

**Registrars of Voters Employees' Retirement System
Minutes of the Special Meeting of the Board of Trustees
September 11, 2012**

The Special Meeting of the Board of Trustees for the Registrars of Voters Employees' Retirement System was held at the Secretary of State's Office at 8585 Archives Avenue 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 Dennis DiMarco led the Pledge of Allegiance.

Roll Call

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

Others present included Greg Curran (representing Actuary and Administrators, G. S. Curran & Company, Ltd.), Lorraine Dees (System Director), Stephanie Little (House Retirement Attorney, representing Representative J. Kevin Pearson), and Margaret Corley (Senate Retirement Attorney, representing Senator Elbert Guillory).

Public Comments

Chairman Poche stated that he would like to make a public comment and requested that the Vice Chairman, Mr. Moreau, take over direction of the meeting. Mr. Poche explained that Ms. Dees had indicated that she had not received his application to run for re-election to his seat on the Board of Trustees. Mr. Poche stated that he had faxed the application to Ms. Dees on July 23, 2012 and that he believed that someone from his office had also mailed the application on that date. Ms. Dees explained that the Board had previously decided that applications for Board positions must be postmarked and mailed, and that she had not received Mr. Poche's application by fax or by mail. Mr. Poche stated that he would leave it up to the Board to make a decision on the matter. Mr. Moreau suggested that, in the future, the Board require applications for Board positions to be sent via certified mail. Upon motion by Mr. Moreau and second by Mr. DiMarco, the Board voted unanimously to put Public Comments and Agenda Item VI, Discussion and action related to election of Board members, on hold while they waited for Mr. Poche's office staff to provide a copy of the fax confirmation.

Minutes

Without objection, the Board proceeded to Agenda Item V, Review and approval of minutes. Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously to approve the minutes of the July 18-19, 2012 Special Meeting.

RFP for Investment Consultant

Mr. Moreau explained that each Board member should have received packets from Graystone Consulting and The Bogdahn Group containing answers to the Board's follow-up questions. Mr. Curran reminded the Board that they had the option to choose an investment consultant during the current meeting or to continue the search process. Mr. Moreau stated that he had calculated Bogdahn's first-year fee, and found that it would be 12.5 basis points, and Ms. Rodrigue pointed out that their fee would increase each year according to their proposal. Mr. Moreau indicated that Graystone's fee would be 19 basis points on the first \$50 million, and Mr. Curran added that their fee would amount to approximately \$107,000 for the first year. Mr. Moreau stated that Graystone's advantages included resources, research, technology, while Bogdahn's advantage was that they focused exclusively on investment consulting.

Mr. Poche explained that when he had compared the two consultants' client lists, he found that Bogdahn had a higher percentage of governmental clients, and Mr. Curran noted that Bogdahn also had many clients which were approximately the same size as ROVERS. He explained that Graystone had originally provided a complete client list for the entire firm, but that the New Orleans office was only one of several Graystone offices throughout the country. He therefore requested that Ms. Irimia and Mr. Nabhan provide a list of clients with whom they had personally worked. He explained that Graystone's New Orleans office had a smaller public plan presence than Bogdahn, but that they had indicated that they were actively pursuing more public clients. Mr. Curran added that Bogdahn had also provided the entire company's client list, but that he felt that it was a fair representation due to Bogdahn's smaller size.

Mr. DiMarco pointed out that Graystone's first-year fee of approximately \$107,000 was still \$22,000 higher than Bogdahn's third-year fee. Ms. Dees asked if ROVERS would need to change custodial banks if they hired Graystone. Mr. Curran reminded the Board that Graystone had indicated that ROVERS could continue to use Capital One as their custodian of assets, but that this arrangement would increase Graystone's proposed fees. The Board discussed the importance of having a system of checks and balances where the entity holding the Retirement System's funds and creating statements was separate from the entity making the investment decisions.

Ms. Dees indicated that she had confirmed with Mr. Meals that ROVERS paid CSG one month in advance, which meant that they had paid for CSG's services through the end of September. Ms. Dees explained to the Board that if they chose an investment consultant during the current meeting, the new consultant could take over at the beginning of the next quarter on October 1, 2012. The Board discussed the fact that CSG required thirty days' notice to end their contract and decided that having a short overlap period between the two consultants could help facilitate the transition process. Mr. Wall asked the Board if they felt that it was important to consider that Bogdahn's errors and omissions insurance policy had a \$5 million limit of liability, while Graystone's had a \$15 million limit. Mr. Curran explained that this type of insurance covered losses sustained due to egregious investment mistakes on the part of the investment consultant and that the difference in coverage could be due to the fact that Bogdahn had far fewer clients than Graystone. Ms. Rodrigue reminded the Board that Bogdahn had indicated that they would refund their consulting fees for up to one year if ROVERS was not satisfied with their service.

Mr. Wall stated that several former CSG employees had joined The Bogdahn Group. He asked the Board to consider whether this meant that ROVERS could potentially encounter the same problems that they had with CSG. Ms. Dees suggested that they could add a clause to Bogdahn's contract requiring them to notify ROVERS if they began to work in an area other than investment

consulting. Mr. Curran explained to the Board that Mr. Meals had confirmed that Mr. Partain had chosen to leave CSG because their business model had strayed away from investment consulting. He also noted that Bogdahn had demonstrated their commitment to independence by indicating that they did not allow any of their employees to retain a license to sell investment products. Mr. Moreau pointed out that Bogdahn had been more specific and transparent than Graystone in their response to ROVERS' question regarding regulatory or legal actions taken against the firm, its officers, or its principals.

Upon motion by Mr. Poche and second by Mr. DiMarco, the Board voted unanimously to hire The Bogdahn Group to act as ROVERS' investment consultant effective October 1, 2012, with the stipulation that Bogdahn must notify ROVERS if any changes are made to their current policy of accepting only hard dollar payments from institutional consulting clients. After the vote, Mr. Moreau informed the Board that the Louisiana Assessors' Retirement Fund had recently hired The Bogdahn Group as well. Ms. Dees stated that she would send a thirty-day notice of termination to CSG and that she would notify The Bogdahn Group that ROVERS had selected them as their new investment consultant.

Without objection, the Board returned to Agenda Item VI, Discussion and action related to the election of Board Members. Ms. Dees requested that the Board put the item on hold until the regular meeting in October to allow for adequate time to investigate the situation. Ms. Dees then read aloud the administrative order regarding the election of Board members, which the Board had previously approved. She indicated that the letter she had sent out stated that anyone interested in being elected to the Board of Trustees must fill out a qualifying form and return it to the System Director's office via mail postmarked by August 3, 2012, and that no email, fax, or hand deliveries would be accepted. Ms. Dees explained that she would have accepted Mr. Poche's letter via any method of delivery, but that she had received nothing from him. Upon motion by Mr. Wall and second by Mr. DiMarco, the Board voted unanimously to defer action on Item VI until the next scheduled Board meeting.

Upon motion by Ms. Rodrigue and second by Ms. Menard, the Board voted unanimously to adopt a policy requiring Board member qualification letters to be submitted via certified mail in the future.

Date, Time, and Location of Next Board Meeting

The Board discussed the date, time, and location of the next regular meeting. It was decided that the meeting would be held at 9:00 a.m. on October 10, 2012 at the Renaissance Hotel in Baton Rouge.

Other Business

Mr. Poche reminded the Board that the LAPERS conference would take place before the next scheduled Board meeting, and that there would be no point in him attending the conference if he were not qualified to run for office. Mr. Moreau suggested that Mr. Poche attempt to obtain a copy of the fax confirmation from his qualification letter submittal, and that Ms. Dees attempt to obtain a copy of her fax log. The Board decided to contact the Retirement System's attorney, Ms. Denise Akers, to obtain her opinion on the matter. Upon motion by Ms. Menard and second by Mr. Wall, the Board voted unanimously to recess for fifteen minutes at 2:45 p.m.

Upon motion by Ms. Rodrigue and second by Ms. Menard, the Board voted unanimously to continue the meeting at 3:00 p.m. Ms. Dees explained that she had spoken to Ms. Akers, and that Ms. Akers had advised that it would be a good idea to require future election qualification forms to be submitted by certified mail. She added that it was Ms. Akers' opinion that the Board would be within its rights to choose to accept Mr. Poche's qualification form if he were able to produce a copy of his fax confirmation. The Board then discussed whether or not Mr. Poche should attend the LAPERS conference for Board education. Mr. Moreau suggested that the Board leave it up to Mr. Poche to decide whether or not he would attend conference.

Adjourn

Upon motion by Ms. Rodrigue and second by Ms. Menard, the meeting was adjourned at 3:15 p.m.