Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
April 30, 2013

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. John Moreau, called the meeting to order at 1:00 p.m.

II. Invocation and Pledge of Allegiance

Ms. Linda Rodrigue offered an invocation and Mr. Dennis DiMarco led the Pledge of Allegiance.

III. Roll Call

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

Others present included Mr. Greg Curran (representing Actuary and Administrative Service Provider, G. S. Curran & Company, Ltd.), Ms. Denise Akers (Legal Counsel), Ms. Lorraine Dees (System Director), Mr. Jon Breth (representing Investment Consultant, The Bogdahn Group), Ms. Terry Meagher (representing the Custodian of Assets, Capital One Bank), Ms. Shelley Bouvier (Assistant to Mr. DiMarco), Ms. Stacy Ryan (Registrar of Voters for West Baton Rouge Parish), Mr. Lucas Buller (Registrar of Voters for Evangeline Parish), Ms. Nicole Fontenot (Assistant to Mr. Buller), Ms. Hollie Miller (Assistant to Ms. Dees), Ms. Billie Meyer (Registrar of Voters for Acadia Parish), Ms. Shana Bankston (Chief Deputy of East Baton Rouge Parish), Ms. Elaine Lamb (Registrar of Voters for East Baton Rouge Parish), and Ms. Priscella Arcenaux (Assistant to Ms. Lamb).

IV. Public Comments

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

V. Review and Approval of Minutes

Ms. Thomas asked why benefit amounts from the Director's Report were not included in the minutes from the January 30, 2013 Board meeting.

Mr. Curran stated that the original benefit calculations for retirees are kept at the Actuary's office. He also stated that the approved Director's Report was placed in the meeting packet after every meeting, which provided proof of the benefit amounts approved by the Board. The Board then discussed reasons for not publishing benefit amounts within the minutes.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to approve the minutes from the January 29, 2013 meeting.

Upon motion by Ms. Thomas and second by Mr. Wall, the Board voted unanimously to approve the minutes from the January 30, 2013 meeting.

VI. Presentation by Capital One

Ms. Meagher directed the Board's attention to the loose handout that was passed out along with the Custodial Report. She explained that there are assets within the ROVERS portfolio that are not marketable assets. She stated that the Bank must rely on pricing by a service that is outside of Capital One. She stated that Americus Real Estate had its last value pricing as of December 31, 2011, and she explained that she wanted to be sure the price was updated prior to the end of the fiscal year on June 30, 2013. She then stated that page 2 of the handout had lists of assets held by other custodians. She explained that it was fairly up to date, but that since some are slightly delayed, some statements are received quarterly and others are received monthly.

Ms. Meagher then directed the Board's attention to the Custodial Report for the quarter ending March 31, 2013 provided by Capital One. She directed the Board's attention to page A-1, which showed the closings of Snow Capital and Horizon, and showed the openings of Templeton Global and PIMCO. She stated that the total value of the fund was $62,721,462.59 as of March 31, 2013. She then reviewed page A-2, which showed a comparison of the values of current managers from June 30, 2012 and values from March 31, 2013. She then examined page A-3, which outlined the investment changes since hiring The Bogdahn Group as the investment consultant.,. She explained that KBC Water had an original principal amount of $2,000,000.00, and that it was liquidated for $2,218,040.58. She stated that both Ashmore accounts had a principal amount of $1,500,000.00 and that the Emerging Markets account was liquidated for $2,245,606.72 and the Local Currency Fund was liquidated for $1,893,631.17. She then stated that the Snow Capital liquidation was completed by the transition manager. She explained that the original principal amount for Snow Capital was $3,750,000.50 and that it was liquidated for $2,177,143.09. She stated that Horizon had an original principal amount of $3,000,000.00 and was liquidated for $2,655,391.14. She then quickly examined the accounts that were closed during the 4th quarter of 2012. She then reviewed page A-4, which showed the investment fees since June 30, 2012. She then directed the Board's attention to tab B. She explained that tab B breaks down investments by type for this quarter versus the past 3 fiscal year ends. She then showed an executive summary page that could encompass information on each holding. She explained that this would allow for just one page within tab B, instead of having to look at each account separately.

After some discussion, the Board agreed with Ms. Meagher's recommendation to have an executive summary page with all assets for tab B.

Ms. Meagher then directed the Board's attention to tab C, which reviewed the Members Supplemental Savings Account. She stated that the MSSF had a quarter end value of $1,330,387.94 after benefit payments. She explained that Cash accounted for 2.2% of the MSSF and Fixed Income accounted for 72% of the MSSF. She stated that the total account return for the calendar year to date was up 2.3% and the account was up 4.55% from April 1, 2012 to March 31, 2013.

Upon motion by Ms. Rodrigue and second by Ms. Thomas, the Board voted unanimously to accept the Custodial Report as presented by Ms. Meagher.

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

VII. Presentation by the Investment Consultant, The Bogdahn Group.

Mr. Breth directed the Board's attention to the Asset Allocation and Performance Review handout given out to the Board. He stated that the performance of the investments have been very strong, both on an absolute and relative basis, net of any fees. He stated that the monthly performance for March was 1.2%, the fiscal year to date was 8%, and the calendar year to date was 3.7%. He stated that those were all above the Total Fund Policy Index. He stated that Orleans Capital Energy produced a strong performance due to their concentration on oil services stocks which outperformed. He explained that, based on the Board's prior approval, Advisory changed their allocation from a Small/Mid Cap to an All-Cap, which would now be labeled Advisory Composite. He stated that this was changed on March 3, 2013. He explained that Westfield would begin to be tracked starting April 1, 2013 because it was a brand new investment. He stated that both Snow and Horizon had strong performances before their allocations were changed. He then explained that Thornburg had a strong absolute performance. He stated that although they were underperforming their index on the fiscal year to date and the calendar year to date, he thought that they were doing a good job as a money manager. He stated that Invesco had strong performances from Japanese REIT holdings.

Mr. Breth then directed the Board's attention to page 2 of the Performance Review. He stated that the Core Fixed Income allocation would not likely be an 8% to 9% earner in the future, but more in the range of 3% to 4%. He recommended using PIMCO emerging markets and high yields to increase earnings. He also stated that using Global REITS could increase the yield. He stated that both PIMCO and Templeton had outperformed their indexes, but also had low returns. He stated, in regards to Hedge Funds, both Sand Spring and CA Recovery Fund were being wound down, and that Equitas had trailed the HFRI Fund of Funds composite index. He explained that it had a positive experience versus the index since its inception. He indicated that private investments are tracked using an internal rate of return, since these managers control the timing of investments. He explained that a dollar weighted return is used within the Performance Review. He stated, in regards to Real Estate, both Americus and CDK Realty were negative, but Greenspring had been positive at 6.85% since its inception.

Mr. Breth then directed the Board's attention to page 5 of the Performance Review, which reviewed the cash flow summary for the fiscal year to date. He explained that it would differ with the Capital One statements because The Bogdahn Group was able to receive updated statements and estimates directly from the money managers as they were produced. He stated that any changes that had been made have positioned the Fund to perform but to limit exposure to any pull backs.

Mr. Moreau asked Mr. Breth about cash levels.

In response to Mr. Moreau, Mr. Breth stated that he would discuss cash levels in his recommendations later in the presentation.

Mr. Breth then stated that there are four Hedge Fund and Private Investment allocations within the Fund, and that he sat down with each of the managers of those investments. He stated Equitas provided a summary of the investment manager in New Orleans that ran their portfolio. He explained that the Private Equity allocation had become 20% of the Equitas Fund and added that Equitas splits its time on Consulting versus Hedge Funds. He then stated that he did not like the increase in Private Equity in the Fund of Funds, but would rather the Board make those decisions regarding investments. He recommended giving notice to liquidate the position with Equitas so that the System could receive a return of capital by June 30 with quarterly liquidation within 45 days. He stated that he would look at alternative managers in the Hedge Fund space if the Board is confident in that area.

Ms. Thomas stated that she would not be comfortable investing in the Hedge Fund space.

Ms. Dees asked Mr. Breth if there was something that he would recommend using in place of Hedge Funds.

Mr. Breth stated that he did like the PIMCO All Asset Fund, which was an Internal Fund of Funds. He explained that they used a computer model to allocate among all of PIMCO funds including stocks, bonds, commodities, and TIPS, which are all within the PIMCO platform. He stated that some consultants used an all asset fund as baby steps. He explained that the PIMCO All Asset Fund provided daily liquidation with lower fees. He stated that he could have their representative come in for a presentation at a later date if the Board approved.

Mr. Moreau asked what kind of due diligence would be needed if Equitas was replaced.

In response to Mr. Moreau, Mr. Breth stated that he could find a peer fund to PIMCO, but that PIMCO was the premier investor in that space. He explained that it had been through the full review from their company.

Ms. Akers recommended comparing two asset classes if there was not something within the All Asset space.

Mr. Curran stated that it would be reasonable to bring in The Bogdahn Group's preference of the Fund of Funds Hedge Fund manager versus the PIMCO All Asset as an alternative to the Hedge Fund asset class.

Upon motion by Ms. Thomas and second by Ms. Rodrigue, the Board voted unanimously (5-0) to approve of The Bogdahn Group's recommendation to immediately put in a redemption notice to Equitas for a full redemption on June 30, 2013. (Mr. DiMarco was absent from the room during the vote.)

Mr. Breth then discussed the possibility of hearing from PIMCO All Asset Fund and Ironwood Fund of Funds. He stated that PIMCO would have a fee somewhere between 60 to 75 basis points, and that Ironwood's fees would be approximately 2.5% of total assets.

Mr. Moreau stated that the Fund did not have good experiences in the past when paying more and hoping for a better return.

In response to Mr. Moreau, Mr. Breth stated that Ironwood tries to earn 8% to 10% net return over time. He explained that Ironwood viewed themselves as an alternative to fixed income. He stated that they are the type of manager to look at since fixed income will not likely be the rock in the portfolio.

Upon motion by Mr. DiMarco and second by Ms. Menard, the Board voted unanimously to ask The Bogdahn Group to present two absolute return mutual fund alternatives to the Board with interviews the day before the next meeting.

Mr. Breth then stated that Greenspring and Americus updates were included in the handout presented to the Board earlier from The Bogdahn Group. He stated that Greenspring had been the most successful of the funds within private investments. He explained that they were now left with 50% public equities and 50% private investments. He stated that the public equities portion included an Exact Target IPO. He stated that there were three extensions to the investment period within its documents. He indicated that they would likely last until 2014 or 2015. He explained that the positive stock market and IPO market had been good for the Fund, but that the Fund would wind down on its own by 2014 or 2015, based upon the documents. He stated that Americus was started in 2007 with an expected term of five years. He explained that the Fund was created based on an exit strategy that no longer exists since government tenants were not in a position to buy back the properties at advantageous rates. He stated that it still provided income, which was good news. He stated that the current risk at hand was that the lease in Decatur, GA may not renew. He explained that the original fund life of five years was ended in 2012. He stated that an additional five years were asked for, which targeted 2017. He indicated that Americus thinks that there is a chance of getting back the original investment.

Mr. Breth then discussed Commonwealth. He stated that Mr. Joe Meals (representative of former Investment Consultant, CSG) had reached out to him regarding an investor pursing the purchase of the investment of the CA Recovery Fund. He stated that the investment would get paid out at 5% above the value held on February 28, 2013. He stated that Firefighters' Retirement System and Municipal Employees' Retirement System were working on legal documents to be sure that they maintain their rights to legal action. He stated that, in his opinion, it was worth pursuing redemption if the attorneys could work it out.

Upon motion by Ms. Thomas and second by Mr. Wall, the Board voted unanimously to accept the redemption offer of 5% above the February 28, 2013 value tendered with regard to CA Recovery Fund and to authorize Mr. Breth, Ms. Dees, and legal counsel to negotiate the documents.

Mr. Breth then presented the Board with a handout labeled Long Term Capital Market Return Assumptions from JP Morgan, which looked at current target allocations and illustrated expected returns on that allocation in the near future.

Mr. Breth then discussed different equity, fixed, and alternative investment expected rates of return. He stated that the decision to not use private equity would change the expected return. He suggested that the analysis put allocations in Large, Mid, and Small-Cap space because that would be where Energy Opportunities were focused. He stated that 10% was allocated to MSCI EAFE, 5% was allocated to Emerging Markets, 35% was allocated to Bonds, and 20% was allocated to US Aggregate which would likely not drive returns. He stated that the allocations to Corporate Bonds, High Yield, Global Bonds, Emerging Markets Local Currency and Emerging Markets Corporate Debt were allocations that the Fund receives within Templeton Global. He stated that this targeted a rate of return estimated at 7.64%.

Mr. Breth then explained that he would not review the Investment Policy Statement due to time constraints.

Mr. Breth then recommended cutting Thornburg's position to 5% and to supplement it with the Vanguard Total International Stock Index Fund. He stated that he viewed Vanguard Total International Stock Index Fund as a long term investment. He explained that the current cost of Thornburg was 65 basis points. He stated that Vanguard was at 22 basis points and Dodge and Cox Fund was at 64 basis points. He stated that Vanguard would maintain returns near the index. He recommended the use of Dodge and Cox International Fund if the Board preferred an active portfolio, which would be revenue neutral.

Mr. Breth then stated that a 10% International Equity position could be in active management or an International Index Fund. He explained that the Emerging Markets Funds would be at a higher cost, so the Vanguard Fund with lower fees would help keep that cost down. He then recommended keeping Thornburg because Dodge and Cox would not be good on its own due to its deep contrarian investment method.

Ms. Thomas stated that she would like Thornburg to drop from 10% to 5% and have 5% put into Vanguard.

Upon motion by Ms. Thomas and second by Ms. Rodrigue, the Board voted unanimously to rebalance the portfolio with a 5% target for Thornburg and a 5% target to the Vanguard Total International Stock Index.

Mr. Breth then presented the Board with a booklet on dedicated allocation to Emerging Markets. He recommended bringing in an Emerging Markets specialist. He stated that he had 3 candidates: Vontobel, Wells Capital, and Oppenheimer. He recommended considering Oppenheimer or Wells Capital as an Emerging Markets specialist.

Upon motion by Mr. DiMarco and second by Ms. Thomas, the Board voted unanimously to defer considering Emerging Markets evaluations until the next Board meeting.

Ms. Thomas then asked about deploying cash. She stated that there was around $4,000,000.00 to $5,000,000.00 in cash.

Mr. Breth stated that the Board could utilize the Fidelity Total Market Index Fund as a placeholder while making other decisions. He stated that the Board could have a meeting day for interviews of All Asset Funds, as well as Emerging Markets.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to withdraw Mr. DiMarco's earlier motion of deferring the consideration of Emerging Markets evaluations until the next Board meeting.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously (5-0) to request Oppenheimer Emerging Market and Wells Capital Emerging Markets be present on the day before the next Board meeting to discuss Emerging Market strategies. (Mr. Wall was absent from the room during the vote.)

Upon motion by Ms. Rodrigue and second by Ms. Thomas, the Board voted unanimously to accept the Investment Consultant's Report as presented by Mr. Breth.

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

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

Ms. Akers gave a brief update on the Commonwealth litigation. She stated that Mr. Kirk Reasonover (representing Reasonover & Olinde, LLC. as the Attorney for the Sand Spring bankruptcy case) gave an update to her regarding the Sand Spring bankruptcy. She stated that he explained that there had been a proposal to settle at an amount which he believed was too small, so he opposed the settlement.

Upon motion Mr. DiMarco and second by Ms. Menard, the Board voted unanimously to accept the Attorney's Report as presented by Ms. Akers.

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

IX. Presentation by G. S. Curran & Company

The first item for review was the 2013 legislative session.

Ms. Akers reviewed the tax bill that was in legislation and stated that it had been through the House Retirement Committee and that it had been sent to the Senate Retirement Committee. She stated that the employee contribution range bill had also been through the House Retirement Committee and had been sent to the Senate Retirement Committee. She stated that the ad valorem tax bill had also been through the House Retirement Committee and was on the floor in the Senate Retirement Committee.

Discussion ensued regarding the ad valorem tax bill and whether past money that was due would be sought. Ms. Akers stated that the decision would be based upon the attorney's recommendation.

Mr. Curran then presented the Board with the Actuarial and Administrative Services contracts for the 2014 fiscal year. Mr. Curran stated that there were no changes within the Actuarial Services contract for the 2014 fiscal year.

Upon motion by Ms. Thomas and second by Ms. Rodrigue, the Board voted unanimously to approve of the Actuarial Services contract for the 2014 fiscal year.

Mr. Curran stated that although there were not any changes on the Administrative Services contract, he would discuss potential future changes to the contract with the Board at the next Board meeting due to time constraints on the current meeting.

Mr. Curran then presented the Board with a new budget expense report. He stated that he would suggest the approval of a budget prior to the start of the fiscal year, but due to time constraints, that would not be possible. He stated that a new proposed budget could be reviewed at the next Board meeting. He suggested that the Board vote to continue operating under the current budget in the interim.

Upon motion by Mr. DiMarco and second by Mr. Wall, the Board voted unanimously to continue to use the current fiscal year budget during the next fiscal year until a new budget was adopted.

Mr. Curran then presented the Board with the Act 1004 report. He stated that this report was based upon investment numbers provided by Mr. Breth.

Upon motion by Mr. Wall and second by Ms. Menard, the Board voted unanimously to approve of the Actuary's presentation.

Mr. Curran indicated that the Board did not approve of the Administrative Contract in the previous motion along with the Actuarial Services contract.

Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously (5-0) to approve of the Administrative Services contract for the 2014 fiscal year. (Ms. Menard was absent from the room during the vote.)

With no further business, the Board moved onto the next agenda item.

X. Director's Report

The Board then heard the Director's Report from Ms. Dees. She addressed the items on the handout provided to the Board, including new employees, terminations, actuarial transfers (in/out), DROP participants (exit DROP), DROP payments, rollovers, new DROP participants, retirement applications, MSSF refunds, deceased members, and other Director's business.

Ms. Dees reviewed the following new employees: Jerry Prejean, Cathy Kelly Deirdre Moore, Brandie Landry, and Mallory Blair.

Ms. Dees then reviewed the terminations.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously (5-0) to approve the refunds of Tammy Carroll, Emily Hughes, Sandra Reine, Holly Matthews, Amber Dressler, Brandi Boudreaux, and Hynethia Rivarde. (Ms. Menard was absent from the room during the vote.)

Ms. Dees then stated that there were no new actuarial transfers.

Ms. Dees then stated that there was 1 DROP participant: Jimmy Hattaway.

Ms. Dees then reviewed DROP payments.

Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously (5-0) to approve the following DROP payments: the lump sum payment to Charlotte Erwin and the lump sum payment to Betty Madere. (Ms. Menard was absent from the room during the vote.)

Ms. Dees then reviewed rollovers.

Upon motion by Ms. Thomas and second by Mr. DiMarco, the Board voted unanimously (5-0) to approve of the rollover for Rachel Penns. (Ms. Menard was absent from the room during the vote.)

Ms. Dees then reviewed new DROP participants.

Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously (5-0) to approve the new DROP participant Delores Travis. (Ms. Menard was absent from the room during the vote.)

Upon motion by Ms. Thomas and second by Mr. DiMarco, the Board voted unanimously (5-0) to approve the new DROP participant Cherry Cleveland. (Ms. Menard was absent from the room during the vote.)

Ms. Dees then stated that there were no new retirement applications.

Ms. Dees then stated there were no new MSSF refunds.

Ms. Dees then reviewed recently deceased members: B. G. Dyess and Lottie Bloch.

Lastly, Ms. Dees reviewed other business involved in the Director's Report. Ms. Dees presented a handout regarding unused sick and annual leave. After some discussion regarding annual leave, she skipped over the 2nd item on the list regarding the budget for fiscal 2014, indicating that Mr. Curran had already brought the item up during his own presentation and that it would be discussed at the next quarterly Board meeting. She then proceeded to the 3rd item regarding the transfer of an employee, and stated that Ms. Miller would be accepting a position within the Registrar of Voters office, and that she would be looking for a replacement for an assistant for the retirement system. She then reviewed the last item on the list regarding the digitization of records for active, retired, DROP, and terminated members from the past 15 years. She stated that, under the proposal she had received, records would be held on the Cloud, a wireless storage device.

Mr. Wall asked if the company provided services that accepted confidentiality on files put on the Cloud.

Ms. Dees stated that the device would not be interfered with. She stated that there would be a 1 time training fee, and that it would be a minimum of $300.00 per month to keep the files on the Cloud.

Mr. Wall then discussed the need for a record retention schedule.

The Board then agreed upon the idea of digitizing records, and gave Ms. Dees permission to continue negotiating with her contact with regard to using the Cloud.

Ms. Thomas asked the Board to consider the addition of an updated retirement booklet.

Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously (5-0) to accept the Director's Report. (Ms. Menard was absent from the room during the vote.)

With no further business, the Board moved onto the next agenda item.

XI. Approval of Expenses

Upon motion by Mr. Wall and second by Ms. Thomas, the Board voted unanimously (5-0) to approve the expenses. (Ms. Menard was absent from the room during the vote.)

With no further business, the Board moved onto the next agenda item.

XII. New Business

Mr. Moreau asked if there was any new business. Hearing none, the meeting continued.

XIII. Other Business

The Board discussed the dates of the next quarterly meeting and the money manager interview meeting. The money manager interview would be held at 11:00 a.m. on July 30, 2013 and the quarterly Board meeting would be held at 9:00 a.m. on July 31, 2013, both being held at the Renaissance Hotel in Baton Rouge.

XIV. Adjourn

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the meeting was adjourned without objection at 5:20 p.m.