

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
July 21, 2016**

The meeting of the Board of Trustees for the Registrars of Voters Employees' Retirement System was held at the Renaissance Hotel at 7000 Bluebonnet Boulevard in Baton Rouge, Louisiana.

I. Call to Order

The Chairman of the Board, Mr. Dennis DiMarco, called the meeting to order at 9:04 a.m.

II. Invocation and Pledge of Allegiance

Ms. Sandra Moorner offered an invocation, and Mr. Dwayne Wall led the Pledge of Allegiance.

III. Roll Call

Ms. Charlene Menard called the roll. Board members present were: Ms. Sandra Moorner, Ms. Charlene Menard, Ms. Deborah Waskom, Mr. Dennis DiMarco, Mr. Dwayne Wall, and Ms. Billie Meyer. Ms. Lorraine Dees (Director), Representative J. Kevin Pearson and Senator Russell Peacock were absent. A quorum was present. Others present included: Ms. Denise Akers (Legal Counsel), Mr. John Trainor and Mr. Walker Reynolds (representing the Custodian of Assets, Capital One Bank), Mr. Jon Breth (representing Investment Consultant, The Bogdahn Group), Mr. Greg Curran and Mr. Brian Shoup (representing Actuary and Administrator, G. S. Curran & Company, Ltd.), Ms. Annie Smith (House Retirement Staff Attorney), and Ms. Shelley Bouvier (Assistant to Mr. DiMarco).

IV. Public Comments

Ms. Annie Smith introduced herself as the new Staff Attorney for the Louisiana House Retirement Committee. With no further comments, the Board moved onto the next agenda item.

V. Review and Approval of Minutes

Mr. Shoup suggested two changes to the April 29, 2016 minutes that included this passage from Mr. Jon Breth's recommendation to reallocate funds:

Mr. Breth made two recommendations. The first recommendation was to reduce the PIMCO Diversified Income Fund and the Templeton Global Bond Fund by 2.5% of the Portfolio, investing the proceeds in Orleans Capital Management.

The second passage came from the discussion about special Option 4 Retirement Calculations under the G. S. Curran presentation as follows:

Upon motion by Mr. Wall and second by Ms. Meyers, the Board voted unanimously to charge a fee to members to perform Special Option 4 benefit estimates.

The Board discussed setting a policy regarding which types of Special Option 4 benefits they would allow members to select. The Board decided that requests to receive Option 4 benefits would be reviewed on a case-by-case basis. The Board agreed that members could request estimates for such calculations, but they reserved the right to deny requests from members to receive their benefits in the form of an Option 4.

Upon motion by Ms. Moorner and second by Ms. Meyer, the Board voted unanimously to approve the minutes from the April 29, 2016, meeting with the revisions as noted above.

With no further business, the Board agreed to move onto the next agenda item.

VI. Report from the System's Attorney

Ms. Akers updated the Board on the progress of putting a policy regarding calculating FAC Post-DROP into the Administrative Code under Title 58. The new policy has been submitted to the Louisiana Register awaiting approval.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to move section A Commonwealth Litigation Update to the end of the meeting and approve section B of Ms. Akers' report.

With no further business, the Board agreed to move onto the next agenda item.

VII. Presentation by G. S. Curran & Company

Mr. Curran updated the Board on the progress of the new retirement system database program. Mr. Curran passed out screenshots of the basic user interface of the program. He stated that a full demonstration of the program will be saved for the next Board Meeting.

Next, Mr. Shoup presented the ROVERS Budget vs. Actual Report for Fiscal 2016. Mr. Shoup noted that General Expenses ended at 88.4% spent and Professional Services ended at 93.9%. Total budget expenditures of \$340,538 or 91.6% for the fiscal year. Mr. Shoup reviewed the Balance Sheet and Profit & Loss Statement for the Fiscal Year ending June 30, 2016.

Upon motion by Ms. Meyer and second by Ms. Waskom, the Board voted unanimously to approve the report and draft financial statements presented by G. S. Curran and Company.

With no further business, the Board agreed to move onto the next agenda item.

VIII. Presentation by Capital One

Mr. Trainor directed the Board's attention to the Custodian Report. He reviewed with the Board the breakdown of assets and the total assets as of June 30, 2016, totaled \$76,346,142. Next, Mr. Trainor reviewed the historical plan year end balances on page 4, comparing market values at year end between 2012 through 2016. Page 6 showed a breakdown of investment fees paid for the plan year totaling \$279,892 which does not include the Mutual Fund fees. Next, he reviewed the Member Supplemental market value reconciliation for the Year End totaling \$1,069,512. Mr. Trainor turned the presentation over to Mr. Reynolds to discuss performance.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to approve the Capital One Custodian Report.

Mr. Reynolds then presented the Members Supplemental Savings Plan Asset Management report for June 30, 2016. Mr. Reynolds reviewed the Portfolio Asset Allocation on page 17 which showed all asset classes within their tactical ranges. Then, he directed the Board to page 18 showing Quarter End gross returns totaled 1.49%, while Fiscal Year End gross returns were 2.01%. Mr. Reynolds went through a more detailed performance review per asset on pages 20 and 21.

Upon motion by Ms. Waskom and second by Ms. Moorer, the Board voted unanimously to approve the Capital One Member Supplemental Savings Report.

IX. Presentation by the Investment Consultant, The Bogdahn Group

Mr. Breth presented the Board with the Monthly Flash Report as of June 30, 2016. He explained it was another volatile quarter with the U.K. vote to leave the European Union. As a result, Developed Markets were down 1.5% for the quarter, while Emerging Markets had positive returns for the quarter up 0.7%, but they are both still down 10.2% and 12.1% respectively for the one year period. Value stocks continue to outperform the growth stocks as Consumer Staples, Telecom and Utilities are up 17%, 23%, and 31% respectively for the one year period.

Mr. Breth then directed the Board to page 12 of the report, where he pointed out the Total Fund Composite Returns for the QTD was up 1.60% but down 1.86% for the Fiscal Year End. Orleans Energy was up 9.74% for the quarter but was still down 12.12% for the FYTD. Advisory Value continues to underperform down 3.39% for the FYTD, and Mr. Breth recommended making a change later in his presentation. Westfield Growth was down 1.63% QTD and 8.51% FYTD as the Health Sector continues to weigh. Dodge & Cox International was also down 1.20% QTD and 18.86% for the FYTD. Mr. Breth recommended making a change later in his presentation for International Equity.

Next, Mr. Breth reviewed the fixed income asset allocation and performance. Page 13 of the report showed Orleans Capital outperformed, up 2.28% QTD and 6.46% FYTD, while PIMCO Diversified outperformed as well, up 5.05% QTD and 5.64% FYTD. Templeton Global Bond Fund continued to underperform their benchmark by 15.37% FYTD. Mr. Breth stated that he doesn't recommend making a change at this time, but he will be watching Templeton closely.

American Core Realty was up 1.26% QTD and 10.64% FYTD. Mr. Breth stated that CDK Realty is working with the Louisiana Firefighters' Retirement System to negotiate a sale of FWAR Investor's interest in the St. George Air Parc joint investment. He stated the sale should bring in approximately \$250,000 for ROVERS. Mr. Breth directed the Board to page 14 noting Westwood Income and BlackRock Multi-Asset Income were helped by REIT exposure again, as well as other value investments, up 3.68% and 2.35% QTD, respectively.

Mr. Breth directed the Board to page 9 of the revised Investment Policy Statement. The highlighted changes to the Fixed Income allocation target brought Core Fixed Income up from 15% to 20% and the Non-Core Fixed Income down from 12.5% to 10%. The Real Return allocation target is going down from 10% to 5%. The Real Estate allocation target is going up from 5% to 10%, and the Private Equity allocation target is going from 2.5% to 0% as we continue to unwind the Greenspring Crossover Fund.

Upon motion by Ms. Menard and second by Ms. Meyer, the Board voted unanimously to approve the July 2016 revisions to the ROVERS Investment Policy Statement.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted unanimously to amend the agenda to add Review of International Money Managers.

Mr. Breth then presented a report of International Equity Candidates. The report included four International Equity funds to consider replacing or complimenting ROVERS allocation to Dodge and Cox International Fund. Funds under consideration included: American Funds Europacific Growth Fund, Vontobel International Equity, Transamerica International Equity, and Lazard International Strategic Equity. Mr. Breth went through the report discussing performance and fees for the Board to consider with each fund.

Upon motion by Ms. Moorer and second by Ms. Menard, the Board voted unanimously to sell half of Dodge and Cox International and invest the proceeds in Vontobel International Equity.

Upon motion by Ms. Moorer and second by Ms. Menard, the Board voted unanimously to fully liquidate Orleans Energy and invest the proceeds in Vanguard Total US Stock Index.

Mr. Breth then asked the Board about bringing in candidates to replace Advisory Research at the next Board Meeting.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to interview Value Money Managers recommended by Mr. Breth at the next Board Meeting.

Upon motion by Ms. Moorer and second by Ms. Meyer, the Board voted unanimously to approve The Bogdahn Group's Report and to invest all available cash in the Vanguard Total US Stock Index.

With no further business, the Board agreed to take a 5 minute break, and then move onto the next agenda item.

X. Director's Report

Ms. Menard presented a Director's Report to the Board in place of Ms. Dees. She addressed the items on the handout including new employees, terminations, new DROP participants, DROP participants re-enrolled after DROP, DROP payments, retirement applications, and deaths.

The Board discussed making sure the Errors and Omissions Policy is discussed at the next meeting, as well as a credit card usage policy to be approved at the next meeting.

Mr. Shoup informed the Board that Ms. Dees and G. S. Curran have complied with a public information request from WVUE/FOX NEWS in New Orleans, LA. He stated that Ms. Dees mailed the financial records requested for Fiscal 2014 and 2015 on June 21, 2016.

Ms. Moorer asked to amend the agenda to discuss late employee contributions.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to amend the agenda to discuss late employee contributions.

The Board decided to table the discussion for the next Board meeting when Ms. Dees and Mr. Curran could be part of the discussion about how ROVERS notifies employers of employees that are completing DROP and need to resume contributing until they terminate employment.

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

With no further business, the Board agreed to move onto the next agenda item.

XI. Other Business

After discussion among the board members, the next meeting date was scheduled for Wednesday October 19, 2016, at 9:00 am at the Renaissance Hotel in Baton Rouge, LA.

Ms. Moorer requested that the January 2017 meeting be held on Feb. 1, 2017 at the Registrar's Association Seminar in Covington, LA.

XII. Report from the System's Attorney (Continued)

Ms. Akers asked the Board to enter Executive Session to discuss pending litigation.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted unanimously to go into executive session at 11:14 am.

Upon motion by Ms. Waskom and second by Ms. Moorer, the Board voted unanimously to exit executive session at 11:21 am.

XIII. Adjourn

Upon motion by Ms. Moorer and second by Ms. Meyer, the Board voted unanimously to adjourn the meeting at 11:22 am.

Title 58
RETIREMENT

Part XVII. Registrars of Voters Employees' Retirement System

Chapter 3. Final Average Compensation

§301. Calculation of Post-Drop Final Average Compensation

A.1. A member must work for a three month period post-DROP in order to have the member's final average compensation recalculated for any and all purposes including but not limited to:

- a. calculating the value of creditable service post-DROP;
- b. calculating any leave that is converted post-DROP; and
- c. for all other actuarial and benefit calculation purposes. *final*

2. Otherwise, the member's ~~financial average~~ compensation to be utilized for service, leave, and all other actuarial and benefit calculation purposes post-DROP shall be the final average compensation used to calculate the DROP benefit.

AUTHORITY NOTE: Promulgated in accordance with R.S. 11:2093 and R.S. 11:2144(I).

HISTORICAL NOTE: Promulgated by the Department of Treasury, Registrars of Voters Retirement System, LR 42: