

PUBLIC PENSIONS WORKING GROUP

Minutes of the 6th Meeting of the 2019 Interim

January 31, 2019

Call to Order and Roll Call

The 6th meeting of the Public Pensions Working Group was held on Thursday, January 31, 2019, at 9:30 AM, in Room 154 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Jerry T. Miller, Co-Chair; Senators Jimmy Higdon, Christian McDaniel, Morgan McGarvey, Robert Stivers II, Damon Thayer, and Johnny Ray Turner; Representatives R. Travis Brenda, Jim DuPlessis, Derrick Graham, Scott Lewis, Diane St. Onge, and Buddy Wheatley.

Guests: David Eager, Executive Director, and Rich Robben, CFA, Interim Executive Director, Office of Investments, Fixed Income Assets, Kentucky Retirement Systems; and Danny White and Janie Shaw, Gabriel, Roeder, Smith & Company.

LRC Staff: Brad Gross, Bo Cracraft, Jennifer Hans, and Angela Rhodes

Approval of Minutes

Senator Thayer moved that the minutes of the January 24, 2019 meeting be approved. Representative Lewis seconded the motion, and the minutes were approved without objection.

Kentucky Retirement Systems Overview (Continued)

David Eager returned to continue an overview of Kentucky Retirement Systems (KRS). The topics included a scenario comparison of benefits across each benefit tiers, a discussion of each plans unfunded liability, as well as issues KRS faces going forward.

Danny White and Janie Shaw presented an overview of actuarial practices and trends in the investment return and mortality assumptions. The topics covered included a review of the purpose of actuarial valuations and a funding policy, actuarial standards of practice followed when selecting assumptions, as well as considerations that should be considered such as time horizon, cash flow, and funding.

Mr. Eager was joined by Rich Robbin, who provided a short review of KRS' investment portfolios, covering asset allocation, performance, and transparency initiatives as a result of Senate Bill 2.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Tuesday, February 5, 2019.

NOTE: Materials from each meeting will be made available shortly after adjournment at the following link:

<http://www.lrc.ky.gov/committee/special/PPWG/home.htm>