

PUBLIC RETIREMENT SYSTEMS' ACTUARIAL COMMITTEE

Tuesday, August 13, 2015
1:30 p.m.
House Committee Room 1
State Capitol
Baton Rouge, Louisiana

MINUTES

1. Call to Order

The meeting was called to order by Chairman Daryl Purpera at 1:30 p.m.

2. Roll Call

Members Present: Mr. Daryl Purpera, Chairman, Louisiana Legislative Auditor (LLA)
Mr. Benjamin Huxen, Vice Chairman, Designee for Commissioner Kristy Nichols,
Senator Elbert Guillory, Designee for Senate President John Alario
Representative Kevin Pearson, Designee for House Speaker Charles Kleckley
Mr. Ron Henson, Designee for Treasurer John Kennedy
Mr. Gary Curran, FCA, MAAA, ASA, EA
Mr. Charles Hall, FCA, MAAA, ASA, EA

Also Present: Mr. Paul Richmond, FCA, MAAA, ASA, EA, Manager of Actuarial Services, LLA
Ms. Liz Martin, Secretary

3. Approval of Minutes

Mr. Purpera requested a motion to amend the agenda item number six to be "Discussion of current status of State Retirement Systems". Mr. Huxen offered the motion which was seconded by Mr. Henson and unanimously approved.

Representative Pearson moved to approve the minutes for the February 3, 2015, meeting. Mr. Huxen seconded the motion, and with no objection, the motion was approved.

4. Discussion and approval of December 31, 2014, annual actuarial valuations and the required contributions and dedication of revenues contained therein for the Parochial Employees' Retirement System (Plans A & B)

Mr. Curran presented the Actuarial Valuation as of December 31, 2014, for the Parochial Employees' Retirement System (Plans A & B) highlighting the growth in payroll and benefit payments, and the normal cost decreased.

Mr. Richmond stated that he reviewed the report and recommended the adoption of this valuation.

Mr. Curran offered the following motion: Resolved that the actuarial funding valuation report dated December 31, 2014, as presented by G. S. Curran & Company, Ltd., shall be adopted as the official valuation for the Parochial Employees' Retirement System, and that as specified in the report that the minimum recommended employer contribution rate for fiscal 2016 shall be set at 10.50 %, for Plan A and that the minimum recommended employer contribution rate for fiscal 2016 shall be set at 7.00%, for Plan B, and that the system shall receive the maximum allocated amount of ad valorem taxes and revenue sharing funds provided for by law for fiscal 2016.

Representative Pearson seconded the motion. Chairman Purpera asked if there were any objections to the motion, and with no objections, the motion passed unanimously.

5. Discussion and approval of the projected employee contribution rate for the Harbor Police Retirement Plan within LASERS for Fiscal Year 2015-16

Ms. Shelley Johnson, Actuary for LASERS, explained that Act 648 of the 2014 Legislative Session provided for the Cooperative Endeavor Agreement (CEA) allowing the Harbor Police Retirement System (HPRS) to merge into LASERS. PRSAC approved this CEA on November 19, 2014. Ms. Johnson explained the options given to existing members of the Harbor Police Retirement Plan (Plan) within LASERS and terms for new commissioned employees and established payments for the UAL. The LASERS Board of Trustees approved the projected employer contribution rate for the Plan for FY 15/16 as 4.2 percent at its June 26, 2015 meeting. The rate supplements the valuation approved by PRSAC for LASERS in November 2014.

Mr. Hall moved that PRSAC approve the employer projected contribution rate for FY 15/16 as 4.2 percent for the Harbor Police Retirement Plan. Mr. Henson seconded the motion and with no objection, the motion was approved.

6. Discussion of current status of State Retirement Systems (as amended)

Mr. Purpera explained the concerns about state retirement systems which led to his actuary staff preparing a presentation from their perspective of the sustainability of the LASERS and TRSL systems.

Mr. Richmond read a statement of his actuarial qualifications, and explained that his presentation was based on the assumptions and methods used by the actuary for the retirement systems. He stated that by the end of his presentation, the audience could judge for themselves the sustainability of the Louisiana State Retirement Systems. Mr. Richmond explained what sustainability means, and the principles that apply to sustainability and actuarial soundness. His presentation also included: Intergenerational Equity; Prudent Investment of Assets; Cost Stability and Predictability; Financial Willingness or Ability to Pay; Funding Strength; Compliance with Actuarial Standards of Practice. His conclusion detailed the sustainability of costs associated with benefit accruals under the current defined benefit plans, and the sustainability associated with unfunded accrued liabilities.

Discussion included treating administrative expenses as a loss, cutbacks, COLAs, and the need to reexamine the discount rate annually. Mr. Richmond said based on his discussion with legislative staff who attended the National Conference of State Legislators, the Louisiana retirement systems are less expensive than other states. Mr. Richmond said he would have further reports at subsequent PRSAC meetings.

Ms. Cindy Rougeou, LASERS Executive Director, and Ms. Maureen Westgard, TRSL Executive Director, each expressed appreciate for the presentation, which provided good positive information, and gave individual closing statements. Mr. Purpera explained the primary issues are the financing of past balances that have been carried over from previous years and to prevent it from increasing, and to put normal cost where it should be.

7. Other Business

8. Adjournment

Senator Guillory moved to adjourn, and Mr. Henson seconded the motion. With no objection, the meeting was adjourned at 3:00 p.m.

Approved by PRSAC: _____ **September 28, 2015**
Date

(The video recording of this meeting is in House of Representatives Broadcast Archives:
http://house.louisiana.gov/H_Video/VideoArchivePlayer.aspx?v=house/2015/Aug/0813_15_PRSAC)