HOUSE BILL No. 2095

By Committee on Pensions and Benefits

1-23

Proposed Amendment to
HB2095
Technical amendments regarding issuance of one or more series of revenue bonds and reference to constitution of Kansas
Prepared by: Office of Revisor of Statutes

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; revenue bonds to finance a portion of unfunded actuarial liability of KPERS; requirements and procedures; employer contribution rates; amending K.S.A. 2014 Supp. 74-4914d and 74-4920 and repealing the existing sections.

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

New Section 1. (a) For the purpose of financing a portion of the unfunded actuarial pension liability of the Kansas public employees retirement system, the Kansas development finance authority is hereby authorized to issue one or more series of revenue bonds under the Kansas development finance authority act in an amount necessary to provide a deposit or deposits to the Kansas public employees retirement system in a total amount not to exceed $1,500,000,000 plus all amounts required to pay the costs of issuance of the bonds, including any credit enhancement, interest costs and to provide any required reserves for the bonds. No bonds shall be issued until such issuance has been approved by a resolution of the state finance council. The principal amount, interest rates and final maturity of such revenue bonds and any bonds issued to refund such bonds or parameters for such principal amount, interest rates and final maturity shall be approved by a resolution of the state finance council, except that such interest rate shall not exceed 5%. The bonds, and interest thereon, issued pursuant to this section shall be payable from moneys appropriated by the state for such purpose. The bonds, and interest thereon, issued pursuant to this section shall be obligations only of the authority and in no event shall such bonds constitute an indebtedness or obligation of the Kansas public employees retirement system or an indebtedness or obligation for which the faith and credit or any assets of the system are pledged. Neither the state nor the department of administration shall have the power to pledge the full faith and credit or taxing power of the state for debt service on any bonds issued pursuant to this section, and any payment by the department for such purpose shall be subject to and dependent on appropriations by the legislature. Any obligation of the state or the department for payment of debt service on bonds issued pursuant to this section shall not be considered a debt or obligation of the state for the

for any one or more series of revenue bonds issued pursuant to this section,

, all inclusive cost,

purpose of section 6 of article 11 of the [~~state~~] constitution.

of the state of Kansas

(b) As used in this section, "unfunded actuarial pension liability" means the unfunded actuarially accrued liability of the state for the state of Kansas' and participating employers', under K.S.A. 74-4931, and amendments thereto, portion of such liability of the Kansas public employees retirement system, determined as of the later of December 31, 2013, or the end of the most recent calendar year for which an actuarial valuation report is available and certified to the Kansas development finance authority by the executive director of the Kansas public employees retirement system.

(c) (1) The authority may pledge the contract or contracts authorized in subsection (d), or any part thereof, for the payment or redemption of the bonds, and covenant as to the use and disposition of moneys available to the authority for payments of the bonds. The authority is authorized to enter into any agreements necessary or desirable to effectuate the purposes of this section.

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

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

(4) Revenue bonds may be issued pursuant to this section without obtaining the consent of any department, division, commission, board or agency of the state, other than the approvals of the state finance council required by this section, and without any other proceedings or the