

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
May 10, 2017**

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

Ms. Charlene Menard called the meeting to order at 9:08 a.m.

II. Invocation and Pledge of Allegiance

Ms. Deborah Waskom offered an invocation, and Mr. Dwayne Wall led the Pledge of Allegiance.

III. Roll Call

Ms. Dees then called the roll. Board members present were: Ms. Billie Meyer, Ms. Charlene Menard, Mr. Dwayne Wall, Ms. Sandra Moorer, and Ms. Deborah Waskom. Mr. Dennis DiMarco, Senator Barrow Peacock, and Representative Barbara Carpenter were absent. A quorum was present. Others present included: Ms. Lorraine Dees (System Director); Ms. Denise Akers (Legal Counsel); Ms. Michelle Cunningham (representing Auditor, Duplantier, Hrapmann, Hogan, & Maher, LLP); Ms. Cynthia Averette and Mr. Walker Reynolds (representing the Custodian of Assets, Capital One Bank); Mr. Jon Breth (representing the Investment Consultant, AndCo Consulting); Mr. Mark Juelis and Mr. Michael Fleisher (representing Brandywine Global Investment Management, LLC); Mr. John Johnson (representing Eagle Capital Management); Mr. Greg Curran, Ms. Kathleen Bouwkamp and Ms. Sondra Bordelon (representing Actuary and Administrator, G. S. Curran & Company, Ltd.). In the audience were: Ms. Mary L. Numa (St. John the Baptist Chief Deputy); Mr. Russell Jack (St. John the Baptist ROV); Mr. Brian Champagne (St. Charles ROV); Mr. Steve Raborn (East Baton Rouge ROV); Ms. Joanne Reed (East Baton Rouge Chief Deputy); Ms. Mickle Lousteau (St. Charles Confidential Assistant); Ms. Kristie Orgeron (St. Charles Chief Deputy); Ms. Stacy Ryan (West Baton Rouge ROV); Ms. Sandra Bonnette (Rapides Deputy); Ms. Lin Stewart (Rapides ROV); Mr. Willie Johnson (Tangipahoa Chief Deputy); Ms. Angie Quienalty (Calcasieu ROV); Mr. Michael Bertrand (Vermilion ROV); Mr. Robert Poche (Ascension ROV); Ms. Lisa Medine (St. James ROV); Ms. Joni Ronsonet (St. Mary Deputy); Ms. Jolene Holcombe (St. Mary ROV); Ms. Pat Guidry (St. Martin ROV); Ms. Mildred Adams (Iberia ROV), Ms. Frankie Rideaux (Iberia Deputy); Ms. Angie Durand (St. Martin Deputy); Ms. Shanika Olinde (Pointe Coupee ROV); and Mr. Randy Strickland (Washington ROV) .

IV. Public Comments

After contacting the Attorney General's office regarding Act No. 850 of the 2010 Regular Session, Ms. Moorer stated that it is her opinion that the Board has not followed the law regarding public comments. She stated the law was updated to allow anyone present to speak prior to voting on each agenda item rather than only during the Public Comments segment at the beginning of the meeting.

Ms. Akers indicated that she did not reach the same conclusion during her research. Mr. Curran explained that the House Bill Ms. Moorer referred to states that public comments can be made any time prior to a vote, and the board policy as it stands today allows for public comments at the very beginning of the meeting. Since this is prior to any vote, Mr. Curran stated it is his opinion that the Board is not in violation of the state law.

Several audience members spoke without being recognized regarding the above mentioned public comments topic. Ms. Menard stated that she would ask Ms. Akers to further research this topic. Furthermore, she expressed that she would have appreciated this item being brought to the Board's attention prior to this meeting and reminded the audience that it was not part of the meeting agenda.

Mr. Curran read Act No. 850 of the 2010 Regular Session which states, with the exception of school Boards, each public body conducting a meeting shall allow a public comments period at any point in the meeting prior to action on the agenda item upon which votes are to be taken. He mentioned that the law also states that the governing body may also adopt reasonable rules and restrictions regarding the public comment period.

Ms. Stacy Ryan commented on agenda item XII. g.; regarding the discussion and/or action regarding the public records request from Louisiana Registrars of Voters Association, Inc. She stated that she disagreed with the request because it could set precedence for other entities to make similar personnel records requirements. Ms. Ryan reminded the Board about the confidential information included in these records and cautioned them in approving this request.

Ms. Angie Quienalty commented that she wished the Board would listen to the ROV Association members and follow the law regarding public comments.

Mr. Brian Champagne asked if audience members would be allowed to make comments when each agenda item was discussed during the meeting, and Ms. Akers replied that it was her opinion from current board policy that audience members would only be allowed to speak during the public comments segment of the meeting. Mr. Champagne stated that he and Mr. Wall had previously spoken with the Attorney General, who highly advised that public comments should be allowed before votes are taken on each agenda item.

Ms. Dees asked Mr. Champagne if he had contacted the Board Chairman regarding his concerns. Until Ms. Moorer's recent discovery of Act No. 850 of the 2010 Regular Session, Mr. Champagne stated he was under the impression that the Board was following procedure.

Then, Mr. Champagne commented that he has concerns regarding the retirement system and the vote of the Board to support Senate Bill 3. It is his opinion that Senate Bill 3 will cause undue political influence on the Board. Also, Mr. Champagne expressed his concern about meetings he has attended, minutes he has reviewed, and phone calls he has received from other registrars and retirees regarding errors that the ROVERS Director has made over the last year. He further stated his concern regarding the possibility of not all state and parish employees being properly enrolled into the retirement system. Ms. Dees informed him that it is the responsibility of the registrar to ensure all employees are enrolled. Mr. Champagne agreed with Ms. Dees but stated that it is his opinion that it was additionally the director's job to step in and make sure all enrollments are done properly. If the comprehensive audit of the entire retirement system would be performed, as requested by the ROV Board, he stated that he is concerned about how many more errors would be uncovered.

Next, Ms. Joni Ronsonet expressed that she was concerned with the fact that Mr. Schedler wanted a seat on the Board and how the Board handled it. She stated that she preferred to hear about important issues directly from the Board in a meeting forum with open discussion. Ms. Ronsonet stated that back-door dealings are very disturbing. Ms. Meyer asked Ms. Ronsonet to explain the back-door dealings she was referring to. Ms. Ronsonet replied that she was referring to Mr. Schedler being given a voting seat on the Board without input from the ROV association members. She also stated that it was alarming that Mr. Shedler would be able to administer someone's evaluation and at the same time be able to vote on funds being applied to the retirement system. Ms. Dees informed Ms. Ronsonet and the audience that the Board was just as surprised about Senate Bill 3. Ms. Ronsonet recommended allowing public comments after each item on the agenda.

Ms. Mildred Adams stated that she would like everyone to be united but does strongly object to Mr. Schedler residing on the Board. She expressed her fear regarding her benefits being incorrectly calculated. Ms. Adams said to Ms. Waskom that she could not understand why she voted to approve Senate Bill 3. Ms. Waskom stated that the Board had been looking for another member for six months, and if she were in Mr. Schedler's shoes and had a budget that was so significantly impacted by a Board decision, then she would want to sit on that Board as well.

Ms. Mary Numa approached the Board and stated that she was the employee from St. John the Baptist Parish that was discussed at a prior meeting. She expressed that she felt the benefits error made was personal and unfair to her because although it is her retirement, she is the one that has to come out of pocket for the next four years. Ms. Dees explained that it is the responsibility of the parish employer to pay the amount in full and then make arrangements with her regarding how to collect those funds.

Ms. Lisa Medine then asked the Board to explain their reason for wanting to add another member to the Board. Ms. Moorer stated that she had previously requested another registrar be added to the Board. She stated that she missed the December 2016 meeting due to a prior commitment and upon return she discovered that item was taken off of the agenda. Ms. Moorer noted for the record that she is opposed to Mr. Schedler being on the Board. Ms. Medine stated she was also opposed to Mr. Schedler being on the Board due to political influence but would agree to another registrar.

There was further discussion about Louisiana R.S. 42:14 amongst the Board, and then Ms. Akers stated she would research this further prior to the next meeting.

Ms. Lin Stewart stated she wanted to remind the Board about the personal remarks Mr. Schedler has made in the past regarding the Board and doesn't understand why the Board would vote to approve Senate Bill 3.

Mr. Michael Bertrand expressed that there is concern among the large audience present and he would like the Board to address those concerns. Also, he reminded the Board that both the agenda and policies can be amended.

Mr. Champagne asked Ms. Dees if she had received his email regarding the employees in his office and if she had printed out his email as an official record. Ms. Dees confirmed that she did print out his email. He then asked the Board members if they had ever failed an evaluation or had negative comments on their evaluations. Ms. Waskom replied that she had had comments on her evaluation and then asked Mr. Champagne if he thought he would be getting a raise. Mr. Champagne said it was not likely that he would get another raise for a few more years. Ms. Waskom replied then what difference does an evaluation make. Mr. Champagne said he thought it was extremely important. Ms. Ronsonet agreed with Mr. Champagne and made an extensive rebuttal to Ms. Waskom stating how important it was to have an excellent evaluation. Also, Ms. Ronsonet stated that a registrar's evaluation is important because it determines an employee's value and worth as well as job performance.

Mr. Poche expressed that he thinks Ms. Akers is correct and that the Board is in fact complying with the law as it reads. However, his opinion is that the consensus of the audience would be to change board policy to allow public comments after discussion of each agenda item presented by the Board and prior to each vote of that agenda item.

Mr. Russell Jack stated he had gone through a lot to get his supplement and in dealing with both the council and district attorney in constant disagreement.

Ms. Quienalty reminded the Board that they are elected by the ROV Association. She asked the Board to please listen to what their members have asked of them.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to add to the agenda the discussion and action of changing the board policy to allow public comments prior to voting for each agenda item.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to change the policy of the Board to allow public comments on each agenda item after Board discussion and prior to Board vote with limitations of three minutes per individual on each item.

V. Review and Approval of Minutes

Next, Ms. Moorer stated that she would like to make an amendment on page 4 of 5, third paragraph of the minutes from March 8, 2017, which stated that a 10% penalty would apply for early distribution. She asked that the minutes be corrected to state, “a 10% penalty would apply for early distribution only for retirees under the age of 55.”

Also regarding the March 8, 2017 minutes, Ms. Moorer would like to amend the minutes to note that prior to adjournment, the numerous membership present expressed their opposition to Senate Bill 3 and requested a re-vote by the Board. No further action was taken.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to approve the minutes of January 18, 2017, and March 8, 2017, with the above amendments.

VI. Presentation by Investment Consultant, AndCo Consulting

Mr. Breth stated that his research group has recommended that the Board seek alternatives due to Advisory Research’s underperformance. He informed the Board that the money managers representing Brandywine Global and Eagle Capital Management would give presentations and hopefully one of them would be identified to take the place of Advisory Research as the US Value Manager with asset allocation. Mr. Breth confirmed that Advisory Research currently manages about \$11.5 million of the System.

Mr. Juelis and Mr. Fleisher, the lead portfolio manager, presented the dynamic large cap value strategy with Brandywine Global Investment Management, LLC based in Philadelphia. Mr. Juelis informed the Board that they manage \$70 billion, and \$1 billion of those assets are located in Baton Rouge with Teachers Retirement System and the Parochial Employees’ Retirement System. Mr. Fleisher explained that Brandywine Global uses quantitative models to exploit investor behavior biases, which arise from basic human emotions such as fear and greed. He stated these biases persist over the long-term with a high degree of consistency. Regarding their investment approach, he stated that they invest in stocks with a combination of value, quality, and sentiment.

Ms. Waskom questioned their underperformance over the last three years. Mr. Juelis commented that the quality factor in late 2015 and early 2016 was detrimental to their performance, and the 12 to 18 month window is what was dragging down that three year number. Overall, he stated that every five year period they have outperformed the benchmark. Mr. Juelis explained how the portfolio manager picks from a basket of stocks which gives a diversified portfolio that can provide a consistent return pattern. Using 1000 top large caps stocks ranked by priced earnings ratio in an academic study from 1963-2017, Mr. Juelis explained how the low price-to-earning stocks outperformed the high price-to-earning stocks over time.

Regarding the fee schedule, Mr. Juelis stated that there is an institutional mutual fund available through Legg Mason which would be a fee of 65 basis points, and for AndCo Consulting clients, they would manage this account for a fee of 60 basis points instead of 65. Ms. Waskom asked Mr. Juelis about employee turnover, and he replied that it is very low. He added that Mr. Fleisher is the last portfolio manager hired and has been with Brandywine Global for twenty years.

Next, Mr. Johnson introduced himself as a portfolio manager as well as a client service manager from Eagle Capital Management and explained that his firm has somewhat of a different approach than most of their competitors. He informed the Board that Eagle Capital Management was founded in 1988 and has a diverse team of 27 professionals working in New York with approximately \$25 billion of assets under management using a single strategy. He explained that their investment philosophy is to buy undervalued companies with unrecognized growth potential by seeking stocks that are inexpensive relative to both their core earnings power and their long-term prospects. The unrecognized growth potential is what will happen in the future not the present. Furthermore, he explained that if the Board chose Eagle Capital Management, ROVERS would have a portfolio of approximately 30 stocks and a long-term investment horizon. He confirmed that Eagle Capital Management uses the same fee structure for all clients which is 1% on the first \$5 million and .75% for assets over \$5 million using a separate account structure for all accounts. Mr. Breth confirmed that the fee for the Systems' approximately \$10 million would be .875% if Eagle Capital Management was chosen to replace Advisory Research.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted unanimously to update the agenda by moving out of order item IX. d. Status of St. John the Baptist Parish collection due to affected members needing to leave the meeting early.

Ms. Akers stated that Ms. Dees had been in communication with St. John the Baptist, and Mr. Curran had calculated the amount necessary to refund and pay the contributions with interest due on Ms. Numa's account. Ms. Akers informed the Board that she did send a demand letter to the employer stating a response was needed within 30 days. She further stated that the System does not get involved at all in collection of funds from the employee. She confirmed that the employer has the obligation to collect the employee contributions at the time of payment and to send the employer and employee contributions to the System. The employer is at fault in this situation and that is why a letter was sent to the employer demanding payment within 30 days, and she confirmed that the letter went out on May 9, 2017. Also, Ms. Akers stated that the employer is also responsible for working out a reimbursement schedule with Ms. Numa.

Ms. Numa wanted the Board to know that she felt after four years this issue should have been resolved and this has put her in a financial hardship. Ms. Dees asked Ms. Numa if she ever noticed on her parish checks that her contributions were not taken out. Ms. Numa stated that she realizes that she may be at fault as well but doesn't understand how the System didn't realize her contributions were not being received.

Ms. Akers then stated that this same issue has arisen in several other retirement systems that she has worked with and universally true that the retirement system director or retirement office is unaware of all employees. The employer is the one certifying the employees and confirming that they are properly enrolled into the system. She stated that this situation is not unique just to ROVERS. The system board doesn't usually require an audit of each office because they should expect each employer to certify this information correctly. Ms. Moorer asked Ms. Dees if each parish had provided to her an annual statement of all of their employees. Ms. Moorer stated that according to R.S. 11: 172 the parish shall submit to their respective retirement system an annual sworn statement of all enrolled employees, the amount of their earnings, and all employee and employer deductions within thirty days after the close of the fiscal or account year. Ms. Moorer further stated that she doesn't understand why any systems are having problems if the boards for those systems are mandating those reports. Ms. Dees then stated that every month or every quarter she receives a signed statement from every

parish that details the employee's social security number, name, and how much that individual made in that office but if that employer doesn't list all of the employees then there is no way of her knowing that someone has been omitted. Ms. Moorer repeated the question again about whether or not ROVERS has been receiving an annual statement from each parish. Ms. Waskom commented that Ms. Dees is trying to explain to Ms. Moorer that Ms. Dees did receive the information from St. John the Baptist Parish; however Ms. Numa was completely left off of that statement. Ms. Dees further stated that she had received the information from the payroll agent; however Ms. Numa was never listed on the parish statement but was listed on the state statement and her state retirement has been paid. Ms. Moorer asked Ms. Dees how a system could not realize that we were only receiving the state portion of Ms. Numa's contributions and not the parish portion. Ms. Dees explained that the postings are done by social security number and not by name. Ms. Dees also stated that she is one person and some responsibility has to fall on the payroll agency and the registrar. Ms. Moorer recommended that a spreadsheet be created to recognize social security numbers and trigger an alert when either a state or parish contribution is missing. Ms. Akers suggested that since the System is currently working on a RFP for a new director and new software is being developed, this would be a good time to implement these changes. For the purposes of the St. John the Baptist issue, Ms. Akers wanted Ms. Moorer to note that the employer has more liability than the System. Ms. Moorer brought up the letter Ms. Numa received regarding the amount that was owed in contributions then she later received a new letter with a different amount. Ms. Moorer stated that this type of error was extremely disappointing, and ROVERS needs a better system of checks and balances. Mr. Curran informed Ms. Moorer that the first amount came from his office; therefore the error was from his office and no fault of Ms. Dees. He agreed with Ms. Moorer that a system of checks and balances is very important, but at the same time there are additional cost associated with implementing these checks and balances.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted unanimously to break for lunch at 11:53 a.m.

Upon motion by Ms. Moorer and second by Ms. Meyer, the Board voted unanimously to reconvene the meeting at 12:32 p.m.

Ms. Moorer offered a motion that ROVERS seek legislation to address issues where new employees are not enrolled into the system when the employer does not properly remit the contributions owed and stated it is the employer's responsibility to cover any penalties that occur due to these errors. Mr. Curran stated that there is a current bill that has been proposed regarding new enrollment errors but has not yet passed. After further discussion, it was decided that this item would be added to the July meeting agenda.

Next, Mr. Breth reviewed a handout comparing the different styles of Brandywine Global and Eagle Capital Management. He discussed the differences in their investment style, calendar year performance and fees. Mr. Breth stated that over the last ten years both firms outperformed the benchmark.

Upon motion by Ms. Moorer and second by Ms. Waskom, the Board voted unanimously to reallocate all assets from Advisory Research to Eagle Capital Management.

Mr. Breth explained that he will send the Eagle Capital Management contract to Ms. Akers to review and then send to Ms. Dees for execution. Next, Mr. Breth noted the transition process will begin with Eagle Capital Management receiving the current portfolio from Advisory Research and then a liquidation of securities that they do not want to keep and buy assets that they want to add to the new portfolio.

Then, Mr. Breth discussed page 18 of the ROVERS Investment Performance Review document for period ending March 31, 2017. He stated that the System started the fiscal year with \$80.4 million and as of March 31, 2017 the market value was \$88.3 million. He then discussed that there are a couple of investments in the

portfolio that have not been as successful such as Vontobel and Dodge & Cox. However, Mr. Breth mentioned that recently the portfolio performed well in the total fixed income category noting Templeton Global Bond Fund and Pimco Diversified Fund. Also, he mentioned that Equitas Evergreen Fund is a hedge fund in the process of liquidating and only has a value of approximately \$26,000.

Ms. Waskom asked if she was correct in saying that the overall account has made 9.25% in total in the last fiscal year, and Mr. Breth replied that fiscal year to date, the ROVERS account has made 9.9%.

Regarding liquidation, Mr. Breth reminded the Board that Americus should be completely liquidated in 2017 and both CDK (FKA Land Baron) and Greenspring Crossover Fund are still in the process of liquidation. As ROVERS transitions to Eagle Capital Management, his current recommendation would be to pull \$1 million currently in Advisory Research and deploy those funds to Dodge & Cox and also pull \$1 million from Westfield and allocate those funds to Vontobel which would be applying an additional \$2 million to international managers.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to transfer \$1 million from Advisory Research to Dodge & Cox and also to transfer \$1 million from Westfield to Vontobel.

Upon motion by Ms. Meyer and second by Mr. Wall, the Board voted unanimously to approve AndCo Consulting's Report.

VII. Presentation by Duplantier, Hrapmann, Hogan, & Maher, L.L.P.

Ms. Cunningham explained the issuing of the 1099R's and the process of receiving the information first from G. S. Curran & Company then her firm prepares the actual 1099R for each retiree receiving a benefit from ROVERS. Then, Ms. Cunningham explained that the 1099R's are sent to both Ms. Dees and G. S. Curran & Company for review prior to mailing them out to the retirees. The coding on the 1099R dictates to the Internal Revenue Service the type of benefit that each retiree has received for that tax year. Ms. Cunningham stated that a normal distribution is a code 7 meaning the distribution was taken after age 59 ½; however an early distribution has a code which tells the IRS that there is a penalty. She indicated that this early distribution is dictated by a person's age, so under the age 59 ½ a 10% penalty will occur. However, there are exceptions to the early distribution which is a code 2. She confirmed that one exception to this rule is if an individual is age 55 and receives a benefit from a qualified plan or if an individual receives an equal periodic payment annually. Ms. Cunningham stated that a ROVERS retiree from last year that was under the age of 55 received an early distribution coding which carried a penalty. Upon learning of this situation, Ms. Moorer researched the IRS coding of 1099R's and contacted other retirement systems regarding the interpretation of the rule which is vague as it pertains to exceptions in these types of cases. Ms. Cunningham explained that after discussion on the topic, it was agreed that since the periodic payments were of equal amount it would be accepted as an exception. So Ms. Cunningham confirmed that going forward anyone retiring from ROVERS under the age of 59 ½ will receive code 2 on their 1099R meaning it is an exception, and no penalty will be applied. Ms. Moorer noted that she appreciated Ms. Cunningham's efforts on this issue.

Next, Ms. Cunningham reviewed the GASB 68 report and stated that it was filed with the legislative auditor and located on their website. She directed the Board to a presentation outlining the results of the audit and stated that ROVERS received an unmodified opinion on the schedule of employer allocations and the schedule of net pension liability. She further stated that there were no significant deficiencies that are material weaknesses in internal controls and no material violations of laws or regulations. Ms. Cunningham reviewed an emphasis of matter paragraph related to the total pension liability of \$109,058,931 as of June 30, 2016, which was based on actuarial assumptions. She mentioned that both the schedule of employer allocations and schedule of pension

amounts by employer were audited. Ms. Cunningham further mentioned that GASB 68 requires certain information about the retirement system to be included in the participating employers report and this information is included in the footnotes which are listed on page 14 of her handout. On page 15, she also stated that supplementary information must be reported by participating employers.

Ms. Meyer asked Ms. Cunningham to explain how employers were chosen for a GASB audit. Ms. Cunningham stated that GASB 67 is the statement number that applies to the retirement system and GASB 68 is what applies to the participating employers, so testing of these employers came about as a result of GASB 67. She further stated that any employer that contributes more than 20% gets reviewed annually which is why the state of Louisiana gets audited every year. Also, she stated that every employer that contributes less than 20% but greater than 5% gets audited at least once every five years. Lastly, she stated that employers contributing cumulatively between 3 to 5% get audited every 10 years. Ms. Cunningham stated that these parameters are just a guide and can be changed. Ms. Moorer stated that she would like to see this criteria changed so that more parishes would get audited more frequently especially since ROVERS is in the process of seeking a new director. Ms. Cunningham stated that this could be done, but increased costs would come along with that request. She confirmed that the current cost for the current audit which includes four employers is \$10,000 and to keep in mind there may be additional cost for travel. Ms. Akers asked Ms. Cunningham if based on the GASB audits done for ROVERS to date, if the errors discovered were more than average compared to other systems. Ms. Cunningham replied that there were no more significant errors found with this system compared to other systems she had audited.

Ms. Menard asked if an audit would be done when a new director or firm would be hired for ROVERS. Ms. Cunningham stated that a financial audit is required every year; however the Board could request an additional audit to be done once Ms. Dees retires as Director. The Board could also request an additional audit be performed such as an Agreed Upon Procedures Engagement. Ms. Cunningham also suggested the possibility of dramatically increasing the number of employers that get audited over the next few years; therefore the cost wouldn't be all at once.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously for Duplantier, Hrapmann, Hogan, & Maher, L.L.P to provide at the next meeting an estimated cost on a minimal audit of ROVERS' records and for the audit to be completed prior to the transfer to a new director.

Next, Ms. Cunningham informed the Board that new state-wide procedures have been implemented this year which are dictated by the legislative auditor's office. She stated that all entities are required to complete these procedures except for St. Tammany Parish because they already have Act 774.

Ms. Cunningham presented the Board with her firm's proposal of a three year engagement with the cost remaining the same.

Upon motion by Ms. Moorer and second by Ms. Meyer, the Board voted unanimously to hire Duplaniter, Hrapmann, Hogan, & Maher, L.L. P for a three year engagement for audit services including a 30 day termination clause at the current price.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to accept the Auditor's Report as presented by Ms. Cunningham.

VIII. Presentation by Capital One

Ms. Averette directed the Board's attention to the Custodial Report. She reviewed the breakdown of assets for the period ending March 31, 2017, with a total asset balance of \$85,962,453.16 and pointed out that a majority

of the assets were invested in domestic equities at 42%. For comparison purposes, she pointed out that page 4 of the report, demonstrated the growth, broken down by category, going back to June 30, 2013 with a market value of \$62,815,828.70 through March 31, 2017 with a market value of \$85,962,453.16. Ms. Averette then explained that page 5 summarizes investment fees for each money manager as well as the consulting firm. Next, Ms. Averette stated that the Member Supplemental value for the quarter end March 31, 2017, totaled \$999,277.66.

Mr. Reynolds presented the Members Supplemental Savings Plan Investment Performance Review for April 30, 2017. He discussed the breakdown of the Portfolio Asset Allocation as of April 30, 2017, which showed that approximately 55% of the assets are in fixed income, 40% in equities and 5% in cash. He mentioned that this portfolio has averaged a 4.8% return per year since inception.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to approve the Custodial Report and the Member Supplemental Savings Report as presented by Capital One Bank.

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

Ms. Akers stated that she had contacted Bob Klausner, an attorney from Florida who represents retirement systems, regarding his standards and advice on a Request for Proposal (RFP) for Third Party Administrator as Director for ROVERS. Also, she mentioned that she sent the RFP for Director to Ms. Dees and Mr. Breth, and she sent the RFP for Custodial Bank to Ms. Dees, Mr. Breth, and Mr. Curran for comments and recommendations.

Next, Ms. Akers addressed the status of the Trupiano collection. Ms. Akers confirmed that she did send the demand letter to the recipient's agent with a thirty-day notice; however the certified letter was never retrieved. She also confirmed that she sent the letter via regular mail, and the recipient's agent did acknowledge to Ms. Dees that he received the notice. The recipient's agent informed Ms. Dees that his mother is in a nursing home that does not accept Medicaid, so the costs of her care are covered by private pay. Ms. Akers further mentioned that Ms. Dees spoke with a step-son of Ms. Trupiano, and he had documentation from twelve years ago that stated Ms. Trupiano had ownership of a sizeable amount of funds. Ms. Akers also stated that she asked the step-son, as the executor, for succession papers; however she has not yet received these documents. Ms. Akers stated that the Board needs to determine at this time if any further action is to be taken. Ms. Akers reminded the Board that a lawsuit does not need to be filed in order to exercise their right to offset more on the survivor's retirement benefit than the original \$250 that was previously discussed.

The Board then discussed offsetting the survivor's benefit payable by 100% of the net amount. Ms. Bordelon confirmed that the federal tax withholding through February of 2017 was \$250 per month then was increased to \$500 per month for March and April of 2017. Ms. Dees stated that the survivor's son called and requested to increase the federal tax withholding by \$250 for a total of \$500 per month; then he later asked Ms. Dees if that increase of \$250 was the amount the Board was going to increase to recover their funds. Ms. Dees explained that she told him that was incorrect since no determination was made regarding that situation, so then he said to reduce the federal tax withholding back down to \$250 per month which she did effective for May 2017.

Upon motion by Ms. Moorer and second by Mr. Wall, the Board voted unanimously to have the System's Attorney send a letter to the recipient's agent stating effective July 1, 2017, the survivor's net payable benefit will be reduced by 100%. Therefore she will no longer receive a check until the overpayment to ROVERS is collected in full and total principal amount would be accepted if paid in full; however legal interest would be charged from this day forward until paid in full.

Ms. Akers stated she would charge the interest that is required by the statute.

Next, Ms. Akers asked the Board if they had any questions regarding the RFP for Third Party Administrator as Director. Ms. Waskom stated she wanted to add that the new Administrator/Director must attend the annual ROV Association meeting and give a presentation. Ms. Moorer stated she did not want a blanket travel policy, and Ms. Akers explained that during the interview process the individual presenting their fee proposal would have to clarify their travel plans and anything else would have to be approved by the Board. Ms. Akers confirmed that the RFP's are due no later than 5:00 p.m. on July 1, 2017, with the Board to conduct interviews in August and September of 2017.

Upon motion by Ms. Waskom and second by Ms. Moorer, the Board voted unanimously to approve the RFP for Third Party Administrator as Director with the amendment that the Director would be required to attend and present at the annual ROV Association meeting.

Ms. Akers then discussed the RFP for Custodial Bank Services. She also stated that this RFP would follow the same time schedule as the RFP for Third Party Administrator as Director.

Upon motion by Ms. Moorer and second by Ms. Waskom, the Board voted unanimously to approve the RFP for Custodial Bank Services.

Then, Ms. Akers asked for confirmation from the Board on whether or not they wanted copies of both RFP's after they are received on July 1, 2017. The Board agreed that Ms. Dees would send each board member a copy of the RFP for Third Party Administrator as Director, and G. S. Curran & Co. would send each board member a copy of the RFP for Custodial Bank Services for their review prior to the July Board Meeting. Finally, Ms. Akers stated that the discussion of both RFP's and decision on interviews would be added as an agenda item to the July board meeting.

Upon motion by Ms. Meyer and second by Ms. Waskom, the Board voted unanimously to approve the System Attorney's report.

X. Report from G. S. Curran & Company

Next, Ms. Bouwkamp presented the financial statements for July 1, 2016, through March 31, 2017, to the Board. She pointed out on the Profit & Loss report that the collections received for Ad Valorem Tax were primarily done in January and February of 2017. Ms. Bowkamp stated that the largest gain was in equities which increased the net income amount significantly. Under general expenses, she explained that pension payments increased by \$1.2 million since the last quarter, and the DROP Rollovers (transfers) have also increased by approximately \$835,000 since last quarter. Next, Ms. Bowkamp reviewed the Profit & Loss Budget vs. Actual report with the Board. She explained that approximately \$152 was applied under general expenses in the miscellaneous category for a medical records request, and \$300 was applied under Professional Services Other for a disability determination. Ms. Bowkamp stated that these fees need to be included in the budget going forward with new categories created and approved by the Board. Next, she discussed other categories in the budget that would need to be increased such as LAPERS & Association Dues, Accounting & Audit Fees, and Legal Fees.

Ms. Akers stated that her intention was to propose a new contract for her firm at the next Board meeting which would include a request to increase their hourly rate by \$10 for a total rate of \$230 per hour. Then, Ms. Bouwkamp explained that she used the proposed new rate of \$230 per hour rate to determine the 2018 Fiscal Year Budget for Legal Fees. Next, Ms. Bouwkamp presented the Proposed Budget for Fiscal Year 2018. She pointed out that budgeted amount for retirement contributions could change and would be dependent upon the new rate decided later in this meeting. She also suggested adding a budgeted item for Errors & Omissions and

based her suggested budget of \$15,000 on an estimate Ms. Dees had received. Furthermore, she stated that a new budgeted item per Ms. Cunningham's earlier discussion would be the Agreed Upon Procedures Audit with a budget of \$6,600. She stated that the budgeted investment service fee items were increased based on an assumed growth rate of 7%.

Upon motion by Ms. Waskom and second by Mr. Wall, the Board voted unanimously to approve the new categories on the current fiscal year budget.

Upon motion by Mr. Wall and second by Ms. Waskom, the Board voted unanimously to approve the Proposed Budget for 2018 Fiscal Year.

Mr. Curran informed the Board that a test version of the new retirement database system had recently been delivered to Ms. Dees for her review and suggestions. He stated that his goal would be to solely utilize the new system effective July 1, 2017. Next, Mr. Curran explained that a 3% COLA in the ROVERS statute would increase annual benefits by \$132,000 and have a lifetime cost of \$1.2 million. He confirmed that COLA's are not applied to DROP members, and retirees must be retired for a full year to be eligible. Furthermore, Mr. Curran stated that a 2% COLA under general statute, given to any retiree older than 65, would increase annual benefits by \$62,000 and have a lifetime cost of \$532,000. Also, he confirmed that the cost of the COLA could be deducted from the Funding Deposit Account Credit Balance which was \$2,068,558 as of June 30, 2016.

Ms. Moorer asked if there are restrictions regarding how often a COLA can be applied and Mr. Curran confirmed that the restriction is based on our funded ratio which would allow the System to approve a COLA every third year at the most. After Ms. Moorer's suggestion, the Board decided to add the discussion of approving a COLA effective for January 1, 2018, to the October meeting agenda.

Then, Mr. Curran stated that the Board needed to set the employer contribution rate for fiscal 2018 and notify employees by July 1, 2017. He confirmed that the Board has the authority under the law to set the employer contribution rate anywhere from 14% to 20% with any excess funds being applied to the Funding Deposit Account.

Upon motion by Ms. Waskom and second by Ms. Meyer, the Board voted to set the employer contribution rate at 17% effective July 1, 2017. Ms. Moorer made a motion to amend Ms. Waskom's motion to set the employer contribution rate to 18%; however with no second the original motion carried.

Mr. Curran then discussed the Actuarial and Administrative Service Contracts for Fiscal Year 2018. He pointed out that there was no change in the fees and reminded the Board that with a thirty-day notice the contract could be terminated.

Upon motion by Ms. Waskom and second by Ms. Meyer, the Board voted unanimously to approve the Actuarial and Administrative Service Contracts with G. S. Curran & Company for Fiscal Year 2018.

XI. Director's Report

Ms. Dees provided the Director's Report to the Board and addressed new employees, member terminations/refunds, new DROP participants, DROP completions re-enrolled after DROP, retirement applications, DROP Payments, Member's Supplemental Savings Fund refunds, and deaths through April 30, 2017.

Upon Motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to approve Michael L. Bertrand as a new DROP Participant effective January 1, 2017.

Regarding the Errors and Omissions policy estimates and coverage, Ms. Dees stated that she would like to request a special meeting to discuss this topic. She stated that she has only received an estimate and coverage information from one carrier and would like to have at least two quotes and the Board's input on exactly what type of coverage they require for the System. Mr. Curran suggested that the Board may want to consider postponing this item until after a new director is chosen since that decision may change what type or amount of coverage is required. Ms. Moorer stated that she is very disappointed that this issue has not yet been resolved, since it has been an agenda item for over a year; and the Board had already given the Director approval to seek and implement this coverage. Ms. Akers stated that more than half of the systems that she represents do not have this type of policy.

Ms. Waskom left the meeting at 4:20 p.m., so a quorum was no longer present.

Ms. Quienalty again expressed her concern that the Board is not getting done what has been repeatedly asked of them by the ROV Association. She then asked Mr. Curran if his current Errors and Omissions Policy would have covered the issue previously mentioned regarding St. John the Baptist Parish. Mr. Curran stated that he made a calculation error in the letter; however the incorrect amount was never collected from the parish. He explained that contributions were never received from the parish on behalf of the employee so in that situation it was an error of the parish/employer therefore not covered by G. S. Curran's Errors and Omissions Policy, since it was neither their fault nor the fault of the Board.

Mr. Champagne asked if the hiring of a New Director or Third Party Administrator would be effective for January 1, 2018, and if that person /persons chosen would be required to have Errors & Omissions Coverage. Ms. Akers stated that the Board would have to vote on a timeline once a candidate is chosen and that the RFP does require Errors & Omissions Coverage.

Next, Ms. Dees confirmed that every year she requests that each parish verify all employees in their office by name and address and most respond within a couple of days.

Upon suggestion by Ms. Moorer, the Board agreed to add to the October meeting agenda the discussion to approve in 2018 the advertisement for a revision of the statute to allow a member to repay refunded contributions immediately upon being rehired by ROVERS rather than the current four year waiting period.

Audience members did not identify themselves for the recorder. Therefore, some of the names of members who made comments are not included below. Audience members voiced their disappointment about the fact that an effort was made on their part to attend this meeting; however a quorum was no longer present. Ms. Menard stated that the public comments segment of the agenda lasted approximately an hour and a half and that Ms. Waskom did mention prior to lunch that she had to leave at 4:00 pm. Ms. Moorer expressed her disappointment in the Board's ability to maintain a quorum and complete the discussion of all items on the agenda. Mr. Champagne thanked the Board for amending the policy and allowing for public comments after the discussion of each agenda item.

XII. Other Business

Ms. Menard stated that she had two requests to be added to the agenda for the July Meeting. First, she asked to add the discussion of and action that the Chairman and Vice Chairman must be notified in advance if any item is added to the agenda by a trustee. Secondly, she asked to add to the agenda the discussion and action to determine who is authorized to contact the System Attorney without permission from the Board or Director.

Ms. Moorer discussed her submitted agenda item for this meeting regarding the public records request. She stated that her position as Secretary-Treasurer of the Louisiana Registrars of Voters Association is an elected position that gives her a vote, includes the responsibility of completing correspondence, and is 100% separate from her position as a Trustee of ROVERS. Ms. Akers informed Ms. Moorer that as a Trustee of ROVERS she has a fiduciary responsibility and she must be cautious about what she imposes on the Board when sending letters such as the public records requests. Ms. Moorer stated that she is not sending the request on her behalf but on behalf of other members of the ROV Association. However, she did state that going forward she would allow another ROV Board Member to request anything that maybe controversial.

XIII. Adjourn

After discussion among the Board members, the next meeting date was scheduled for Wednesday, July 26, 2017, at 9:00 a.m. at the Renaissance Hotel in Baton Rouge, LA. The meeting ended at 4:48 p.m.