

2016 Regular Session

HOUSE BILL NO. 37

BY REPRESENTATIVE JONES

RETIREMENT/MUNICIPAL EMP: Provides relative to the board of trustees of the Municipal Employees' Retirement System

1 AN ACT

2 To amend and reenact R.S. 11:1821(B)(1), (2), (6), and (7), (C), and (E) and 1842 and to

3 enact R.S. 11:1823(A)(22), relative to the board of trustees of the Municipal

4 Employees' Retirement System; to grant certain trustees and their designees the

5 authority to vote; to provide relative to qualifications for service as an elected

6 trustee; to provide for term duration; to provide for submission of reports to the

7 legislature; to provide for trustee compensation; to provide for expenditure of system

8 funds; to prohibit trustees from accepting certain things of economic value; and to

9 provide for related matters.

10 Notice of intention to introduce this Act has been published

11 as provided by Article X, Section 29(C) of the Constitution

12 of Louisiana.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 11:1821(B)(1), (2), (6), and (7), (C), and (E) and 1842 are hereby

15 amended and reenacted and R.S. 11:1823(A)(22) is hereby enacted to read as follows:

16 §1821. Board of trustees; membership; term of office; oath of office; compensation;

17 voting power; vacancies

18 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 B. The board shall be composed of eleven trustees as follows:

2 (1) Three active and contributing members of the system each of whom is
3 an elected official elected to office in accordance with the Louisiana Election Code
4 and has at least ~~ten~~ six years of creditable service.

5 (2) Three active and contributing members of the system who are not elected
6 officials elected to office in accordance with the Louisiana Election Code, each of
7 whom has at least ~~ten~~ six years of creditable service.

8 * * *

9 (6) The commissioner of administration, who shall ~~be a nonvoting~~ serve as
10 an ex officio member, or his designee.

11 (7) The state treasurer, who shall ~~be a nonvoting~~ serve as an ex officio
12 member, or his designee.

13 C.(1) Except as otherwise provided in this Subsection, the term of office for
14 each of the six trustees who are active contributing members of the system shall be
15 for a period of ~~six~~ four years. No trustee who is an active contributing member of
16 the system may serve more than two full terms.

17 (2) ~~Notwithstanding the provisions of Paragraph (1) of this Subsection, the~~
18 ~~term of office for the person elected to serve on the board of trustees in 2003 shall~~
19 ~~be five years, and the term of office for the person elected to serve on the board of~~
20 ~~trustees in 2006 shall be seven years. Thereafter, the terms of their successors shall~~
21 ~~be six years.~~

22 * * *

23 E. The trustee shall serve without compensation but shall be reimbursed at
24 ~~the rate of fifty dollars for each regularly scheduled meeting of the board and for~~
25 ~~reasonable expenses in performing duties on behalf of the board~~ as provided by R.S.
26 11:181(D). Notwithstanding the exceptions provided in R.S. 42:1102(22) and
27 1123(41), no trustee shall accept any thing of economic value from any person
28 identified in R.S. 42:1115(A)(1) unless the thing of value is food, drink, or

1 refreshments consumed by the trustee while the personal guest of some person
2 during an educational or professional development seminar or conference.

3 * * *

4 §1823. Board responsibilities; powers and duties

5 A. Each board member shall discharge his fiduciary duties solely in the
6 interest of the system's members and beneficiaries and for the exclusive purpose of
7 providing benefits to the members and their beneficiaries, and defraying reasonable
8 expenses of administering the system, with the care, skill, prudence and diligence
9 under the circumstances then prevailing that a prudent man acting in a like capacity
10 and familiar with such matters would use in the conduct of an enterprise of a like
11 character and with like aims. The board shall have the following powers and duties
12 in administering the system:

13 * * *

14 (22) To include in the financial statement submitted to the legislature
15 pursuant to R.S.11:171(A) an itemized schedule of all amounts paid by the system
16 to or on behalf of the system's board members.

17 * * *

18 §1842. Board of trustees as custodian of funds

19 A. The board of trustees shall be the custodian of the several funds. All
20 expense vouchers and pension payrolls shall be certified by the administrative
21 director. The administrative director shall furnish the board of trustees a surety bond
22 in a company authorized to do business in Louisiana and in such an amount as shall
23 be required by the board, the premium to be paid from the expenses of the fund.

24 B. The board shall not authorize the use of system funds to pay for a board
25 member's attendance at more than one educational or professional development
26 seminar or conference held outside of the state of Louisiana. The board shall not
27 authorize the use of system funds to pay for a board member's attendance at any
28 educational or professional development seminar or conference that is not affiliated
29 with an association related to state retirement systems.

1 Section 2. It is the intent of the legislature that the provisions of Section 2 of Act No.
 2 225 of the 2014 Regular Session of the Legislature be applied in accordance with R.S.
 3 11:1821(B)(1) and (2) as amended by this Act for all trustee elections held in 2017 and
 4 thereafter.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 37 Reengrossed

2016 Regular Session

Jones

Abstract: Provides relative to membership of the Municipal Employees' Retirement System (MERS) board of trustees and the rights and duties of the board. Limits the use of system funds for board expenses.

Present law provides that MERS is governed by an 11-member board of trustees.

Present law provides that the board is composed of six active and contributing members of the system, three of whom are elected officials and three of whom are not elected officials. Requires that each such member has at least 10 years of creditable service and serve for a term of six years. Proposed law changes the minimum service requirement to six years and decreases the term of office to four years with a two term limitation.

Present law provides that the commissioner of administration and the state treasurer, or their designees, are members of this board; however, provides that they are nonvoting members. Proposed law provides that the commissioner of administration and the state treasurer, or their designees, serve as voting members of the MERS board.

Present law provides that the trustees shall serve without compensation but are entitled to a per diem and shall be reimbursed for reasonable expenses in performing duties on behalf of the board. Provides that trustees are subject to the Code of Governmental Ethics. Proposed law provides that no trustee shall accept anything of economic value, including food and drink and complementary admission to, lodging at, or reasonable transportation to and from educational or professional development seminars and conferences from a person who has or is seeking to obtain contractual or other business or financial relationship with the board. Proposed law provides that the prohibition on receipt of food and drink does not apply during educational or professional development seminars.

Present law imposes powers and duties upon the board of trustees and requires that the system submit an annual financial statement to the legislature. Proposed law requires the board to report, with the system's annual financial statement, an itemized schedule of all amounts paid by the system to or on behalf of the system's board members.

Present law makes the board of trustees the custodian of system funds and provides that expense vouchers shall be certified by the administrative director. Proposed law provides that the board may not authorize the use of system funds to pay for board member attendance at more than one seminar or conference out of state, and that any seminar or conference paid for by the board shall be affiliated with an association related to state retirement systems.

(Amends R.S. 11:1821(B)(1), (2), (6), and (7), (C), and (E) and 1842; Adds R.S. 11:1823(A)(22))

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Retirement to the original bill:

1. Reduce the term of office for the six trustees who are active contributing members of the system to three years.
2. Add provisions prohibiting trustees of MERS from accepting anything of economic value from any person seeking to obtain contractual or other business or financial relationships with MERS.
3. Add provisions requiring MERS to include certain disclosures in their annual financial report to the legislature.
4. Provide limitations on use of system funds regarding board member travel.

The House Floor Amendments to the engrossed bill:

1. Reduce the years of creditable service required for the six trustees who are active contributing members of the system from the proposed 12 years to six years.
2. Increase the term of office for the six trustees who are active contributing members of the system from the proposed three years to four years and impose a two term limitation.
3. Provide an exception to the food, drink and refreshment prohibition, which exception applies during an educational or professional development seminar or conference.
4. Remove the restriction that the association holding a conference attended by board members must be nationally recognized.