

Pension Sustainability Commission Report

I. Executive Summary/Overview

- Commission's charge
- Unfunded Pension history & implications for future
- Actions taken to date to address these problems (pension funding reform/research by other commissions)
- Briefly summarize CPSC's efforts to fulfill its task (#presenters/#concepts reviewed) and provide synopsis of recommendations that will be further explained in the following report (maybe: some form of lottery transfer coupled with further exploration of capital asset investment by a state-run entity, dependent on further analysis by CPSC).

II. Legacy Obligation Trust

- Concept summary (management, oversight, certificates of trust, examples of what other government entities have done)
- Potential benefits (innovation/optimizing state assets for potential benefit of the pension fund/getting fair market value for assets)
- Potential concerns (preserving retirement systems' tax-exempt status/costs/untested & unknowns/no assets identified/irrevocably ceding state authority over its assets to a private third-party)
- Steps necessary to determine feasibility (IRS letter ruling/identifying assets for transfer/consultation with real estate investment experts, bond counsel and accountants)

III. Treasurer-Managed Capital Asset Investment

- Concept summary (similar to LOT summary, but managed by State Treasurer through contract rather than by independent third party)
- Potential benefits (innovation/optimizing state assets for potential benefit of the pension fund/preserves state authority over its assets/avoids concerns related to tax-exempt status)
- Potential concerns (identifying state assets)
- Steps necessary to determine feasibility (consultation with new Treasurer/consultation with real estate investment experts, bond counsel and accountants)

IV. Capital Asset Inventory

- Summary of asset inventory value/process
- Explain proposed criteria that legislature/future body will have to consider before any transfer (DOT property off limits due to federal rules/legal hurdles/new state law and policies regarding transfer of property)

- Value/summary of inventory post-criteria

V. Lottery Transfer (in whole or in part/revenue stream vs. securitizing)

- Concepts explored & summary (transferring revenue stream vs. securitizing/whole transfer vs. partial transfer)
- Potential benefits compared
- Potential concerns compared
- Steps necessary to determine best course for each lottery concept

VI. Recommendations

- Lottery transfer (in what form TBD) and further analysis of state-run capital asset transfer to pension fund.
- Continue the CPSC, with modest funding for consultants, to complete the following necessary additional analysis:
 - Accounting and financial implications of wholesale vs. partial transfer of lottery
 - Accounting and financial implications of securitizing lottery vs. revenue stream transfer
 - Accounting implications of asset transfer to pension fund
 - Real estate expert assessment of potential investment opportunities for properties identified in the capital asset inventory with criteria applied