

Kentucky Judicial Form Retirement System

JUDICIAL RETIREMENT PLAN LEGISLATORS RETIREMENT PLAN

Donna S. Early
Executive Director

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MEMORANDUM

To: Joshua Nacey, Committee Staff Administrator
Capital Projects Committee
From: Donna S. Early, Executive Director
RE: **2016 HB 449 SCS/BR 889**
AA Statement 1 and 2 of 4
Date: April 15, 2016

I have examined **2016 HB 449 SCS** and have formed the opinion that it will not *increase or decrease the benefits or increase or decrease participation in the benefits or change the actuarial accrued liability* of the Judicial Retirement Plan or the Legislators Retirement Plan. Consequently, I have not requested an actuarial analysis by the System's independent actuary.

Please be advised that the System has implemented the provisions contained in Section 1, paragraph (4). See <http://kjfrs.ky.gov/Pages/index.aspx>

Please let me know if you have any questions regarding this communication.

Donna



KENTUCKY RETIREMENT SYSTEMS

William A. Thielen, Executive Director

Perimeter Park West ▾ 1260 Louisville Road ▾ Frankfort, Kentucky 40601
kyret.ky.gov ▾ Phone: 502-696-8800 ▾ Fax: 502-696-8822



~~February 4, 2016~~ April 15, 2016

Mr. Josh Nacey
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 34
Frankfort, KY 40601

RE: ~~SB 2 GA/BR 437~~ HB 449 SCS/BR 889
AA Statement 3 of 4

Dear Mr. Nacey:

SB 2 GA amends KRS 61.645 to require Senate confirmation of, and modify the minimum requirements for, gubernatorial appointees to the Kentucky Retirement Systems board of trustees and for the executive director; requires the Kentucky Retirement Systems to follow the provisions of KRS Chapters 45, 45A, 56, and 57 regarding budgeting and the procurement of services, goods, and property; requires the Kentucky Retirement Systems to disclose on its Web site and upon request investment fees in addition to investment holdings and commissions; requires the Kentucky Retirement Systems to disclose on its Web site and upon request all contracts and offering documents for services, goods, or property purchased or utilized by the systems; provides that no funds of the Kentucky Retirement Systems shall be used to pay placement agents; amends KRS 61.650 to provide that the Kentucky Retirement Systems board, staff, and investment advisors shall adhere to the CFA Institute's codes of conduct; provides that amendments in the Act requiring Senate confirmation and modifying the requirements for gubernatorial appointments to the Kentucky Retirement Systems' board shall apply to appointments or reappointments made on or after the effective date of the Act; and provides that amendments requiring Senate confirmation of executive director shall apply to appointments or employments after the effective date of the Act.

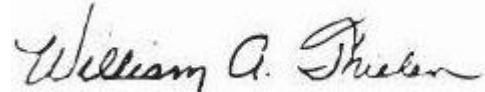
In addition to the provisions of the original bill, SB 2 GA amends KRS 21.540 to require the Judicial Form Retirement System, who administers the Legislators' Retirement Plan and the Judicial Retirement Plan, to post descriptive and financial information to the system's website; amends KRS 61.645 to specify that investment fee and commission reporting requirements for KRS shall include profit sharing, carried interest, and partnership incentives; provides that KRS may not have to disclose contracts on a website if disclosure would result in competitive disadvantage, but requires those contracts to be released to the trustees, State Auditor, and the LRC Government. Contract Review Committee; makes technical amendments; declares an EMERGENCY.

Floor amendment 1 amends KRS 61.645 to require employees of Kentucky Retirement Systems to be covered by the state personnel system established pursuant to KRS 18A.005 to 18A.204. Floor amendment 2 amends KRS 7A.220 to add six additional legislative members to the Public Pension Oversight Board.

Kentucky Retirements Systems' staff members have examined SB 2 GA and have determined that the bill will not increase or decrease benefits or the participation in benefits in any of the retirement systems administered by Kentucky Retirements Systems. If SB 2 GA is enacted, compliance with various requirements of the bill will increase administrative costs; however, the increase will be actuarially insignificant and will not measurably increase the actuarial liability of the Systems. Consequently, we have not requested any further actuarial analysis of SB 2 GA by the System's independent actuary.

Please let me know if you have any questions regarding our analysis of SB 2 GA.

Sincerely,

A handwritten signature in cursive script that reads "William A. Thielen".

William A. Thielen
Executive Director
Kentucky Retirement Systems

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

GARY L. HARBIN, CPA
Executive Secretary
502/848-8500



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ROBERT B. BARNES, JD
Deputy Executive Secretary
Operations and General Counsel

J. ERIC WAMPLER, JD
Deputy Executive Secretary
Finance and Administration

April 15, 2016

Josh W. Nacey
Office of Special Projects
Legislative Research Commission
Capitol Annex, Room 39
Frankfort, KY 40601

RE: HB 449 SCS
AA Statement 4 of 4

Dear Mr. Nacey:

HB 449 SCS, an Act relating to retirement, replaces the original provisions of HB 449 and, in part amends KRS 161.250 to add to the Board of Trustees of the Kentucky Teachers' Retirement System (KTRS) two (2) trustees appointed by the Governor, and to be required to have investment experience. HB 449 SCS, would also amend KRS 161.250 to specifically require in statute that investment holdings, fees and commissions, including any profit sharing, carried interest or any other partnership incentive arrangements or agreements, shall be disclosed by each individual money manager; would specifically require all contracts to be disclosed to the board, the Auditor of Public Accounts and the Government Contract Review Committee. HB 449 SCS, would amend KRS 161.340 to require that KTRS follow the provisions of KRS 45A, 56 and 57. HB 449 SCS, would amend KRS 161.430 to specifically require individuals associated with the investment or management of retirement system assets to adhere to the "Asset Manager Code of Professional Conduct" if the individual is managing retirement system assets, and the "Code of Conduct for Members of a Pension Scheme Governing Body" if the individual is a board member; and would specifically prohibit the use of retirement system funds for payments to a placement agent. HB 449 SCS would also require disclosure by KTRS of retirement account information of any member or annuitant who is a current or former office holder in the Kentucky General Assembly.

HB 449 SCS also provides an emergency clause making the bill effective upon its passage and approval by the Governor or otherwise becoming law.

KTRS has examined HB 449 SCS and determined that it would not increase or decrease retirement benefits. Although HB 449 SCS could result in some increase in administrative costs, it would not increase the actuarial liability of the retirement system. Accordingly, KTRS has not requested any further actuarial analysis of this bill by the Retirement System's independent actuary.

Please let me know if you have any questions regarding this analysis.

Sincerely,



Robert B. Barnes
Deputy Executive Secretary of Operations and
General Counsel

cc. Kate Talley, Katie Carney