



KENTUCKY RETIREMENT SYSTEMS

David L. Eager, Interim Executive Director

Perimeter Park West • 1260 Louisville Road • Frankfort, Kentucky 40601
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~~January 31, 2017~~ February 8, 2017

Mr. Josh Nacey
Office of Fiscal Statement Review
Legislative Research Commission
Capitol Annex, Room 34
Frankfort, KY 40601

**RE: Senate Bill 2 SCS (2017 RS BR 485)
AA Statement Required by KRS 6.350
AA Statement 1 of 4**

Dear Mr. Nacey:

Senate Bill 2 (2017 RS BR 485), in part, amends various sections of KRS Chapter 61 regarding the independence and governance of the Kentucky Retirement Systems Board of Trustees, and makes changes to the internal operations of the Kentucky Retirement Systems.

Kentucky Retirement Systems staff members have examined Senate Bill 2 (2017 RS BR 485) 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 Retirement Systems. Furthermore, Senate Bill 2 (2017 RS BR 485) will not change the actuarial liability of any of the retirement plans administered by Kentucky Retirement Systems. Therefore, we have not requested any further actuarial analysis of Senate Bill 2 (2017 RS BR 485) by the Systems' independent actuary.

Please let me know if you have any questions regarding our analysis of Senate Bill 2 (2017 RS BR 485).

Sincerely,

A handwritten signature in blue ink that reads "David Eager".

David L. Eager
Interim Executive Director
Kentucky Retirement Systems

Kentucky Judicial Form Retirement System

JUDICIAL RETIREMENT PLAN
LEGISLATORS RETIREMENT PLAN

Donna S. Early
Executive Director

Whitaker Bank Building, Suite 302
305 Ann Street
Frankfort, Kentucky 40601

Phone (502) 564-5310
Fax (502) 564-2560
E Mail DonnaS.Early@ky.gov

MEMORANDUM

To: Josh Nacey, Office of Fiscal Statement Review
From: Donna S. Early, Executive Director
RE: **2017 SB 2 SCS (BR 485)**
AA Statement 2 & 3 of 4
Date: ~~February 2, 2017~~ February 8, 2017

I have examined **2017 SB 2 (BR 485)** 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 let me know if you have any questions regarding this communication.

TEACHERS' RETIREMENT SYSTEM OF KENTUCKY

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



SERVING KENTUCKY TEACHERS SINCE 1940

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

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

~~February 6, 2017~~
February 8, 2017

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

RE: SB 2 SCS (2017 RS BR 485)
AA Statement 4 of 4

Dear Mr. Nacey:

SB 2, an Act relating to retirement and declaring an emergency, in part amends KRS 161.250 to add to the Board of Trustees of the Teachers' Retirement System (TRS) two (2) trustees appointed by the Governor, subject to confirmation by the Senate. These two (2) those trustees are to have investment experience as defined by the Act. SB 2, would also amend KRS 161.250 to specifically require in statute that fees, commissions profit sharing, and offering documents shall be posted on the TRS Website; specifically provide in statute that no exemption shall exclude disclosure of all contracts, fees and commissions to the Auditor of Public Accounts and the Government Contract Review Committee. SB 2 would amend KRS 161.340 to provide for TRS contracts to follow the provisions of KRS 45A, 56 and 57. SB 2 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. SB 2 provides that contracts for the investment or management of assets of the system shall not be subject to KRS 45, 45A, 56 and 57, but instead the Board shall adopt an investment procurement policy for all such prospective contracts to be

certified by the Secretary of the Finance and Administration Cabinet to meet best practices for investment management. The Act would add six additional legislative members to the Public Pension Oversight Board and provides additional reporting requirements by the state-administered retirement systems to that Board. SB2 provides an emergency clause making the bill effective upon its passage and approval by the Governor or

otherwise becoming law.

TRS has examined SB 2 and determined that it would not increase or decrease benefits or the participation in benefits in TRS. Nor would SB 2 change the actuarial accrued liability of TRS. Accordingly, TRS 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