

**Registrars of Voters Employees' Retirement System  
Minutes of the Meeting of the Board of Trustees  
October 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 9:20 a.m.

**II. Invocation and Pledge of Allegiance**

Ms. Sandra Thomas 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: Mr. John Moreau, Ms. Sandra Thomas, Mr. Dwayne Wall, and Ms. Charlene Menard. Representative J. Kevin Pearson, Senator Elbert Guillory, Ms. Linda Rodrigue, and Mr. Dennis DiMarco were absent. A quorum was not present.

Mr. Moreau stated that the Board would proceed with the meeting but would not make official decisions until the next meeting at a later date.

Others present included Mr. Greg Curran (representing Actuary and Administrator, G. S. Curran & Company, Ltd.), Ms. Denise Akers (Legal Counsel), Ms. Lorraine Dees (System Director), Ms. Terry Meagher (representing the Custodian of Assets, Capital One Bank), Ms. Stephanie Murray (representing Representative J. Kevin Pearson), Ms. Margaret Corley (representing Senator Elbert Guillory), and Mr. Jon Breth (representing Investment Consultant, The Bogdahn Group).

**IV. Public Comments**

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

**V. Review and Approval of Minutes**

Mr. Moreau asked the Board if there were any problems with the meeting minutes from July 29, 2013 and July 30, 2013. The Board agreed that there were no problems and that they should be approved at the next meeting.

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

**VI. Presentation by Capital One**

Ms. Meagher directed the Board's attention to the Custodial Report. She briefly reviewed the invested assets as of September 30, 2013. She then reviewed the changes in balance over the quarter with notes regarding movements of money in rebalancing. She then reviewed the class action settlements during the quarter. She stated that there was a computer glitch during the

movement of money from certain accounts that caused a duplication of trades. She stated that Capital One paid \$1,300-\$1,400 to the System to make the Fund whole for the time being. She then reviewed investment fee activity and stated that Orleans Capital had just submitted 2 invoices which were subsequently paid.

Ms. Meagher then directed the Board's attention to Tab B. She reviewed the Members' Supplemental Savings Fund. She stated that there was a 3.87% return for the third quarter of 2013. She then reviewed the Asset Allocation for the Fund. She stated that the Fund was capped out at 25% in the Equities classification. She then reviewed the history of the Fund's allocations to Equity, Fixed Income, and Cash.

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

## **VII. 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 September 30, 2013. He stated that the quarter was driven by strong Equity returns. He explained that the Non-U.S. Equities were leading the way. He stated that Developing Markets outperformed the Emerging Markets classification. He explained that the weakening of the U.S. dollar helped International Equities. He then stated that Small Caps lead the Large Cap within U.S. Markets. He then explained that the aggregate generated small positive performance within the Fixed Income classification.

Mr. Breth then directed the Board's attention to page 8 of the Monthly Flash Report. He stated that risk also drove return in Bonds. He then stated that High Yield beat High Quality.

Mr. Breth then directed the Board's attention to page 9 of the Monthly Flash Report. He stated that international rates had increased during the last quarter.

Mr. Breth then directed the Board's attention to page 10 of the Monthly Flash Report. He discussed the overall asset allocation of the Fund. He stated that it was a little overweight towards U.S. Equity. He stated that it was underweight towards Non-Core Fixed, Real Estate, and Private Equity. He stated that it was overweight towards Hedge Funds. He explained that the overweight within Hedge Funds was because there were a few investments that the Fund was not able to get out of. He then stated that he didn't believe that there was any need to do any reallocation of assets at this time.

Mr. Breth then directed the Board's attention to page 11 of the Monthly Flash Report. He stated that the assets were up 3.4% during the previous month and 4.3% during the previous quarter. He stated that the money managers that the Fund was currently invested in had added 1.6% over the Total Fund Policy Index over the last year. He stated that the new manager, Westfield Capital, had outperformed. He indicated that the Fund stuck with Advisory Research as a value manager and they outperformed. He stated that Orleans Energy had been up 20.3% in the past year as money continued coming into oil exploration. He then stated that Orleans Energy beat its own index. He stated that it was very good timing to fund Vanguard as it rallied. He stated that the Fund was waiting to fund Oppenheimer Developing Markets, which was up during September by 8.8%. He then explained that managers within the Fixed Income classification were doing their best to play defense during this rising rate environment. He stated that both Sand Spring and CA Recovery were being managed toward liquidation. He also stated that Equitas was being liquidated, and the

money would probably be received during the 2<sup>nd</sup> quarter of 2014. He explained that there were no real significant moves on valuations within the Real Estate and Private Equity classifications. He stated that Americus had lost a major tenant in property in Decatur, GA. He explained that he was hoping to have the sales in the portfolio for 2016 and 2017.

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 quarter was \$63,531,308. He stated that, during the quarter, \$3,000,000 in cash was brought in and there was a gain of \$2,462,237. He then stated that the market value at the end of the quarter was \$69,317,798. He then briefly reviewed net transfers for the Fund. He stated that Vanguard Total Stock Market Index received \$6,489,739, Oppenheimer received \$3,500,000, and Vanguard International Stock Index received \$249,999. He stated that \$2,250,000 was taken from Orleans Capital Fixed Income and \$12,720 was taken from SMH. He stated that Equitas was redeemed for \$4,182,354 and Greenspring was redeemed for \$1,440,551. He also stated that \$3,500,000 was invested in the PIMCO All-Asset and \$3,500,000 was invested in the Westwood Income Fund. He then reviewed fee comparisons. He stated that when The Bogdahn Group took over, there was a total expense ratio of 0.83%. He stated that as of September 30, 2013, the expense ratio was 0.60%. He indicated that it translated to approximately \$140,000 per year in lower fees.

Mr. Breth then directed the Board's attention to page 3 of the Investment Policy Statement review. He stated that Ms. Akers inserted new language about the Fund. He stated that she changed the valuation interest rate from 8.0% to 7.5% and changed the employee contribution rate from 7.0% to a range from 7.0% to 9.0%.

Mr. Breth then directed the Board's attention to page 7 of the IPS review. He stated that the proposed changes expanded the opportunity set on money managers that the Board can consider during the hiring process.

Mr. Breth then directed the Board's attention to page 8 of the IPS review. He stated that some benchmarks were added and explained that the Board wanted to rank in the top 50<sup>th</sup> percentile over time. He also stated that alternatives do not specify benchmarks because the Board would select an appropriate market benchmark once an alternative investment was made.

Mr. Breth then directed the Board's attention to page 13 of the IPS review. He stated that when the Board looks at alternative investments in the future, they would look at tenure, expertise, track record, risk controls, and liquidation and leverage usage fees.

Mr. Breth then directed the Board's attention to page 14 and 15 of the IPS review. He stated that criteria were added related to how money managers would be reviewed in the future.

Mr. Breth then directed the Board's attention to page 16 and 17 of the IPS review. He stated that he added the requirement that money managers provide Conflicts of Interest and Prohibited Nations disclosures.

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

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

Ms. Akers gave a brief update on Commonwealth. She stated that the Board authorized a settlement in conjunction with the Firefighters' Retirement System and the Municipal Employees' Retirement System. She stated that there had been a settlement for Sand Spring, but it would be a while before the funds were received. She stated that it was not much money. She explained that, as part of the settlement, it came out that the counsel for Sand Spring did not pursue all claim possibilities. She stated that the creditor's committee was given the right to pursue other claims. She explained that Mr. Kirk Reasonover was chosen to represent the creditor's committee. She stated that the Firefighters' Retirement System and the Municipal Employees' Retirement System signed a waiver of conflicts of interest. She then recommended that Ms. Dees sign the waiver letter without the Board permission due to time constraints.

Ms. Dees agreed and signed the waiver for the conflicts of interest for Mr. Reasonover.

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

### **IX. Presentation by G. S. Curran & Company**

Mr. Curran briefly explained Act 170 to the Board. He stated that since this was not an official meeting, the Board would have to vote on the Target Ratio at the next meeting.

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

### **X. Director's Report**

Ms. Dees provided a handout for the Director's Report, and addressed the items on the handout, including new employees, terminations, actuarial transfers (in/out), new DROP participants, DROP participants re-enrolled after DROP, DROP payments, retirement applications, MSSF refunds, and deceased members.

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

Ms. Dees then stated that Mr. Moreau and Mr. Wall were up for reelection to the Board. She stated that they were the only ones to apply and that they would be accepted at the next official meeting.

Ms. Dees then stated that there were upcoming meetings at the Capitol. She explained that one meeting would clarify the new GASB rules. She stated that the other meeting would discuss conversion of annual and sick leave.

Ms. Dees stated that she notified the Secretary of State of the estimated employer contributions for the inclusion in their budget

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

## **XI. New Business**

Mr. Moreau asked if there was any new business.

Ms. Dees explained that Mr. Nat Bankston was scheduled to be in attendance for a proposal to add a retiree to the Board of Trustees. Ms. Dees stated that Mr. Bankston was not in attendance, so the proposal would not be heard.

Mr. Moreau then clarified that the agenda for the next meeting would consist of official voting for each current agenda item.

Ms. Thomas then suggested that new hires have a 300 hour cap of sick leave and a 300 hour cap of annual accrued leave each year for discussion at the next official meeting.

Hearing no other new business, the meeting continued.

## **XII. Other Business**

Mr. Moreau asked if there was any other business. He stated that Ms. Dees would contact the Board about the next official meeting date and location.

## **XIII. Adjourn**

With no further business, the Board agreed to adjourn the meeting at 10:56 a.m.