** Each Depositor shall designate wire instructions online for each bank account that it will use for withdrawals. Authorized Representatives of the PMIB will not verify wire instructions submitted by the Depositor. It is the Depositor's responsibility to ensure that the wire instructions are accurate.

**Section 6.03. Password Security.** Each Depositor and its Authorized Representative(s) are solely responsible for maintaining the security of their passwords. The PMIP shall not be held responsible for any unauthorized transactions caused by a breach in the Depositor's password security. Authorized Representatives of the PMIB will not have access to Depositors' online passwords.

**Section 6.04. Notices.** Notices to Depositors shall be given by email to the Depositor Contact(s) as designated on the Depositor's Resolution authorizing the deposit of funds in the MIP. Special bulletins shall be posted on KMIP. Notices to the PMIB shall be given to:

Municipal Investment Pool  
Office of the Pooled Money Investment Board  
900 SW Jackson, Suite 209  
Topeka, KS 66612-1220  
Telephone: 785-296-1013  
Fax: 785-296-2857

**ARTICLE VII**  
**Miscellaneous**

**Section 7.01. Severability.** If any provision of this Participation Policy is determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder shall not be affected and shall be enforced according to its remaining unaffected provisions to the fullest extent permitted by law. However, such provision shall be deemed modified to the extent necessary, in the court's opinion, to render such term or provision enforceable and the rights and obligations of the parties shall be construed and enforced accordingly.

**Section 7.02. Limitation of Rights.** This Participation Policy shall not be construed as providing an enforceable right to any third party. The Depositor further agrees that the responsibilities of the PMIB hereunder are limited to the management and investment of the MIP and the providing of reports and information herein required; neither the Treasurer nor the PMIB shall be liable for any losses from investments and withdrawals made in accordance with the procedures set forth in this Participation Policy unless caused by actual fraud or malice (See Section 4.03).

**Section 7.03. Applicable Law.** This Participation Policy shall be governed by and construed in accordance with the laws of the state of Kansas.

**Section 7.04. Captions.** The captions or headings in this Policy are for reference only and do not define, describe, extend or limit the scope or intent of the Policy.

**Section 7.05. Amendments and Effective Date.** This Participation Policy shall become effective February 24, 2016, and shall be in force until supplemented, amended or revoked by the PMIB. Depositors will be given notice in accordance with section 6.04 of pending amendments, supplements or revocations of this Policy. Any such amendments supplements or revocations will be applicable to any balances remaining on deposit in the MIP after the effective date thereof.