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## DIGEST

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HB 917 Original

2016 Regular Session

Ivey

**Abstract:** Removes authority to invest system assets, establish asset allocations, and set actuarial assumed rates of return from state retirement system boards of trustees and establishes a consolidated state investment committee as a component part of each existing board to perform such functions on behalf of each such system.

Present law establishes the four state retirement systems—the La. State Employees' Retirement System (LASERS), the Teachers' Retirement System of La. (TRSL), the La. School Employees' Retirement System (LSERS), and the State Police Retirement System (STPOL) and provides for the administration of each such system by a board of trustees.

Present law generally authorizes each board of trustees to invest system assets, establish asset allocations, and adopt the system's actuarial assumed rate of return. Proposed law removes this authority from each board and establishes a new "Consolidated State Investment Committee" (hereafter "committee") to perform such functions on behalf of each system. Further provides that, although operating independently of each present law board of trustees, the committee is a component part of each such existing board.

Proposed law provides that the committee shall be composed of 11 voting members as follows:

- (1) One representative from each of the state retirement system boards of trustees.
- (2) One member appointed by the president of the Senate.
- (3) One member appointed by the speaker of the House of Representatives.
- (4) Three members appointed by the governor.
- (5) Two members appointed by the state treasurer.

Further requires each committee member who is *not* a representative of a state retirement system to have a bachelor's degree in finance or accounting or at least five years of work experience in the investment industry.

Provides that members serve staggered four-year terms.

Provides for quorum and election of officers of the committee. Further authorizes per diem allowances for committee members and requires the systems for which the committee invests assets to supply staff and meeting space for the committee. Requires the expenses of the committee to be split equally among the systems for which it invests assets.

Proposed law further provides that the committee is subject to present law requirements relative to

fiduciary duty, the prudent-man rule, Open Meetings Law, Public Records Law, and the Code of Governmental Ethics.

Further provides that actions taken by the committee are not subject to ratification or approval by the full system board of trustees. Prohibits the regular board from promulgating rules limiting the committee's ability to exercise its powers.

Present law provides for annual required trustee education for each trustee of a state or statewide retirement system. Requires members of state and statewide boards to obtain 16 hours of trustee education each year, in the following increments:

- (1) Eight hours of investment education.
- (2) Four hours of actuarial science education.
- (3) Two hours of education on the laws, rules, and regulations applicable to his system.
- (4) Two hours of training on fiduciary duty and ethics.

Proposed law adds the committee members to the list of trustees required to obtain such annual education. Further removes state system trustees who are not on the committee from the requirement to obtain investment education.

Effective July 1, 2016.

(Amends R.S. 11:181(C), 184, 185(C) and (D)(3), 261, 262, 263(A), (B), (D)(1) and (2), (F), and (G)(1), 264(intro. para.), 264.3, 265, 266(C), 313, 513(C), 515, 517, 702(C), 821, 825, 851(A), 857, 1001(C), 1161, 1164, 1181(A), 1302(C), and 1327; Adds R.S. 11:301-303 and 513(G))