

Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
September 14, 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 September 14, 2021.

I. Call to Order

Ms. Menard called the meeting to order at 1:04 p.m.

II. Invocation and Pledge of Allegiance

Mrs. Joanne Reed offered an invocation, and Mr. Joe Salter led the Pledge of Allegiance.

III. Roll Call

Ms. Kathy Bourque called the roll. Board members present: Mr. John Broussard, Ms. Billie Meyer, Mrs. Shanika Olinde, Ms. Charlene Menard, Mrs. Joanne Reed, Mr. Joe Salter, Senator Kirk Talbot. Representative Michael Firman, Mr. Brian Champagne, and Mr. Dwayne Wall were absent. A quorum was present. Others present included: Ms. Kathy Bourque (System Director); Mr. Greg Curran & Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd); Mr. Jon Breth (Investment Consultant, AndCo Consulting); Mrs. Rebecca Wisbar (Legal Counsel); Mrs. Cynthia Averette (representing the Custodian of Assets, Hancock Whitney); Mr. Joey David (House Retirement); Mr. Marko Komarynsky (Trivalent Investments, Victory Capital Investment Franchise); Mr. David McElroy (Driehaus Capital Management).

IV. Public Comments

Ms. Menard read a statement from Mr. Brian Champagne, which requested to postpone the September 14, 2021, Board of Trustees meeting for the following reasons: State offices were closed due to the threat of severe weather associated with Tropical Storm Nicholas and the revised agenda was not emailed to all Registrars. Mr. Champagne also requested that all personnel matters on the agenda be postponed until the next scheduled meeting.

Discussion was held regarding the statue and practices for posting of notice of public meetings. It was determined that the meeting notice was posted in a timely manner as stated in the statute, however, an email was not sent to all Registrar of Voters per system practice.

Upon discussion regarding Mr. Champagne's request to postpone all personnel matters until next meeting, Mrs. Wisbar advised that there was no reason to delay action related to ROVERS health insurance policy for employees because there was no mechanism for the system to implement a policy for one employee.

Upon motion by Mr. Broussard and second by Ms. Meyer, the Board voted to unanimously approve to table Items VII. b. Discussion and action related to ROVERS Annual Director and Employee Performance Review Form and VII. c. Discussion and action related to ROVERS leave policy for employees until next meeting.

Review and Approval of Minutes

Upon Motion by Ms. Meyer and second by Mrs. Reed, the Board voted unanimously to approve the minutes from the June 8, 2021, and June 9, 2021, board meetings as presented.

V. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth presented the Investment Performance Review for the second quarter period ending June 30, 2021. The total market value as of June 30, 2021, was \$133,512,187 which was up 6.29% for the second quarter and up 26.77% for the fiscal year to date.

Mr. Breth presented the Investment Performance Review Monthly Flash Report for period ending July 31, 2021. The total market value as of July 31, 2021, was \$132,283,653 which was up 1.05% for the month.

Mr. Breth reminded the Board that his recommendation from the last meeting was to have Driehaus Capital Management and Pear Tree Advisors make a presentation for consideration. He informed the Board that since the last meeting, Pear Tree Advisors did not want to make an in-person interview so he updated his recommendation to Driehaus Capital Management and Victory Capital Management.

Presentation counts for 1 hour of continuing education for investment training as per R.S.11:185

Mr. Marko Komarynsky, of Trivalent Investments gave a presentation on the Victory Capital Investment Franchise. He explained that Victory Capital was a diversified global asset management firm with \$161.9 billion in assets under management as of June 30, 2021. Mr. Komarynsky stated that the company operated a next-generation business model that combined boutique investment qualities with the benefits of a fully integrated, centralized operating and distribution platform. He reviewed their investment process and explained that the key return drivers were quality, valuation and business momentum.

Next, Mr. David McElroy, Senior VP of Institutional Sales, gave a presentation for Driehaus Capital Management. Mr. McElroy stated that Driehaus was an independent investment advisor managing active investment strategies on behalf of professional investors. He explained that the firm was structured as a multi-boutique with four distinct investment teams sharing common business services and currently had \$12.8 billion in assets under management.

After both presentations were completed, Mr. Breth recommended hiring Driehaus Capital to manage approximately 5% or \$6 million of the existing international small cap equities commingled investment trust (CIT). The funds would come existing investments from Fidelity Total International Index and Virtus Vontobel Foreign Opportunity Fund. Mr. Breth confirmed that it would cost less to use the commingled investment trust versus the mutual fund vehicle.

Upon motion by Senator Talbot and second by Mrs. Reed, the Board voted unanimously to hire Driehaus Capital to manage approximately \$6 million in international small cap equities commingled investment trust fund as recommended by AndCo Consulting.

Upon Motion by Mrs. Olinde and second by Mrs. Meyer, the Board voted unanimously to accept Mr. Breth's reports as given.

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

Mrs. Wisbar advised that ROVERS no longer had pending legislation. She confirmed that House Bill 13 of the legislative session had become law effective July 1, 2021. She stated that the law reduced the ten-year creditable service requirement for board member eligibility to five-year creditable service and increased the term limits from two consecutive years to three consecutive years.

Next, Mrs. Wisbar clarified that after discussions regarding insurance policies for ROVERS' employees with Ms. Bourque and Mrs. Michelle Cunningham, CPA with DHHM, it was discovered there was no mechanism in place to offer health insurance to ROVERS employees as it is today.

Mrs. Wisbar then advised that the contract approved by the Board at the June 9, 2021, meeting between ROVERS and Akers and Wisbar, had been signed and completed. She confirmed that the contract would be effective January 1, 2022.

VII. Report from G. S. Curran & Company

Presentation counts for 30 minutes of continuing education for actuarial science as per R.S.11:185

Mr. Curran presented the Board with projected figures regarding the valuation interest rate assumptions to be used in the fiscal year 2021 valuation. He stated that the estimated return on the smoothed actuarial value of assets was 10.9% given the estimated 2021 market return. He explained that the return figure exceeded the assumed rate of return of 6.4% in effect for Fiscal 2021 and was expected to result in a reduction in the normal accrual rate of nearly 4%. Mr. Curran advised that although ROVERS was expected to experience a sizable reduction in the normal cost accrual rate within the Fiscal 2021 valuation based upon the expected gains, a reduction would cause the normal cost accrual rate to increase. Mr. Curran also stated that the Board may have the ability to further lower the assumed rate and still see a reduction in the minimum recommended employer contribution rate. He expressed that all board decisions affect the employer contribution rate along with the ability to add funds to the Funding Deposit Account. Mr. Curran stressed that he does not believe that the Board was in anyway required to further lower the valuation interest rate at that time.

Upon motion by Mr. Broussard and second by Mrs. Reed, the Board voted unanimously to lower the valuation interest rate from 6.4% to 6.25% as recommended by the Actuary, G. S. Curran & Company, Ltd.

VIII. Presentation by Hancock Whitney

Mrs. Averette advised that currently Ms. Bourque was the only authorized signer on the Trust Account at Hancock Whitney. She recommended ROVERS have two authorized signers, with one being the Director and one being the Chairman/Chairwoman of the Board.

Upon motion by Mr. Salter and second by Mr. Broussard, the Board voted unanimously to add Chairwoman, Charlene Menard as an authorized signer on the Trust Account at Hancock Whitney.

Mrs. Averette explained that the Hancock Whitney Trust Department required approval to renew the authorization of the standing order for routine payments to vendors without having to conduct a call back to ROVERS after the bank received approval for payment from Ms. Bourque.

Upon motion by Mr. Broussard and second by Mr. Salter, the Board voted unanimously to approve the authorization of the standing order for routine payments to vendors without having to conduct a call back to ROVERS after the bank received approval for payment from Ms. Bourque.

Mrs. Averette directed the Board's attention to the Custodian Report. She reviewed the breakdown of assets for the period ending June 30, 2021, with a total asset balance of \$130,659,862.

Mrs. Averette presented the Members Supplemental Savings Plan Investment Performance Review for June 30, 2021, totaling \$604,987. She stated that during the 2nd quarter of 2021, \$70,362.16 was distributed to retirees bringing the distributions for the fiscal year of 2021 to \$111,941.04.

Upon motion by Ms. Meyer and second by Mrs. Reed, the Board voted unanimously to accept the report from Hancock Whitney.

IX. Director's Report

Ms. Bourque presented the Board with the financials through June 30, 2021.

Ms. Bourque informed the Board that two qualified nominations were received from Ms. Charlene Menard and Mr. Dwayne Wall to fill the expiring terms on December 31, 2021. She confirmed the terms for Mrs. Menard and Mr. Wall would begin on January 1, 2022, and last through December 31, 2025.

Ms. Bourque distributed a report which included a list of recent retirements, DROPS, refunds, new members, deaths, and transfers in and out of ROVERS since the last meeting. She also stated that a copy of the Louisiana Retirement Systems Act 1004 Quarterly Report Summary for the period ended September 30, 2021, was included in the meeting packet.

Upon motion by Ms. Meyer and second by Mrs. Reed, the Board voted unanimously to accept the Director's Report.

X. Other Business

Ms. Bourque stated that the next board meeting was scheduled for Tuesday, December 7, 2021, at 9:00 a.m.

XI. Adjourn

Upon motion by Ms. Meyer and second by Mrs. Olinde, the Board voted unanimously to adjourn at 3:35 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.*

Director Signature

Date

Chairman Signature

Date