

Approved Feb. 21, 1983
Date

MINUTES OF THE House COMMITTEE ON Pensions, Investments & Benefits

The meeting was called to order by Rep. Bob Ott at
Chairperson

9:10 a.m./~~p.m.~~ on February 17, 1983 in room 527-S of the Capitol.

All members were present except:

Rep. Schweiker
Rep. Whitaker
Rep. Wisdom

Committee staff present:

Richard Ryan, Legislative Research
Louis Chabira, Legislative Research
Gordon Self, Revisor's Office

Conferees appearing before the committee:

Ronald D. Peyton, President, Callan & Associates, Investments Consultants

The meeting was called to order by Chairman Ott at 9:10 a.m. Rep. Dyck moved that the minutes of the February 10 meeting be approved, Rep. Meacham seconded the motion, motion carried and the minutes were approved.

Chairman Ott then asked Marshall Crowther, Executive Director, Kansas Public Employees Retirement System, to introduce today's speaker, Ronald Peyton, President of Callan & Associates, who is responsible for the KPERS investment account.

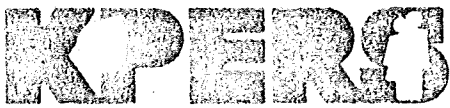
Mr. Peyton discussed institutional investment programs in general and the KPERS investment program specifically. Following his discussion he answered a few questions from committee members. Chairman Ott asked the speaker if he would provide copies of his testimony to committee members and he answered that he would do this.

The next committee meeting will be February 22, 1983, in Room 527-S.

The meeting was adjourned at 10:05 a.m.



Rep. Bob Ott, Chairman



Kansas Public Employees Retirement System

MARSHALL CROWTHER, Executive Secretary

February 23, 1983

Rep. Bob Ott
Room 431-N
Statehouse
Topeka, Kansas 66612

Dear Rep. Ott:

Enclosed you will find items which are a follow-up to the presentation of Mr. Ronald D. Peyton, President, Callan Associates to the committee on Thursday, February 17, 1983.

- a. Copies of transparencies;
- b. Investment measurement performance report dated June 30, 1982.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Marshall Crowther', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Marshall Crowther
Executive Secretary

MC:jad

Enclosure

CALLAN ASSOCIATES INVESTMENT MEASUREMENT REVIEW
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
JUNE 30, 1982

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The following statistical analysis was prepared by CAI Consulting Corporation, an affiliate of Callan Associates Inc., utilizing secondary data from statements provided by the plan trustee and/or custodian, CAI computer software and selected information in CAI's database. Reasonable care has been taken to assure the accuracy of the CAI computer software and database. CAI disclaims responsibility, financial or otherwise, for the accuracy or completeness of this report. Copyright 1982 by CAI Consulting Corporation.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ASSET DISTRIBUTION

At June 30, 1982	Amount (\$ Millions)	% of Portfolio	% of Composite
Active Equity Designated Mgrs.			
Cap Supervisors			
Equities	92.9	52.5	
Fixed-Income	-	-	
Cash & Equivalents	84.1	47.5	
Total Fund	\$177.0	100.0%	15.0%
Inv & Cap Mgmt			
Equities	72.6	62.2	
Fixed-Income	-	-	
Cash & Equivalents	44.0	37.8	
Total Fund	\$116.6	100.0%	9.9%
Reimer & Koger - Equity			
Equities	44.6	62.1	
Fixed-Income	25.3	35.2	
Cash & Equivalents	1.9	2.6	
Total Fund	\$71.8	100.0%	6.1%
Active Fixed-Income Design. Mgrs			
Robert C. Brown			
Equities	-	-	
Fixed-Income	-	-	
Cash & Equivalents	89.6	100.0	
Total Fund	\$89.6	100.0%	7.6%
4th Natl Bk & Tr-Wichita			
Equities	2.4	1.4	
Fixed-Income	141.7	81.9	
Cash & Equivalents	29.0	16.7	
Total Fund	\$173.0	100.0%	14.6%
PIMCO			
Equities	-	-	
Fixed-Income	133.9	81.4	
Cash & Equivalents	30.5	18.6	
Total Fund	\$164.5	100.0%	13.9%

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ASSET DISTRIBUTION

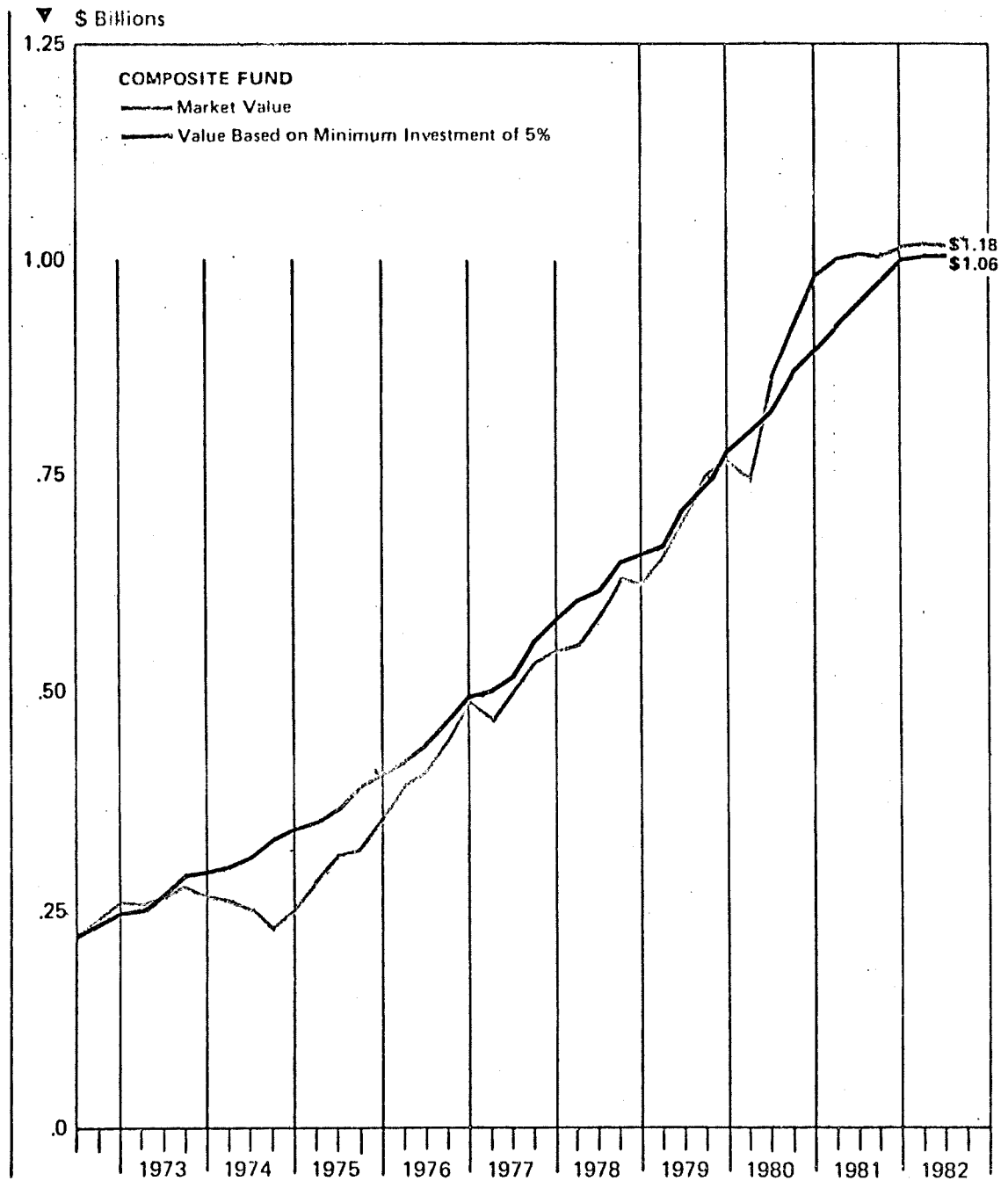
At June 30, 1982	Amount (\$ Millions)	% of Portfolio	% of Composite
Balanced Managers			
Reimer & Koger - Balanced			
Equities	52.2	36.3	
Fixed-Income	88.3	61.4	
Cash & Equivalents	3.4	2.3	
Total Fund	\$143.8	100.0%	12.2%
Passive Equity Programs			
Bankers Trust Index Fund			
Equities	18.3	99.6	
Cash & Equivalents	0.1	0.4	
Total Fund	\$18.4	100.0%	1.6%
Bankers Trust Option Fund			
Cash & Equivalents	0.2	100.0	
Total Fund	\$0.2	100.0%	0.0%
Fixed-Income Programs			
Reimer & Koger - KDF			
Fixed-Income	44.9	95.3	
Cash & Equivalents	2.2	4.7	
Total Fund	\$47.1	100.0%	4.0%
Holding Account			
Cash & Equivalents	44.9	100.0	
Total Fund	\$44.9	100.0%	3.8%
Kansas Liquidity Fund			
Cash & Equivalents	135.3	100.0	
Total Fund	\$135.3	100.0%	11.4%
Composite Fund			
Equities	283.0	23.9	
Fixed-Income	434.1	36.7	
Cash & Equivalents	465.2	39.3	
Total Fund	\$1182.4	100.0%	100.0%

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
ASSET GROWTH

(\$ Millions)	Ending Market = Value	Beginning Market + Value	Net New + Investment	Investment Return	
				Income + Earned	Capital Appreciation
Composite Fund(1)					
From 6/81	1182.4	1046.5	61.7	129.6	-55.4
From 6/75	1182.4	316.2	464.4	434.6	-32.7
From 6/72	1182.4	224.3	566.8	476.5	-85.3

(1) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell, Oppenheimer through June 1981, Bankers Trust Index Fund and Bankers Trust Option Fund.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FUND OBJECTIVE



Beginning December 1975, the Actuarial Assumption was changed from 4.5% to 5%. Dollar-weighted rate of return of the Composite Fund for 10 years ended June 30, 1982 was 6.55%.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM CUMULATIVE RESULTS



KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPOSITE FUND

Cumulative Periods Ended June 30, 1982	1/4 Year	1 Year	4 Years	7 Years	9 Years
Composite Fund(I)					
Equities	0.60%	(8.82)%	11.73%	8.46%	3.83%
Equities Plus Cash	1.60	3.67	12.90	9.13	5.34
Fixed-Income	2.71	11.91	2.37	5.42	4.39
Fixed-Income Plus Cash	2.51	13.87	7.61	8.28	6.99
Total Fund	2.00	6.77	9.30	8.23	5.55
Market Indicators					
Standard & Poor's 500	(0.53)%	(11.40)%	9.18%	7.23%	5.51%
Dow Jones Industrials	0.35	(11.22)	6.08	4.53	4.47
New York Stock Exchange	0.68	(7.15)	16.37	14.44	13.35
Salomon Bond Index	2.44	8.69	(0.24)	3.23	3.23
Lehman Kuhn Loeb Govt/Corp	2.76	13.33	4.99	6.22	5.86
Treasury Bills	3.22	14.49	12.47	9.53	9.11
Median Rates of Return					
Bank Pooled Equity Funds-I	(0.20)%	(9.65)%	9.47%	6.67%	4.76%
Bank Pooled Equity Funds-II	0.57	(4.94)	10.29	7.11	5.65
Insurance Equity Accounts	(0.76)	(10.67)	9.66	6.41	4.90
Growth & Income Mutual Funds	0.22	(7.48)	9.35	8.46	7.74
Growth Mutual Funds	(0.94)	(13.75)	10.59	9.55	8.60
Inv. Counselor Equity	0.10	(8.10)	11.98	9.96	7.65
Inv. Counselor Balanced	1.16	(1.70)	9.69	8.96	7.98
Bank Pooled Fixed-Income	2.78	12.17	4.96	6.31	5.66
Insurance Bond Accounts	2.11	10.62	3.85	5.77	-
Inv. Counselor Fixed-Income	3.10	13.22	6.39	7.38	7.12

(I) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPOSITE FUND

Fiscal Years Ended June 30	1982	1981	1980	1979	1978
Composite Fund(I)					
Equities	(8.82)%	27.98%	19.09%	12.05%	3.31%
Equities Plus Cash	3.67	21.46	16.05	11.17	3.23
Fixed-Income	11.91	(8.12)	0.53	6.16	0.41
Fixed-Income Plus Cash	13.87	2.20	6.31	8.24	2.15
Total Fund	6.77	10.55	10.42	9.33	2.12
Market Indicators					
Standard & Poor's 500	(11.40)%	20.47%	17.27%	13.52%	0.13%
Dow Jones Industrials	(11.22)	19.14	9.67	9.08	(5.37)
New York Stock Exchange	(7.15)	29.77	25.71	21.04	7.70
Salomon Bond Index	8.69	(12.99)	(2.37)	7.17	(0.82)
Lehman Kuhn Loeb Govt/Corp	13.33	(4.11)	3.85	7.65	0.92
Treasury Bills	14.49	13.92	12.26	9.24	6.33
Median Rates of Return					
Bank Pooled Equity Funds-I	(9.65)%	21.05%	17.48%	12.52%	1.91%
Bank Pooled Equity Funds-II	(4.94)	20.96	16.04	9.51	2.96
Insurance Equity Accounts	(10.67)	22.31	16.99	11.60	1.94
Growth & Income Mutual Funds	(7.48)	21.55	16.14	14.33	2.47
Growth Mutual Funds	(13.75)	29.16	20.93	13.51	7.99
Inv. Counselor Equity	(8.10)	25.87	19.80	12.44	4.87
Inv. Counselor Balanced	(1.70)	15.55	14.32	10.34	2.53
Bank Pooled Fixed-Income	12.17	(4.01)	4.35	7.82	1.73
Insurance Bond Accounts	10.62	(6.76)	5.05	7.72	2.32
Inv. Counselor Fixed-Income	13.22	(2.75)	6.39	8.41	1.93

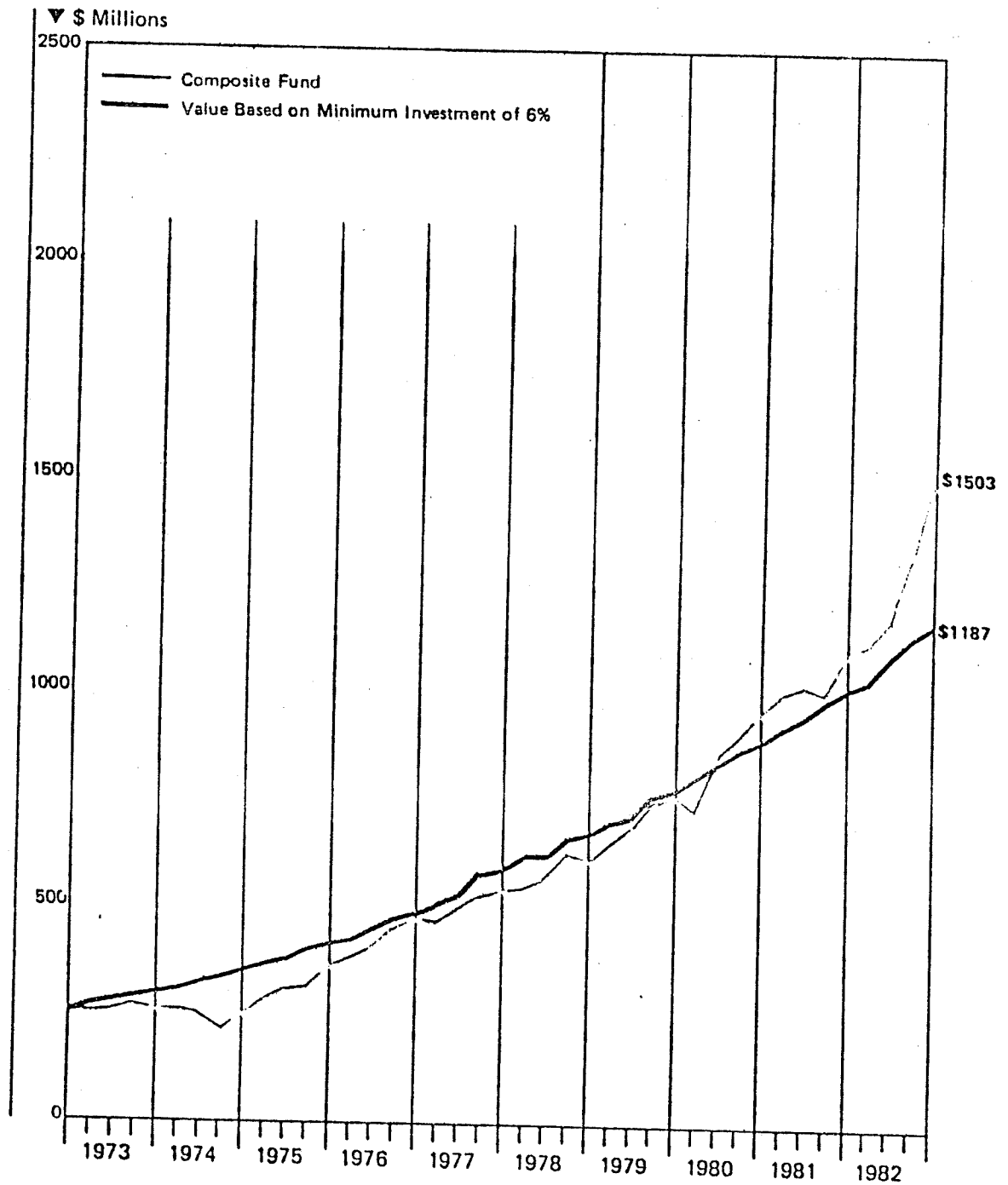
(I) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPOSITE FUND

Recent Calendar Periods	12/81- 6/82	1981	1980	1979	1978
Composite Fund(1)					
Equities	(5.99)%	(0.91)%	35.24%	26.25%	3.00%
Equities Plus Cash	1.35	7.43	24.07	19.00	4.59
Fixed-Income	6.97	4.94	(1.64)	(1.68)	0.90
Fixed-Income Plus Cash	7.32	10.19	5.50	4.62	3.61
Total Fund	3.59	6.44	14.98	11.39	3.10
Market Indicators					
Standard & Poor's 500	(7.77)%	(4.93)%	32.45%	18.40%	6.52%
Dow Jones Industrials	(4.05)	(3.57)	22.17	10.49	2.79
New York Stock Exchange	(5.46)	1.52	40.29	29.68	13.30
Salomon Bond Index	6.13	(0.98)	(2.62)	(4.18)	(0.09)
Lehman Kuhn Loeb Govt/Corp	6.40	7.23	3.06	2.25	1.14
Treasury Bills	6.57	15.79	12.51	10.66	7.55
Median Rates of Return					
Bank Pooled Equity Funds-I	(6.67)%	(3.42)%	30.38%	19.13%	6.90%
Bank Pooled Equity Funds-II	(3.15)	0.74	27.91	18.01	5.59
Insurance Equity Accounts	(7.29)	(2.37)	32.75	18.59	7.56
Growth & Income Mutual Funds	(4.27)	(2.01)	25.79	20.41	7.19
Growth Mutual Funds	(9.31)	(6.12)	34.20	25.17	10.03
Inv. Counselor Equity	(5.25)	(0.40)	32.45	21.51	8.73
Inv. Counselor Balanced	(1.76)	1.86	21.66	14.82	5.43
Bank Pooled Fixed-Income	6.11	6.21	2.02	1.86	2.11
Insurance Bond Accounts	5.95	4.19	1.54	2.74	2.20
Inv. Counselor Fixed-Income	6.52	7.82	3.82	3.17	3.20

(1) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
FUND OBJECTIVE



Beginning December 1975, the Actuarial Assumption was changed from 4.5% to 5%, and to 6% as of March 1981.
Dollar-weighted rate of return of the Composite Fund for 10 years ended December 31, 1982 was 8.89%.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPOSITE FUND

Cumulative Periods Ended December 31, 1982	1/4 Year	1-1/2 Years	4-1/2 Years	7-1/4 Years	9-1/2 Years
Composite Fund(1)					
Equities	20.30%	14.72%	17.92%	14.91%	6.92%
Fixed-Income	8.76	26.57	7.72	8.86	6.83
Total Fund	10.15	19.30	13.11	11.82	7.48
Target Index(2)	13.48	18.51	-	-	-
Market Indicators					
Standard & Poor's 500	18.21%	10.85%	14.95%	12.90%	8.31%
Dow Jones Industrials	18.22	11.41	12.18	9.86	7.36
New York Stock Exchange	18.33	9.70	-	-	-
FRMS Universe	18.69	9.13	21.99	21.49	16.94
Salomon Bond Index	11.54	29.42	6.74	8.02	6.41
Lehman Kuhn Loeb Govt/Corp	8.29	24.92	9.38	9.26	7.89
Treasury Bills	2.06	12.95	12.18	9.67	9.15
Median Rates of Return					
Bank Pooled Equity Funds-I	18.19%	12.11%	15.18%	12.21%	7.67%
Bank Pooled Equity Funds-II	16.08	12.44	15.16	12.41	8.10
Insurance Equity Accounts	17.51	9.93	14.81	12.17	7.56
Growth & Income Mutual Funds	17.45	12.49	14.80	14.09	9.97
Growth Mutual Funds	20.66	7.59	15.94	15.06	11.00
Inv. Counselor Equity Oriented	18.03	14.67	17.05	15.63	10.54
Inv. Counselor Balanced	14.51	16.70	14.85	13.34	10.19
Bank Pooled Fixed-Income	8.25	23.50	9.12	9.23	7.52
Insurance Bond Accounts	8.46	24.50	8.76	9.25	-
Inv. Counselor Fixed-Income	8.20	25.45	10.31	10.10	8.83

(1) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

(2) 45% S & P 500, 45% Lehman Kuhn Loeb, and 10% Treasury Bills.

KANSAS PUBLIC EMPLOYEES RETIREMENT STEM
COMPOSITE FUND

Fiscal Years Ended June 30	6/82- 12/82(3)	1982	1981	1980	1979
Composite Fund(1)					
Equities	34.70%	(8.80)%	27.98%	19.09%	12.05%
Fixed-Income	27.25	11.91	(8.12)	0.53	6.16
Total Fund	22.01	6.77	10.55	10.42	9.33
Target Index(2)	26.65	1.82	-	-	-
Market Indicators					
Standard & Poor's 500	31.72%	(11.40)%	20.47%	17.27%	13.52%
Dow Jones Industrials	32.44	(11.22)	19.14	9.67	9.08
New York Stock Exchange	31.14	(12.39)	21.75	17.53	-
FRMS Universe	32.01	(13.68)	32.92	28.95	25.14
Salomon Bond Index	35.45	8.69	(12.99)	(2.37)	7.17
Lehman Kuhn Loeb Govt/Corp	23.18	13.33	(4.11)	3.85	7.65
Treasury Bills	4.84	14.49	13.92	12.26	9.24
Median Rates of Return					
Bank Pooled Equity Funds-I	31.61%	(9.66)%	21.05%	17.48%	12.53%
Bank Pooled Equity Funds-II	28.10	(6.64)	20.96	15.54	9.26
Insurance Equity Accounts	30.26	(10.67)	22.31	16.99	11.60
Growth & Income Mutual Funds	31.28	(7.48)	21.55	16.14	14.33
Growth Mutual Funds	30.16	(13.58)	29.16	20.93	13.51
Inv. Counselor Equity Oriented	30.79	(7.29)	26.18	19.80	12.44
Inv. Counselor Balanced	27.61	(0.67)	15.73	14.25	10.35
Bank Pooled Fixed-Income	22.84	12.17	(4.01)	4.35	7.82
Insurance Bond Accounts	25.44	10.46	(6.76)	5.05	7.72
Inv. Counselor Fixed-Income	21.22	13.17	(2.75)	6.39	8.49

(1) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

(2) 45% S & P 500, 45% Lehman Kuhn Loeb, and 10% Treasury Bills.

(3) Fiscal year-to-date.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
COMPOSITE FUND

Recent Calendar Periods	1982	1981	1980	1979	1978
Composite Fund(1)					
Equities	26.65%	(0.90)%	35.24%	26.25%	3.00%
Fixed-Income	36.14	4.94	(1.64)	(1.68)	0.90
Total Fund	26.39	6.44	14.98	11.39	3.10
Target Index(2)	26.60	-	-	-	-
Market Indicators					
Standard & Poor's 500	21.49%	(4.93)%	32.45%	18.40%	6.52%
Dow Jones Industrials	27.07	(3.57)	22.17	10.49	2.79
New York Stock Exchange	19.93	(4.70)	32.46	22.47	-
FRMS Universe	18.64	1.18	42.32	34.57	17.52
Salomon Bond Index	43.77	(0.98)	(2.62)	(4.18)	(0.09)
Lehman Kuhn Loeb Govt/Corp	31.08	7.23	3.06	2.25	1.14
Treasury Bills	11.74	15.79	12.51	10.66	7.55
Median Rates of Return					
Bank Pooled Equity Funds-I	23.67%	(3.48)%	30.38%	19.46%	6.77%
Bank Pooled Equity Funds-II	22.97	1.02	27.64	17.85	5.46
Insurance Equity Accounts	19.77	(2.37)	32.75	18.59	7.56
Growth & Income Mutual Funds	24.14	(2.01)	25.79	20.41	7.19
Growth Mutual Funds	19.24	(5.85)	34.20	25.17	10.03
Inv. Counselor Equity Oriented	25.34	0.45	32.21	21.43	8.76
Inv. Counselor Balanced	25.60	1.98	21.69	14.96	5.39
Bank Pooled Fixed-Income	29.94	6.19	2.02	1.86	2.11
Insurance Bond Accounts	32.15	4.19	1.54	2.74	2.20
Inv. Counselor Fixed-Income	29.23	8.06	3.82	3.17	3.20

(1) Includes L.D. Edie Account distributed November 1977, George Bjurman Account, Holding Account, and Kansas Liquidity Fund as of 4th quarter 1979. Also includes Montag & Caldwell and Oppenheimer through June 1981.

(2) 45% S & P 500, 45% Lehman Kuhn Loeb, and 10% Treasury Bills.