

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
June 9, 2021**

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 on June 9, 2021.

I. Call to Order

Ms. Charlene Menard called the meeting to order at 9:03 a.m.

II. Invocation and Pledge of Allegiance

Ms. Billie Meyer offered an invocation, and Mr. Dwayne Wall led the Pledge of Allegiance.

III. Roll Call

Ms. Kathy Bourque then called the roll. Board members present were: Ms. Joanne Reed, Ms. Billie Meyer, Ms. Shanika Olinde, Mr. Dwayne Wall, Ms. Charlene Menard, Mr. Brian Champagne, and Mr. John Broussard. Mr. Joe Salter, Senator Kirk Talbot, and Representative Michael Firment 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 & Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd.).

IV. Public Comments

There were no public comments.

V. Review and Approval of Minutes

Upon motion by Ms. Olinde and second by Mr. Broussard, the Board voted unanimously to approve the minutes from the March 3, 2021, meeting.

VI. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth reviewed the 2021 first quarter performance ending March 31, 2021. He stated that first quarter had positive economic growth and performance was driven by the rollout of COVID vaccines, and the third round of the U.S. stimulus plan. He also stated that small cap stocks performed well and were up 12.7% in the first quarter of 2021. Mr. Breth also noted that international stocks were positive and up 3.5%. In contrast to equities, Mr. Breth stated that fixed income returns were negative as long-term interest rates rose and likely the toughest bond market since 1981.

Mr. Breth stated that value stocks performed well in the last two quarters and in many cases ahead of growth stocks. He stated that energy, industrials, and materials were areas that were dominating the markets. He also pointed out that consumer discretionary sector was up 200% and one of the main drivers of that was GameStop which was up over 5000% in the last year.

Mr. Breth reminded the Board that the portfolio was currently in line with long-term allocation ranges a total fund market value of \$126.6 million as of March 31, 2021. He stated that ROVERS was up 2.6% for the first quarter and up 19.26% for the fiscal year-to-date. He also stated that equities have been the main drivers over the last year up 59.4%.

Next, Mr. Breth reviewed the portfolio performance as of April 30, 2021, having a total market value of \$127,763,484 which was up 3.73% for the month. Mr. Breth explained that domestic equities made up of 41.3% of the portfolio which was

overweight to the target. Based on this information, Mr. Breth recommended to rebalance \$5 million of the domestic equity's portfolio. He explained that his recommendation included moving \$3 million from Eagle Capital to Orleans Capital and \$2 million from Fidelity Total Market Index to PIMCO Diversified Fund. Mr. Breth stated that these transactions would put both domestic fixed income and global fixed income in line with their target.

Upon motion by Mr. Champagne and second by Ms. Reed, the Board voted unanimously to approve rebalancing the portfolio by moving \$3 million from Eagle Capital to Orleans Capital and \$2 million from Fidelity Total Market Index to PIMCO Diversified Fund as recommend by AndCo Consulting.

Lastly, Mr. Breth stated that the portfolio was underrepresented by international small cap stocks and currently held Fidelity International Stock Index and Virtus Vontobel. He explained that AndCo's research group discovered five candidates for the Board to consider which are Driehaus Capital Management, Goldman Sachs Asset Management, Harding Loevner, Pear Tree Advisors, and Victory Capital Management. Mr. Breth stated that all five managers used mutual fund vehicles, and some offer co-mingled investment trusts. He reviewed strategy information, assets under management, investment options, and existing portfolio holdings for all five managers. He stated that they were all well diversified with some slight differences under market capitalization.

After further review of the five candidates with the Board, Mr. Breth recommended that Driehaus Capital Management and Pear Tree Advisors attend the next board meeting and give a presentation. He explained that approximately 5% of the existing international small cap equities would be used to fund a new international small cap equity which would be approximately \$6 million.

Upon motion by Mr. Broussard and second by Mr. Wall, the Board voted unanimously to approve having presentations given by Driehaus Capital Management and Pear Tree Advisors at the next board meeting.

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.

VII. 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, 2021, with a total asset balance of \$123,054,681 and pointed out that 40% of the portfolio was invested in domestic equities.

Next, Mr. Reynolds presented the Members' Supplemental Savings Plan Investment Performance Review for March 31, 2021, totaling \$655,056. He reminded the Board that one of the main goals of this portfolio was to keep up with inflation. Mr. Walker stated that the recommendation would be to maintain the current asset allocation mix of approximately 35% equities and 65% fixed income and cash. He also reminded the Board that there would be more distributions processed by the end of June 30, 2021.

Upon motion by Mr. Wall and second by Ms. Meyer, 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 10:36 a.m.

VIII. Report from the System's Attorney, Akers & Wisbar

Ms. Akers reminded the Board that ROVERS currently had House Bill 13, which would reduce the ten-year creditable service requirement for board member eligibility to five years of creditable service and increase the term limits from two consecutive to three consecutive term limits. Ms. Akers stated that this bill has passed in both the House of Representative and Senate and was currently awaiting the Governor's signature to be effective July 1, 2021.

Next, Ms. Akers discussed the update on the public records request regarding the 2020 audit. She stated that the information from LaSalle parish had been received and the auditor was only waiting on remaining information from St. Mary parish.

Ms. Wisbar then discussed the new hourly rate for Akers & Wisbar. She stated that their new rate would be raised from \$240 per hour to \$250 per hour effective January 1, 2022. Ms. Akers stated that the current rate had not been raised in two years.

Upon motion by Ms. Meyer and second by Mr. Broussard, the Board voted unanimously to approve the increase of the hourly rate for Akers & Wisbar to \$250 per hour effective January 1, 2022.

Lastly, Ms. Akers discussed the ratification of Ms. Bourque's adding of non-owned vehicle coverage to the general liability policy. She explained that Ms. Wisbar's reviewed the current policy and suggested that Ms. Bourque add non-owned vehicle coverage since she was using her personal vehicle to run business errands. Ms. Bourque stated that there was an increase of \$525 in the annual cost of the general liability coverage which included the addition of the non-owned vehicle coverage.

Upon motion by Mr. Broussard and second by Ms. Meyer, the Board voted unanimously to ratify the addition of the non-owned vehicle coverage to the general liability insurance coverage as discussed.

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

IX. 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 2022. Mr. Curran reminded the Board that he had previously sent out a memorandum regarding firm updates such as the retirement of Mr. Gary Curran in 2020 and explained that he would now be the Senior Actuarial Consultant and Stephen Brouillette would be the Senior Actuarial Analyst at G. S. Curran and Co. Mr. Curran informed the Board that there would be no rate increase to the actuarial contract for fiscal 2022. Regarding the administrative contract for fiscal 2022, Mr. Curran reminded the Board that he sent out a letter in advance which was also included in the meeting packet. He reviewed the letter and explained that the time spent supporting the administrative account had consistently exceeded the estimated time used to develop the retainer. Although the time spend suggested that an increase in retainer would be warranted, Mr. Curran stated that the System Director was considering the possibility of utilizing her new employee to reduce the administrative costs. Based on this information, Mr. Curran recommended no change in the administrative contract retainer for fiscal 2022.

Ms. Bourque stated that she would have to further discuss internal controls with the auditor to determine if any procedures could change once there would be a full-time employee in the ROVERS office.

Upon motion by Mr. Broussard and second Mr. Champagne, the Board voted unanimously to approve the renewal of the actuarial contract for fiscal year 2022 effective July 1, 2021, as presented by Mr. Curran from G. S. Curran & Company.

Upon motion by Mr. Broussard and second Mr. Champagne, the Board voted unanimously to approve the renewal of the administrative contract for fiscal year 2022 effective July 1, 2021, as presented by Mr. Curran from G. S. Curran & Company.

Mr. Curran discussed the need for the Board's approval of the updated option factors and actuarial equivalence assumptions effective July 1, 2021. For educational purposes, Mr. Curran reviewed the category of transfers and purchases and explained that those specific calculations were tied to valuation mortality and processed on a sex distinct basis whereas other calculations were done on a unisex basis. Mr. Curran confirmed that disability awards, single life option factors, and DROP balance life conversion were all 10% male; however joint and survivor option factors were 15% male. He stated that by approving the new assumptions, ROVERS would acknowledge that the 6.40% interest rate utilized in the 2020 actuarial valuation would be used for transfers, purchases, disability award lifetime equivalences, single life

option factors, and joint & survivor option factors beginning July 1, 2021. He further explained that DROP balance life annuity conversions would instead use an interest rate of 5.40% to protect the system. Mr. Curran explained that mortality would change once every five years. He also explained many different factors of calculating the different options to education the Board on actuarial information.

The Board requested to post the approved option factor an actuarial equivalence assumption table on the ROVERS website.

Next, Mr. Curran discussed the Legislative Auditors recommended valuation interest rate. He reminded the Board that our current valuation interest rate was 6.4%. He stated that the Legislative Auditors called that rate slightly optimistic considering our asset allocation and cash flow. The Louisiana Legislative Auditors (LLAs) recommended a valuation interest rate of 5.93% for the ROVERS portfolio. Mr. Curran also informed the Board that the LLAs did commend the Board for continuing to lower the valuation interest rate over the years and accepted both the COLAs that had been given as well as the recent experience study.

Upon motion by Mr. Broussard and second by Ms. Meyer, the Board voted unanimously to approve the option factors and actuarial equivalence assumptions effective July 1, 2021, as presented by G. S. Curran & Co.

Upon motion by Ms. Olinde and second by Ms. Reed, the Board voted unanimously to approve the reports as presented by G. S. Curran & Company.

X. Director's Report

Ms. Bourque informed the Board that the financials through March 31, 2021, were included in their meeting packets.

Ms. Bourque then reviewed the proposed budget for fiscal 2022. She reminded the Board that she sent a memo prior to the meeting detailing the updates from last years budget. First, Ms. Bourque discussed the hiring of a full-time assistant at \$52,000 annually as a member of ROVERS and would also need to determine if health insurance would be included. Ms. Bourque reminded the Board that she does not have health insurance through ROVERS', so if it was purchased for the full-time employee, it would be done as an individual policy.

Ms. Akers stated that in the state of Louisiana, an employer is not mandated to offer health insurance, but if it must be offered to all employees and not just one. Ms. Bourque explained that the quotes she obtained were for individual coverage only, and the decision was entirely up to the Board whether they wanted to pay for 100%, only a portion or none.

After discussion among the Board, Mr. Broussard stated that more information would be needed to make an informed decision. Ms. Bourque stated she would research the health insurance issue more, and it could be discussed further and the next board meeting.

Next, Ms. Bourque discussed the adoption of a new leave policy similar to that of the State of Louisiana leave policy effective July 1, 2021. However, she stated she would like to rollover her remaining three weeks of personal days due since February 2021 had not yet been taken. She explained that this policy would include the new full-time employee and ROVERS' employees would earn leave based on years of state service.

Mr. Broussard stated that the Board members need to see a proposed leave policy to make an informed decision. Ms. Reed stated that she was not opposed to an increase for the ROVERS Director, but she would like to see an evaluation done. Mr. Broussard stated that the Board would perform an evaluation of the Director during executive session of a meeting.

Ms. Menard stated that in the future she would like to see an evaluation performed and any salary increases for a director discussed prior to the budget. Mr. Broussard agreed with Ms. Menard and stated that should be a part of the policy.

Upon motion by Mr. Champagne and second by Ms. Meyer, the Board voted unanimously to approve the increase in the Director's salary from \$75,000 to \$80,000 effective July 1, 2021.

Regarding the new full-time employee, Mr. Broussard suggested that the individual was offered the position and then informed that the Board would be creating a policy to address leave, benefits, and health insurance.

Ms. Reed suggested that the Director would complete the performance evaluation for her full-time employee on an annual basis.

Upon motion by Mr. Champagne and second by Mr. Broussard, the Board voted unanimously to authorize the System Attorney and Director to create a leave policy which would include an annual performance evaluation form for the Director and full-time employee.

Ms. Bourque informed the Board that the current cyber security policy under the Directors & Officers Insurance was for \$5 million coverage because \$10 million worth of coverage was no longer being offered. She also went over all other increases and decrease to the proposed fiscal 2022 budget effective July 1, 2022.

Upon motion by Mr. Champagne and second by Ms. Meyer, the Board voted unanimously to approve the proposed fiscal 2022 budget as presented by the System Director.

Next, Ms. Bourque discussed the legal opinion regarding retiree plaques. She stated that a letter was included in the meeting packet from the system attorney which explained that ROVERS can not purchase the plaques.

Ms. Bourque then updated the Board regarding the ROVERS Board of Trustee election. She stated that qualifying would begin on Monday, July 5, 2021, and would end on Friday, July 9, 2021, at 4:30 p.m. Ms. Bourque also stated that any eligible member interested in qualifying as a candidate must complete the form between July 19, 2021, and July 23, 2021. The new officer term will begin on January 1, 2022, and expire on December 31, 2025.

Regarding the recent Cost of Living Adjustment (COLA), Ms. Bourque informed that Board that the COLA was processed on the April 1, 2021, with the benefit check retroactive to January 1, 2021. She informed the Board that a death audit was performed recently, but no new additional deaths were discovered. She also informed the Board that she was in the process of getting quotes on the cost of getting all member files scanned.

Mr. Champagne mentioned an one-hour cyber security training class that was now required by the Registrars on a quarterly basis. He recommended that this cyber security training could be part of the Director's evaluation process.

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

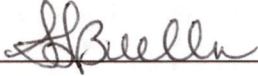
XIII. Other Business

Next, Ms. Bourque stated that the next board meeting was tentatively scheduled for Friday, July 23, 2021. Mr. Breth recommended September 1, 2021. After discussion among the Board, the next meeting was scheduled for Wednesday, September 1, 2021, at 9:00 a.m. at the Renaissance Hotel in Baton Rouge.

XIV. Adjourn

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to adjourn the meeting at 12:58 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.*



Recorder Signature

09/14/2021

Date

Charlene Menard

Chairman Signature

09/14/2021

Date