

HOUSE BILL No. 2403

By Committee on Appropriations

3-18

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system and systems thereunder; revenue bonds to
3 finance unfunded liability of KPERs; requirements and procedures.
4

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

6 Section 1. (a) For the purpose of financing a portion of the unfunded
7 actuarial pension liability of the Kansas public employees retirement
8 system, the Kansas development finance authority is hereby authorized to
9 issue one or more series of revenue bonds under the Kansas development
10 finance authority act in an amount necessary to provide a deposit or
11 deposits to the Kansas public employees retirement system in a total
12 amount not to exceed \$1,500,000,000 plus all amounts required to pay the
13 costs of issuance of the bonds, including any credit enhancement, interest
14 costs and to provide any required reserves for the bonds. No bonds shall be
15 issued until such issuance has been approved by a resolution of the state
16 finance council. The principal amount, interest rates and final maturity of
17 such revenue bonds and any bonds issued to refund such bonds or
18 parameters for such principal amount, interest rates and final maturity shall
19 be approved by a resolution of the state finance council, except that such
20 interest rate shall not exceed 5%. The bonds, and interest thereon, issued
21 pursuant to this section shall be payable from moneys appropriated by the
22 state for such purpose. The bonds and interest thereon, issued pursuant to
23 this section shall be obligations only of the authority and in no event shall
24 such bonds constitute an indebtedness or obligation of the Kansas public
25 employees retirement system or an indebtedness or obligation for which
26 the faith and credit or any assets of the system are pledged.

27 (b) As used in this section, "unfunded actuarial pension liability"
28 means the unfunded actuarially accrued liability of the state for the state of
29 Kansas and participating employers under K.S.A. 74-4931, and
30 amendments thereto, portion of such liability of the Kansas public
31 employees retirement system, determined as of the later of December 31,
32 2011, or the end of the most recent calendar year for which an actuarial
33 valuation report is available and certified to the Kansas development
34 finance authority by the executive director of the Kansas public employees
35 retirement system.

36 (c) (1) The authority may pledge the contract or contracts authorized

1 in subsection (d), or any part thereof, for the payment or redemption of the
2 bonds, and covenant as to the use and disposition of money available to
3 the authority for payments of the bonds. The authority is authorized to
4 enter into any agreements necessary or desirable to effectuate the purposes
5 of this section.

6 (2) The proceeds from the sale of the bonds, other than refunding
7 bonds, issued pursuant to this section, after payment of any costs related to
8 the issuance of such bonds, shall be paid by the authority to the Kansas
9 public employees retirement system to be applied to the payment, in full or
10 in part, of the unfunded accrued pension liability as directed by the Kansas
11 public employees retirement system.

12 (3) The state hereby pledges and covenants with the holders of any
13 bonds issued pursuant to the provisions of this section, that it will not limit
14 or alter the rights or powers vested in the authority by this section, nor
15 limit or alter the rights or powers of the authority, the department of
16 administration or the Kansas public employees retirement system, in any
17 manner which would jeopardize the interest of the holders or any trustee of
18 such holders or inhibit or prevent performance or fulfillment by the
19 authority, the department of administration or the Kansas public employees
20 retirement system with respect to the terms of any agreement made with
21 the holders of the bonds or agreements made pursuant to this section,
22 except that the failure of the legislature to appropriate moneys for any
23 purpose shall not be deemed a violation of this pledge and covenant. The
24 department of administration is hereby specifically authorized to include
25 this pledge and covenant in any agreement with the authority. The
26 authority is hereby specifically authorized to include this pledge and
27 covenant in any bond resolution, trust indenture or agreement for the
28 benefit of holders of the bonds.

29 (4) Revenue bonds may be issued pursuant to this section without
30 obtaining the consent of any department, division, commission, board or
31 agency of the state, other than the approvals of the state finance council
32 required by this section, and without any other proceedings or the
33 occurrence of any other conditions or other things other than those
34 proceedings, conditions or things which are specifically required by the
35 Kansas development finance authority act.

36 (d) The department of administration and the authority are authorized
37 to enter into one or more contracts to implement the payment arrangement
38 that is provided for in this section. The contract or contracts shall provide
39 for payment of the amounts required to be paid pursuant to this section and
40 shall set forth the procedure for the transfer of moneys for the purpose of
41 paying such moneys. The contract or contracts shall contain such terms
42 and conditions including principal amount, interest rates and final maturity
43 as shall be approved by resolution of the state finance council and shall

1 include, but not be limited to, terms and conditions necessary or desirable
2 to provide for repayment of and to secure any bonds of the authority issued
3 pursuant to this section.

4 (e) The approvals by the state finance council required by subsections
5 (a) and (d) are hereby characterized as matters of legislative delegation and
6 subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c,
7 and amendments thereto. Such approvals may be given by the state finance
8 council when the legislature is in session.

9 Sec. 2. This act shall take effect and be in force from and after its
10 publication in the Kansas register.