

**Louisiana State Employees' Retirement System  
Legislative Committee Meeting  
February 26, 2016**

The Legislative Committee of the Louisiana State Employees' Retirement System met on Friday, February 26, 2016, in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Judge William Kleinpeter, Chair, called the meeting to order at 9:32 a.m. Roll was called by Abby Partin, recording secretary.

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Members present: Mr. Afranie Adomako (designee of the Commissioner), Mr. Thomas Bickham, Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Janice Lansing, Ms. Lori Pierce, Ms. Kelli Rogers (designee of the Treasurer), Ms. Kathy Singleton, Ms. Shannon Templet, Ms. Lorry Trotter

Members absent: Ms. Virginia Burton, Senator Barrow Peacock, Representative Kevin Pearson

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director & Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Mr. Steve Stark, Deputy General Counsel, Ms. Tonja Normand, Public Information Director; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Artie Fillastre, Chief Fiscal Officer; Mr. Ryan Babin, Audit Director; Mr. Dan Bowden, Information Technology Director; Mr. Trey Roche, Attorney, Ms. Amanda Celestine, Executive Management Officer, Ms. Abby Partin, recording secretary

Also present: Ms. Shelley Johnson, Foster & Foster, Mr. Charles Hall, Hall Actuarial, Mr. Frank Jobert, RSEA

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A quorum was announced present.

**Public Comment**

Judge Kleinpeter called for public comment. No public comments were made.

### Regular Business

**Ms. Templet moved, seconded by Ms. Lansing, to approve the minutes of January 22, 2016 meeting of the Legislative Committee. With no objection or discussion, the motion carried.**

### New Business

Ms. LeBlanc announced there are four bills in the Special Session impacting statutory dedications, including the Alcohol & Tobacco Control Fund, and three additional bills to create funds to pay the UAL. She indicated she would continue to follow those bills.

Ms. LeBlanc then went through the list of bills for the Regular Session and asked the committee to take a position on the bills.

**HB 15 & SB 5** – Includes non-investment related administrative expenses in calculating the required employer contribution. **Ms. Templet moved, seconded by Ms. Lansing, to recommend that the Board support HB 15 & SB 5. With no objection or further discussion, the motion passed.**

**HB 14** – Replaces the chairman of the House and Senate committees on retirement with the Speaker of the House of Representatives and President of the Senate as trustees on each state and statewide retirement system board. Ms. Rougeou stated that she would be meeting with Rep. Pearson to learn more about the reason for the bill and suggested that no position be taken as of yet.

**HB 48** – Adds five members to the LASERS Board of Trustees. A discussion ensued noting that the result of the new members would interfere with the composition of the Board without a corresponding benefit. In addition to active and retired LASERS members, there are currently four ex-officio members of the Board: the Chairs of the Senate and House Retirement Committees, the State Treasurer and the Commissioner of Administration. Additionally, all members of the Board are tasked with fiduciary duty that requires them to act solely in the best interest of the members. **Ms. Hodges moved, seconded by Ms. Templet, to recommend that the Board oppose HB 48. With no objection or further discussion, the motion passed.**

**HB 51** – Requires the LASERS Board of Trustees select an actuary from a list of at least three firms approved by the Legislative Auditor. Staff noted that the legislation would interfere with the Board's constitutional authority and would create a conflict of interest for the Legislative Auditor. **For those reasons, Ms. Lansing moved, seconded by Ms. Hodges, to recommend that the Board oppose HB 51. With no objection or further discussion, the motion passed.**

**HB 63** – Requires one hour of annual training for members of the LASERS Board of Trustees be conducted by the staff of the Legislative Auditor's office. The Committee noted that it has no opposition to receiving training from the Legislative Auditor and the Auditor has been invited to speak at the upcoming LAPERS Conference. It was also noted that the Board is currently statutorily required to attend 16 hours of educational

training in the areas of fiduciary duty and ethics, investments, laws, rules, regulations, and actuarial science. **Ms. Rogers moved, seconded by Mr. Bickham, to recommend that the Board oppose HB 63, only insofar as it is duplicative and unnecessary. With no objection or further discussion, the motion passed.**

**SB 20** – Clarifies provisions created in Act 399 of 2014 regarding excess investment earnings, employer contributions and COLAs. **Ms. Templet moved, seconded by Ms. Rogers, to recommend that the Board support SB 20. With no objection or further discussion, the motion passed.**

**SB 18** – Clarifies provisions created in Act 399 of 2014 regarding excess investment earnings, employer contributions and COLAs, but impacts the granting of future COLAs. The Committee suggested that staff speak with Senator Peacock about the language of the bill before taking a position.

**SB 2** – Authorizes a COLA of up to 1.5 percent (based on the amount of funds available in the Experience Account) for LASERS retirees and beneficiaries. **Ms. Templet moved, seconded by Ms. Hodges, to recommend that the Board support SB 2. With no further discussion or objection, the motion passed.**

**HB 32** – Authorizes a COLA of up to 1.5 percent (based on the amount of funds available in the Experience Account) for LASERS retirees and beneficiaries and provides for the order in which credits and debits shall be applied to the Experience Account. The Committee suggested that staff speak with Representative Jones about the language of the bill before taking a position.

**HB 33** – Authorizes the LASERS Board of Trustees to grant COLA without legislative approval when the COLA conditions are met. The Committee suggested that staff speak with Representative Jones about the language of the bill before taking a position.

**HB 20** – Places new hires of the 19<sup>th</sup> Judicial District Court in the Municipal Employees' Retirement System. The Committee discussed its concern about the precedent that would be set by allowing employers to choose a retirement system solely based on the employer contribution rate. There is also concern that the bill will result in a cost to LASERS since the System would no longer be receiving those employer contributions. **Ms. Templet moved, seconded by Ms. Lansing, to recommend that the Board oppose HB 20. With no further discussion or objection, the motion passed.**

**HB 21** – Requires certain amortization periods for certain state retirement system debts and authorizes reamortization of certain debts in certain circumstances. The Committee suggested that staff speak with Representative Jones about the language of the bill before taking a position.

**HB 52** – Add four members to the Public Retirement Systems' Actuarial Committee (PRSAC). Discussion noted that the bill would change the nature of PRSAC from an actuarial committee to a policy committee. **Ms. Pierce moved, seconded by Ms.**

**Lansing, to recommend that the Board oppose HB 52. With no further discussion or objection, the motion passed.**

**SB 14** – Adds employees of the Chenier Plain Coastal Restoration and Protection Authority to LASERS. **SB 15** - Adds employees of the Iberia Parish Levee, Hurricane and Conservation District to LASERS. Ms. LeBlanc noted that these are new agencies and the employees are not currently in other retirement systems. Other levee districts have employees enrolled in LASERS. **Ms. Templet moved, seconded by Ms. Lansing, to recommend that the Board remain neutral on SBs 14 & 15. With no further discussion or objection, the motion passed.**

**HBs 45, 46, 49, 50, 65 & 66** – Each authorizes a new retirement plan. Discussion noted that LASERS members do not contribute to Social Security and that the Board recognizes the importance of retirement security. In addition to being deemed a qualified plan by the IRS, the existing defined benefit plan has an extremely modest normal cost of 4 percent of pay. The Committee recognized that over the past decade, the legislature has adopted significant pension reform that, for LASERS alone, is expected to reduce costs by \$3 billion. **For these reasons, Ms. Templet moved, seconded by Ms. Lansing, to recommend that the Board oppose HBs 45, 46, 49, 50, 65 & 66. With no further discussion or objection, the motion passed.**

**HB 62** – Sets minimum employer contribution rate of 20% if the system is less than 100% funded or if the system reaches 100% funded status and the funded ratio later drops below 90%, and creates a funding deposit account. **Ms. Templet moved, seconded by Ms. Lansing, to recommend that the Board remain neutral on HB 62. With no further discussion or objection, the motion passed.**

**HB 64** – Quarterly investment reports submitted to the House and Senate Committees on Retirement shall be accompanied by a list of each investment held by the system and the performance of each such investment over the reported quarter and since inception. The Committee suggested that staff speak with Representative Jones about the language of the bill before taking a position.

**HB 78** – Requires the executive director of each of the state and statewide retirement systems to file annual personal financial disclosure statements. **Ms. Templet moved seconded by Ms. Pierce, to recommend that the Board remain neutral on HB 78. With no discussion or objection, the motion passed.**

### **Other Business**

There was no further business to discuss.

### **Adjournment**

The meeting adjourned at 10:12 a.m.