

MINUTES

Louisiana Deferred Compensation Commission Meeting July 19, 2011

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, July 19, 2011, in the offices of the Plan Administrator, 2237 South Acadian Thruway, Suite 702, Baton Rouge, Louisiana 70808.

Members Present

Emery Bares, Chairman, Designee of the Commissioner of Insurance
Virginia Burton, Secretary, Participant Member
Robert Henderson, Participant Member
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Designee of the State Treasurer
Troy Searles, Participant Member
Doug Buras, Designee of Commissioner of Financial Institutions

Members Absent

None

Others Present

Perry Christie, VP PNP Major Accounts, Denver GWRS
Connie Stevens, Regional Director, Baton Rouge GWRS
Lindsey Hunter, Louisiana Attorney General's Office
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWRS

Call to Order

Chairman Bares called the meeting to order at 10:05 a.m.

Approval of Commission Meeting Minutes of June 21, 2011

The minutes of June 21, 2011 were reviewed. Ms. Burton motioned for acceptance of the minutes. Mr. Kling seconded the motion. The Commission unanimously approved the minutes.

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Acceptance of Hardship Committee Reports of July 1, 2011

Mr. Kling motioned for acceptance of the Hardship Committee Report of July 1, 2011. Ms. Burton seconded the motion. The Commission unanimously approved the report. Ms. Stevens will report back to the Commission regarding the number of recipients of Hardship distributions who may simultaneously have outstanding loans through LA Public Employees Deferred Comp. Participants are encouraged to pursue loans and other avenues prior to requesting hardship distributions.

Reinstatement of Participant Member Troy Searles: Lindsay Hunter of the Louisiana Attorney General's Office conducted the swearing in of Troy Searles to the position of Participant Member on the LA Deferred Compensation Plan Commission.

Election of Officers: Written ballots were distributed to members present for casting of votes. Election results: Emery Bares, Chairman; Whit Kling, Vice Chairman; Virginia Burton, Secretary. Mr. Buras motioned to install this slate of officers. Ms. Hubbard seconded the motion. There was no objection and the motion carried.

Appointment of Committees: Existing committees are: Evaluation Committee: Virginia Burton, Whit Kling, Troy Searles; Hardship Committee: Susan Pappan, Kent LaPlace and Rita McFarland. Mr. Kling motioned to reappoint existing committees. Ms. Burton seconded the motion. There was no objection and the motion carried.

Administrator's Report

Plan Update as of June 30, 2011 was presented by Ms. Stevens. Assets as of June 30, 2011: \$1.12 billion. Asset change YTD: \$61.81 million. Contributions YTD: \$53 million. Distributions YTD: \$31.6 million (this has increased year-over-year). Net Investment gain YTD: \$40.63 million.

Participation by Asset Class and Investment Option: TD Ameritrade SDB Money Market has 130 participants and SDB Brokerage Security has 115 participants. The largest holding is Stable Value at 47.61% and BlackRock Russell 1000 at 7.3% of the Plan. The smallest holdings continue to be the newly added options such as Mainstay High Yield and BlackRock US TIPS.

Participant Count by Assets: The report was presented as a follow up to last month's report that was broken down by fee structure.

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Securities Sold in the Louisiana Stable Value Portfolio May, 2011: GNMA Pool 5% Bond.

Commission Activity Fund (CAF): Year-to-date beginning balance: \$2.346 Million; ending balance: \$2.769 Million. Deductions for the month of June included: Great-West recordkeeping, Wilshire, Wells Fargo Bank Trustee Fee, Tarcza & Associates and legal fees paid quarterly to the Attorney General's office (invoices are received two quarters at a time from the Attorney General's office). Participant recoveries for 1st quarter were \$408,262 which should remain consistent. Mutual Fund fees will show a reduction in the 3rd quarter because of the ten different mutual funds that were mapped to lower cost revenue sharing share classes on May 24, 2011. The Stable Value revenue will be one-half of the 1st quarter fees and BlackRock will be zero for the 2nd quarter. Stable Value and BlackRock were reduced on April 1, 2011.

Financial Audit of the Plan: A review of the audit revealed no findings. It was completed on time.

Compliance Questionnaire: Duplantier, Hrapmann, Hogan & Maher, L.L.P., the third party financial audit firm requires that the Commission approve a compliance questionnaire consisting of general topics, legal and ethics, accounting, auditing, financial reporting and others. There was a change from the previous year related to the method of reporting qualitative aspects of accounting practices. This change related only to the method of reporting. Ms. Burton motioned to approve the compliance questionnaire and the motion was seconded by Mr. Kling. There was no objection and the motion carried.

Contract Expiration for Duplantier, Hrapmann, Hogan and Maher: The contract expires at the conclusion of the audit. The contract will have to go out to bid in 2012. The Legislative Auditors will handle the bid and approval processes and have indicated they will start this in October, 2011. It is a three year contract once approved.

Fiduciary Responsibility: On Marilyn Collister's recommendation last July, the fiduciary checklist is reviewed each year. NAGDCA has recently published a 2011 brochure entitled, "Plan Sponsors: Meeting Your Fiduciary Responsibilities." Ms. Stevens has reviewed both documents and found Louisiana's practices to be within the norm. It was noted by Ms. Stevens that documentation of practices was advised several times throughout the NAGDCA brochure. The brochure also indicated that the deadline for the extensive fee disclosure required by the Dept. of Labor has been moved to January 1, 2012 (from July 16, 2011).

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Marketing Report

New participants added to the plan in June, 2011: 115; YTD: 804 with averages per application very healthy. Restart and increase activities continue to be solid especially in light of state budget issues.

HR Directors' Meeting: Ms. Stevens attended the Civil Service/HR Directors' Quarterly Meeting on July 6, 2011 primarily to encourage increases in the level of Great-West access allowed to state agencies. Ms. Stevens noted that based on her research, participation in the plan is increased whenever Great-West is afforded more access to the employees. Great-West is often restricted access to twice a year because it is incorrectly considered to be a supplemental vendor rather than a statutory vendor. It is obvious that there is a huge demand for servicing participants throughout the year instead of once or twice per year since the Account Executives get an overwhelming response to one-on-one appointments when allowed to offer them within an agency. There was no feedback or survey responses received from those in attendance at the meeting.

Website Conversion: Great-West has hired two consulting firms to analyze what information was on the various industry websites and to track the items of most value based on amount of usage. A new site was developed using tiles and icons which will rearrange themselves based on the participant's usage. Great-West has already converted the non-customized websites for other plans. The LA Public Employee Deferred Compensation website is highly customized to include such things as the Plan Document, Plan Highlights, Evaluation Committee Report and fee information. A "gap analysis" is being conducted to evaluate what can be used on the new website after conversion expected in the 1st quarter of 2012. Mr. Christie asked for volunteers from the Commission to meet with Great-West marketing personnel in Baton Rouge for approximately 3-4 hours before the end of the year to add input to the design/functionality of the website. The first meeting will be held the day of the August Commission Meeting where marketing personnel from the home office will present information to the Commission and then meet with the volunteers in the afternoon to discuss details. The following Commission members volunteered to participate in the web design discussions: Emery Bares, Andrea Hubbard, Whit Kling and Troy Searles. Mr. Christie will present information regarding website security at the August, 2011 meeting.

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Other Business:

Plan Document Updates: Ms. Hunter distributed copies of the amended Plan Document to Commission members. The amendments to the rules were effective as of June, 2011. An electronic copy of the document has been forwarded to Ms. Stevens. Tarcza's work on this project is complete and the term of the Tarcza contract has expired.

Wells Fargo Fee Increase: Through an audit, Wells Fargo discovered that they were not charging a fee related to the Self Directed Brokerage option whenever it was added to the Plan. Wells Fargo is not attempting to collect retroactively but they will add a \$500 fee on top of what is already charged annually (\$2000). The extra \$500 is not part of the original contract with Wells Fargo. It must now be determined if the additional money owed is the result of a "true oversight" or if it is an additional fee. If it is an additional fee, discussions must begin to determine why the money is owed.

NAGDCA Registration: Commission members who will be attending: Emery Bares, Virginia Burton and Bob Henderson.

Site Visit: The last site visit was in August of 2010. The Commission will discuss the next site visit at the April-2012 monthly meeting.

New Business:

Ms. Stevens confirmed with the members that The Burden Center will be the location for the December-2011 Commission Retreat.

NAGDCA is offering a telephone conference on August 2, 2011 entitled: "How to Conduct an RFP." Members were invited to participate in the call. David Lindberg, Consultant, Wilshire Associates, Inc. will also be invited.

Ms. Burton announced that the Evaluation Committee has begun their work and encouraged members to offer suggestions that they may wish added to the process.

Ms. Hubbard mentioned that Senate Bill 9 has passed allowing employees to purchase eligibility credit for LASERS (5 year maximum). Ms. Hubbard anticipates an increase in interest in this option as a result.

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Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:56 a.m.

Virginia Burton, Secretary