

Approved 2-12-86
Date

MINUTES OF THE House COMMITTEE ON Ways and Means

The meeting was called to order by Bill Buntin at
Chairperson

1:30 ~~am~~/p.m. on Monday, February 3, 1986 in room 514-S of the Capitol.

All members were present except: Representatives Helgerson & Teagarden (both excused)

Committee staff present: Gloria Timmer, Legislative Research
Laura Howard, Legislative Research
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:
Marshall Crowther, Kansas Public Employees Retirement System
Others present (Attachment I)

Chairman Buntin called the meeting to order at 1:30 p.m. He asked for a motion to introduce a proposed new house bill which is the Governor's proposal to make KPERS a non-participatory system.

Representative Miller moved that the bill be introduced and referred to Pensions and Investments Committee. Representative Dyck seconded. Motion carried.

Chairman Buntin recognized Marshall Crowther, Executive Secretary of KPERS, who addressed the committee with a general overview. KPERS Annual Financial Report for FY 1985 was distributed (copy on file in W/M office) along with a May 1985 issue of KPERS newsletter which describes significant enhancements that were adopted in the 1985 session.

Crowther directed the committee's attention to two things, Number one being the action taken by the Board with respect to investments in South Africa, and secondly, the efforts for investing in Kansas. Virgil Basgall is no longer Chairman of the Board for KPERS. Mike Russell of Kansas City has been appointed to replace him as Chairman.

It was called to the committee's attention that two errors appear in the Report. On page 10, under "Employer Contribution Rate", the 16.3% listed for "Judges" should be 10.4%. On page 71, under "Other Investments", the figure under "Face" for Kansas Capital Fund should be 108,100,000.

Crowther stated that it has always been the position of the KPERS Board that it is not appropriate to mandate investments of money placed in our trust for employee's retirement. After consulting with investment consultants and asking if some action could be taken which would not prejudice the fund, the Board adopted a position which contains three points.

1. End the situation in South Africa for those of whom are discriminated against.
2. The Board has recognized that its highest duty is to the members and beneficiaries of the retirement system.
3. On the advice of the Board's investment counsel, they adopted the policy that investment with firms doing business with the Republic of South Africa are not appropriate investments.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Ways and Means,
room 514-S, Statehouse, at 1:30 ~~am~~ p.m. on Monday, February 3, 19 86

At the time the policy was adopted, there were investments with eight different firms for a total of approximately \$26 million. Those firms were then advised of the Board's position and also advised that sale of those stocks should only take place in the normal course of their investment plans.

Attention was called to what has been done insofar as Investments in Kansas, (see page 62 of Report). Under this program, the guaranteed portion of SBA loans made by Kansas banks to Kansas Investment Fund was established. This fund provides safety of principle, new jobs and new homes, and provides capital for firms to expand their economic base.

After a brief question and answer period, the meeting adjourned at 2:45 p.m.

