

MINUTES OF THE HOUSE SELECT COMMITTEE ON KPERS COMMITTEE

The meeting was called to order by Chairman Sharon Schwartz at 8:00 a.m. on February 9, 2009, in Room 446-N of the Capitol.

All members were present except:

Representative Richard Carlson - Absent
Representative Margaret Long - Excused
Representative Robert Olson - Excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Julian Efird, Kansas Legislative Research Department (KLRD)
Carol Bertram, Committee Assistant

Conferees appearing before the committee:

Glen n Deck, Executive Director, Kansas Public Employees Retirement System (KPERS)
Ed Klumpp, Kansas Association of Chiefs of Police, Kansas Peace Officers Association
Dennis Phillips, Kansas State Council of Fire Fighters
John Bottenburg, Kansas Sheriffs Association
Brian Brunkow

Others attending:

See attached list

There was discussion as to if the Select Committee on KPERS is an exempt committee or a non-exempt committee. It was determined that clarification from the Speaker of the House will be necessary in order for the committee to work the bills assigned to it and meet its deadlines.

The committee minutes of January 29, 2009 were mailed electronically to each member. Representative Schwartz, Chair, asked if there was a motion to approve the minutes. However, since a number of the committee members had not yet had an opportunity to review the minutes, it was agreed that hard copies would be distributed through the mail and the minutes would be approved at the next meeting.

Representative Schwartz, Chair, opened the hearing on **HB 2072 - Earning limits for certain members of the Kansas police and firemen's retirement system.**

Glenn Deck, Executive Director, Kansas Employee Retirement System (KPERS), presented background information as to the effects of **HB 2072**, and its fiscal impact (**Attachment 1**). He explained how **HB 2072** would raise the earnings limitation for Tier II members of the Kansas Police and Firemen's Retirement System receiving disability benefits.

Questions and answers followed.

Proponents:

Ed Klumpp, Kansas Association of Chiefs of Police, and the Kansas Peace Officers Association, appeared before the committee in support of **HB 2072** (**Attachment 2**). He stated the current \$10,000 limit has been in place since the inception of the Tier II KP&F retirement program in 1989 without any adjustment. He encouraged the committee to do the right thing and amend it to eliminate the cap entirely by deleting lines 19-28 on page 3 of the bill. He referred to a graph which reflects the earnings and the potential earnings for a KP&F retiree over a 20 year period (**Attachment 3**).

Dennis Phillips, Lobbyist for Kansas State Council of Fire Fighters, appeared in support of **HB 2072** (**Attachment 4**). He said the bill would raise the cap from \$10,000 to \$20,000 under the Tier II of the Kansas Police and Fire Fighters pension system. He asked the committee to consider removing the earning limitation all together. That disabled fire and police officers under Tier II of KP&F should not have their pension reduced for working to support their families after being injured in the line of duty protecting their communities.

CONTINUATION SHEET

Minutes of the House Select Committee on KPERS at 8:00 a.m. on February 9, 2009, in Room 446-N of the Capitol.

John Bottenberg, Kansas Sheriffs Association, appeared in support of **HB 2072**. He submitted brief written testimony (Attachment 5).

Bryan Rosner a KP&F Tier II medically retired Firefighters from Shawnee Kansas submitted written testimony only in support of **HB 2072** (Attachment 6)

Questions were directed to Glenn Deck, Executive Director, Kansas Employee Retirement System (KPERS), who answered each one.

Chair Schwartz closed the hearing on **HB 2072**.

Representative Schwartz, Chair, opened the hearing on **HB 2073 - Authorization for purchase KPERS service credit for certain service as journeyman above apprenticeship for certain teachers.**

Glenn Deck, Executive Director, Kansas Employee Retirement System (KPERS), presented background information as to the effects of **HB 2073**, and its fiscal impact (Attachment 7). He explained how the bill would allow the purchase of KPERS participating service credit for work experience that is necessary to obtain certain technical or vocational teacher certifications.

Questions and answers followed.

Proponent:

Brian Brunkow appeared before the committee in support of **HB 2073** (Attachment 8). He stated no other teachers in Kansas are required by state regulations to do work experience for employment and it is legally required for him regardless of his educational status.

Questions and answers followed.

Since there were no other conferees present to appear before the committee in regard to **HB 2073**, Chair Schwartz closed the hearing on **HB 2073**.

Representative Schwartz, Chair, opened the hearing on **HB 2090 - KPERS, option for affiliation by counties for county detention officers; normal retirement date; associated costs.**

Glenn Deck, Executive Director, Kansas Employee Retirement System (KPERS), presented background information as to the effects of **HB 2090**, and its fiscal impact (Attachment 9). He explained that the bill establishes a new group within KPERS for detention officers employed by counties. The group would have different normal (unreduced) retirement age and early retirement provisions. Also, the Retirement System could implement the provisions of **HB 2090** within currently approved staffing and operating expenditure levels.

Questions and answers followed.

Since there were no conferees present to appear before the committee in regard to **HB 2090**, Chair Schwartz closed the hearing on **HB 2090**.

KLRD staff reviewed each of the bills which had been assigned to the House Committee on KPERS as well as bills assigned to the Senate Committee on KPERS. These bills had been recommended by the Joint Committee on Pensions, Investment and Benefits.

Questions and answers followed.

KLRD staff distributed copies of a memorandum which described how the refunding of the State's general fund debt will provide budgetary relief. The memorandum also provided a graphical representation of the State's outstanding debt before and after the series of refunding along with the amortization schedule related

CONTINUATION SHEET

Minutes of the House Select Committee on KPERS at 8:00 a.m. on February 6, 2009, in Room 446-N of the Capitol.

to each financing (Attachment 10).

Questions and answers followed.

The next meeting of the committee is tentatively scheduled for Friday, February 13, at 8:00 a.m.

The meeting was adjourned at 9:15 a.m.

Representative Schwartz, Chair

HOUSE SELECT COMMITTEE ON KAPERS

DATE: 2-9-09

NAME	REPRESENTING
Glenn Deck	KPER5
Bryan Brunkow	Myself
Rob Meyer	KEMMY & Assoc.
Dennis Phillips	KSCFF
Ed Redman	KSCFF
Ed Klumpp	KACP & KPOA
Chris Wilson	KBIA
JEREMY S BARCLAY	KDOC
Bobbi Mariani	SRS
Phil Terry	HBA of GKC
Martha Sue Hunt	KMHA
John Peter	Capital Station

Please use black ink

(1)

Kansas Public Employees Retirement System Legislative Data Sheet

2009 House Bill 2072

Sponsored by Joint Committee on Pensions, Investments and Benefits

Effects of Bill

2009 House Bill 2072 would raise the earnings limitation for Tier II members of the Kansas Police and Firemen's Retirement System receiving disability benefits.

Under current State law, KP&F Tier II members may qualify for disability benefits if they are disabled from performing the duties of police officers and firefighters. Tier II disability benefit recipients may work for any employer other than KP&F-participating employers and continue to qualify for disability benefits. When employed, their disability benefits are reduced \$1 for every \$2 of earned income over \$10,000 in a calendar year. This \$10,000 limit has not been increased since 1989, resulting in a significant loss of purchasing power. HB 2072 would increase this annual earnings limitation for KP&F Tier II disability benefit recipients to \$20,000, beginning in calendar year 2009.

Fiscal Impact

Increasing the KP&F Tier II disability earnings limit to \$20,000 would result in additional KP&F Tier II disability benefit payments of approximately \$160,000 annually. This estimate is based on calendar year 2007 data for Tier II disability benefit recipients. The Retirement System could implement the HB 2072 provisions within currently approved staffing and operating expenditure levels.

Date: January 28, 2009

KPERCS

HOUSE SELECT COMMITTEE ON KPERS
DATE: 02-09-09
ATTACHMENT: 1



Kansas Association of Chiefs of Police
 PO Box 780603, Wichita, KS 67278 (316)733-7301

Kansas Peace Officers Association
 PO Box 2592, Wichita, KS 67201 (316)722-8433



February 5, 2009

**Testimony to the House Select Committee on KPERs
 In Support of HB 2072
 Salary Caps for Disabled KP&F Retirees**

The Kansas Association of Chiefs of Police and the Kansas Peace Officers Association support the proposed increase of the earnings cap for disabled KP&F retirees to \$20,000. The current \$10,000 limit has been in place since the inception of the "Tier II" KP&F retirement program in 1989 without any adjustment.

KPERs estimates the cost of raising the cap to \$20,000 at about \$160,000. Although the bottom line is the same, this is not really an additional "cost" but rather a reduction in savings. If the retirees all chose to not exceed the cap, in other words if they all chose to sit at home instead of working, KPERs would be required to pay not only the \$160,000 in benefits but also an additional estimated \$140,000 in savings the \$20,000 cap will retain. And, as you know, this is not general fund money.

Another important consideration is that the reduction does not take place in the year the disabled retiree exceeds the salary cap. Under the current cap, if a disabled law enforcement officer is drawing \$15,000 a year in benefits, and earned employment income of \$20,000 last year; then their benefit payments this year will be reduced by \$5,000 even if they don't have any employment income this year. So once a disabled worker exceeds the cap, they are pretty much forced to continue working.

Also understand that once they are disabled they receive no COLA, they receive no merit raises, they receive no promotions, and they receive no overtime or holiday pay. These are all events that produce salary increases they would benefit from if they were not disabled and had been able to continue in their profession. But their monthly benefit will never increase while drawing a disability retirement.

Why you should amend the bill to remove the cap entirely: KPERs estimates the cost of eliminating the cap at an additional \$140,000 above the cost of the proposed cap increase. Eliminating the cap entirely, versus the proposed \$20,000 cap, will increase the KPERs benefit payments by a mere 0.014%. These disabled public safety employees deserve better than to have their disability benefits cut because they choose to be productive and work while disabled from continuing their preferred profession of law enforcement or fire service.

At our Joint Law Enforcement Legislative Conference the Kansas Association of Chiefs of Police, the Kansas Peace Officers Association, and the Kansas Sheriffs Association identified this bill as one of our legislative priorities for the 2009 session.

We support the passage of this bill with at least the proposed \$20,000 cap. But we encourage you to do the right thing and amend it to **eliminate the cap entirely by deleting lines 19-28 on page 3.**

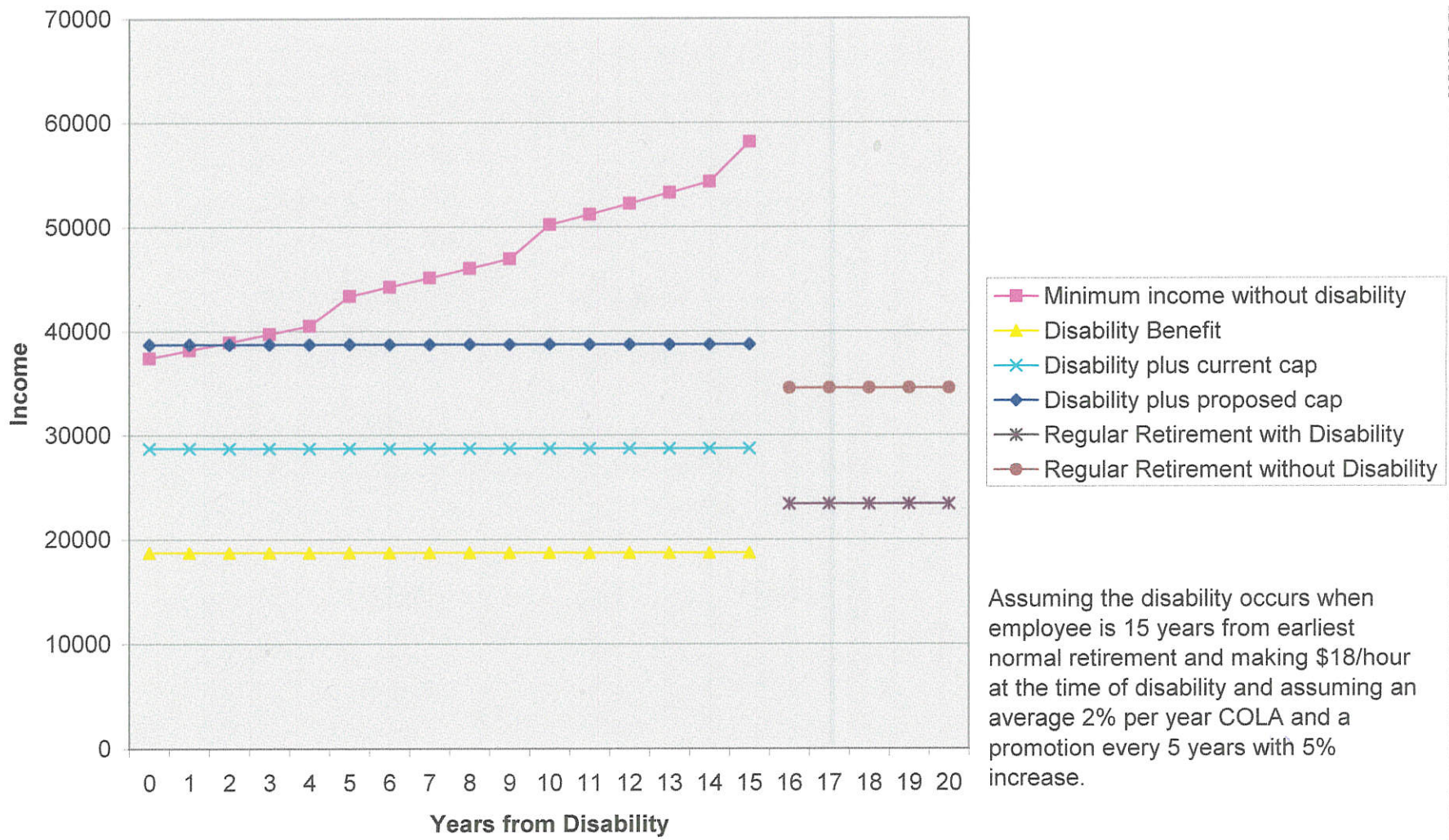
Ed Klumpp

Ed Klumpp
 Kansas Association of Chiefs of Police Legislative Committee Chair
 Kansas Peace Officers Association Legislative Committee Chair
 eklumpp@cox.net
 Phone: (785) 640-1102

HOUSE SELECT COMMITTEE ON KPERs
 DATE: 02-09-09
 ATTACHMENT: 2

3

Earnings and Potential Earnings KP&F Disability Retiree



Assuming the disability occurs when employee is 15 years from earliest normal retirement and making \$18/hour at the time of disability and assuming an average 2% per year COLA and a promotion every 5 years with 5% increase.

"PROGRESS THROUGH UNITY"

KANSAS STATE COUNCIL OF FIRE FIGHTERS



Affiliated With

INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS • KANSAS AFL-CIO • CENTRAL LABOR BODIES

February 9, 2009

Testimony by Dennis Phillips

I, appear here today on behalf of the Kansas State Council of Fire Fighters (KSCFF) in support of HB 2072 that would raise the cap from \$10,000.00 to \$20,000.00 under Tier II of the Kansas Police and Fire (KP&F) pension system. This has been an issue with the KSCFF for sometime. Legislation was introduced in 2007 (HB 2076) that would have accomplished this.

This earnings limitation for disabled firefighters and police officers under Tier II of KP&F has not been raised since its inception in July of 1989. Their pensions are reduce by \$1.00 for every \$2.00 they earn over \$10,000.00 the previous year. This limitation hurts the families of these disabled officers as they work to support their families.

The KSCFF would ask the committee to consider removing the earning limitation all together. Disabled fire and police officers under Tier II of KP&F should not have their pension reduced for working to support their families after being injured in the line of duty protecting their communities.

The KSCFF would ask the committee for their support on this issue. Again thank you for your time and consideration.

Dennis Phillips
Lobbyist, KSCFF

HOUSE SELECT COMMITTEE ON KPERS
DATE: 02-09-09
ATTACHMENT: 4

BOTTENBERG & ASSOCIATES

TO: Rep. Schwartz, Chair. and Members
House Select Committee on KPERS

From: John C. Bottenberg
Kansas Sheriffs Association

RE: Support of HB-2072, Salary Caps for Disabled KP&F Retirees

DATE: February 9, 2009

The Kansas Sheriffs Association is pleased to join with the Kansas Association of Chiefs of Police, Kansas Peace Officers Association, and the Kansas State Council Firefighters in support of HB-2072.

Please add the Kansas Sheriffs Association to the Committee's list of proponents for HB-2072.

Thank you

Written Testimony to the Joint Committee on Pensions & Benefits

By Bryan Rosner

Medically Retired Firefighter, Shawnee, KS

HB 2072

My name is Bryan Rosner and I am a KP&F Tier II medically retired Firefighter from Shawnee, Kansas. I have submitted written testimony on behalf of myself and Firefighters and Police Officers across the State to speak to address raising the amount of the income restrictions set for KP&F Tier II disabled members. I as have many Police Officers and Firefighters have intently been watching what was previously HB 2076 sit in committee now for over two years with no action having been taken. This issue is very important to the Firefighters and Police Officers who protect our lives and property every day. It is my understanding that there are around 130 KP&F Tier II members on disability.

I am 48 years old and I am physically able to work, but not in the Fire Service any longer. I do some part time work but do not want to have my monthly benefit reduced in case I can't work in the near future. As you may or may not know there is an earnings restriction of \$10,000.00 for KP&F Tier II members on disability. For every two dollars you make over \$10,000.00 one dollar is deducted from your benefit next year. The problem with adjusting next years disability amount if you make over the \$10,000 amount is: you may not have a job or be able to work because of your disability the next year and your family would really be put in a bind.

This is a great benefit if you can't do your job anymore but it won't put your kids through school or buy medical insurance. The rules on income restrictions were made around 20 or so years ago when a Firefighter or Police Officer's starting pay was maybe \$16-\$20,000.00 a year. Those salaries have tripled or more since then. Back then you could insure your family for \$80-\$100 a month. Now it costs \$700-\$800 a month. School costs have quadrupled; I know this because my Son is attending KU and we all know fuel and energy costs have skyrocketed.

Another thing is, you don't pay state tax on your benefit because you were already taxed. If they raise the income limits you would be paying Kansas State tax on the salary you would make. I suppose the State could benefit some.

I guess what I am getting at it would be nice if we could it changed to at least being able to match the members 50% disability amount so the member can afford medical insurance and send their kids to school. I know the previously introduced bill was in favor of doubling the income restriction amount and that is a start. The \$20,000 dollar limit amount was written in there in 2006, the cost of living has gone up 5-6% since then each year. It seems it would be reasonable to allow a retiree to match his or her 50% benefit amount before reducing the benefit for the next year. The best solution would be to eliminate the earnings restriction completely.

I know there are disabled retiree's that are out there that aren't working for fear of losing any of their benefit amount. I also know they want to work. I also know there are people that have no business riding on fire trucks or in patrol cars because of health issues that won't leave the job because they can't survive financially.

The Kansas State Firefighters Association has asked for your support of raising the earnings restrictions for the last three years and will continue to do so. Below is an example of the fault of the present formula used by KPER's.

Example of fault of formula:

Retiree becomes unable to perform duties in 2005 and has a final average salary of \$60,000.00.

Retiree would receive \$30,000.00 for disability benefit in 2006.

If the retiree is able to work in a new occupation in 2006 and makes an additional \$25,000.00 the retiree's income would be \$55,000.00 for calendar year 2006.

In 2007 the benefit would be reduced by \$7,500.00 and if the retiree were still able to work and make \$25,000.00 his or her total income would only be \$47,500.00.

If the retiree is unable to work because of their disability their income will be only \$22,500.00 for 2007.

Thank you for your time and consideration on this issue.

Bryan Rosner
9710 W 51st Terrace
Merriam, Kansas 66203
913-238-1090

HOUSE SELECT COMMITTEE ON KPERS
DATE: 02-09-09
ATTACHMENT: 6

Kansas Public Employees Retirement System
Legislative Data Sheet

2009 House Bill 2073

Sponsored by Joint Committee on Pensions, Investments and Benefits

Effects of Bill

2009 House Bill 2073 would allow the purchase of KPERS participating service credit for work experience that is necessary to obtain certain technical or vocational teacher certifications.

Prior to its revocation in 2003, a Department of Education regulation, K.A.R. 91-1-39, established requirements for minimum amounts of approved, directly related journeyman experience above the apprenticeship level as a condition for certification as an instructor of a day trade, personal service or public service program. HB 2073 would allow KPERS members to purchase up to two years of participating service credit for journeyman experience required by K.A.R. 91-1-39 that was obtained on or after January 1, 1962. Members could purchase this service by making additional contributions through payroll deductions or by a single lump-sum payment.

Fiscal Impact

Because the bill specifies that members would pay the full actuarial cost, HB 2073 would have no cost or fiscal impact for the Retirement System. The Retirement System could implement HB 2073 within currently approved staffing and operating expenditure levels.

October 12, 2007

Brian Brunkow

1412 NW Central Ave.

Topeka, KS 66608

Phone 785-608-8565

To KPERS,

I request to purchase 1 year of work experience that I was legally required to perform by the State of Kansas to enter my public service position as a vocational teacher. The Kansas State Board of Education, as an elected body, made teacher certification regulation 91-1-39 and its precedents, under which I was initially employed as a public teacher in USD 501. The certification offered under this regulation for persons employed in vocational education required "a minimum of two years of approved, directly related journeyman experience above the apprenticeship. One year shall be continuous full-time experience." (Excerpted from Certification Regulation 91-1-39 adopted by the Kansas Board of Education.) Not only did the State of Kansas require the work for employment in my position, but it also evaluated it by being the agency that approved it (according to regulation.) It is my opinion that the state voluntarily chose to make itself my supervisor of record for this work and therefore, at least the year of full-time experience qualifies as public service because the schedule of work was established by the state in addition to its evaluating the quality of the position.

The mission of this state regulated work is to assure competent ability to work in the trade with no option of substituting any other experience as equivalent in order to be employed in my public service position as an educator. The regulation also required a separate competency examination. So, the work experience that was required was solely to gain required work related experience in the trade. Additionally, the certificate could not be issued to me unless I was offered a position with a local education agency. I could not receive the certification apart from employment. Other teachers could receive a certificate whether employed or not. So, the work requirement was intrinsically linked to my employment, not just to certification. The state did not provide a KPERS position for me to do this work, so it had to be done in the private sector or somewhere as a volunteer. There is probably no other KPERS position that has work experience required by laws or regulations established by an elected body. All work experience requisites in other KPERS positions are probably guidelines and preferences that can have

HOUSE SELECT COMMITTEE ON KPERS

DATE: 02-09-09

ATTACHMENT: 8-1

substitute experiences that have no specified work schedule requirements (such as full time, uninterrupted,) just length of experience requirements.

I have documented this work experience to my employer, USD 501, and it is obviously on file with the Kansas Department of Education (or I would not have been certified and could not have been legally hired by USD501 in my initial position, because state statute makes it illegal for any teacher that does not hold a valid certificate in their placement to be paid by a school district .) Even though this service was not at the expense of the public tax payers, it was (without exemption) required for me to do by state regulation before accepting my teaching position and it is not at the student level. I did this service in Shawnee county from 1975-1978 and the State has verified its approval according to the State Department of Education regulations. Information about my service can be obtained there and at my current employer, but that should not be necessary for KPERS, because the State of Kansas has already established that I did this work according to the established schedule at an approved journeyman level.

I can imagine no reason that this service should be defined as other than public service by any policy or tax laws. I also feel that the state should make the contribution for the purchase in the same manner that it covers the first year of employment for other state workers after the state evaluates and qualifies the schedule of work.

The KPERS form for purchase of in-state public service does not specifically apply in this situation. The state did not provide me a public position in which to do this work, yet the state required it by law, not by policy. No other teachers are required by state regulations to do work experience for employment and it was legally required for me regardless of my education status. There should be some consideration for this State of Kansas forced delayed entry into KPERS as a teacher by defining the one year of required full time work as public service on the basis that the schedule and quality of work were legally established and evaluated by the state. By this action, the state voluntarily became my supervisor for the required one year of work experience in order for me to enter my teaching position.

Thank you,

Brian Brunkow

Kansas Public Employees Retirement System
Legislative Data Sheet

2009 House Bill 2090

Sponsored by Joint Committee on Pensions, Investments and Benefits

Effects of Bill

2009 House Bill 2090 establishes a new group within KPERS for detention officers employed by counties. The group would have different normal (unreduced) retirement age and early retirement provisions.

Under current State law, county detention officers receive the same benefit provided to all current KPERS members, including normal (unreduced) retirement at age 62 with 10 years of service, age 65 with one year of service or any time age plus years of service equals "85 points" or more. HB 2090 would establish the same retirement age and early retirement provisions for detention officers in the new group as those that currently apply to State corrections officers. The bill provides that detention officers with at least three years of consecutive service as detention officers immediately preceding retirement would be eligible for normal retirement at age 55 (detention officers) or at age 60 (support personnel who have regular contact with inmates). Detention officers with 10 years of credited service also would be allowed to retire early at age 50 (detention officers) or age 55 (support personnel). An early retirement reduction factor of 0.2 percent would apply for each month under age 55 or 60, as applicable.

Under HB 2090, counties participating in KPERS that employ one or more detention officers could make an irrevocable election on January 1, 2010, or any January 1 thereafter to have their detention officers covered by the provisions of HB 2090. The election would become effective the following July 1, provided that the counties electing to participate have, combined, at least 500 covered detention officers.

Fiscal Impact

Upon deciding to affiliate for detention officer coverage, an actuarial study of the membership data for each county would be completed to determine the cost of HB 2090 and the resulting increase in employer contribution rates for the participating counties.

An actuarial cost estimate was prepared for substantially equivalent legislation originally considered during the 2005 session – 2005 HB 2293. That cost estimate was based on a membership data survey provided by counties that were interested in joining a local detention officer group. The actuarial cost estimate assumed that all counties submitting survey data would elect to participate in local detention officer coverage. At that time, we estimated the new local detention officer group would increase the contribution rate for counties electing such coverage by approximately 2.0 percent, plus the amount necessary to amortize a projected increase to the

System's actuarial liability of approximately \$2 million (resulting in additional first-year contributions of about \$200,000). More recent demographic data for counties interested in such an option is not available, and as a result, the actuarial cost estimate has not been updated. Moreover, the relatively small number of members in this group (minimum of 500 detention officers) is likely to produce somewhat volatile employer contribution rates.

Counties electing local detention officer coverage would be required to pay the cost of actuarial studies necessary to establish the HB 2090 employer contribution rates. Current rates for actuarial studies are \$1,000 plus \$25 per employee included in the study.

The Retirement System could implement the provisions of HB 2090 within currently approved staffing and operating expenditure levels.

Memorandum – State General Fund Debt Analysis

Date: Friday, January 16, 2009

Subject: Refunding of State General Fund Debt to Provide Budgetary Relief

The restructuring presented below consists of three current refunding transactions over the next 15 months. Each of the bond transactions is a **current refunding of principal maturing within 90 days of the transaction settlement date**. Phasing the restructuring in three transactions allows the Authority to preserve optionality on the refunding bonds (by avoiding an advance refunding) and mitigates the significant negative arbitrage associated with escrowing debt service payments.

Bond Transaction	Settlement Date	Tax Status	Refunded Principal	Fiscal Year Impact	Budgetary Relief	Present Value Savings	Bond TIC
1	2/25/2009	Tax-Exempt/ Taxable	14,010,000	2009	14,010,000	(611,500)	6.32%
2	8/15/2009	Tax Exempt/ Taxable	25,085,000	2010	25,085,000	(373,961)	5.59%
3	2/15/2010	Tax-Exempt/ Taxable	14,245,000	2010	14,245,000	(155,283)	6.38%
					53,340,000	(1,140,744)	

As presented in the summary below, the analysis shows that a series of three refunding transactions can provide over \$14 million of FY 2009 budgetary relief and over \$39 million of relief in FY 2010. These transactions come with some present value costs to the State due to costs of issuance associated with each transaction, negative arbitrage in the escrow, and in some cases, lengthening the term of the debt. The aggregate present value cost to receive budgetary relief is approximately \$1.1 million on the assumptions outlined in the section below.

A graphical representation of the State's outstanding debt before and after the series of refundings along with the amortization schedule related to each financing is included as an attachment to this memorandum.

Considerations

Please note the following considerations when reviewing this analysis:

Additional Budgetary Relief.

Reallocating the timing of these transactions and adding an additional refunding could result in additional budgetary relief in FY 2010 in the approximate amount of \$4 million.

Bond Counsel Review.

If the Authority chooses to proceed with any or all of the financings, it will be important to seek input and approval from bond counsel. There will be certain legal and tax issues associated with these transactions.

Impact on State Departments.

As illustrated in the chart below, each bond transaction refunds several underlying transactions. Each of the underlying financings was issued for a unique purpose and on behalf of different departments within the State. The Authority may want to review the

transactions with the State to ensure that there are no internal or operative issues associated with the restructuring of the General Fund debt.

Refunded Principal by Issue								
Bond Transaction 1			Bond Transaction 2			Bond Transaction 3		
Series	Principal (\$000's)	Maturity Date	Series	Principal (\$000's)	Maturity Date	Series	Principal (\$000's)	Maturity Date
1993L	220 ^X	3/1/09	2003H	3,980	9/1/09	2001S	265	3/1/10
2001S	385	3/1/09	1999A	150	10/1/09	1996J*	70	4/1/10
2004A	410	4/1/09	2000V	1,100	10/1/09	2004A	430	4/1/10
2004G	1,030	4/1/09	2001W	850	10/1/09	2004G	1,100	4/1/10
2004C	10,070	5/1/09	2000W	630	10/1/09	2004C	10,415	5/1/10
2005H	1,255	5/1/09	2002C	705	10/1/09	2005H	1,300	5/1/10
2006L	640	5/1/09	2006A	7,300	11/1/09	2006L	665	5/1/10
			2007K	1,955	11/1/09			
			2008L	2,100	11/1/09			
			2003C	1,280	11/1/09			
			2005D	5,035	11/1/09			
Totals	14,010			25,085			14,245	

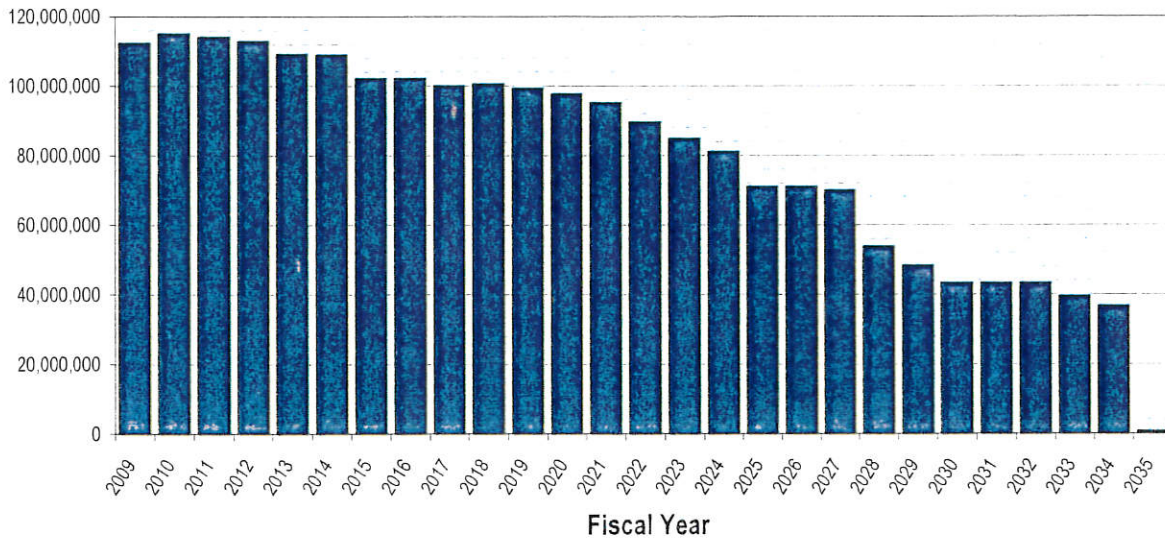
*Term Bond

Assumptions.

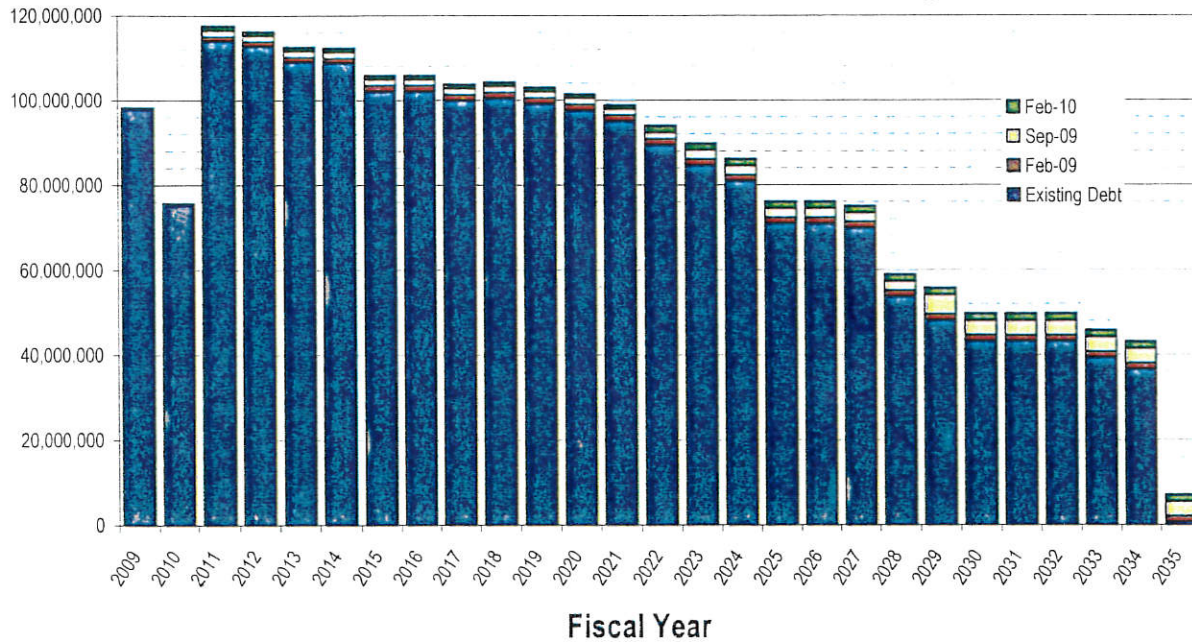
The analysis includes underlying assumptions based on today's market. Assumptions include taxable and tax-exempt interest rates based on current market conditions, costs of issuance based on the Authority's prior transactions, gross funded escrow and capitalized interest accounts, capitalized interest through FY2010, and a present value discount factor equal to the rate on each refunding transaction. If the conditions realized at execution of these transactions differ from the set of assumptions included in the analysis, it is possible that the results of the restructuring plan may differ as well.

ATTACHMENT

SGF Debt Service - Before Refundings



SGF Debt Service - After Refundings



Impact of Refunding Transactions on Aggregate Debt Service

Fiscal Year	Total Debt Service Before Refunding	Bond #1		Bond #2		Bond #3		Total Debt Service After Refunding	Fiscal Year Savings
		Less: Refunded Debt Service	Plus: Refunding Net Debt Service	Less: Refunded Debt Service	Plus: Refunding Net Debt Service	Less: Refunded Debt Service	Plus: Refunding Net Debt Service		
2009	112,359,881	14,010,000						98,349,881	14,010,000
2010	115,089,820			25,085,000		14,245,000		75,759,820	39,330,000
2011	114,069,314		984,828		1,493,037		1,098,929	117,646,107	(3,576,793)
2012	112,874,552		984,828		1,493,037		928,672	116,281,089	(3,406,537)
2013	109,183,826		984,828		1,493,037		928,672	112,590,363	(3,406,537)
2014	108,963,907		984,828		1,493,037		928,672	112,370,444	(3,406,537)
2015	102,197,676		1,349,828		1,493,037		928,672	105,969,213	(3,771,537)
2016	102,170,891		1,351,796		1,493,037		928,672	105,944,396	(3,773,505)
2017	100,027,899		1,347,187		1,493,037		928,672	103,796,795	(3,768,896)
2018	100,552,700		1,351,316		1,493,037		928,672	104,325,725	(3,773,025)
2019	99,298,729		1,348,552		1,493,037		928,672	103,068,991	(3,770,261)
2020	97,695,966		1,349,211		1,493,037		928,672	101,466,886	(3,770,920)
2021	95,197,505		1,350,798		1,493,037		928,672	98,970,013	(3,772,507)
2022	89,567,299		1,350,023		1,493,037		1,593,672	94,004,031	(4,436,732)
2023	84,804,360		1,346,886		2,184,192		1,589,317	89,924,755	(5,120,394)
2024	81,103,916		1,351,386		2,184,681		1,592,011	86,231,994	(5,128,078)
2025	71,076,615		1,347,848		2,186,463		1,591,275	76,202,201	(5,125,586)
2026	71,063,582		1,351,611		2,184,468		1,587,099	76,186,758	(5,123,177)
2027	70,012,569		1,346,998		2,183,561		1,589,557	75,132,685	(5,120,116)
2028	53,853,005		1,349,348		2,188,280		1,587,978	58,978,611	(5,125,606)
2029	48,292,739		1,347,986		4,589,776		1,587,263	55,817,762	(7,525,024)
2030	43,350,864		1,347,911		3,482,230		1,587,063	49,768,067	(6,417,203)
2031	43,329,909		1,348,786		3,482,308		1,587,027	49,748,029	(6,418,120)
2032	43,316,614		1,350,273		3,483,661		1,591,802	49,742,349	(6,425,736)
2033	39,430,248		1,347,195		3,480,926		1,590,696	45,849,065	(6,418,817)
2034	36,735,586		1,349,980		3,478,749		1,588,037	43,152,351	(6,416,766)
2035	758,336		1,349,248		3,481,361		1,591,389	7,180,333	(6,421,998)
	2,146,378,306	14,010,000	32,273,472	25,085,000	56,507,103	14,245,000	32,639,832	2,214,458,713	(68,080,407)

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