

Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
December 7, 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 9:07 a.m.

II. Invocation and Pledge of Allegiance

Ms. Shanika Olinde offered an invocation, and Mr. Dwayne Wall led the Pledge of Allegiance.

III. Roll Call

Ms. Kathy Bourque called the roll. Board members present: Mr. John Broussard, Ms. Billie Meyer, Ms. Shanika Olinde, Ms. Charlene Menard, Ms. Joanne Reed, Mr. Joe Salter, Senator Kirk Talbot, Mr. Brian Champagne, and Mr. Dwayne Wall. Representative Michael Firman was 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. Denise Akers (Legal Counsel); Mrs. Cynthia Averette and Mr. Walker Reynolds (representing the Custodian of Assets, Hancock Whitney); Ms. Michelle Cunningham and Mr. Garrett Orgeron (representing Auditor, Duplantier, Hrapmann, Hogan, & Maher, LLP); (representing Mr. Joey David (House Retirement); Mr. Kenny Herbold (representing Actuary from Louisiana Legislative Auditor); Mr. Christopher Rousselle (ROVERS Retiree).

IV. Public Comments

Pertaining to agenda item X. c. Discussion and action related to rehired retiree and offset to benefit, the Board's Attorney suggested moving the item up on the agenda since the member was in attendance.

Upon Motion by Ms. Olinde and second by Mr. Salter, the Board voted unanimously to move up agenda item X. c. Discussion and action related to rehired retiree and offset to benefit.

Per Ms. Akers, the Attorney General opinion 18-0144 allows an Attorney Client Privilege exception in this situation.

Upon motion by Ms. Meyer and second by Ms. Reed, the Board voted unanimously to enter Executive Session to discuss agenda item X. c. at 9:11 a.m.

Upon motion by Ms. Meyer and second by Mr. Salter, the Board voted unanimously to exit Executive Session at 9:41 a.m.

Ms. Bourque announced that Representative Phillip DeVillier was in attendance. Representative DeVillier introduced himself to the Board and stated that he was the newly appointed Chair for retirement.

Ms. Akers, the Board's Attorney, continued the discussion regarding agenda item X. c. She explained to the Board that it was within their province to interpret certain language under title 11:2078 B so that a calculation could be determined, and a decision could be determined.

Ms. Bourque asked Mr. Rousselle if he wanted to address the Board. Mr. Rousselle introduced himself to the Board and explained his current situation regarding returning to work with the Registrars office after retiring from the ROVERS. He explained that he was recently notified by the retirement system that he worked too many hours. Mr. Rousselle stated that he was not aware that this law existed or that he had worked too many hours in 2020 until he was contacted by Ms. Bourque. He stated that Registrars should be held accountable, and he should have been made aware of the number of hours he could have worked to prevent this issue from occurring.

Ms. Akers mentioned that the Board discussed different options for interpreting how to reduce the number of hours to work on a pro rata basis. She stated that the Board wanted to take the interpretation that was most favorable to Mr. Rousselle. Ms. Akers explained that Mr. Rousselle could have worked 480 hours in 2020 and then he could have worked another 480 hours in 2021.

Upon motion by Ms. Meyer and second by Ms. Reed, the Board voted unanimously to interpret statue 11:2078 B (1) to mean only reducing on a pro rata basis when a member is not able to work that initial six-month period.

Next, Ms. Akers stated that the Board had the right to determine the period in which the overpayment must be made. She stated that the Attorney General's opinion that says the overpayment must be collected at least as quickly as it occurred. Ms. Akers explained that the overpayment occurred over a two-month period. She also stated that the correction would be done after a thirty-day notice was sent to Mr. Rousselle via certified mail. Mr. Curran confirmed that the overpayment without being pro-rated was \$1,864.30. Ms. Akers stated that if the Board agreed to collect the overpayment over a two-month period then that would be \$932.15 per month for two months.

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to approve the recoupment of the overpayment from Mr. Christopher Rousselle by reducing his monthly retirement benefit by \$932.15 on February 1, 2022, and \$932.15 on March 1, 2022, for a total overpayment of \$1,864.30.

V. 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 September 14, 2021, board meetings as presented.

VI. Report from Duplantier, Hrapmann, Hogan, 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, 2021. 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 \$136,928,227 as of June 30, 2021.

Next, Mr. Orgeron reviewed the Condensed Comparative Statement of Fiduciary Net Position (balance sheet) which showed that the System's total assets as of June 30, 2021, were \$133,820,305 versus \$107,780,141 as of June 30, 2020.

On page 19, the Net Pension Liability of Employers, showed information from the last 7 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. He noted that the Total Net Pension Liability as of June 30, 2014, was \$103,598,305 and as of June 30, 2021, it was \$136,928,227.

Then, Mr. Orgeron stated that the GASB 67 requires Census Data Testing. He added that they did testing on LaSalle Parish, Assumption Parish, Iberville Parish, St. James Parish, St. Martin Parish, St. Mary Parish, and the State of Louisiana. He reminded the Board that LaSalle Parish was one that had to be revisited from the previous year because they did not provide the proper records. Mr. Orgeron stated that this year LaSalle Parish did not provide documentation of processes and controls surrounding their payroll system. For St. Mary Parish, Mr. Orgeron stated that they did not provide documentation of controls surrounding their payroll system, one birthdate did not agree per the System and Actuary file, and three employees' hire dates did not agree per the System and the Actuary's file. He reminded the Board that St. Mary Parish was also a revisited parish from the previous year. Mr. Orgeron did however confirm that Assumption Parish, Iberville Parish, St. James Parish, St. Martin Parish, or the State of Louisiana had no findings.

Upon Motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to accept the Auditor's report as given by Ms. Cunningham and Mr. Orgeron from Duplantier, Hrapmann, Hogan and Maher, L.L.P.

VII. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth presented the Investment Performance Review for the third quarter period ending September 30, 2021. He explained to the Board that in the month of September the market was affected by concerns of the delta variant and rising inflation. He stated that this caused the S&P to increase as well as large caps whereas mid-caps and small caps stocks saw underperformance in that quarter.

Regarding asset allocation, Mr. Breth confirmed that the portfolio was in line as the third quarter ended. The total market value as of September 30, 2021, was \$133,144,778 which was up 0.57% for the third quarter and fiscal year to date. He stated that Eagle Capital was currently the best performing manager.

Mr. Breth informed the Board that Driehaus was added to the portfolio and approximately \$6 million was added at the end of November. In order to add Driehaus to the portfolio, Mr. Breth reminded the Board that Fidelity was reduced by \$2.9 million and Vontobel was reduced by \$3.1 million.

Mr. Breth presented the Investment Performance Review Monthly Flash Report for period ending October 31, 2021. The total market value as of October 31, 2021, was \$136,410,615 which was up 2.8% for the month and 3.4% fiscal year to date. He stated that we are still seeing lots of volatility in the markets right now, however the

last quarter was off to a good start. Mr. Breth stated that November had also been a good month until the last week which was due to the omicron variant of COVID.

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

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

A break was taken at 10:40 a.m., and the meeting resumed at 10:52 a.m.

VIII. Presentation by Hancock Whitney

Ms. Averette directed the Board's attention to the Custodian Report. She reviewed the breakdown of assets for the period ending September 30, 2021, with a total asset balance of \$131,342,910.

Mr. Walker presented the Members Supplemental Savings Plan Investment Performance Review for September 30, 2021, totaling \$578,433. He stated that as of the third quarter of 2021, the total number of distributions for the fiscal year of 2021 was \$117,496.94. He reminded the Board that the main objective of the portfolio was to protect principal.

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

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

First, Ms. Akers discussed pending legislation. She stated that one of her other clients plans to introduce legislation which would remove them from the reverse transfer option. Mr. Curran agreed that ROVERS should also want to be removed from the reverse transfer option. He stated that when it was created there was special legislation done for this option causing great actuarial risk. Mr. Curran stated that this has happened in other Systems but not in ROVERS. Ms. Akers confirmed that the System's Actuary, Director, and Attorney all recommend that ROVERS vote to opt into this legislation to be removed from the reverse transfer option.

Upon motion by Mr. Broussard and second by Mr. Wall, the Board voted to unanimously approve to opt into the legislation to be removed from the reverse transfer option.

Next, Ms. Akers discussed the ROVERS annual Director and employee performance review form. She stated that the review form was created and included in their meeting packet. Ms. Reed discussed expectations and wondered if Ms. Bourque knew exactly what was expected of her prior to the Board completing a performance review. Ms. Akers suggested that the Director send her job duties to the Board then from that list of duties the Board could determine expectations for the Director on an annual basis. Mr. Broussard gave examples of expectations used on performance reviews at his workplace. After discussion among the Board, it was determined that Ms. Bourque would create a list of job duties and then submit the list, so that the Board could create written expectations for her annual performance review. Ms. Bourque confirmed she would request a list of duties from her employee and then she would create written expectations based on that list for her employee's annual performance review. Ms. Akers confirmed that this agenda item would be deferred until job duties lists were created.

Upon motion by Ms. Meyer and second by Mr. Salter, the Board voted to unanimously table agenda item IX. b. Discussion and action related to ROVERS Annual Director and Employee Performance Review Form until job duties lists were created by the Director and her employee.

Ms. Akers then discussed the ROVERS leave policy for employees which was included in the meeting packet. She stated that Ms. Bourque assisted in creating this policy. Ms. Bourque stated that she started with the civil service policy as a guideline. Mr. Broussard stated that this policy was similar to other statewide policies.

Upon motion by Ms. Meyer and second by Mr. Broussard, the Board voted to unanimously approve the ROVERS Leave Policy for employees.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted to unanimously accept the report given by Ms. Akers.

X. 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 directed the board's attention to the System's Actuarial Valuation Report as of June 30, 2021. He reviewed the census summary breaking down active members, retired members, survivors, terminated members due a deferred benefit, and terminated members due a refund.

Mr. Curran reminded the Board that the employer contribution rate can be set at a higher rate than the minimum rate that the actuarial valuation determines. He stated that if the rate were set higher and extra funds were collected then those funds could be placed in the funding deposit account which ROVERS currently uses to fund COLAs. Mr. Curran stated that the funding deposit account was excluded when calculating the employer rate.

Mr. Curran explained that the difference in the actuarial value of assets \$118,170,783 and market value of assets should be seen as protection for the future. He said the value of assets had been smoothed and all the gains from 2021 had not been included which would allow the System to enter 2022 with gains to unfold.

Mr. Curran reminded the Board that ROVERS does not have an unfunded liability and instead the cost of paying benefits are spread over the working lifetime of the members. He also reminded the Board that the current employer rate was 18% and that the new minimum rate for fiscal year 2023 would be 11% which was down from 13% for fiscal year 2022. After the completion of the valuation and the PRSAC meeting, Mr. Curran confirmed that the Board would need to set an employer rate for fiscal year 2023 between 18% and 11%. Next, Mr. Curran reminded the Board that they had previously voted to lower the valuation interest rate from 6.4% to 6.25% within the fiscal 2021 actuarial valuation. On page nine of the report, he pointed out that the System earned net actuarial investment income totaling \$4,708,743 more than the actuarial assumed earnings rate of 6.4% in effect for fiscal 2021. He also stated that the surplus in earnings produced an actuarial gain, which decreased the normal cost accrual rate by 3.3%.

Mr. Curran reminded the Board that the last COLA was given in January 2021 so the earliest the next COLA could be granted would be in January 2024. He explained that the cost of the 2021 COLA was taken from the funding deposit account at a cost of \$1.5 million.

Upon motion by Ms. Meyer and second by Ms. Olinde, the Board voted unanimously to approve the actuarial valuation report as of June 30, 2021, as presented by the System's Actuary, Mr. Greg Curran from G. S. Curran & Company, Ltd.

Regarding Member's Supplemental Savings Fund (MSSF), Mr. Curran stated that the accounts had been updated with interest through June 30, 2021, and the information was available if anyone had questions regarding their balance. Ms. Bourque confirmed that she would be sending out MSSF statements in the near future.

XI. Director's Report

Ms. Bourque presented the Board with the financials through September 30, 2021. Ms. Bourque reviewed the 2022 tentative board meeting schedule with the following meeting dates: Tuesday, February 8, 2022; Tuesday, May 24, 2022; Tuesday, August 16, 2022; and Tuesday, November 16, 2022. The Board decided to move the next meeting to Wednesday, March 9, 2022, at 9:00 a.m. This would mean the meeting would occur after the PRSAC meeting.

Ms. Bourque stated that she would confirm LATEC conference dates once she received them and stated that LAPERS tentative dates were September 18-20, 2022.

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

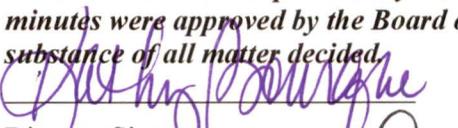
XII. Other Business

Ms. Bourque confirmed that the next board meeting was scheduled for Wednesday, March 9, 2022, at 9:00 a.m. in Baton Rouge at the Renaissance Hotel.

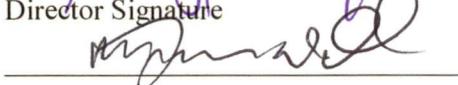
XIII. Adjourn

Upon motion by Ms. Olinde and second by Mr. Broussard, the Board voted unanimously to adjourn at 12:07 p.m.

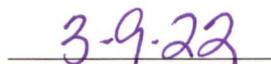
**These minutes are meant to provide readers with a summary of what took place during the meeting and are not intended to be verbatim transcription. They are in compliance with R.S. 42:20. The signatures that follow simply denote that these minutes were approved by the Board of Trustees as a reasonable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



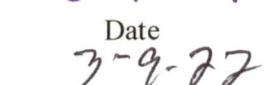
Director Signature



Chairman Signature



Date



Date