

Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
June 10, 2020

The meeting of the Board of Trustees for the Registrars of Voters Employees' Retirement System was held at the Renaissance Hotel, located at 7000 Bluebonnet Boulevard in Baton Rouge, Louisiana.

I. Call to Order

Mr. Brian Champagne called the meeting to order at 9:08 a.m.

II. Invocation and Pledge of Allegiance

Mr. Brian Champagne offered an invocation, and Ms. Shanika Olinde led the Pledge of Allegiance.

III. Oath of Office for Joanne Reed

Ms. Akers administered the oath of office for Ms. Reed as a new Board of Trustee for ROVERS. The Board congratulated Ms. Reed.

IV. Roll Call

Ms. Kathy Bourque then called the roll. Board members present were: Mr. Robert Poche, Ms. Joanne Reed, Mr. John Broussard, Ms. Billie Meyer, Ms. Shanika Olinde, Mr. Brian Champagne, and Mr. Dwayne Wall. Mr. Joe Salter, Representative Michael Firment, and Senator Kirk Talbot were absent. A quorum was present. Others present included: Ms. Kathy Bourque (System Director); Ms. Denise Akers (Legal Counsel); Ms. Cynthia Averette and Mr. Walker Reynolds (representing the Custodian of Assets, Hancock Whitney); Mr. Jon Breth (representing the Investment Consultant, AndCo Consulting); and Mr. Greg Curran and Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd.).

V. Public Comments

There were no public comments.

VI. Review and Approval of Minutes

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to approve the minutes from the February 5, 2020 and the February 21, 2020, meeting.

VII. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth first reviewed the 2020 first quarter performance ending March 31, 2020. He stated that the last quarter was one of the worst in recent memory with excessive volatility and market decline of approximately 25% primarily due to the Coronavirus pandemic. He explained that the first quarter ended with one of the longest bull markets in recent history, start a new bear market, end that and then start a new bull market all before March 23, 2020. He did confirm that there was still an outperformance of growth relative to value. Mr. Breth stated that overall, the portfolio was down 14.89% for the first quarter.

Mr. Breth recommended the removal of Dodge & Cox from the portfolio due to their consistent under performance. He suggested transferring the proceeds from the sale into Virtus Vontobel Foreign Opp Fund.

He also recommended the liquidation of the Templeton Global Bond Fund and then using the proceeds of that sale to purchase PIMCO Diversified.

Next, Mr. Breth discussed the market performance in April 2020. He stated that the ROVERS portfolio was up 8.1% for the month and the fiscal year-to-date loss was now only 1.4%. He explained that large cap stocks were up significantly in the month of April. Mr. Breth stated that he expected the portfolio to be up an additional 3-4% in May 2020, explaining that some of the increases were due to the credit market recovery.

Upon motion by Mr. Poche and second by Ms. Olinde, the Board voted unanimously to approve the full liquidation of Dodge & Cox International and invest the proceeds into Virtus Vontobel Foreign Opp Fund.

Upon motion by Mr. Poche and second by Ms. Olinde, the Board voted unanimously to approve the full liquidation of Templeton Global Bond Fund and invest the proceeds in PIMCO Diversified Fund.

Mr. Breth discussed that domestic equities were out of line in the policy range. He recommended reallocating \$5 million out of domestic equities by liquidating \$4 million from Westfield AllCap Growth and \$1 million from Eagle Capital. He explained that \$2 million would be allocated equally to the two International Equity Managers, Vanguard Total International Stock and Virtus Vontobel. He then stated that the remaining \$3 million would be allocated to Fixed Income with \$2 million invested in Orleans Capital and \$1 million invested in to PIMCO Diversified Fund.

Upon motion by Mr. Wall and second by Mr. Poche, the Board voted unanimously to approve the rebalancing of \$5 million in domestic equities by liquidating \$4 million of Westfield and \$1 million of Eagle Capital then reallocating those funds by purchasing \$1 million of Vanguard International Stock Index, \$1 million of Virtus Vontobel, \$2 million of Orleans Capital and \$1 million of PIMCO Diversified Fund.

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to approve the Investment Performance Review reports presented by Mr. Jon Breth with AndCo Consulting.

VIII. Presentation by Hancock Whitney

Ms. Averette directed the Board's attention to the Custodial Report. She reviewed the breakdown of assets for the period ending March 31, 2020, with a total asset balance of \$92,802,230.99 and pointed out that 42% of the portfolio was invested in domestic equities.

Next, Mr. Reynolds presented the Members' Supplemental Savings Plan Investment Performance Review for March 31, 2020, totaling \$670,407.32. He stated that the account was down 6.5% for the first quarter of 2020 and discussed the breakdown of the portfolio asset allocation which showed that approximately 62.71% of the assets were in fixed income and cash, 29.01% of assets in equities, and the remaining 8.28% invested in cash and cash equivalents. He stated that the account was down 6.5% for the first quarter of 2020. Mr. Walker also reminded the Board that the portfolio consisted mostly of ETF's, and the main objective was to protect the principal.

Upon motion by Mr. Wall and second by Ms. Reed, the Board voted unanimously to approve the Custodial Report and the Member Supplemental Savings Report as presented by Hancock Whitney Bank.

A break was taken at 10:24 a.m., and the meeting resumed at 10:40 a.m.

IX. Report from the System's Attorney, Denise Akers

Per previous request, Ms. Akers discussed the Director's & Officers' Liability Insurance for Directors and whether coverage would include past directors who paid premiums during their tenure. Ms. Akers stated that the contract first went into effect in January 24, 2019, and each board member paid a ten dollar premium for coverage separate and apart from ROVERS. Ms. Akers further explained that even once a trustee left the Board they remained covered as long as they paid their \$10 premium when they were a Board member. She reminded the Board that the coverage does not go back prior to January 24, 2019.

Next, Ms. Akers updated the Board regarding the 2020 legislative session. She stated that no bills had been referred to retirement yet, and she didn't anticipate there would be. Mr. Broussard stated that House Bill 52 which moved surety bonds from Treasury to the Secretary of State's office was currently awaiting the Governor's signature.

Ms. Akers informed the Board that all contract negotiations had been finalized and signed with JP Morgan.

Regarding the Attorney General's opinion for upgrades of accrual rate after initial transfers, Ms. Akers stated that she was recently informed by the Attorney General's office that an opinion will not be given. Based on the statute and the way it was written, Ms. Akers stated that her opinion still stood that the election and payment must be made at the time of the transfer.

Lastly, Ms. Akers discussed and reviewed legislation pertaining to the amount of service years required to become a ROVERS Board member. Ms. Akers explained that the decision was up to the Board and that they would have to find a legislator to sponsor the bill for the next session. For comparison purposes, Ms. Akers presented a document demonstrating the limits and requirements for other state and statewide systems. She also explained to the Board that the bill would first have to be advertised sixty days before it would be introduced. Mr. Poche suggested proposing the bill to Senator Ed Price.

Upon motion by Mr. Poche and second by Mr. Wall, with five votes in favor and two votes opposed, the Board voted to authorize the System Attorney to request Senator Ed Price to sponsor a bill requesting to reduce the ten year creditable service requirement for board member eligibility to five years of creditable service.

Upon motion by Ms. Olinde and second by Mr. Wall, the Board voted unanimously to authorize the System Attorney to request Senator Ed Price to sponsor a bill requesting to increase the term limits from two consecutive to three consecutive term limits.

Upon motion by Ms. Reed and second by Ms. Olinde, the Board voted unanimously to approve the System Attorney's report as presented.

X. Report from G. S. Curran & Company

Mr. Curran discussed the renewal of both the ROVERS Administrative and Actuarial contracts with G. S. Curran & Company for fiscal year 2021. Mr. Curran informed the Board that on the administrative contract, he was proposing an increase to \$4,515.00 per month/ \$54,180.00 annually for fiscal year 2021 versus last year's amount of \$4,300 per month/ \$51,600 annually. He proposed an increase to \$4,215.00 per month/ \$50,580.00 annually for the actuarial contract fiscal year 2021 versus last year's amount of \$4,015.00/ \$48,180.00 annually.

Upon motion by Mr. Broussard and second by Mr. Poche, the Board voted unanimously to approve the Administrative and Actuarial Contracts for fiscal year 2021 as presented by Mr. Curran from G. S. Curran & Company.

Next, Mr. Curran discussed the ROVERS 2020 actuarial experience study which was based on actuarial data from the Fiscal 2014 through Fiscal 2019 valuations. Based on the study, Mr. Curran recommended setting the assumed rate of return at 6.40%. Mr. Curran stated that this change in valuation interest rate would cause an approximate 1.3% increase in the cost of payroll.

Upon motion by Mr. Broussard and second by Ms. Meyer, the Board voted unanimously to authorize the approval of setting the valuation interest rate at 6.4%.

Mr. Poche left the meeting at 11:46 p.m.

Mr. Curran continued to discuss additional assumptions in the experience study such as rates of salary increase, rates of withdrawal, rates of disability, rates of retirement, rates of DROP entry, rates of Post-DROP, and mortality rates. Mr. Curran recommended for ROVERS to use 120% for both male and female mortality tables.

Regarding Post-DROP, Mr. Curran stated that participants remained employed on average 3.87 years after DROP, so his recommendation would be to increase the assumed Post-DROP period from a 1 year assumption to a 2 year assumption.

Upon motion by Mr. Broussard and second by Mr. Wall, the Board voted unanimously to approve the 2020 Experience Study presented by Mr. Curran from G. S. Curran & Company.

Mr. Curran informed the Board that the actuarial equivalence factors could be tabled until the next meeting.

XI. Director's Report

Ms. Bourque reviewed the 2021 Budget with the Board. She stated that there was an increase of only \$7,400.00 from 2020's budget with a total overall budget of \$460,000.00. Ms. Bourque suggested the removal of \$2,000 for offsite storage and \$500 for moving services since those items were initially budgeted when she moved to her current location in June 2018. She also informed the Board that to increase the Cyber insurance from \$5 million to \$10 million, an additional policy would need to be obtained with a new company at an additional cost of \$8,300 added to the Budget.

Upon motion by Mr. Broussard and second by Ms. Meyer, the Board voted unanimously to approve the 2021 Budget with two modifications which were the removal of \$2,500 from the 2021 Budget for offsite storage and moving expenses and increase the Directors & Officers Insurance by \$8,300 in order to purchase an additional \$5 million of Cyber insurance coverage for a total overall budget of \$465,800.00.

Regarding policies and procedures, Ms. Bourque discussed and reviewed the disaster recovery policy she created as recommended by the auditor.

Upon motion by Mr. Broussard and second by Mr. Wall, the Board voted unanimously to approve the Disaster Recovery Policy as presented by the System Director.

Next, Ms. Bourque reviewed section three, employer certification, of the ROVERS retirement application. She stated that she has had questions regarding this section mainly due to Registrars not wanting their Chief Deputy to know that they were retiring. Ms. Bourque stated that it does not have to be the Chief Deputy however someone in the parish would need to certify that the Registrar would be going into DROP or retiring.

Upon motion by Ms. Olinde and second by Ms. Meyer, the Board voted unanimously to move agenda item XI. F., discussion and action related to updating employer certification on retirement application to the next board meeting.

Ms. Bourque then stated that qualifying for the ROVERS trustee election would begin on Monday, July 6, 2020 and end on Friday, July 10, 2020 at 4:30 p.m. She explained that the current position was being temporarily held by Ms. Joanne Reed. Also, she stated the new term would begin on January 1, 2021 and expire on December 31, 2024.

Upon motion by Ms. Meyer and second by Ms. Reed, the Board voted unanimously to approve the Director's report.

XII. Other Business

Ms. Bourque confirmed that the next Board meeting would be Tuesday, August 25, 2020, at 9:00 a.m. at the Renaissance Hotel in Baton Rouge, LA.

XIII. Adjourn

Upon motion by Ms. Olinde and second by Mr. Broussard, the Board voted unanimously to adjourn the meeting at 12:39 p.m.

**These minutes are meant to provide readers with a summary of what took place during the meeting and are not intended to be verbatim transcription. They are in compliance with R.S. 42:20. The signatures that follow simply denote that these minutes were approved by the Board of Trustees as a reasonable representation of the meeting, including providing the substance of all matter decided.*

Sandra J. Bulln

Recorder Signature

09/11/2020

Date

7 Susan J. Haynes

Chairman Signature

9/11/2020

Date