

HOUSE BILL No. 2360

By Committee on Pensions and Benefits

2-13

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system and systems thereunder; increasing the
3 membership of the board of trustees of the Kansas public employees
4 retirement system to 11 members; providing certain requirements for
5 new members; amending K.S.A. 74-4905 and repealing the existing
6 section.

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. K.S.A. 74-4905 is hereby amended to read as follows: 74-
10 4905. (a) ~~On July 1, 1993, the board of trustees of the Kansas public~~
11 ~~employees retirement system, as such board existed on June 30, 1993, is~~
12 ~~hereby abolished. On July 1, 1993, There is hereby established a new~~ *the*
13 board of trustees of the Kansas public employees retirement system. Such
14 board ~~established on July 1, 1993,~~ shall consist of ~~nine~~ *11* members, as
15 follows:

16 (1) Six appointed members, four appointed by the governor subject to
17 confirmation by the senate as provided in K.S.A. 75-4315b, and
18 amendments thereto, one appointed by the president of the senate and one
19 appointed by the speaker of the house of representatives. Except as
20 provided by K.S.A. 46-2601, *and amendments thereto*, no person
21 appointed to the board whose appointment is subject to confirmation, shall
22 exercise any power, duty or function as a member of the board until
23 confirmed by the senate. No more than two members of the board whose
24 appointment is subject to confirmation shall be from the same political
25 party;

26 (2) ~~two~~ *four* retirement system members elected by the members and
27 retirants of the system as provided in ~~subsection (12)~~ of K.S.A. 74-
28 4909(12), and amendments thereto. As provided in this subsection, only
29 active and retired members of the system shall be eligible to be elected to
30 the board and only active and retired members of the system shall be
31 eligible to elect the ~~two~~ *four* retirement system members pursuant to this
32 subsection. Inactive members shall not be eligible to be elected to the
33 board nor to elect the ~~two~~ *four* retirement system members elected
34 pursuant to this subsection. If a member elected to the board as provided
35 in this subsection becomes inactive, such member is disqualified from
36 service on the board and such member's board position shall be vacant and

1 such vacancy shall be filled as provided in subsection (b)(1). Of the ~~two~~
2 ~~four~~ retirement system members elected pursuant to this subsection, one
3 shall be a member of the retirement system who is in school employment
4 as provided in K.S.A. 74-4931 et seq., and amendments thereto ~~and~~, one
5 shall be a member of the retirement system ~~other than a member~~ who is
6 ~~not~~ in school employment ~~and who is not a member of the Kansas police~~
7 ~~and firemen's retirement system or the retirement system for judges~~, one
8 shall be a member who is in the Kansas police and firemen's retirement
9 system and one shall be a member who is in the retirement system for
10 judges. ~~For purposes of this subsection, retirement system means the~~
11 ~~Kansas public employees retirement system, the Kansas police and~~
12 ~~firemen's retirement system and the retirement system for judges~~ Each
13 member shall be elected by the members and retirants of such member's
14 respective system; and

15 (3) the state treasurer.

16 (b) (1) Except as provided by this paragraph and paragraph (2), all
17 members of the board as provided in subsection (a)(1) and (a)(2) shall
18 serve four-year terms, except that of the members first appointed by the
19 governor, two shall be appointed for two-year terms and the member
20 appointed by the speaker of the house of representatives shall be appointed
21 for a two-year term. The governor shall designate the term for which each
22 of the members first appointed shall serve. All members appointed to fill
23 vacancies in the membership of the board and all members appointed to
24 succeed members appointed to membership on the board shall be
25 appointed in like manner as that provided for the original appointment of
26 the member succeeded. All members appointed to fill vacancies of a
27 member of the board appointed by the governor, the president of the senate
28 or the speaker of the house of representatives shall be appointed to fill the
29 unexpired term of such member. All vacancies on the board by a member
30 elected by the members and retirants of the system shall be filled by the
31 board as provided by rules and regulations adopted as provided in
32 ~~subsection (12) of K.S.A. 74-4909(12)~~, and amendments thereto.

33 (2) Except as provided in K.S.A. 46-2601, ~~and amendments thereto~~,
34 no person appointed to the board by the governor shall exercise any power,
35 duty or function as a member of the board until confirmed by the senate.
36 The terms of members appointed by the governor who are serving on the
37 board on the effective date of this act shall expire on January 15, of the
38 year in which such member's term would have expired under the
39 provisions of this section prior to amendment by this act. Thereafter,
40 members shall be appointed for terms of four years and until their
41 successors are appointed and confirmed.

42 (c) The board shall elect a chairperson of the board at the first regular
43 meeting held on or after July 1, 1993, and at each annual meeting

1 thereafter from the members of the board. The chairperson shall preside
2 over meetings of the board and perform such other duties as required by
3 the board.

4 (d) The chairperson shall appoint another board member as vice-
5 chairperson, and the vice-chairperson shall perform the duties of
6 chairperson in the absence of the chairperson or upon the chairperson's
7 inability or refusal to act.

8 (e) The six members appointed pursuant to subsection (a)(1) shall
9 have demonstrated experience in the financial affairs of a public or private
10 organization or entity which employs 100 or more employees or had at
11 least five years' experience in the field of investment management or
12 analysis, actuarial analysis or administration of an employee benefit plan.

13 (f) No person shall serve on the board if such person has knowingly
14 acquired a substantial interest in any nonpublicly traded investment made
15 with moneys of the fund. Any such person who knowingly acquires such
16 an interest shall vacate such member's position on the board and shall be
17 guilty of a class A misdemeanor. For purposes of this subsection,
18 "substantial interest" means any of the following:

19 (1) If an individual or an individual's spouse, either individually or
20 collectively, has owned within the preceding 12 months a legal or
21 equitable interest exceeding \$5,000 or 5% of any business, whichever is
22 less, the individual has a substantial interest in that business.

23 (2) If an individual or an individual's spouse, either individually or
24 collectively, has received during the preceding calendar year compensation
25 which is or will be required to be included as taxable income on federal
26 income tax returns of the individual and spouse in an aggregate amount of
27 \$2,000 from any business or combination of businesses, the individual has
28 a substantial interest in that business or combination of businesses.

29 (3) If an individual or an individual's spouse holds the position of
30 officer, director, associate, partner or proprietor of any business, the
31 individual has a substantial interest in that business, irrespective of the
32 amount of compensation received by the individual or individual's spouse.

33 (4) If an individual or an individual's spouse receives compensation
34 which is a portion or percentage of each separate fee or commission paid
35 to a business or combination of businesses, the individual has a substantial
36 interest in any client or customer who pays fees or commissions to the
37 business or combination of businesses from which fees or commissions the
38 individual or the individual's spouse, either individually or collectively,
39 received an aggregate of \$2,000 or more in the preceding calendar year.

40 (5) If an individual or an individual's spouse has received a loan from
41 or received financing from any bank, savings and loan, credit union or any
42 other financial institution in an amount which exceeds \$2,000, the
43 individual has a substantial interest in that financial institution.

1 As used in this subsection, "client or customer" means a business or
2 combination of businesses.

3 Any person who serves on the board shall fully disclose any substantial
4 interest that such person has in any publicly traded investment made with
5 moneys of the fund.

6 (g) No person who serves on the board shall be employed for a period
7 of two years commencing on the date the person no longer serves on the
8 board and ending two years after such date with any organization in which
9 moneys of the fund were invested, except that the employment limitation
10 contained in this subsection shall not apply if such person's employment is
11 with an organization whose stock or other evidences of ownership are
12 traded on the public stock or bond exchanges.

13 (h) All members of the board named, appointed or elected to the
14 board shall be subject to an investigation by the Kansas bureau of
15 investigation or other criminal justice agencies. Information to be obtained
16 during such investigation shall include criminal history record information,
17 including arrest and conviction data, criminal intelligence information and
18 information relating to criminal and background investigations as
19 necessary to determine qualifications of such member. Such information
20 shall be forwarded to the senate committee specified by the president of
21 the senate for such committee's consideration and other than conviction
22 data, shall be confidential and shall not be disclosed except to members
23 and employees of the committee as necessary to determine qualifications
24 of such member. The committee, in accordance with K.S.A. 75-4319, and
25 amendments thereto, shall recess for a closed or executive meeting to
26 receive and discuss information received by the committee pursuant to this
27 subsection.

28 (i) All of the powers, duties and functions of the board of trustees of
29 the Kansas public employees retirement system as such board existed prior
30 to July 1, 1993, are hereby transferred to and conferred and imposed upon
31 the board of trustees established pursuant to this act. The board of trustees
32 of the Kansas public employees retirement system established pursuant to
33 this act shall be the successor in every way of the powers, duties and
34 functions of the board of trustees existing prior to July 1, 1993, in which
35 the same were vested prior to July 1, 1993.

36 Sec. 2. K.S.A. 74-4905 is hereby repealed.

37 Sec. 3. This act shall take effect and be in force from and after its
38 publication in the statute book.