

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
April 29, 2014**

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 9:34 a.m.

II. Invocation and Pledge of Allegiance

Ms. Linda Rodrigue offered an invocation and Mr. Dwayne Wall led the Pledge of Allegiance.

III. Roll Call

Ms. Lorraine Dees called the roll. Board members present were: Ms. Sandra Sims, Mr. Dwayne Wall, Ms. Charlene Menard, Ms. Billie Meyer, Ms. Linda Rodrigue, and Mr. Dennis DiMarco. Representative J. Kevin Pearson and Senator Elbert Guillory were absent. A quorum was present.

Others present included Ms. Denise Akers (Legal Counsel), Ms. Lorraine Dees (System Director), Ms. Michelle Cunningham (representing the Accountant, Duplantier, Hrapmann, Hogan, & Maher, L.L.P.), Ms. Terry Meagher and Ms. Tamara Wyre (representing the Custodian of Assets, Capital One Bank), Mr. Jon Breth (representing Investment Consultant, The Bogdahn Group), Ms. Stephanie Murray (representing Representative J. Kevin Pearson), Mr. Gary Curran, Mr. Greg Curran, and Mr. Brian Shoup (representing Actuary and Administrator, G. S. Curran & Company, Ltd.), Ms. Elaine Lamb, (Registrar of Voters for East Baton Rouge Parish), Ms. Priscilla Arceneaux (Assistant to Ms. Lamb), Ms. Sharon Bankston (Assistant to Ms. Lamb), Mr. Lucas Buller (Registrar of Voters for Evangeline Parish), Ms. Nicole Fontenot (Assistant to Mr. Buller), Ms. Dianna Stone (Registrar of Voters for Lincoln Parish), and Ms. Shelley Bouvier (Assistant to Mr. DiMarco).

IV. Review and Approval of Minutes

Upon motion by Ms. Menard and second by Ms. Rodrigue, the Board voted unanimously to approve the minutes from the January 29, 2014 meeting.

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

V. Presentation by Capital One

Ms. Meagher directed the Board's attention to the Custodial Report. She briefly reviewed the invested assets as of March 31, 2014. She reviewed the changes in balance over the quarter with notes regarding movements of money in rebalancing and the class action settlements during the quarter. She then reviewed investment fee activity for the fiscal year to date and stated that expenses were down compared to the same period last year.

Mr. DiMarco commented on the increase in assets over the fiscal year and how fees have gone down over that same period.

Ms. Meagher then introduced Ms. Tamara Wyre to the Board. Ms. Wyre directed the Board's attention to Tab E regarding the Members' Supplemental Savings Fund (MSSF). At the request of the Board, Ms. Wyre presented an Asset Allocation Risk & Reward from 1950 – Present and discussed the possibility of increasing the equity allocation for the Fund and what that might do in terms of risk and returns. The current investment policy restricts equity to 25% and limits bonds to U.S. Investment Grade Government Bonds.

Mr. Breth pointed out that exposure to government bonds, which has a required allocation of 65% in the MSSF, is subject to increasing interest rate risk.

Ms. Wyre then directed the Board's attention to tab F and reviewed MSSF performance. She stated that there was a 0.84% return on the current calendar year to date. She also stated that there was an average annualized return of 6.68% over the last 5 years, noting that 24.6% of assets have been exposed to equities during the quarter.

Ms. Wyre then directed the Board's attention to tab G to look at two proposed portfolio changes. The first proposal would add exposure to REITS and MLPs to look for a low correlation to general equities and provide high income generation. Without changing the current limitation to the investment policy, this change would have increased this quarter's performance by 1.32%. The second proposal would require an increase in equity allocation to 35% and includes adding High Yield and International Bonds, as well as more exposure to Emerging Markets, REITS, and MLPs.

Ms. Sims commented that the Board should defer a decision until the next meeting, asking Mr. Breth to work with Capital One on the project and giving the Board time to consider this proposal.

Upon motion by Ms. Sims and second by Mr. Wall, the Board voted unanimously to defer the decision until the next official Board meeting.

Upon motion by Ms. Rodrigue and second by Mr. Wall, the Board voted unanimously to approve the Custodial Report as presented by Ms. Meagher and Ms. Wyre.

Ms. Sims asked about setting a cap on the amount of cash being held outside Capital One for benefit payments and administrative expenses.

Ms. Dees discussed cash flow and the timing of ad valorem tax receipts, as well as retirements and DROP disbursements. After further discussion, Ms. Dees will work with G.S. Curran & Company to present statements showing cash balances at each Board meeting going forward.

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

VI. Presentation by the Investment Consultant, The Bogdahn Group

Mr. Breth directed the Board's attention to page 2 of the Monthly Flash Report as of March 31, 2014. He stated that 2014 has been more volatile than 2013. He explained that the S&P 500 and fixed income were in line with each other, both being up 1.8% for the quarter. He stated that yield oriented sectors have done well like REITS and Investment Grade Credit. He also stated that Small Caps are still pricey relative to Large Caps as the All-Cap Funds have been allocating more to large caps.

Mr. Breth then directed the Board's attention to page 8 of the Monthly Flash Report. He stated the Fund's allocation away from core bonds, into corporate and high yielding bonds is the place to be.

Mr. Breth then directed the Board's attention to page 10 and 11 of the Monthly Flash Report. He stated that the total fund composite was up 0.9% during the previous quarter and 11% for the current fiscal year to date. He stated that it was a decent quarter and that domestic equities were in line with markets but that international sectors underperformed. He stated that Oppenheimer Developing Markets was inline, but Thornburg International had disappointed, off by 6.3% for the current fiscal year to date from the index. He explained that The Bogdahn Group had them on watch and was sending an analyst for an on-site visit May 20th. He stated that he would be researching possible replacements for the next meeting if the analyst gives a negative report. He then explained that managers within the Fixed Income classification continue to outperform. He stated there was not much to report on Sand Spring, CA Recovery, and Equitas except that Equitas was waiting on an audit to release the remaining holding and that the Fund should expect \$400,000 - \$450,000 over the next quarter. He explained that Americus has turned the Decatur, GA property over to the bank. He explained that the Fund would see an 18% write down on the next fund report.

Mr. Breth then directed the Board's attention to page 15 of the Monthly Flash Report. He stated that the balance at the start of the fiscal year was \$63,531,308. He stated that, during the nine months, \$3,000,000 in cash was brought in and there was a gain of \$7,187,706. He then stated that the market value at the end of the quarter was \$73,723,622. He then reiterated the fee comparison report he showed the Board previously that the 2012 average fee was 83 basis points and the 2013 fees averaged 60 basis points which is an automatic savings of \$150,000 per year.

He then reported the Investment Policy Statement was complete and ready to sign by Mr. DiMarco and Ms. Dees.

Ms. Rodrigue asked where Mr. Breth would invest the additional \$2,000,000 cash discussed earlier in the meeting. Mr. Breth mentioned increasing the Non-Core Fixed Income by \$1,000,000-\$1,500,000 and the remainder to the Real Return Funds.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to approve the Investment Consultant's Report as presented by Mr. Breth.

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

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

Ms. Akers stated there was no need for an executive session to discuss Commonwealth. She stated that Mr. Reasonover had taken over other classes in the case and had consulted with Jim Swanson to represent ROVERS class in the case. She explained that Mr. Reasonover stated that Stone & Youngberg, LLC was added as co-conspirators, but the company is contesting their naming in the case.

Ms. Akers reminded the Board that there was no hourly rate of pay for class action suits and that the attorneys are only paid if they succeed. The addition of Mr. Swanson's firm reviewing a million pages of documents means they believe there is a high probability to recover assets in this case.

Ms. Akers handed out her review of leave-conversion policies by the other state and statewide retirement systems as requested at the last Board meeting.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to defer a decision on leave conversion policy until the next meeting so it can be studied and reviewed.

Ms. Akers stated that Weiler and Reese have filed ROVERS' application with the IRS for a Determination of Qualification and provided answers to questions they had. She stated that the Fund was waiting for the IRS to respond to the answers and should be completed in the next few months.

Upon motion by Mr. Wall and second by Ms. Meyer, the Board voted unanimously to approve the System's Attorney's Report as presented by Ms. Akers.

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

Mr. Greg Curran asked to amend the agenda to allow Ms. Cunningham to present before G. S. Curran presents.

Upon motion by Ms. Sims and second by Ms. Menard, the Board voted unanimously to amend the agenda to allow Ms. Cunningham to make a presentation on GASB statements 67 and 68.

Presentation by Duplantier, Hrapmann, Hogan & Maher

Ms. Michelle Cunningham handed out her presentation on Governmental Accounting Standards 67 (GASB 67). She stated that GASB 67 is enforcing sweeping changes for pension reporting that goes into effect June 30, 2014.

She directed the Board to page 2 of the report, which outlined all of the changes and highlighted the requirements for measuring the pension liability of employers and non-employer contributing entities for benefits provided by the actuaries.

She directed the Board to page 5 and 6, which outlined the increased footnotes to the financial statements and required supplementary information.

She directed the Board to page 10 and 11 and discussed the need to begin testing census data for each contributing employer on a rotating basis. She stated that significant employers, like the state, should be tested every year and large parishes would need to be tested every 3-5 years and the smaller parishes could be tested every 7-10 years.

Ms. Dees asked about additional requirements for management.

Ms. Cunningham and Mr. Greg Curran discussed a meeting that had been scheduled with all statewide retirement system directors and staff to discuss the GASB requirements for management as well as the accountants and actuaries.

Upon motion by Ms. Meyer and second by Ms. Menard, the Board voted unanimously to approve the Accountant's Report as presented by Ms. Cunningham.

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

VIII. Presentation by G. S. Curran & Company

Mr. Greg Curran began by handing out a new retainer information sheet for ROVERS, which outlined the actuaries' additional reporting requirements by GASB 67. These requirements include the valuation of pension liabilities under the entry age normal valuation method, the use of a discount rate assumption not necessarily the same as that used in the funding valuation, valuations for accounting purposes at 1% above and 1% below the discount rate, an annual crossover test to determine if the long term rate of return could be used or if a blended discount rate had to be developed with the blending of the long term expected return and the municipal bond rate, and setup of amortization schedules for gains and losses, changes in assumptions, and changes in allocation fractions for each employer.

Mr. Gary Curran reminded the Board that even though the liability standards are increasing, this would not generate higher contribution rates for the system because they do not effect funding. Mr. Curran also stated there would be a detailed cash flow analysis which demonstrates the System's ability to pay benefits for each member out into the future.

Mr. DiMarco commented on state mandates that would increase costs.

Mr. Greg Curran handed out and reviewed the administrative budget for ROVERS. The fiscal 2014-2015 budget included staff salary increases, as well as professional fee increases. There were decreases in office supplies, continuing education, equipment purchases, and legal fees which produced a Total Net Budget increase of 5.1%.

Upon motion by Ms. Rodrigue and second by Mr. Wall, the Board voted unanimously to accept the administrative budget as presented by Mr. Greg Curran.

Upon motion by Ms. Menard and second by Ms. Meyer, the Board voted unanimously to accept the Actuary's report as presented by Mr. Gary and Greg Curran.

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

IX. Director's Report

Ms. Dees provided a handout for the Director's Report, and 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.

Ms. Dees then reviewed each of the items on the Director's Report handout.

Ms. Sims asked about the delay in getting Post-DROP benefits set up. Ms. Dees, along with Mr. Greg Curran, discussed the timing involved in the process of calculating and approving benefits.

Ms. Dees noted that she will be sending out a letter to all Registrar of Voters to explain an issue involving leave time not being reported by some parishes and the requirements involved there in.

Upon motion by Ms. Meyer and second by Ms. Menard, the Board voted unanimously to approve the Director's Report as presented by Ms. Dees.

Ms. Sims made a request that the agenda be emailed one week in advance on the SOS email system.

Ms. Rodrigue commented that not every member of the system has an email address on the SOS email system.

Ms. Meyer suggested that Ms. Dees send out an informational letter to all active members about the www.larovers.com website, encouraging them to visit the site to view notices on upcoming Board meetings, as well as agendas, minutes, and reports.

Upon motion by Ms. Meyer and second by Ms. Menard, the Board voted unanimously to approve having Ms. Dees send out an informational letter to all active and retired members about the ROVERS website. At the request of Mr. Wall, retirees were included in the motion.

Ms. Sims asked about posting an updated ROVERS booklet before the July Board meeting.

Upon motion by Ms. Sims and second by Ms. Rodrigue, the Board voted unanimously to have the Revised Statues for ROVERS posted on the www.larovers.com website as soon as possible, in place of the booklet.

There was discussion regarding the review of the Director's credit card activity, which is currently reviewed in the annual audit of the retirement system.

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

X. Public Comments

Mr. DiMarco asked if there were any public comments. Hearing none, the meeting continued.

XI. New Business

Discussion of the future of ROVERS' Director Position took place. Ms. Dees was asked to give a 6 month notice when she decides to retire, if possible, so that the Board has time to prepare for her replacement. It was noted that this cannot be required of her, but simply requested.

Mr. DiMarco asked Ms. Dees for her opinion on the future of the position when she does retire.

Ms. Akers commented that some retirement systems have contracts with a retiree to be their system director. Ms. Akers stated that she had not put together those contracts and that she has concerns about them, but that she wanted the Board to know they exist.

Mr. DiMarco asked to move on to the next agenda topic regarding hiring a Class-Action Attorney.

Ms. Akers commented that other systems are interviewing firms to consider hiring and explained what the Board should consider in hiring a firm.

Mr. Gary Curran commented that Class-Action Attorneys are generally looking for clients that would qualify as lead plaintiffs in a class-action suit which requires a large position in one stock. The Board elected to take no action on the matter.

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

XII. Other Business

Mr. DiMarco asked if there was any other business.

Mr. DiMarco announced the next official meeting date and location of August 5th, 2014 at 9:30 am at the Renaissance Hotel Baton Rouge, LA.

XIII. Adjourn

Upon motion by Ms. Rodrigue and second by Ms. Meyer, the Board voted unanimously to adjourn the meeting at 12:46 p.m.