

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
December 11, 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 9:11 a.m.

II. Invocation and Pledge of Allegiance

Mr. Joe Salter offered an invocation, and Senator Kirk Talbot led the Pledge of Allegiance.

III. Roll Call

Ms. Kathy Bourque then called the roll. Board members present were: Mr. Robert Poche, Ms. Joanne Reed, Ms. Amy Matthews (Mr. John Broussard's designee), Mr. Joe Salter, Ms. Billie Meyer, Ms. Shanika Olinde, and Mr. Brian Champagne. Mr. Dwayne Wall and Representative Michael Firment were absent. A quorum was present. Others present included: Ms. Kathy Bourque (System Director); Ms. Rebecca Wisbar (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); Mr. Greg Curran and Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd.); Ms. Linda Rodrigue (Retiree); and Rhonda Rogers (Terrebonne ROV).

IV. Public Comments

Mr. Robert Poche announced that he would be retiring as a Board member effective at the end of the meeting. Ms. Bourque explained that since his term was set to expire as of December 31, 2021, the Board could appoint a qualified member to take his place. Ms. Meyer stated that Ms. Menard expressed that she would be interested in returning to the Board.

V. Review and Approval of Minutes

Upon motion by Ms. Reed and second by Ms. Meyer, the Board voted unanimously to approve the minutes from the September 11, 2020, meeting.

VI. Report from Duplantier, Hrapmann, Hogann, & Maher, L.L.P.

Ms. Cunningham presented the financial statement and compliance audit report for the Registrars of Voters Employees' Retirement System (ROVERS) for the year ending June 30, 2020. On page 2 and 3, she covered the management's and auditor's responsibilities. Ms. Cunningham stated that ROVERS received an unmodified opinion. She explained that there were no significant deficiencies that were material weaknesses in internal control. She added that there were no violations of laws and regulations that had a direct and material effect on the financial statements.

Ms. Cunningham reviewed the emphasis of matter paragraph which puts emphasis on a topic that the auditor wants the reader to be aware of, and in this case it was the Total Pension Liability. She noted that the Total Pension Liability was now included in the footnotes. She confirmed that the Total Pension Liability which was based on actuarial assumptions totaled \$129,157,737 as of June 30, 2020.

On page 10 of the report, Ms. Cunningham confirmed that there were no uncorrected misstatements, no difficulties encountered in performing the audit, and no disagreements with management. Also, she stated that there was no management letter for the year ending June 30, 2020.

Next, Ms. Cunningham reviewed the Condensed Comparative Statement of Fiduciary Net Position (balance sheet) which showed that the System's total assets as of June 30, 2020, were \$107,780,141 versus \$104,677,495 as of June 30, 2019.

On page 20, the Net Pension Liability of Employers, showed information from the last 6 years, including the discount rate used, Expected Real Rates of Return, Money Weighted Rate of Return, Total Pension Liability, Plan Fiduciary Net Position, and the Employers' Net Pension Liability. She noted that the Total Net Pension Liability as of June 30, 2014, was \$103,598,305 and as of June 30, 2020, it was \$129,157,737.

Then, Ms. Cunningham stated that the GASB 67 requires Census Data Testing. She added that they did testing on LaSalle Parish, St. Landry Parish, Evangeline Parish, West Baton Rouge Parish, Rapides Parish, St. Mary Parish, and the State of Louisiana. Ms. Cunningham stated that LaSalle Parish did not provide documentation of controls surrounding their payroll process so her firm was unable to test eligibility, hours worked and pay authorization. For St. Landry Parish, she noted that two employees' hire date per the System and actuary did not agree to the hire date per the employer. Ms. Cunningham stated that St. Mary Parish did not provide the necessary information needed to perform procedures relating to eligibility, salaries reported, hours worked, pay rate approval, eligible wages, remittance reports, and personnel file information. Ms. Cunningham did however confirm that Evangeline Parish, West Baton Rouge Parish, Rapides Parish and the State of Louisiana had no findings.

Ms. Bourque informed the Board that she reached out to the parishes and either received no information or could not get them to return her call. She stated that she would speak with the System's Attorney regarding how to proceed with handling these issues. Ms. Cunningham suggested that those same parishes be audited again next year. Mr. Poche suggested that the System Attorney address any correspondence to the Parish President.

Upon motion by Ms. Meyer and second by Mr. Poche, the Board voted unanimously to approve the Audit report given by Ms. Cunningham from Duplantier, Hrapmann, Hogan and Maher, L.L.P.

VII. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth first reviewed the 2020 third quarter performance ending September 30, 2020. He stated that broad asset class returns were positive in the third quarter continuing their rebound from the second quarter. He also stated that the U.S. stock market was up right under 9% which was measured by the S&P 500. Mr. Breth stated that there was an outperformance in the third quarter from large caps over small cap stocks.

Regarding the asset allocation, Mr. Breth stated that the portfolio was in line with the exception of being slightly overweight in U.S. equities and underweight in real estate; however that was pending the J.P. Morgan investment. Mr. Breth confirmed that the market value at the beginning of the fiscal year was approximately \$107.4 million on July 1, 2020, and the ending value on September 30, 2020, was \$112.4 million. He stated that ROVERS was up 5.93% for the third quarter. He stated that equities continue to drive outperformance in the portfolio. Mr. Breth did mention that Westfield Capital did underperform a bit but nothing that would suggest any changes. Mr. Breth reminded the Board that Dodge & Cox had previously been removed as an international equity from the portfolio. Mr. Breth also reminded the Board that Templeton had been removed as a global bond from the portfolio.

Next, Mr. Breth discussed the investment performance through October 31, 2020. He stated that October was a tough month for the stock market mainly due to a spike again in coronavirus cases and lack of a stimulus package. He stated that the total account value on October 31, 2020, was \$109,295,741. He stated that there has been a more consistent move

towards small cap and large cap stocks performing better. Mr. Breth pointed out that the fund was now properly allocated with the recent funding from the JP Morgan Real Estate Fund.

Then, Mr. Breth discussed the Fidelity Index Funds versus the Vanguard Index Funds. He stated that our goal was to capture broad exposure with low cost. He explained that Fidelity was similar to the Dow Jones total stock market where as Vanguard was similar to the U.S. total stock market. Mr. Breth stated that with Vanguard, ROVERS was currently paying three basis points but with Fidelity, ROVERS could cut that fee in half. He further explained that there were no structural differences in the two portfolios but a significant difference in costs to the System. Mr. Breth recommended replacing both Vanguard U.S. Total Index and Vanguard International Index with the Fidelity Total Market Index Fund and Fidelity International Index Fund which was approximately \$24 million as of October 31, 2020. Ms. Matthews stated that she had concerns with the switch to the Fidelity Total International Index Fund and discussed those with Mr. Breth.

Upon motion by Mr. Poche and second by Mr. Salter, the Board voted unanimously, with Ms. Matthews abstaining, to approve the replacement of the Vanguard U.S. Total Index Fund with the Fidelity Total Market Index Fund and the replacement of Vanguard International Index Fund with the Fidelity Total International Index Fund as recommended by AndCo Consulting.

Lastly, Mr. Breth discussed the updated Investment Policy Statement. He stated that the target rate of return set by the actuary needed to be updated to 6.4% instead of 6.5% and the information pertaining to the number of active participants and retired members needed to be removed since that numbers would change.

Upon motion by Ms. Meyer and second by Ms. Reed, the Board voted unanimously to authorize both the System Attorney and Actuary to review the suggested language changes to the Investment Policy Statement that were presented by AndCo Consulting.

Upon motion by Ms. Olinde and second by Ms. Meyer, 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 September 30, 2020, with a total asset balance of \$110,864,832 and pointed out that 41% of the portfolio was invested in domestic equities.

Next, Mr. Reynolds presented the Members' Supplemental Savings Plan Investment Performance Review for November 30, 2020, totaling \$682,673.00. 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 the Schwab International Small-Cap Fund was added to the portfolio in August and had been a top performing equity fund in the last two quarters.

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

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

Ms. Wisbar reminded the Board that Senator Talbot had agreed to sponsor a bill to reduce the ten year creditable service requirement for board member eligibility to five years of creditable service and also increase the term limits from two consecutive to three consecutive term limits. Ms. Wisbar updated the Board and explained that everything was in place to move forward with approving legislation.

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

X. Report from G. S. Curran & Company

Before Mr. Curran began his presentation, Ms. Bourque announced that the presentation on the Actuarial Valuation report would count as one hour of continuing education for actuarial science for those that needed it. She asked for those individuals to please sign in on the sheet she prepared in order for her to keep record of those in attendance.

Mr. Curran reviewed the System's Actuarial Valuation Report as of June 30, 2020. Mr. Curran stated that PRSAC would be meeting in January and after that the Board would need to make a decision on the Employer Contribution Rate for 2022.

Upon motion by Ms. Olinde and second by Mr. Poche, the Board voted unanimously to approve the 2020 Funding Valuation Report as given by Mr. Greg Curran from G. S. Curran & Company.

Next, Mr. Curran discussed the Members' Supplemental Savings Fund Report as of June 30, 2020. He explained that once a year the interest earned on this account was allocated to every member that had a balance. Mr. Curran also stated that Ms. Bourque would be mailing out a member statement in the near future.

Upon motion by Ms. Meyer and second by Ms. Reed, the Board voted unanimously to approve the Members' Supplemental Savings Fund Report ending June 30, 2020 as given by Mr. Greg Curran from G. S. Curran & Company.

X. Director's Report

Ms. Bourque informed the Board that the financials through September 30, 2020, were included in their meeting packets.

Ms. Bourque then discussed the policy for having a deadline for the submission of all retirement applications. She stated that the current applications for Regular Retirement and DROP indicate that the application must be received thirty days in advance of the date of retirement or DROP entry. Ms. Bourque explained that a thirty day notice is needed for DROP because once that application is received; she had to notify both state and parish so that they could stop that member's employee contributions. She stated that there really was never a policy for the retirement application. Ms. Bourque stated that she consulted with both the System Attorney and System Actuary to adopt wording for policy submission guidelines for both regular retirement and DROP applications and the below wording was developed.

"If a written application for any benefit is received by the ROVERS office within ninety days of the requested effective date, benefits shall be paid retroactive to the date of becoming eligible therefor. If an application for any benefit is received by the ROVERS office after ninety days of the date the applicant's requested effective date, benefits shall be paid only from the date the application is received by the ROVERS office. This provision is prospective only; not retroactive. All of the foregoing subject to approval by the Board as to each applicant."

"The application for DROP entry must be received thirty days in advance of the date of DROP entry. Please note that the DROP period may not exceed three years. Once the DROP period has been specified, the election is irrevocable. If you elect to participate in DROP for less than three years, you may not extend the period of DROP participation. You may exit DROP before the specified date only if you terminate service with ROVERS and retire."

Upon motion by Ms. Meyer and second by Mr. Salter, the Board voted unanimously to approve the adoption of the ninety day policy for the regular retirement application and the thirty day policy for the DROP application as stated above both effective January 1, 2021.

Next, Ms. Bourque discussed the 2021 tentative board meeting schedule. After discussion among the Board, the dates were set for March 3, 2021, April 23, 2021, July 23, 2021 and November 18, 2021.

Upon motion by Ms. Reed and second by Senator Talbot, the Board voted unanimously to accept the tentative Board meeting dates as presented above by Ms. Bourque.

Ms. Bourque reminded the Board that the meeting packets consisted of a list of retirements, DROPS, refunds, new members, deaths, transfers, and terminated members.

Upon motion by Mr. Poche and second by Mr. Salter, the Board voted unanimously to accept the Director's report.

XI. Other Business

The Board discussed Mr. Poche's resignation from the ROVERS Board.

Upon motion by Ms. Olinde and second by Ms. Meyer, the Board voted unanimously to amend the agenda to add the discussion and action related to the resignation of Mr. Robert Poche as a trustee of the ROVERS Board.

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to accept the resignation of Mr. Robert Poche as a trustee of the ROVERS Board effective at the end of this meeting on December 11, 2020.

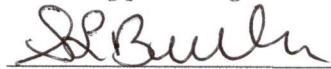
Upon motion by Ms. Meyer and second by Mr. Salter, the Board voted unanimously to amend the agenda to add the discussion and action related to appointing a member to replace Mr. Poche for the remainder of his term.

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to appoint Ms. Charlene Menard to complete the unexpired term of Mr. Robert Poche as a trustee of the ROVERS Board.

XII. Adjourn

Upon motion by Mr. Poche and second by Mr. Salter, the Board voted unanimously to adjourn the meeting at 12:04 p.m.

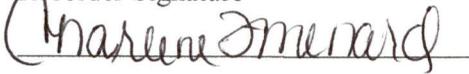
**These minutes are meant to provide readers with a summary of what took place during the meeting and are not intended to be verbatim transcription. They are in compliance with R.S. 42:20. The signatures that follow simply denote that these minutes were approved by the Board of Trustees as a reasonable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



03-03-2021

Recorder Signature

Date



3-3-2021

Chairman Signature

Date