

**Registrars of Voters Employees' Retirement System
Minutes of the Special Meeting of the Board of Trustees
March 12, 2018**

The special 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. Dennis DiMarco called the meeting to order at 1:00 p.m.

II. Invocation and Pledge of Allegiance

Ms. Sandra Moorer offered an invocation, and Mr. Joe Salter led the Pledge of Allegiance.

III. Roll Call

Ms. Lorraine Dees then called the roll. Board members present were: Mr. Dennis DiMarco, Ms. Charlene Menard, Mr. Robert Poche, Mr. Dwayne Wall, Ms. Sandra Moorer, and Mr. Joe Salter. Mr. John Broussard arrived at 1:23 p.m. Ms. Deborah Waskom, Representative Barbara Carpenter and Senator Barrow Peacock were absent. A quorum was present. Others present included: Ms. Lorraine Dees (System Director); Ms. Denise Akers (Legal Counsel); and Mr. Greg Curran and Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd.). In the audience were: Ms. Billie Meyer (Acadia ROV), Mr. Brian Champagne (St. Charles ROV), Ms. Lisa Medine (St. James ROV), and Ms. Shelly Bouvier (Confidential Assistant Jefferson Parish ROV).

IV. Public Comments

Mr. Brian Champagne handed out copies of two emails, see attachments Exhibit I and Exhibit II, to all Board and audience members. He stated that he wanted the emails added to the record of the minutes. Mr. DiMarco stated that the emails would be reflected in the record. Mr. Champagne expressed his concern regarding item VI on the agenda, Interview of Candidates for Director. He stated his understanding was that the Board previously asked Representative Carpenter to sponsor a bill to hire a firm as the Director. Mr. Champagne mentioned several other questions that were mentioned in his first email, Exhibit I, such as when was a new RFP issued. Ms. Akers clarified that during public comments no response from the Board was required. Mr. Champagne further discussed his emails with the Director regarding his stance on ROVERS legislation. He stated he was in favor of professional management of ROVERS by a firm and believed a small CPA firm would be ideal. He further expressed his concerns with the System's accuracy of records during the 2017 audit that reflected a lack of written policies and procedures over budgeting, purchasing, disbursements, payroll, contracting, travel, reimbursements and ethics.

Next, Mr. Champagne discussed his second email regarding the RFP for Director and wanted to know why it was not advertised in a CPA Magazine. Ms. Akers reminded Mr. Champagne that Public Comments was not a question and answer session. Mr. DiMarco stated that Mr. Champagne's comments would be discussed at the appropriate time.

Mr. John Broussard arrived at 1:23 p.m.

V. Review and Approval of Minutes

Ms. Bordelon informed the Board that Ms. Averette from Capital One mentioned that the new bank name should be Hancock Whitney instead of how it was originally stated as Whitney Hancock in the draft minutes.

Upon motion by Mr. Broussard and second by Mr. Wall, the Board voted unanimously to approve the minutes from the January 24, 2018 meeting as amended.

Mr. DiMarco informed the Board that Item VIII (Report from System's Attorney) and IX (Report from G. S. Curran & Company) would be moved up on the agenda.

Upon motion by Mr. Wall and second by Ms. Menard, the Board voted unanimously to move items VIII and IX up on the agenda.

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

Ms. Akers presented a handout to the Board which was a Summary of Bills to follow in the 2018 Legislative Session. First, Ms. Akers discussed Senate Bills 4, 13 and 17. She informed the Board about her meeting with Senator Peacock along with Ms. Dees. She stated that they wanted to make sure that Senate Bill 4 did not impact the relationship ROVERS currently had with G. S. Curran & Company. Ms. Akers stated that Senator Peacock and his Staff Attorney informed her and Ms. Dees that the bill was drafted specifically with G. S. Curran & Company in mind and allowing them to remain in their current administrative role for ROVERS. Ms. Akers stated that she was informed by Senator Peacock that the main objective was to ensure that System's Actuary was not hired as the Director.

Next, Ms. Akers discussed House Bills 11, 12, 17, 18, 19, 20, 21, 22, 23, 24, and 34. Ms. Moorer asked questions regarding House Bill 22 and Ms. Akers replied that the bill would only affect ROVERS if it was merged into LASERS. She stated that House Bill 22 sets 20% as the minimum employer contribution rate if the funded ratio was not or had never been 100% or if the funded ratio had been 100% but fallen below 90%. Mr. Curran stated that this would establish a funding deposit account for each retirement system. Ms. Moorer stated that she was under the impression that ROVERS Funding Deposit Account was only to be used for COLAs. Mr. Curran clarified that there are other uses for the Funding Deposit Account such as to minimize the employer contribution rate, lower long term cost of the plan by lowering UAL (does not apply to ROVERS), and to reduce the present value of the future normal cost of the plan. Mr. Curran stated that ROVERS does not have a UAL but in accordance with GASB, ROVERS had an NPL (Net Pension Liability). Mr. Curran stated he was concerned about the merger bill because there was a lot of uncertainty; it was broadly drafted, and has no defined cost details. Ms. Moorer stated that her major concern with the possible merger was the cost to the parishes. Mr. DiMarco stated his concern was that every parish would have significant increase in costs no matter if they are considered a small or large employer. Mr. DiMarco agreed with Mr. Curran that the bill was broadly written which causes major concern.

Ms. Akers asked the Board to move to her second handout which was prepared in collaboration with Ms. Dees and Mr. Curran. She stated that the Fact Sheet handout was created because she was told that when Registrars had the opportunity to speak with Legislators they needed to provide facts. Ms. Akers indicated that the top section of the document detailed steps that have already been taken to operate the System in a fiscally responsible manner. She reviewed some examples such as establishing Tier 2 for new hires, adopting a five year final average compensation for all members in 2012, reducing the actuarially assumed rate of return to 6.75%, having no UAL in 1989-90 when the UAL was frozen and using the Aggregate Funding Method to determine required employer contributions.

Ms. Akers then reviewed Pros and Cons for a merger of ROVERS with LASERS. She stated that ROVERS uses an Aggregate Funded Method which requires a calculation of employer contribution rates leaving no unfunded liability whereas LASERS method has allowed an additional UAL to be generated each year. The ROVERS Board also has the power to require an employer contribution rate higher than the minimum required contribution as calculated by the actuary, and the LASERS board has no power in this regard. She also stated that the ROVERS actuarially assumed rate of return was 6.75% versus LASERS actuarially assumed rate of return at 7.7%.

Mr. Curran stated that his main comment regarding the current bill and how it was written was that it would cause significant uncertainty for Registrars and their employees since it left too many unanswered questions. He added that even if a merger was the right idea it should be deferred until there was a clear and finalized plan. Mr. DiMarco stated that if ROVERS merged with LASERS they would only be three tenths of one percent and would therefore have no voice at LASERS.

Next, Ms. Akers continued to discuss the Pros and Cons between ROVERS and LASERS. She stated that ROVERS offers a secure plan with lifetime pension benefits to all members and LASERS was proposing a hybrid plan for its rank and file members which consist mostly of a 401k plan and a small pension. Also, she stated that the ROVERS employer contribution rate was 17%, and LASERS was 37.9%. A low turnover rate and a total membership of approximately 407 are two other pros mentioned by Ms. Akers. She also stated that she learned that many members leave LASERS prior to vesting which is why their System was proposing a hybrid plan. She stated that a typical ROVERS employee was hired at an older age than a LASERS employee meaning the demographic was different giving another reason why the plans should remain separate. Also, she stated that ROVERS has a funded level of 85.27%, an administrative expense of 0.321% and an investment expense of 0.434% compared to LASERS having a funded level of 62.5%, an administrative expense of 0.1453% and an investment expense of 0.6426%. Furthermore, Ms. Akers stated that ROVERS members could continue to take steps to manage and invest its money, whereas with a merger with LASERS, the membership would be too small to elect even one member onto the LASERS Board.

Ms. Akers stated that she was hoping the Board would approve the Fact Sheet to present when meeting with the Legislators during the Retirement Committee meetings. She stated that it was important not to go in front of these committees and give just opinions so that is why she wanted to clearly present the facts.

Mr. DiMarco stated that he would like all Registrars to have a copy of this Fact Sheet and share it with all of their employees. Ms. Moorer stated she would like each parish government to be informed as well so that they could realize the impact that a possible merger could have on everyone. Ms. Dees stated that she had a call into the Policy Jury Association so that the Fact Sheet information could be presented to their legislative committee.

Mr. Champagne stated he had close connections with the Police Jury Association and agreed with Mr. DiMarco that the handout needed to be sent to all Registrars. He further suggested it also be sent in letter format as well as legal.

Mr. DiMarco stated that even if the Board disagrees, he feels that the members always make decisions that are in the best interest of the System and the membership. Both Mr. Salter and Mr. Broussard stated that if the Registrar from each parish contacted their legislator to discuss the merger and expressed their concerns, it could make a significant impact.

Ms. Akers stated that if the Board approved the Fact Sheet, she would work with Ms. Dees and Mr. Curran to add section E to state that the language of the bill is so vague that the ROVERS employers have no way to estimate increased cost. Once completed, Ms. Akers stated that she could provide the Fact Sheet in both legal and letter format so that Ms. Dees could submit the document to all Registrars.

Upon motion by Mr. Wall and second by Mr. Poche, the Board voted unanimously, with Mr. Broussard abstaining, to oppose House Bill 42 and 43 and direct the System Attorney to add an additional item to the Fact Sheet addressing the unknown cost of the merger and then provide the Fact Sheet in both legal and letter size to the System Director who will submit the document to all Registrars, with the recommendation that each Registrar contact their Legislators and parish government office informing them of their position on the above mentioned House Bills.

Mr. Salter stated that Mr. Schedler made it clear at a previous ROVERS meeting that he would not support a bill to merge ROVERS.

Ms. Akers continued to discuss the remaining House bills 23, 24, 34 and 38 on her summary document. There was discussion amount the Board, but there were no concerns expressed.

Mr. Wall then stated that he wanted to further understand House Bill 19. Mr. Curran discussed the details of the bill went over a few examples with Mr. Wall and the Board.

Mr. Poche asked Ms. Akers about the meeting with Senator Peacock regarding the Senator's interpretation of Senate Bill 4. He wanted to know how long after the meeting did she inform the Board of Senator Peacock's response. Ms. Akers stated at the last meeting the Board made a motion for her and Ms. Dees to meet with Senator Peacock and once completed then Ms. Dees was to schedule a Special Board Meeting to interview Director Candidates. Mr. Poche stated that it may have just been his interpretation that the Board would be notified of what transpired during the meeting with Senator Peacock, Ms. Dees, and Ms. Akers. Ms. Akers apologized and stated that she had notified Mr. Curran so that he would be aware that Senator Peacock confirmed that the Bill was written with the intention of G. S. Curran & Co. maintaining their current administrative role for ROVERS. Mr. Poche requested that going forward the Board be notified as soon as possible of any finding from meetings held outside of formal Board meetings.

Ms. Moorer asked if the System would have a need for G. S. Curran & Co. to continue in its current administrative role for ROVERS if House Bill 20 passed allowing ROVERS to hire a firm as Director. Ms. Akers reminded the Board that the original intention of House Bill 20 was so that G. S. Curran & Co. could be hired as the Director of ROVERS. Ms. Akers stated that she was under the impression since the Board was now aware that Senator Peacock was opposed to the actuary of the System also being the Director, the Board chose to move forward with the interview of individual candidates for Director with the intention of keeping G. S. Curran & Co. on board in their current administrative role. Mr. Curran reminded the Board that the existing contract between ROVERS and G. S. Curran & Company can be terminated with a thirty day notice. Ms. Akers reminded the Board that there would be a large learning curve for a new firm should they take over the administrative role that G. S Curran was currently providing.

Ms. Moorer then asked when the new software system for ROVERS would be finalized. Mr. Curran replied that it was completed and just a matter of Ms. Dees finding the time to fully implement the new software. He stated that Ms. Dees was currently spending most of her time dealing with legislative issues. Also, Mr. Curran suggested that if Ms. Dees finds any major changes are needed that the System wait until after legislative session to implement these changes in case the merger bill passes.

IX. Report from G. S. Curran & Company

Mr. Curran informed the Board that LASERS emailed him asking for his firm to provide ROVERS actuarial data as of June 30, 2017. He stated that the Board would need to make a decision as to whether or not they wanted to provide this information to LASERS. Ms. Moorer asked Mr. Curran about the projected cost of this

type of project. Mr. Curran stated that it would cost approximately \$1,000. Mr. DiMarco asked Ms. Akers if she had an opinion on the matter. She stated she was concerned about another system having the personal information of our members. Mr. Curran stated that he could release the information without names and social security numbers. Ms. Akers stated that if the information was not public record, then the System should wait until it was mandated. After further discussion among the Board, no action was taken on this matter.

Upon motion by Ms. Moorer and second by Ms. Menard, the Board voted unanimously to approve the reports from the System Attorney and G. S. Curran & Company.

Mr. DiMarco mentioned to the Board that Ms. Dees would be representing ROVERS in the discussions with both House of Representatives and Senators regarding the possible merger. He wanted to know whether or not the Board would like Ms. Akers to accompany Ms. Dees to these proceedings. Mr. Poche stated that Ms. Dees should be the one to determine if she would like assistance. Mr. Broussard stated that Ms. Dees may want someone with her when the Bill was heard by the committee, and she may actually need Ms. Akers and Mr. Curran to be present. Ms. Dees stated that Mr. Curran would already be in attendance, and she would also like Ms. Akers to be there as well.

Upon motion by Mr. Broussard and second by Mr. Salter, the Board voted unanimously to approve the attendance of the System Attorney along with Ms. Dees for the presentation of all legislative bills.

Regarding the hiring of a Director, Mr. DiMarco asked Ms. Dees to present to the Board a history of advertising and recruiting. Ms. Dees stated the Director position was advertised in the Advocate on June 4th and June 10th of 2017 which also included advertisements on their website. She confirmed only one application was received from this first advertisement. Then she stated that from October 1st through October 30th of 2017, the advertisement was published in the Southside, New Orleans, Acadiana, Baton Rouge and electronic editions of the Advocate. She stated that two more applications were received from the October advertisements. Ms. Dees also stated that she contacted three CPA firms on her own to determine if there was any interest in representing ROVERS; however, she never received a response from any of those firms. Also, she confirmed that she advertised the position in a national magazine, "Pensions & Investments." She stated that she did receive comments but no applications. Ms. Dees stated that one of the candidates scheduled today was there for a second interview, and the other candidate applied late. However, Ms. Dees felt she would be a strong candidate after reviewing her resume.

Mr. DiMarco stated that the Board was aware that Ms. Dees would like to retire as soon as possible and wanted to move forward with the process of finding a new Director for ROVERS. Also, Mr. DiMarco agreed with Ms. Dees that the Legislators may look upon the fact that ROVERS does not have a new Director in place as a weakness for the System and another reason to move forward with the merger.

Next, Ms. Akers stated that she wanted to address some of the issues that were brought up during the public comments period during the beginning of the meeting. She wanted to confirm that a bond is not required for a Director of ROVERS and stated that none of the other Systems have a bond. Even though it was uncommon for a retirement system to have a bond for their Director, Ms. Akers stated that Ms. Dees was working with a paralegal in her office to get quotes for a bond and that information would be presented at the April meeting. Regarding the lack of written policies and procedures, Ms. Akers stated that the Auditor informed the Board during the presentation of the report in December that new standards had been put in place, and most systems were found to be deficient in this area. Ms. Akers then referenced the comment regarding the Board Governance Manual not being in place. She stated that she created the Board Governance Manual last summer after attending the convention for National Association of Public Pension Attorneys, and to date she has no other System with a manual in place. She confirmed the draft had been created, and she was just waiting for the Board to finalize and approve.

Ms. Moorer asked the Board why a CPA firm couldn't be considered today. Ms. Menard responded stating that the law currently states that only an individual can be hired as a Director, so unless and until the law changes it cannot be a firm. Mr. DiMarco stated he understood Ms. Moorer's thinking on the matter; however, until legislation changes, only an individual may be hired as Director.

Mr. DiMarco stated that he sees Mr. Champagne's point, and he doesn't think anyone on the Board has made a decision yet. He stated that interviewing the two candidates today was just another step in moving forward toward making that decision.

Ms. Moorer asked Ms. Dees if both applicants responded to the RFP for Director by the deadline in the advertisement. Mr. Broussard answered that at the last meeting the Board made a motion to allow the interview of the two candidates. Ms. Akers informed the Board that there was no requirement of the Board to advertise for the Director position since the funds for the System are privately held.

Also, Ms. Moorer pointed out that the agenda item was to "Interview Candidates for Director" and not to "Hire a Director." Mr. DiMarco and Mr. Broussard agreed that was up to the discretion of the Board. Ms. Akers confirmed that the Board could vote to add "Hiring of a Director" as an agenda item.

VI. Interview of Candidates for Director – Executive Session

Upon motion by Mr. Salter and second by Mr. Wall, the Board voted unanimously to begin Executive Session at 2:56 p.m.

Upon motion by Mr. Broussard and second by Mr. Salter, the Board voted unanimously to exit Executive Session at 3:55 p.m.

Next, there was discussion among the Board members about possibly hiring a CPA firm if House Bill 20 passed legislation.

Upon motion by Mr. Broussard and second by Ms. Moorer, the Board voted unanimously to have Ms. Dees and the System Attorney begin due diligence on finding any Louisiana CPA and actuarial firms interested in the role of Director for ROVERS, if Representative Carpenter's House Bill 20 passes so that the findings can be reported back to the Board on April 24, 2018 and determine if any further action is required.

X. Other Business

Ms. Dees confirmed that the next meeting was scheduled for Tuesday, April 24, 2018, at 9:00 a.m. at the Renaissance Hotel in Baton Rouge.

XI. Adjourn

Upon motion by Mr. Poche and second by Mr. Wall, the Board voted unanimously to adjourn the meeting at 4:14 p.m.



St Charles ROV A <st.charlesrova@sos.la.gov>

Exhibit I.

FW: My statement

RegistrarofVoters <RegistrarofVoters@stcharlesgov.onmicrosoft.com>
To: "(st.charlesrova@sos.la.gov)" <st.charlesrova@sos.la.gov>

Fri, Mar 9, 2018 at 2:57 PM

Mr. Chairman & ROVERS Board Members,

I've told many of you that I am 10 plus years from having to worry about retiring. In the last few years as people contacted me with their retirement problems, I started to attend ROVERS meetings and read the minutes to understand what was going on.

I agree with the need for a Special Board meeting to discuss pending legislation, however why is it necessary to interview director candidates when 42 parishes are conducting Early Voting this week and pending legislation ?

When was a new RFP issued and where was it advertised to allow this new candidate to be interviewed ? How can an application be accepted after the deadline ? (January 24th minutes)

Why were previous candidates interviewed publically on November 14th and these new candidates are to be interviewed in Executive Session ?

In a recent email I was asked where I stand on ROVERS legislation ? Same place that I have clearly stated to the ROVERS Board and meetings of the ROV Association, I am for professional management of our retirement by a firm. I believe a small CPA firm would be perfect for our current and future needs. I fully support HB 20 by Rep. Carpenter to allow a firm to manage our retirement system.

Don't you and your staff review the prior day's registration reports for accuracy each morning ? Who reviews your ROVERS information for accuracy of all data entered in to their system ?

This model of a one person director managing our future is completely dysfunctional. The attorney for the ROVERS Board advised them to set policies and procedures for the director after many complaints from myself and others.

The June 30, 2017 Financial Statement and Compliance Audit states on page 24:**Written Policies and Procedures:**

The System does not have written policies and procedures over budgeting, purchasing, disbursements, receipts, payroll, contracting, travel and expense reimbursement, and ethics.

This is why I supported the ROV Association Board's public records request for documents from ROVERS.

I do not see on Monday's Agenda items for a **contract or a policy** for the new director to follow. Isn't it wrong to hire someone without them knowing what duties and responsibilities they are to perform ?

Will the new director be bonded according to law unlike our current director ? What about a confidentiality agreement for our records?

This whole transfer from our current director to someone else has been poorly thought out and implemented, just read the minutes.

Cur records should be in good accounting order and verified by another employee. This should be a seamless transition now or in the future if another director or firm has to takeover.

Hopefully a new director or **firm** would be more diligent in performing the following:

- pay all quarterly taxes on time to IRS (IRS assessed ROVERS costly penalties)

- make sure credit cards are paid on time to not incur repeated late fees

- within 30 days remind the state, parish, registrar or employee to restart their retirement deduction after completing DROP if they continue to work

- send retirees monthly checks on time

- use every list available from SOS and ROV Assoc. to verify who is employed by each parish (each ROV should have to attest semiannually to all state and parish employees in their office)

- ensure all payroll deductions are correctly collected from each parish (the ledger provided to the ROV Association has no indication which parish the payment is from)

- ensure all ad volorem taxes are collected from each parish (ROVERS settled with a very large parish who stiffed us on ad volorem taxes)

- make sure DROP annuity payments are distributed for the correct amount of years (keep your record of payment)

- respond to phone calls, problems or concerns timely

- make sure you give accurate retirement calculations (the ROVERS Board voted that the actuary may charge 150.00 for a calculation – November 14, 2017 minutes)



St Charles ROV A <st.charlesrova@sos.la.gov>

Exhibit II.

Fwd: Fw: Was Ad for Director ran in LA CPA Magazine ?

Calcasieu ROV <calcasieurov@sos.la.gov>
 To: SOS-ROV <sos-rov@sos.la.gov>

Sat, Mar 10, 2018 at 2:46 PM

----- Forwarded message -----

From: **ANGIE QUIENTALTY** <ANGIEQUI@msn.com>
 Date: Sat, Mar 10, 2018 at 2:39 PM
 Subject: Fw: Was Ad for Director ran in LA CPA Magazine ?
 To: "calcasieurov@sos.la.gov" <calcasieurov@sos.la.gov>

Forwarded on Bryan's request.

From: Brian Champagne <bchampagne10@yahoo.com>
Sent: Saturday, March 10, 2018 2:29 PM
To: Brian Champagne
Subject: Was Ad for Director ran in LA CPA Magazine ?

Everyone,

Was Ad for Director ran in LA CPA Magazine ?

Maybe an accountant would have applied.

A CPA is licensed by a State Board. A CPA firm may cost a little more than a director and assistant, but they are held to standards to protect their clients. The physical cost of an office would be absorbed by the firm. Our records would be secure.

The ROVERS Board requested HB 20 so a firm could manage ROVERS. Why the change of course ?

Why would you hire a bookkeeper over a CPA to manage a \$90 million retirement system ?

LA Society of CPA link: Society of Louisiana CPAs

Society of Louisiana CPAs

LA Society of CPA magazine *Lagniappe* link: Advertising - Society of Louisiana CPAs

Advertising - Society of Louisiana CPAs

State Board of Certified Public Accountants of Louisiana link: State Board of Certified Public Accountants | State Board of Certified Public Accountants of Louisiana | Your source for State Board Certified CPA's in Louisiana

State Board of Certified Public Accountants | State Board of Certified Publ...

The State Board of CPAs of Louisiana is a state agency. CPAs, like most other government licensed professionals,...

Requirements to get CPA license link: State Board of Certified Public Accountants | State Board of Certified Public Accountants of Louisiana

State Board of Certified Public Accountants | State Board of Certified Public Accountants of Louisiana

The State Board of CPAs of Louisiana is a state agency. CPAs, like most other government licensed professionals,...

Thanks,

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