**Registrars of Voters Employees’ Retirement System**

**Minutes of the Meeting of the Board of Trustees**

**January 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 9:23 a.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**

Mr. Greg Curran 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 and Mr. Ben Barcelona (representing Actuary and Administrator, 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. Michelle Cunningham (representing the audit firm of Duplantier, Hrapmann, Hogan & Maher), Mr. Kenneth Cooley and Ms. Denise Cannefax (representing CDK Realty Advisors), and Ms. Shelley Bouvier (Assistant to Mr. DiMarco).

**IV. Public Comments**

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

**V. Review and Approval of Minutes**

Upon motion by Ms. Rodrigue and second by Ms. Menard, the Board voted unanimously to approve the minutes from the December 18, 2012 meeting.

**VI. Presentation by Duplantier, Hrappman, Hogan, & Maher**

Ms. Cunningham directed the Board’s attention to the Independent Auditor’s Report provided by Duplantier, Hrapmann, Hogan & Maher. She stated that Duplantier had conducted the audit of the system’s financial statements in accordance with auditing standards generally accepted in the United States and Government Auditing Standards issued by the Comptroller General of the United States. She stated the system had earned the highest and cleanest opinion that could be attained.

Ms. Cunningham then reviewed highlights of the Management’s Discussion and Analysis. She indicated that there was an investment loss of $3,184,230 in fiscal 2012 as opposed to an investment gain of $8,939,783 in fiscal 2011. She stated that the investment loss was not unusual because many other retirement systems had decreases in their investments as well. She explained that investments in Limited Liability Companies had a large decrease, but ROVERS was able to get out of some of those investments.

Ms. Cunningham then directed the Board’s attention to the Supplementary Information section. She explained that the information required for this section was both a schedule of contributions from employees and employers and a schedule of funding progress. She stated that this section compared fiscal 2011 and fiscal 2012 to each other. She reviewed the statements of changes in reserve balances, which showed how the reserve accounts increased or decreased. She then examined the schedules of investments and administrative expenses.

Lastly, Ms. Cunningham reviewed the “Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.” She stated that she was required to review the system’s compliance with laws and regulations. She explained that there were no problems within the internal controls.

Upon motion by Mr. Wall and second by Mr. DiMarco, the Board voted unanimously to accept the audit report as presented by Ms. Cunningham.

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

**VII. Presentation by Capital One**

Ms. Meagher directed the Board’s attention to the Custodial Report for the quarter ending December 31, 2012 provided by Capital One. 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 was $61,151,829.72. She then reviewed the investment holding values since June 30, 2012, detailed on page A-2. She then examined page A-3, which outlined the investment redemptions and liquidations. She stated that Tradewinds Global Advisors were liquidated in July 2012. She also explained that this page showed the liquidations of Aletheia and SMH Capital Advisors, which occurred during the 4th quarter of 2012. She indicated that KBC Water Fund and Ashmore would be liquidated within the first few weeks of January 2013. She then reviewed page A-4, which showed the plan year to date fees through December 31, 2012. She stated that CSG had been paid in full. She directed the Board’s attention to B-1, the Consolidated Report. She explained that the totals for June 30, 2012 and December 31, 2012 were overstated because appraisals had not been updated. She stated that the statements would be updated by the next quarter with the new appraisals. She then briefly reviewed each page within tab B. Lastly, she referenced tab C, which reviewed the Members Supplemental Savings Account. She explained that there was a recent overpayment with the MSSF, but Capital One reimbursed ROVERS for the overpayment.

Upon motion by Ms. Rodrigue and second by Mr. Wall, 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.

**VIII. Presentation by the Investment Consultant, The Bogdahn Group.**

Mr. Breth recapped the prior day’s meeting, and explained the decisions that the Board made regarding the hiring of 2 new money managers. He explained that he looked at reducing the overall fee structure while improving returns. He stated that SMH Capital Advisors and Ashmore would be liquidated and replaced by Templeton Global Bond and PIMCO Diversified. He then stated that Aletheia would also be liquidated. He explained that Aletheia had underperformed and had recently declared bankruptcy. He stated that 2 All-Cap Value managers (Advisory Research and Dalton, Greiner, Hartman, Maher & Co.) were brought in for interviews on the prior day, as well as 2 All-Cap Growth managers (Westfield Capital and Fred Alger). He stated that Advisory Research was hired as an All-Cap Value manager and Westfield Capital was hired as an All-Cap Growth manager. He stated that he thought these would complement the Orleans Capital Energy Fund.

Mr. Breth then directed the Board’s attention to the Flash Report that he provided. He reviewed the Total Domestic Equity Composite allocations first. He stated that the performance percentage as of the last quarter to date was up 1.6%, the year to date was up 6.9%, and the fiscal year to date was up 4.2%. He explained that these returns had been driven by the equity markets. He stated that the Snow and Horizon accounts were able to outperform during the last year, but they had inconsistent results. He stated that the Orleans Capital Energy Fund was down 2.5% over the past year to date, but the fiscal year to date was up 9.0% because of oil services and refining investments.

Mr. Breth then stated that the total international composite allocation was up 12.9% over the prior year to date. He stated that Invesco Global REIT was moved under International Equities on the flash report instead of under the real estate heading. He explained that the language within the Investment Policy Statement would be adjusted to include Conflicts of Interest, Prohibited Nations, and money manager performance.

After some discussion about the Legislative Auditor’s recommendations about investment policies, Mr. Curran suggested that Ms. Dees send Mr. Breth a copy of the Legislative Auditor’s report for his review as he changed the Investment Policy Statement.

Mr. Breth then stated that the total Fixed Income allocation was up 7.6% over the prior year to date. He explained that Orleans Capital outperformed with a large allocation to corporate bonds, and that the riskier sections outperformed.

Mr. Breth then reviewed total Hedge Fund allocation. He stated that he recently spoke with Mr. Walter Morales of CA Recovery Fund. He explained that Mr. Morales recently gave an optimistic outlook on the possibility of selling their share of the Fund.

Mr. Breth then reviewed total Real Estate and Private Equity allocations, which were down 19.6% over the prior year to date. He stated that the decreased allocation was mostly due to the write-downs in the Land Baron account.

Mr. Breth then reviewed the Money Market Fund allocations. He stated that the current market value was $7,447,361. He explained that the value had risen due to the redemption of KBI Water Fund. He stated that that a part of the cash account would be used on new investments.

Mr. Breth then explained that he would provide an overview of Emerging Markets options at a later meeting. He stated that ROVERS could decide to keep the 10% it already had allocated to it through Thornburg and they could complement that with a dedicated emerging market fund. He stated that there would be more than one way to accomplish that goal.

Mr. Moreau asked Mr. Breth if setting targets for the sale of declining securities as a safeguard would be a good idea.

In response to Mr. Moreau’s question, Mr. Breth stated that managers set their own targets and made those decisions. He stated that it would make sense to put tighter limits for rebalancing on investments like the Orleans Energy Fund. He stated that he would have a policy addendum for each active manager account to describe these limits.

Mr. Breth then recommended that the Board should have anywhere from 2.5% to 5.0% dedicated to Emerging Markets.

Mr. Breth then discussed what he would have for the next meeting. He stated he would like to have a discussion on the Investment Policy Statement Draft. He stated that he would like to review all asset allocations. He then stated that he would like to examine International Equities, and that he could pick some Emerging Markets managers to review. Lastly, he stated that he would want to look into the Equitas investment. He stated that he would possibly want to look at another Fund of Funds manager.

Mr. Moreau asked Mr. Breth if it was possible to add the initial investment per manager on the flash report.

Mr. Breth stated that he would look into it, but adjusting for additional investments and redemptions could cause it to be difficult to provide meaningful comparisons.

Upon motion by Mr. DiMarco 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 agenda item X and return to agenda item IX after.

**X. Report by CDK Realty Advisors**

Mr. Cooley thanked the Board for inviting them to present at this meeting.

Mr. Cooley stated that he wanted to give an update on Land Baron assets. He explained that he had recently been able to spend time with associates of Land Baron, and was able to see the properties that they owned. He stated that the properties had been seriously devalued.

Mr. Cooley then expanded on the background of CDK. He reviewed the principles of the company and the people who founded the company. He stated that the firm engaged in strategic partnering. He explained that they try to find a midsized developer so that CDK could become the equity source.

Mr. Cooley then reviewed their client list and asset diversification. He stated that there was $625 million of equity invested for clients. He explained that typical locations for their projects were in the Midwest and Southwest, but were expanding to Florida and the Atlantic coast.

Mr. Cooley then presented the different programs and developments that they have invested in over the past years.

Mr. Cooley then discussed the three properties that ROVERS had invested in through Land Baron: Tartesso Gateway (approximately 40 miles from Phoenix, AZ), Gila Bend (approximately 70 miles from Phoenix, AZ), and St. George Air Parc (Southwestern UT).

Mr. Cooley recommended the following: market Tartesso Gateway at $22,000/acre, market Gila Bend at $7,000/acre, and hold St. George Air Parc through 2013 and reevaluate.

Without any questions or objections to the Report, the Board thanked Mr. Cooley and Ms. Cannefax, and they left the meeting at approximately 11:53 a.m.

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

**IX. Report from the System’s Attorney, Denise Akers**

Upon motion by Ms. Thomas and second by Ms. Rodrigue, the Board voted unanimously (5-0) to adopt the resolution proposed by the tax attorney with the caveat that the document be reviewed by Ms. Akers and Mr. Curran with Ms. Dees and be approved to sign before the next meeting. Ms. Menard was absent from the room during the vote.

Ms. Akers then discussed three bills that would go through the legislature. The 1st bill was for tax qualification. She stated that Representative Landry agreed to sponsor that bill. The 2nd bill was to allow the Board to set an employee contribution rate from a range of values. She stated that Representative Hunter Green would sponsor that bill. The 3rd bill was to avoid litigation in New Orleans on collection of ad valorem taxes and fixed the language about tax collections. She stated that no sponsor had been set yet, but that Representative Sam Jones was a possible sponsor. She also stated that February 20, 2013 is the last date to get a sponsor for the ad valorem tax bill (3rd bill).

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

With no further business, the Board thanked Mr. Breth and Ms. Meagher, and they left the meeting at approximately 12:13 p.m. The Board then agreed to move onto the next agenda item.

**XI. Presentation by G. S. Curran & Company**

Mr. Curran gave an update on the conflicts of interests from each money manager. He stated that Kinetic and PIMCO did not comply with a request to file a form related to potential conflicts. He explained that Kinetic is a money manager who oversees some of Mr. Morales’s investments. He states that PIMCO was a brand new money manager, and that was perhaps why they had not responded. He also stated that Global Transitions Solutions (GTS), the transition manager, had not yet responded either. He stated that other managers and investment consultants had complied with the request.

Mr. Curran explained that there was a DROP Administrative Rule to be approved, but it would be covered in Ms. Dees’s Director’s Report.

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

**XII. 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, DROP participants and payments, new DROP participants, retirement applications, deceased members, and other Director’s business.

Ms. Dees reviewed the new employments of Kristin Shirley, Willie Johnson, Kirsten Crockett, Peggy Hughes, Christina Stevens, and Allison Berrier.

Ms. Dees reviewed the terminations. Upon motion by Ms. Thomas and second by Ms. Menard, the Board voted unanimously to approve the terminations of Emprise Morrison, Kristin Shirley, Brandi Boudreaux, Angela Rice, and Brittany Reine.

Ms. Dees then reviewed DROP participants and payments. Upon motion by Mr. DiMarco and second by Ms. Thomas, the Board voted unanimously to approve the following DROP payments: the last of 6 payments to Rita Crumhorn, the last of 5 payments to Janice Hymel, the last of 6 payments to Gladys Johnson, the 6th of 10 payments to Peggy Henderson, the 8th of 10 payments to Corbet Domingues, the 6th of 10 payments to Janet Oubre, the 5th of 10 payments to Connie Gallow, the 4th of 10 payments to Elizabeth Williams, the 4th of 10 payments to Mary Batiste, the 3rd of 5 payments to Dorothy Wilkinson, the 3rd of 5 payments to Annie Gravois, the 2nd of 10 payments to Sue Thibodeaux, the 2nd of 7 payments to Evelina Smith, and the 2nd of 10 payments to Patricia Bryant.

Ms. Dees then reviewed new DROP participants. Upon motion by Mr. Wall and second by Ms. Rodrigue, the Board voted unanimously to approve the DROP benefits of Lorraine Dees.

Ms. Dees then reviewed retirement applications from July 23, 2012 to January 1, 2013. Upon motion by Mr. DiMarco and second by Ms. Rodrigue, the Board voted unanimously to approve the retirement application of Paulette Null. Upon motion by Ms. Thomas, and second by Ms. Menard, the Board voted unanimously to approve the retirement application of Rachelle Penns. Upon motion by Ms. Rodrigue and second by Mr. Wall, the Board voted unanimously to approve the retirement application of Betty Madere. Upon motion by Mr. Wall and second by Mr. DiMarco, the Board voted unanimously to approve the retirement application of Deborah Noland.

Ms. Dees then reviewed the recently deceased members of the plan: Jake Trupiano, S. Walter Primos, Eve Lee, Margaret O’Brien, and Peggy Henry.

Lastly, Ms. Dees reviewed other business involved in the Director’s Report. Ms. Dees explained that Charlotte Erwin retired on June 1, 2012, and originally chose her DROP distributions to begin on January 10, 2013. Before the first distribution was made, Charlotte Erwin requested that the Board allow her to take a lump sum distribution of her money. Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously to rescind the 10 year payout and approve of the one-time lump sum payment to be paid to Charlotte Erwin, since no prior Board approval had been requested.

Upon motion by Ms. Menard and second by Mr. Wall, the Board voted unanimously to accept the Director’s Report.

**XIII. Approval of Expenses**

Upon motion by Ms. Rodrigue and second by Mr. DiMarco, the Board voted unanimously to approve the expenses.

**XIV. New Business**

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

**XV. Other Business**

The Board discussed the date of the next quarterly meeting. It was decided that the meeting would be held at 1:00 p.m. on April 30, 2013 at the Renaissance Hotel in Baton Rouge.

**XVI. Adjourn**

Upon motion by Ms. Thomas and second by Mr. DiMarco, the meeting was adjourned without objection at 12:49 p.m.