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

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

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

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

(2) two four retirement system members elected by the members and
retirees of the system as provided in subsection (12) of K.S.A. 74-
4909(12), and amendments thereto. As provided in this subsection, only
active and retired members of the system shall be eligible to be elected to
the board and only active and retired members of the system shall be
eligible to elect the two four retirement system members pursuant to this
subsection. Inactive members shall not be eligible to be elected to the
board nor to elect the two four retirement system members elected
pursuant to this subsection. If a member elected to the board as provided
in this subsection becomes inactive, such member is disqualified from
service on the board and such member's board position shall be vacant and
such vacancy shall be filled as provided in subsection (b)(1). Of the two
four retirement system members elected pursuant to this subsection, one
shall be a member of the retirement system who is in school employment
as provided in K.S.A. 74-4931 et seq., and amendments thereto, and, one
shall be a member of the retirement system—other than a member who is
not in school employment and who is not a member of the Kansas police
and firemen's retirement system or the retirement system for judges, one
shall be a member who is in the Kansas police and firemen's retirement
system and one shall be a member who is in the retirement system for
judges. For purposes of this subsection, retirement system means the
Kansas public employees retirement system, the Kansas police and
firemen's retirement system and the retirement system for judges. Each
member shall be elected by the members and retirants of such member's
respective system; and

(3) the state treasurer.

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

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

(c) The board shall elect a chairperson of the board at the first regular
meeting held on or after July 1, 1993, and at each annual meeting
thereafter from the members of the board. The chairperson shall preside
over meetings of the board and perform such other duties as required by
the board.
(d) The chairperson shall appoint another board member as vice-
chairperson, and the vice-chairperson shall perform the duties of
chairperson in the absence of the chairperson or upon the chairperson's
inability or refusal to act.
(e) The six members appointed pursuant to subsection (a)(1) shall
have demonstrated experience in the financial affairs of a public or private
organization or entity which employs 100 or more employees or had at
least five years' experience in the field of investment management or
analysis, actuarial analysis or administration of an employee benefit plan.
(f) No person shall serve on the board if such person has knowingly
acquired a substantial interest in any nonpublicly traded investment made
with moneys of the fund. Any such person who knowingly acquires such
an interest shall vacate such member's position on the board and shall be
guilty of a class A misdemeanor. For purposes of this subsection,
"substantial interest" means any of the following:
(1) If an individual or an individual's spouse, either individually or
collectively, has owned within the preceding 12 months a legal or
equitable interest exceeding $5,000 or 5% of any business, whichever is
less, the individual has a substantial interest in that business.
(2) If an individual or an individual's spouse, either individually or
collectively, has received during the preceding calendar year compensation
which is or will be required to be included as taxable income on federal
income tax returns of the individual and spouse in an aggregate amount of
$2,000 from any business or combination of businesses, the individual has
a substantial interest in that business or combination of businesses.
(3) If an individual or an individual's spouse holds the position of
officer, director, associate, partner or proprietor of any business, the
individual has a substantial interest in that business, irrespective of the
amount of compensation received by the individual or individual's spouse.
(4) If an individual or an individual's spouse receives compensation
which is a portion or percentage of each separate fee or commission paid
to a business or combination of businesses, the individual has a substantial
interest in any client or customer who pays fees or commissions to the
business or combination of businesses from which fees or commissions the
individual or the individual's spouse, either individually or collectively,
received an aggregate of $2,000 or more in the preceding calendar year.
(5) If an individual or an individual's spouse has received a loan from
or received financing from any bank, savings and loan, credit union or any
other financial institution in an amount which exceeds $2,000, the
individual has a substantial interest in that financial institution.
As used in this subsection, "client or customer" means a business or combination of businesses.

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

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

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

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

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

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