

HOUSE BILL No. 2405

By Committee on Appropriations

2-18

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; authorizing the issuance of revenue
3 bonds to finance the unfunded actuarial pension liability of KPERS;
4 providing requirements, limitations and procedures for the Kansas
5 development finance authority, department of administration and the
6 state finance council pertaining to such bonds.
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8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1. (a) For the purpose of financing a portion of the unfunded
10 actuarial pension liability of the Kansas public employees retirement
11 system, the Kansas development finance authority is hereby authorized to
12 issue one or more series of revenue bonds under the Kansas development
13 finance authority act in an amount necessary to provide a deposit or
14 deposits to the Kansas public employees retirement system in a total
15 amount not to exceed \$1,000,000,000 plus all amounts required to pay the
16 costs of issuance of the bonds, including any credit enhancement, interest
17 costs and to provide any required reserves for the bonds. No bonds shall be
18 issued until such issuance has been approved by a resolution of the state
19 finance council. The principal amount, interest rates and final maturity of
20 such revenue bonds and any bonds issued to refund such bonds or
21 parameters for such principal amount, interest rates and final maturity shall
22 be approved by a resolution of the state finance council, except that, for
23 any one or more series of revenue bonds issued pursuant to this section,
24 such interest rate, all inclusive cost, shall not exceed 3.5%. The bonds, and
25 interest thereon, issued pursuant to this section shall be obligations only of
26 the authority and in no event shall such bonds constitute an indebtedness
27 or obligation of the Kansas public employees retirement system or an
28 indebtedness or obligation for which the faith and credit or any assets of
29 the system are pledged. Neither the state nor the department of
30 administration shall have the power to pledge the full faith and credit or
31 taxing power of the state for debt service on any bonds issued pursuant to
32 this section, and any payment by the department for such purpose shall be
33 subject to and dependent on appropriations by the legislature. Any
34 obligation of the state or the department for payment of debt service on
35 bonds issued pursuant to this section shall not be considered a debt or
36 obligation of the state for the purpose of section 6 of article 11 of the

1 constitution of the state of Kansas.

2 (b) As used in this section, "unfunded actuarial pension liability"
3 means the unfunded actuarially accrued liability of the state for the state of
4 Kansas' and participating employers' under K.S.A. 74-4931, and
5 amendments thereto, portion of such liability of the Kansas public
6 employees retirement system, determined as of the later of December 31,
7 2019, or the end of the most recent calendar year for which an actuarial
8 valuation report is available and certified to the Kansas development
9 finance authority by the executive director of the Kansas public employees
10 retirement system.

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

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

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

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

1 occurrence of any other conditions or things other than those proceedings,
2 conditions or things that are specifically required by the Kansas
3 development finance authority act.

4 (d) The department of administration and the authority are authorized
5 to enter into one or more contracts to implement the payment arrangement
6 that is provided for in this section. The contract or contracts shall provide
7 for payment of the amounts required to be paid pursuant to this section and
8 shall set forth the procedure for the transfer of moneys for the purpose of
9 paying such moneys. The contract or contracts shall contain such terms
10 and conditions, including principal amount, interest rates and final
11 maturity as shall be approved by resolution of the state finance council and
12 shall include, but not be limited to, terms and conditions necessary or
13 desirable to provide for the repayment of and to secure any bonds of the
14 authority issued pursuant to this section.

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

20 Sec. 2. This act shall take effect and be in force from and after its
21 publication in the statute book.