

74-49,129. Revenue bonds to finance unfunded liability of Kansas public employees retirement system; requirements and procedures. (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 in a total amount not to exceed \$500,000,000 to the Kansas public employees retirement system and to pay the costs of issuance of the bonds, including any credit enhancement, and provide any required reserves for the bonds. 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. The state finance council shall review and determine the lowest cost method for financing such bonds, including, but not limited to, issues related to the tax status of the bonds. 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.

(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, 2001, 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 secretary 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 money 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 occurrence of any other conditions or other things other than those proceedings, conditions or things which are specifically required by the Kansas development finance authority act.

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

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

(f) No bonds shall be issued pursuant to this section prior to the review of and recommendation to the state finance council of such issuance by the joint committee on pensions, investments and benefits.

History: L. 2003, ch. 155, § 16; May 29.