

Approved: May 4, 2009
Date

MINUTES OF THE HOUSE GOVERNMENT EFFICIENCY AND FISCAL OVERSIGHT
COMMITTEE

The meeting was called to order by Chairman Jim Morrison at 9:14 a.m. on May 1, 2009, in Room 535-N of the Capitol.

All members were present except:

Representative Broderick Henderson- excused
Representative Brenda Landwehr- excused
Representative Judy Loganbill- excused
Representative Melvin Neufeld- excused
Representative Charlie Roth- excused
Representative Louis Ruiz- excused
Representative Tom Sloan- excused
Representative Jene Vickrey- excused

Committee staff present:

Rena Jefferies, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Mary Galligan, Kansas Legislative Research Department
Gary Deeter, Committee Assistant

Conferees appearing before the Committee:

George Bilicic, Lazard

Others attending:

See attached list.

The Chair, complimenting the Vice-Chair for his initiative, asked him to introduce the conferee, George Bilicic, who represents Lazard Company, a consulting firm that provides financial assessment and advice for corporations and governments (Attachment 1). Mr. Bilicic explained that Lazard is an investment bank in New York City with a 150-year history of providing expert advice to corporations and governments. He commented that although the company is listed on the New York Stock Exchange and has clients in 19 countries, it provides only advice; it does not sell bonds or derivatives, is not an equity firm, and does not loan money.

Mr. Bilicic observed that a significant amount of benevolent capital is available to purchase state assets; then, noting the methodical process Lazard has established for evaluating government assets, outlined the services Lazard provides:

- Lazard begins with the *status quo*, providing an inventory of what the state presently owns.
- The second step is analysis, outlining all the options available for a state's assets, including doing nothing. The analysis includes proposals for public-private partnerships and offers filters to assure that the information has strategic value.
- Lazard then creates an action plan that is economically sound. The plan includes a comparison with

CONTINUATION SHEET

Minutes of the House Government Efficiency and Fiscal Oversight Committee at 9:00 a.m. on May 1, 2009, in Room 535-N of the Capitol.

the *status quo* as well as recommendations about what to do with the funds created by the action.

Mr. Bilicic referenced various resources and polls and then responded to members' questions:

- Several years ago the firm saved New York City from bankruptcy by using the process outlined above.
- Any proposed sale of assets must avoid adverse impact and net reduction of revenue. If value is not increased by the sale, Lazard will not recommend it.
- Any asset that is not presently producing revenue will not interest private investors.
- Resources could easily be marshaled to identify political acceptability of a given action by regions of the country.
- Fees for service are flexible. Governments are not charged the same rate as private corporations. Lazard tries to provide advice that is not tainted by the fees the company receives.

The Chair informally polled the members present; all agreed that the services provided by Lazard should be explored further and that the Chair, Vice-Chair, and Ranking Minority should contact House leadership for further action.

The meeting was adjourned at 9:44 a.m. No further meeting was scheduled.