

February 6, 2023

The Honorable Nick Hoheisel, Chairperson
House Committee on Financial Institutions and Pensions
Statehouse, Room 582-W
Topeka, KS 66612

Dear Representative Hoheisel:

SUBJECT: HB 2102 Proponent Testimony

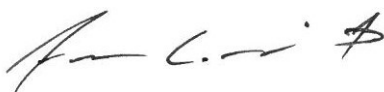
Thank you for allowing me the opportunity to provide proponent testimony for HB 2102. This bill provides the opportunity to retire north of \$300 million of KPERS pension obligation bonds at a discount of up to 75% of the principal amount, thus saving millions of dollars in future interest payments.

The administration is in full support of utilizing our current budget surplus to fund one-time expenditures, such as retiring existing debt. The bond that is being proposed to tender was issued in 2021, and the proceeds of the transaction were deposited directly to the KEPRS trust fund. Retiring a portion of this debt would not only further solidify the state's fiscal health, but it would also strengthen our position with the credit ratings agencies by eliminating debt associated with our public retirement program. The Governor's recommended budget left an ending balance of nearly \$2.0 billion SGF, which provides the necessary cash to finance this tender. Moving forward with this transaction will position the state to be more fiscally nimble for years to come.

It appears as though time is of the essence with this bill. The market continues to be in a state of flux, so swift passage of a clean version of this bill will provide the state with an optimal position with which to proceed to market. The quicker we can have the cash available for tender, the better position the state will be in to attain an optimal discount, thus saving more money. I would request that the committee recommend the favorable passage of this bill as soon as is feasible.

I appreciate the committee's consideration of this opportunity. I am happy to answer any questions that the committee might have.

Sincerely,



Adam Proffitt
Acting Secretary of Administration and
Director of the Budget