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GOVERNMENT CODE - GOV

TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980] (Title 2 enacted by Stats. 1943, Ch. 134.)

DIVISION 4. FISCAL AFFAIRS [16100 - 17700] (Division 4 added by Stats. 1945, Ch. 119.)

PART 3. STATE BONDS [16650 - 16965.1] (Part 3 added by Stats. 1945, Ch. 120.)

CHAPTER 8. The California Pension Restructuring Bond Act of 2004 [16940 - 16960] (Chapter 8 added by Stats. 2004, Ch. 215, Sec. 4.)

ARTICLE 1. General Provisions [16940 - 16943] (Article 1 added by Stats. 2004, Ch. 215, Sec. 4.)

16940. This chapter shall be known and may be cited as the California Pension Restructuring Bond Act of 2004.

(Added by Stats. 2004, Ch. 215, Sec. 4. Effective August 11, 2004.)

16941. It is the intent of the Legislature, in enacting this chapter, to provide for an efficient, equitable, and economical means of satisfying certain pension obligations of the state. Bonds shall be issued pursuant to this chapter only when the Director of Finance determines that the state's pension obligations are anticipated to be reduced as a result of changes in the Public Employees' Retirement Law that reduce contributions to the Public Employees' Retirement System, and it is in the best interest of the state to issue bonds pursuant to this chapter to accelerate a portion of the state's anticipated lower pension obligations.

(Added by Stats. 2004, Ch. 215, Sec. 4. Effective August 11, 2004.)

16942. The Legislature hereby finds and declares that the state's obligation to pay its pension obligations to the Public Employees' Retirement System in the amounts established by the Board of Administration of the Public Employees' Retirement System, cannot be deferred by the state; that the state's pension obligations are due and payable at predetermined times; and that the Controller is required to pay those pension obligations when they are due. The Legislature further finds that the state's pension obligations cannot be included in an accumulated state budget deficit, as defined in Section 1.3 of Article XVI of the California Constitution. Further, the Legislature finds that its pension obligations are imposed by law, and not subject to Section 1 of Article XVI of the California Constitution and that the bonds authorized to be issued under this chapter have the same character under the Constitution as the pension obligations funded or refunded.

(Added by Stats. 2004, Ch. 215, Sec. 4. Effective August 11, 2004.)

16943. Unless the context otherwise requires, the following definitions shall govern the construction of this chapter:

(a) "Ancillary obligation" means the obligation of the state under any credit enhancement or liquidity agreement, including any of the following:

(1) An obligation in the form of bond insurance, a letter of credit, standby bond purchase agreement, reimbursement agreement, liquidity facility, or other similar arrangement.

(2) An obligation under any remarketing agreement, auction agent agreement, broker-dealer agreement, or other agreement relating to the marketing of the bonds, interest rate or other type of swap or hedging contract.

(3) An obligation under any investment agreement, forward purchase agreement, or similar structured investment contract, entered into by the committee in connection with any bonds issued under this chapter.

(b) "Bonds" means any bonds, notes, bond anticipation notes, interim certificates, debentures, or other obligations or forms of indebtedness issued pursuant to this chapter.

(c) "Committee" means the Pension Obligation Bond Committee established pursuant to Section 16920.

(d) "Pension obligations" means the obligations of the state or any state agency to the retirement system imposed by the retirement laws in the amounts determined by the board of administration of the retirement system.

(e) "Program" means the program established by this chapter under which the committee shall issue bonds for the purpose of funding or refunding pension obligations.

(f) "Retirement laws" means Section 17 of Article XVI of the California Constitution and the Public Employees' Retirement Law (Part 3 (commencing with Section 20000) of Division 5) and any other laws providing for payment to be made by the state or any state agency to the retirement system to provide retirement benefits to employees of the state or any other individuals for which the state has an obligation to pay all or a portion of the contributions to the retirement system to ensure the payment of retirement benefits to those individuals.

(g) "Retirement system" means the Public Employees' Retirement System established pursuant to the Public Employees' Retirement Law (Part 3 (commencing with Section 20000) of Division 5).

(Added by Stats. 2004, Ch. 215, Sec. 4. Effective August 11, 2004.)