

**Registrars of Voters Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
April 19, 2012**

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.

Call to Order

The Chairman of the Board, Robert Poche, called the meeting to order at 1:30 p.m.

Invocation and Pledge of Allegiance

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

Roll Call

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

Others present included Gregory Curran (representing Actuary and Administrators, G. S. Curran & Company, Ltd.), Denise Akers (Legal Counsel), Lorraine Dees (System Director), Joe Meals (representing Investment Consultant, CSG), Terry Meagher (representing the Custodian of Assets, Capital One Bank), John Solecki, Steven Butler, and James Davolos (representing Horizon Asset Management), Elaine Lamb, Sharon Bankston, Joanel Wilson, Lyn Stewart, Lucas Fuller, and Dianna Stone.

Public Comments

Chairman Poche asked if there were any public comments. Hearing none, the meeting continued.

Presentation by Horizon Asset Management

Mr. Meals reminded the Board that they had requested that representatives from Horizon Asset Management attend the Board meeting to explain their investment strategy and address their performance. Mr. Meals reviewed the major points on the Firm Profile Sheet that CSG had compiled for Horizon Asset Management. He stated that Horizon was a concentrated investor, with their top ten holdings making up approximately 40% of their portfolio. Mr. Meals noted that Horizon's investment strategy was described on Page 2 of the profile sheet, and then reviewed a graph on Page 3 comparing Horizon's rate of return to the Russell 3000's rate of return.

Mr. Meals then directed the Board's attention to the graph on Page 4, which showed that Horizon's assets under management in the Strategic Value Investing product had declined from 2007 to 2011. He explained that the assets under management had decreased due to a reclassification of certain accounts into different strategies and the loss of a number of small retail accounts. He stated that Horizon still managed over \$200 million in this strategy. Mr. Meals reviewed the Market Capitalization Breakdown on Page 5, stating that Horizon had invested in larger stocks in the last couple of years. He reviewed the Sector History on Page 6 and explained that Horizon's portfolio tended to be concentrated in a few sectors; in 2009 they were heavy in utilities and

financials, and in 2011 they were heavy in consumer discretionary and financials. He explained that such concentration meant that the portfolio was not very diverse, so it performed well when certain sectors performed well, but suffered when they did not.

Mr. Meals stated that the poor performance indicated on the Manager vs. Universe Return Rank was one of the primary reasons that Horizon had been asked to give a presentation to the Board. He explained that the graphs on Page 7 compared Horizon to its peers, and prior to being hired by ROVERS, Horizon had been a top-quartile performer. He added that they were hit harder in 2008 than most of their peers and took longer to recover, but their performance had begun to improve in the last two quarters.

Mr. Meals addressed the calendar year and quarterly performance on Page 8, and noted that, after 2008, Horizon had performed poorly in consecutive quarters. He stated that they had a lower return and higher volatility than the market since 2007.

Mr. Meals introduced John Solecki, Horizon's client relationship representative. Mr. Solecki thanked the Board for the opportunity to attend the meeting and introduced Steve Butler, head of institutional accounts, and James Davolos, portfolio manager. Mr. Butler told the Board that Horizon had not experienced a high turnover in investment professionals, and their senior investment professionals had worked together for over twenty-five years. Mr. Butler acknowledged that ROVERS had not experienced success with Horizon due to the timing of their investments. He told the Board that Horizon was operated by its owners and was not publicly traded. He added that unlike many other investment firms, they were adding rather than cutting staff on the non-investment side of the company. Mr. Butler stated that Horizon had hired a new COO and CEO to manage the day-to-day business so their investment professionals could spend 100% of their time on research and investment management.

Mr. Davolos explained that Horizon's strategy was to purchase fractional interest in companies, and that they had an investment time horizon of three to five years or more, which was usually enough time for the merits of their strategy to become evident. Mr. Davolos told the Board that the markets had gone through one of the largest displacements in history with the 2008 financial crisis, and more recently with the European crisis. He stated that fundamentals had improved in the first quarter of 2012, but fundamentals were not always immediately reflected in stock prices.

Mr. Davolos explained that the management of companies in which Horizon invested was of the utmost importance, and therefore Horizon looked not only for great companies, but also great managers. He stated that Horizon's strategy was to invest in companies that were trading at a discount to their tangible value, and they also sought out companies whose management held a large personal financial stake. He explained that owner-operated companies had a smaller share float, which meant that they were not included in the larger indices. Mr. Davolos told the Board that these companies had been largely disregarded in the capital flows that had gone back into the market after 2008, but he felt confident that there was a large upside in the investments that Horizon had made.

Chairman Poche asked Mr. Davolos when Horizon expected their strategy to produce improved returns. Mr. Davolos stated that he expected the merits of their strategy to be evident in the next one to three years. Mr. Butler explained the history of Horizon's strategy and stated that until the period ending in 2011, they had never underperformed their benchmark over a rolling 5-year period, which was the 5-year period during which ROVERS had been invested.

Mr. DiMarco stated that he was concerned because Horizon had underperformed their peers, and even though they had shown improvement in recent quarters, they had still underperformed the index. Mr. Davolos acknowledged that Horizon had made mistakes in 2008. He stated that he believed that, in the long term, fundamentals would determine the value of businesses. Mr. Davolos explained that Horizon invested in very few benchmark companies and used a bottom-up approach, which set them apart from their peers.

Ms. Dees asked if the new employees at Horizon would spur a change in their investment approach. Mr. Davolos replied that the investment team had remained essentially the same and that their approach had not changed and would not change.

In response to questions from Mr. Moreau, Mr. Meals explained the difference between a trailing period and a rolling period, and told the Board that ROVERS paid basis points on the market value of their investments, not on the original purchase price. Mr. Moreau asked if the Russell 3000 was an appropriate index to use for comparison, and Mr. Butler stated that he felt that it was the correct barometer to measure Horizon's performance.

Ms. Dees asked about the name "Horizon Kinetics". Mr. Butler explained that Horizon Asset Management and their sister company, Kinetics, had been merged to simplify the organizational structure. Mr. Butler told the Board that he appreciated the ROVERS account and that he currently had more confidence in Horizon's portfolio than he had in a long time. Ms. Dees requested that Horizon's management contact her in the future if they felt there were new developments of which the Board needed to be aware.

At Chairman Poche's request, Mr. Meals recapped the Municipal Employees' Retirement System's review of Horizon. Mr. Meals stated that, after looking at the data presented by Horizon, the MERS Board felt that Horizon was a solid firm with the potential to improve since they had shown improvement in the last few quarters. Mr. Meals stated that Horizon had made a mistake in 2008 by investing in exchanges because they did not realize the impact that technology would have on that business. Mr. Meals recommended that the Board keep Horizon on a short leash and replace them if they experienced two consecutive losing quarters in the future.

Mr. Poche requested that Mr. Meals give the Board a quarterly report on Horizon, including an explanation of what had caused them to perform well or perform poorly.

Upon motion by Ms. Rodrigue and second by Mr. Moreau, the Board voted unanimously to accept Horizon's report.

Presentation by the Investment Consultant

Mr. Meals began his presentation with a review of Fidelity's Intra-Quarter Investment Themes report, which was included in the Board's packets. He stated that the most recent bear market was the worst since 1929, and it had followed historic bear market trends for the most part, except that the current recovery was taking place more quickly. Mr. Meals stated that, according to Fidelity's report, there was a reasonable chance that the S&P 500 would remain between 1,000 and 1,500 in the near future.

Mr. Meals then discussed the fundamentals that were affecting the market. He stated that housing starts were picking up but were still below the long-term average. He explained that Fidelity believed that energy costs would decline as shale gas production increased; that unit labor costs were declining in the U.S. and rising in foreign countries; that there had been modest declines in unemployment; and that manufacturing and consumer spending looked more positive. He stated that the markets were in a period of flat returns, and that it may take three to four years to enter a strong upward trend.

Mr. Meals moved on to the performance report, stating that the total portfolio was up 6.3% for the quarter, and that while the equity portfolio was up 10.2% for the quarter, it was down 2.8% for the fiscal year to date.

Next, Mr. Meals reviewed each manager's performance and pointed out that Aletheia had continued to underperform, mainly due to its energy and gold allocations. He suggested to the Board that they put Aletheia on their watch list, but told them that Aletheia's performance would improve if the energy sector rebounded. He stated that Snow Capital had bounced back and outperformed over a trailing three year period, and that Advisory had beaten the benchmark. Mr. Meals explained that the Greenspring Crossover Fund was in the process of selling its publicly traded companies. He made the Board aware that approximately 35% of their investment in Greenspring would be returned in cash at the beginning of May, and the remaining portfolio would consist only of private equity. Mr. Moreau noted that Greenspring's returns had been impressive and asked if the Board should consider reinvesting the cash in the new private fund. Mr. Meals responded that he would advise against reinvestment because Greenspring's current fund was near the end of its lifespan and the new fund would be very illiquid. Mr. Meals noted that Orleans Capital Energy was up 4.2% for the quarter, but the energy sector has not done as well as other market sectors.

Mr. Meals continued his performance review with the international equity managers. He told the Board that Tradewinds had underperformed its index and the primary portfolio manager had left the company. He recommended that the Board liquidate the Tradewinds account and move all of the proceeds to the KBI Water Fund, which had performed well. In response to a question from the Board, Mr. Meals explained that KBI's strategy was to invest in companies that provided infrastructure to bring water to areas with growing populations. Mr. Meals stated that the fixed income portfolio was up 2.9% for the quarter, mainly due to credit sensitive strategies, and that he had no concerns with the portfolio.

Mr. Meals explained that the alternative investments were up 2.2% for the quarter, mostly due to real estate holdings. He told the Board that Commonwealth and the CA Recovery Fund had made small distributions, and that he expected to see a substantial distribution from the CA Recovery Fund at end of April or beginning of May. He explained to the Board that State Street would withhold 10% of CA Recovery Fund distributions until the audit had been completed and that he planned to ask them to release the rest of the money. Mr. Meals told the Board that Equitas was still struggling but had done okay in the long term; the REIT portfolio was up 12.7% for the quarter; Americus was cash flowing at 1.5%; and Ms. Akers would address the Land Baron investments during her presentation.

Next, Mr. Meals reviewed cash out-flows. He then noted that 49% of the portfolio was held in equities and 39% was in fixed income, and that the total portfolio was fairly well diversified, with a heavier allocation in the energy sector. He added that they did not have many large cap

investments, and he may recommend buying more in the future. After a discussion about the distribution of the CA Recovery Fund, Mr. Meals informed the Board that the distribution would take place after a ninety day period.

Upon motion by Mr. Moreau and second by Ms. Rodrigue, the Board voted unanimously to liquidate the Tradewinds investment and to reinvest the proceeds in the KBI Water Fund.

Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously to accept the Investment Consultant's report.

Presentation by Terry Meagher of Capital One

Without objection, Chairman Poche asked the Board to address agenda item VIII, Presentation by Terry Meagher of Capital One. Ms. Meagher reviewed the Custodial Report for the plan year ended March 30, 2012. She directed the Board's attention to page A-1, an accounting of plan assets by account. She reviewed the percentages by category, and stated that the total asset value as of March 30, 2012 was \$60,234,706.22. Ms. Meagher then reviewed the account value changes since June 30, 2011, detailed on page A-2. She reminded the Board that they had asked Capital One to produce the principal activity report on page A-3, which showed the performance of only those managers hired on or after January 1, 2007. She explained that the report showed the principal deposits, withdrawals, current market values, and life to date changes for each manager.

Ms. Meagher explained that page A-4 showed the investment management fees for the quarter, and page A-5 showed that \$36,552.00 in total income had been received from the Americus Real Estate Fund from July 1, 2011 through March 30, 2012. She reviewed page A-6 and stated that no new class action settlement payments had been collected during the last quarter.

She then reviewed the consolidated report on page B-1, which compared the most recent quarter to the previous four fiscal year ends, and noted that the Plan's value was slightly lower at the end of the last quarter than it had been at the end of the previous fiscal year. Next, Ms. Meagher reviewed the Members Supplemental Savings under Tab C. She stated that the Plan currently held just over 25% in stocks, and they would need to reduce the percentage of stocks slightly to stay within the requirements of the policy. She added that the portfolio manager could attend a future Board meeting to discuss the current mix. Finally, she stated that the rate of return for the account was 3.13% for the quarter and 3.60% for the fiscal year to date, as shown on page C-4 of the report.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to accept Ms. Meagher's report.

Report from the System's Attorney, Denise Akers

Without objection, Ms. Akers addressed Item V(c), Update on legislation affecting the Retirement System. She informed the Board that only the bill concerning tax qualification requirements had seen any movement in the legislature. She stated that it has passed the Senate and was waiting to be heard by the House Retirement Committee. She explained that the bill to allow legislative staff to be present during executive sessions had been amended to provide attorney client privilege.

Next, Ms. Akers addressed the Legislative Auditor's report. She stated that Ms. Dees had done the majority of the work on ROVERS' response and submitted it timely the Legislative Auditor. Ms. Dees explained that the questions were direct, and she was able to provide clear answers with very few gray areas. She added that the Legislative Auditor had extended all of the systems' deadlines, and that they had suggested areas, mostly related to the Director's responsibilities, which needed to be tightened up.

Ms. Akers stated that agenda items VII(a) and VII(b) would be addressed in the executive session.

Presentation by G.S. Curran & Company

Mr. Curran began his presentation with an update on K-1 taxability. He reminded the Board that the system's tax attorney had advised that some K-1s would need to be reviewed.

Next, Mr. Curran addressed Ashmore's conflict of interest response. He explained that Ashmore had originally provided an unacceptable response, but they had later certified that they had no conflicts of interest pursuant to R.S. 11:269.

Mr. Curran then discussed the DROP annuity conversion assumptions. He explained that the Board currently gave members three options at the end of DROP: take a lump sum cash distribution, rollover the funds into a tax-deferred retirement vehicle, or choose a period certain annuity for up to ten years with payments made once per year. Mr. Curran suggested that, if the Board wished to continue to offer the annuity option, they consider changing the interest rate. He explained that the annuity interest rate was currently set equal to the valuation interest rate, which was 8%. He recommended that the Board consider a market-based interest rate, rather than the valuation interest rate, as part of their effort to reduce the retirement system's costs.

Mr. Curran noted, for reference, that the geometric mean of the market value rate of return for the system was 3.5% over the past ten years and 5.9% over the past twenty years; hence the retirement system had been subsidizing DROP annuity payments at a cost to employers. He explained that the Board would want to choose a method of determining a reasonable approximation of corporate bond rates which was easily accessible and transparent for members, such as Moody's Seasoned AAA Corporate Bond Rate. He suggested that the board determine the rate once per year, using the rate as of June 30th for each year. He stated that the rate as of June 30, 2011 was 4.99%, and the rate as of March 2012 was 3.99%.

Mr. Curran reiterated that there were other reasonable measures and the Board had full authority to make the decision. Ms. Dees and Chairman Poche reminded the Board that ROVERS had begun to offer the annuity conversion to protect its members from penalties when they withdrew the funds from their DROP accounts, but since members were now allowed to roll their balance directly into a tax-deferred retirement account, the annuities were no longer necessary.

A discussion of the matter followed, and, upon motion by Mr. Moreau and second by Mr. DiMarco, the Board voted unanimously that any conversion of a DROP account lump sum that occurs on or after July 1, 2012 will be made in the form of either: 1) a direct rollover, or 2) a single lump sum payment subject to the required IRS tax withholding; and that the selection of one of these options will become a required part of the retirement application; and that no benefit payment will be made until a properly completed application is filed.

Upon motion by Ms. Rodrigue and second by Mr. Moreau, the Board voted unanimously to accept Mr. Curran's report.

Minutes

Upon motion by Mr. Moreau and second by Ms. Rodrigue, the Board voted unanimously to approve the minutes of the January 24, 2012 special meeting. Upon motion by Mr. DiMarco and second by Mr. Wall, the Board voted unanimously to approve the minutes of the February 8, 2012 meeting. Upon motion by Ms. Rodrigue and second by Mr. Moreau, the Board voted unanimously to approve the minutes of the March 6, 2012 special meeting.

Director's Report

The Board then heard Ms. Dees' Director's Report. She addressed the items on the handout provided to the Board, including new employees, terminations, actuarial transfers in, and DROP participants.

Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously to approve Ms. Julie W. Guillory's entry into DROP. Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously to approve Ms. Patricia H. Bowen's entry into DROP. Upon motion by Mr. DiMarco and second by Mr. Moreau, the Board voted unanimously to approve Ms. Rachel R. Penns' entry into DROP. Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously to approve Ms. Paula K. Stewart's entry into DROP. Upon motion by Mr. Moreau and second by Mr. Wall, the Board voted unanimously to approve Ms. Nancy X. Scott's entry into DROP.

Ms. Dees stated that there were no DROP payment applications, and then reviewed retirement applications and deceased members. Upon motion by Ms. Rodrigue and second by Mr. Wall, the Board voted unanimously to approve Ms. Joann Jensen's retirement application.

Ms. Dees explained to the Board that she had received a question from a member concerning the distribution of contribution reports. She stated that she had consulted the auditor and actuary and found no law which required the system to send contribution reports. She stated that the system would send them to an individual upon a member's request. In response to a question from Mr. DiMarco, Ms. Dees stated that the reports could usually be sent out within two days of the request.

Ms. Dees made the Board aware that their packets included a draft budget for their review prior to finalization in July. The Board discussed potential adjustments to the budget and asked Ms. Dees to add: \$1,100 for per diems for two additional meetings, \$20,000 for legal fees for the general counsel, and \$1,500 for legal fees for the Black/Chernine bankruptcy. Chairman Poche asked Ms. Dees to prepare a revised budget and send it to all Board members, and she replied that she would do so.

Ms. Dees reminded the Board that the Personal Financial Disclosure forms were due in May and stated that she would send the disclosure form to Ms. Menard and the previous year's Board members.

Ms. Dees stated that the investment consultants' proposals were due on April 30, 2012, and she would contact the Board after receipt to schedule a special meeting to review them.

Upon motion by Mr. Moreau and second by Mr. DiMarco, the Board voted unanimously to accept the Director's Report.

Approval of Expenses

Upon motion by Mr. Moreau and second by Mr. DiMarco, the Board voted unanimously to approve the payment of expenses.

Election of Officers

Ms. Rodrigue nominated Mr. Poche to serve as Chairman of the Board. Mr. DiMarco seconded the motion, and, with no further nominations or objections, the Board unanimously accepted Mr. Poche's nomination.

Mr. DiMarco nominated Mr. Moreau to serve as Vice Chairman of the Board. Mr. Wall seconded the motion, and, with no further nominations or objections, the Board unanimously accepted Mr. Moreau's nomination.

New Business

No new business was brought before the Board.

Other Business

The Board discussed the date of the next meeting. It was decided that the meeting would be held at 9:00 a.m. on July 25, 2012 at the Renaissance Hotel in Baton Rouge.

Mr. Meals stated that the SEC had concluded its review and no charges would be filed against Consulting Services Group. He added that a copy of a letter to that effect was included in the Board members' packets.

Executive Session

Upon motion by Ms. Rodrigue and second by Mr. Wall, the Board voted unanimously to enter into executive session at 4:00 p.m. to discuss agenda item VII(a), Discussion and action related to maneuverings by partners in the Black and Chernine real estate ventures, and item VII(b), Discussion and action regarding litigation related to Commonwealth Advisors/ Sandspring Capital bankruptcy. Upon motion by Mr. DiMarco and second by Mr. Wall, the Board voted unanimously to exit the executive session at 4:52 p.m.

Actions Taken After Executive Session

Upon motion by Mr. Moreau and second by Ms. Rodrigue, the Board voted unanimously, with regard to properties in which it holds interest through Land Baron, to move towards settlement with Land Baron and give up ROVERS' positions in Baron Builder and Baron Builder Madison Grove, and to release all claims against Land Baron, Mike Chernine, and Randy Black, in return for receiving from Mike Chernine, Randy Black, and Land Baron, and all of its trustees, employees, and agents, a release of all claims for fees and equity interests, and to turn over

management positions in all other investments to the three retirement systems (ROVERS, Fort Worth, and Austin), which settlement is to be negotiated in conjunction with Fort Worth and Austin Retirement Systems.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to confirm a contract, which the Director is authorized to sign, with CDK as real estate management company in place of Land Baron, at a cost not to exceed what Land Baron charged, in conjunction with Fort Worth and Austin Retirement Systems.

Upon motion by Ms. Rodrigue and second by Mr. Moreau, the Board voted unanimously to authorize the continued use of Richard Martinez, with costs to be split three ways between ROVERS, Fort Worth and Austin, to assist ROVERS to the extent needed in the Black and Chernine bankruptcies, particularly with respect to the settlement.

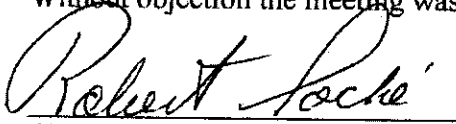
Upon motion by Mr. Moreau and second by Mr. DiMarco, the Board voted unanimously to grant authority to negotiate a deed in lieu of foreclosure with MERS regarding transferring ROVERS interests in Baron Builder, and possibly Baron Builder Madison Grove, or other settlement options to minimize costs in those deals, as reasonably agreed by the Director and General Counsel in conjunction with Fort Worth and Austin.

Upon motion by Mr. Moreau and second by Mr. Wall, the Board voted 4-1 to grant authority to negotiate with Firefighters Retirement System, and any other minority interest holders in St. George Air Parc, regarding the best way to handle these properties to continue management and sell the properties, in conjunction with Fort Worth and Austin Retirement Systems. Those in favor of the motion were Mr. DiMarco, Mr. Moreau, Ms. Rodrigue, and Mr. Wall; Mr. Poche voted against the motion.

Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to accept Ms. Akers' report.

Adjourn

Without objection the meeting was adjourned at 5:00 p.m.


Chairman


Director