

**Louisiana State Employees' Retirement System
Legislative Committee Meeting
February 27, 2020**

The Legislative Committee of the Louisiana State Employees' Retirement System met on Thursday, February 27, 2020 in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana.

Mr. Charles Castille, Committee Chair, called the meeting to order at 1:00 p.m. Roll was called by Ms. Beth Labello, recording secretary.

Members present: Mr. Thomas Bickham, Mr. John Broussard (designee of the Treasurer), Ms. Virginia Burton, Mr. Charles Castille, Representative Lance Harris, Ms. Beverly Hodges, Judge William Kleinpeter, Mr. Rick McGimsey (designee of the Commissioner), Ms. Barbara McManus, Ms. Lori Pierce

Members absent: Ms. Janice Lansing, Senator Ed Price, Ms. Shannon Templet

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director and Chief Operating Officer; Mr. Trey Boudreaux, Chief Administrative Officer; Ms. Tina Grant, Executive Counsel; Ms. Tricia Gibbons, Retirement Benefits Administrator; Mr. Artie Fillastre, Chief Fiscal Officer; Mr. Ryan Babin, Audit Director; Ms. Tonja Normand; Public Information Director; Mr. Dan Bowden, IT Director; Mr. Steve Stark, Deputy General Counsel; Mr. Trey Roche, Special Counsel; Ms. Laney Sanders, Assistant Chief Investment Officer; Mr. Darren Fournerat, Assistant Chief Investment Officer; Ms. Amanda Celestine, Executive Management Officer; Ms. Beth Labello, recording secretary

Also present: Ms. Shelley Johnson, Foster & Foster; Mr. Frank Jobert, RSEA; Ms. Eileen O'Grady, Private Equity Stakeholder Project

A quorum was declared present and the meeting opened for business.

Public Comment

Mr. Castille called for public comment. No public comments were made.

Regular Business

Mr. Castille called for approval of the minutes of the October 24, 2019 Legislative Committee meeting. **Judge Kleinpeter moved, seconded by Ms. McManus, to approve the minutes. With no objection or discussion, the motion carried.**

New Business

Ms. LeBlanc gave an update on the bills LASERS is tracking for the 2020 Regular Session of the Legislature, which begins on March 9, 2020.

HB 16 – Mack

Systems Impacted: LASERS

Allows members who choose Option 2B to change their retirement option if their mentally handicapped child predeceases them.

Ms. LeBlanc explained that as written, the bill does not address the situation as intended and amendments are being prepared.

Mr. Broussard moved, seconded by Judge Kleinpeter, to take no position, pending further information, on HB 16 by Rep. Mack. Representative Harris abstained from voting. With no objection, the motion carried.

HB 20 – Schamerhorn

Systems Impacted: State and Statewide

(Constitutional Amendment) Prohibits the use of public funds to pay retirement plan contributions and insurance premiums for elected public officials.

Questions presented by this bill include: who is considered an “elected public official”?, how are constitutional rights of existing members impacted?, are officials allowed to retain membership in the system and pay contributions with other funds?

After discussion, Judge Kleinpeter moved, seconded by Ms. McManus, to oppose HB 20 by Rep. Schamerhorn. Representative Harris abstained from voting. With no objection, the motion carried.

HB 26 – Ivey

Systems Impacted: State Systems

(Constitutional Amendment) – Modifies existing constitutional guarantees to provide that only benefits annuitized by a state retirement system will be guaranteed by the State and that the accrued benefits of members that are annuitized and calculated based on accrual rate and average compensation shall not be diminished or impaired. Current constitutional language provides that the “state shall guarantee benefits payable to a member of a state retirement system or retiree or to his lawful beneficiary upon his death.” And, that “accrued benefits . . . shall not be diminished or impaired.”

After discussion about the danger of changing constitutional protections of members, Ms. McManus moved, seconded by Mr. McGimsey, to oppose HB 26 by Rep. Ivey. Representative Harris and Mr. Broussard abstained from voting. With no objection, the motion carried.

HB 31 – Ivey

Systems Impacted: LASERS

Creates a new optional Hybrid Plan for LASERS members hired on or after July 1, 2021. The Hybrid Plan would have a defined benefit (DB) and a defined contribution (DC) component. For LASERS members, the following are elements of the plan:

- Employee contribution rate would be variable
- Employees would share the cost of any unfunded accrued liability of their plan
- Accrual rate for rank-and-file members would be 1% in the DB portion of the plan; Hazardous Duty Services Plan (HAZ Plan) members would have a 1.33% accrual rate
- Employees would have a separate account for the DC portion of the plan with a third-party provider; rank-and-file members would receive a 10% credit each month; HAZ Plan members 12% (The DC portion of the plan would be administered by the Department of the Treasury)
- COLAs on first \$50,000 of benefit would be payable in odd-numbered years: 2% or the CPI-U for the South, whichever is lower.
- Retirement eligibility for rank-and-file would be 5 years of service at age 65 or 20 years of service at age 55, actuarially reduced; HAZ Plan members eligibility would be 12 years of service at age 57 or 20 years at any age, actuarially reduced
- Members terminating with less than 5 years of service only receive employee contributions; members terminating with more than 5 years required to leave funds in DC plan until reaching retirement age
- At least 75% of DC account balance must be annuitized upon retirement

Concerns discussed included:

- The accrual rates in the plans do not provide retirement security,
- Employees are required to share the unfunded accrued liability,
- Contribution rates for employees are uncertain,
- Employees who leave the system with less than five years of state service only receive their employee contributions,
- Employees who leave the system with more than five years of service must wait until retirement eligibility to receive a benefit,
- The defined contribution component of the plan would be administered by the Treasurer.

Ms. Burton moved, seconded by Judge Kleinpeter, to oppose HB 31 by Rep. Ivey. Representative Harris and Mr. Broussard abstained from voting. With no objection, the motion carried.

HB 33 – Ivey

Systems Impacted: LASERS and TRSL

Creates a new optional Hybrid Plan, similar to HB 31, for employees of a public postsecondary education management board.

Ms. Pierce moved, seconded by Judge Kleinpeter, to oppose HB 33 by Rep. Ivey. Representative Harris and Mr. Broussard abstained from voting. With no objection, the motion carried.

HB 307 – Zeringue

Systems Impacted: LASERS and TRSL

Supplemental appropriations – appropriates \$16,661,555 to LASERS to be applied to the IUAL.

Judge Kleinpeter moved, seconded by Ms. Hodges, to support HB 307 by Rep. Zeringue. Representative Harris abstained from voting. With no objection, the motion carried.

SB 3 – Allain

Systems Impacted: LASERS

Adds the Morgan City and Berwick Housing Authorities to LASERS.

After discussion, Judge Kleinpeter moved, seconded by Ms. Hodges, to remain neutral on SB 3 by Sen. Allain. Representative Harris abstained from voting. With no objection, the motion carried.

SB 10 – Peacock

Systems Impacted: LASERS

Allows LASERS members who are eligible for regular retirement to apply for disability benefits. Allows members who were ineligible to apply for disability because they were eligible for regular retirement on or after January 1, 2013, and on or before June 30, 2020, to apply for disability benefits. Any disability benefits granted shall be paid prospectively only.

This bill addresses the situation that LASERS brought to Senator Peacock's attention that LASERS is the only system in which members who are eligible for regular retirement may not apply for disability retirement. The result is that members with more than 20 years of service credit who become disabled and unable to work must apply for an actuarially reduced retirement rather than a disability retirement benefit.

After discussion, Judge Kleinpeter moved, seconded by Ms. McManus, to support SB 10 by Sen. Peacock. Representative Harris abstained from voting. With no objection, the motion carried.

SB 18 – Peacock

Systems Impacted: LASERS, TRSL and LSERS

Changes retirement eligibility for new hires on or after July 1, 2020, (excluding the HAZ Plan) to:

- 5 years of service at the greater of age 67 or the age of retirement set by the Social Security Administration;
- 40 years of service at age 62; or
- 20 years of service at any age, actuarially reduced

After discussion, Ms. McManus moved, seconded by Ms. Hodges, to take no position, pending further discussion, on SB 18 by Sen. Peacock. Representative Harris abstained from voting. With no objection, the motion carried.

SB 19 – Peacock

Systems Impacted: State and Statewide Systems
Addresses legislative staff attending executive sessions.

Judge Kleinpeter moved, seconded by Ms. McManus, to remain neutral on SB 19 by Sen. Peacock. Representative Harris abstained from voting. With no objection, the motion carried.

SB 21 – Peacock

Systems Impacted: State and Statewide Systems
Requires the system to submit a copy of the system’s actuarial valuation to the chairmen of the House and Senate Retirement Committees in electronic form within 10 days of the board’s adoption of the valuation.

Ms. McManus moved, seconded by Ms. Hodges, to remain neutral on SB 21 by Sen. Peacock. Representative Harris abstained from voting. With no objection, the motion carried.

SB 111 – Fields

Systems Impacted: LASERS, TRSL and LSPRS
Provides for the executive budget and the general appropriation bill to contain separate schedules for the funding of the unfunded accrued liability of state departments and budget units.

Ms. McManus moved, seconded by Judge Kleinpeter, to take no position on SB 111 by Sen. Fields. Representative Harris abstained from voting. With no objection, the motion carried.

Ms. LeBlanc informed the Board that staff will be watching other bills that are of interest to LASERS.

Other Business

There was no further business to discuss.

Adjournment

The meeting adjourned at 1:29 p.m.