

MINUTES OF THE SENATE SELECT COMMITTEE ON KPERS

The meeting was called to order by Chairperson Jeff King at 3:30pm on Monday, January 26, 2015, 118N of the Capitol.

All members were present except:

Senator Anthony Hensley – Excused

Committee staff present:

J.G. Scott, Legislative Research Department

Reed Holwegner, Legislative Research Department

Suzanne Nelson, Kansas Legislative Committee Assistant

Daniel Yoza, Office of Revisor of Statutes

Gordon Self, Office of Revisor of Statutes

Mark Dapp, Legislative Research Department

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Guest speaker:

The Chair opened the meeting by asking for bill requests or introductions. There were none from the Committee or the audience. Chair King subsequently introduced two bills, one for a \$1 billion pension obligation bond, and the other regarding issues arising from employees in KP&F switching back and forth between KP&F and KPERS eligible jobs. There were no objections to the measures and the bills were introduced.

State Treasurer Ron Estes gave a presentation regarding a number of KPERS related issues. He spoke about the use of pension obligation bonds over the last 20 years. He mentioned the opportunity to lock into lower interest rates today. He also mentioned re-amortization plans pushed out for a 40 year period to 2033, as is the current actuary target, or should the obligation be extended yet another 10 years to 2043, for which, considering the net present value, there is a negligible difference in the plans. Treasurer Estes answered questions from the Committee and audience related to other options and combinations of the bond and re-amortization plans.

Chair King asked Mr. Conroy to run some numbers for the next meeting showing scenarios with the \$1.0 billion and \$1.5 billion with and without re-amortization.

Briefing on:

Reed Holwegner distributed and briefed the Committee on the draft interim *Report of the Joint Committee on Pensions, Investments, and Benefits to the 2015 Kansas Legislature* yet to be approved. The Joint Committee was charged with two main issues:

- Working after retirement;

CONTINUATION SHEET

MINUTES of the Senate Select Committee on KPERS at 3:30pm on Monday, January 26, 2015, 118N of the Capitol.

- Future pension reforms for corrections workers; but also
- Discuss legislation and policies under consideration for the 2015 Session.

Informational briefing:

Alan Conroy, Executive Director, KPERS gave an overview of the current funding and returns of KPERS and the FY16 - FY17 Budget. ([Attachment 1](#)) Mr. Conroy answered questions from the committee related to net present valuation, advantages of market risk timing, and the strong investment return by the trust fund.

Presentation on:

Kansas Secretary of Administration Jim Clark spoke about the long term picture for the entire fund. He is looking at three to four tiers and three or four scenarios and trying to get information on annuitization, amortization, and looking for multiple solutions, rather than just one. He answered questions from the Committee regarding taking liability and transferring it to someone else. We need to have the market tell us what the solution is and to learn what we don't know, rather than having predisposed conclusions about how to solve the problem.

The meeting adjourned at 4:30 pm. The next meeting will be Monday, February 2, 2015.