

# MINUTES

## Louisiana Deferred Compensation Commission Meeting

June 21, 2016

The Monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 21, 2016 in the offices of the Plan Administrator, 9100 Bluebonnet Centre Blvd, Suite 203, Baton Rouge, Louisiana 70809.

### **Members Present**

Emery Bares, Chairman, Designee of the Commissioner of Insurance  
Rick McGimsey, Designee of the Commissioner of Administration  
Whit Kling, Vice-Chairman, Participant Member  
Len Riviere, Designee of Commissioner of Financial Institutions  
Laney Sanders, Participant Member

### **Members Not in Attendance**

Virginia Burton, Secretary, Participant Member  
Lela Folse, Designee of the State Treasurer

### **Others Present**

Emily Andrews, State of Louisiana Attorney General's Office  
Connie Stevens, State Director, Baton Rouge, Empower Retirement  
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge, Empower Retirement

### **Call to Order**

Chairman Bares called the meeting to order at 10:00 a.m.  
Roll Call was taken of members present.

### **Approval of Commission Meeting Minutes of May 25, 2016**

The minutes of May 25, 2016 were reviewed. Mr. Kling motioned for acceptance of the minutes. Mr. Riviere seconded the motion. The Commission unanimously approved the minutes.

### **Acceptance of Hardship Committee Reports of June 3, 2016**

Mr. Riviere motioned for acceptance of the Hardship Committee Report of June 3, 2016. Mr. Kling seconded the motion. The Commission unanimously approved the report.

**Public Comments:** Captain Jeffrey J. Robert was in attendance.

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#### **Administrator's Report**

Plan Update as of May 31, 2016 was presented by Ms. Stevens. Assets as of May 31, 2016: \$1,479.01 Billion. Asset change YTD: \$20.11 Million; Contributions YTD: \$40.10 Million. Distributions YTD: \$49.53 Million. The Net Investment gain YTD: \$29.54 Million.

Ms. Stevens met with representatives from the Division of Administration during the week of June 13, 2016. Those in attendance were Jay Dardenne, Andrea Hubbard, Desiree Honore, Barb Goodson and Rick McGimsey. Mr. Dardenne offered to support the plan and will be sending out a letter to the secretaries and another letter to individual employees from the secretaries. Ms. Stevens stated that she was very pleased with the support being offered at this level. Mr. McGimsey pointed out that many of the State buildings have a solicitation policy. As a result, many of the secretaries/administrators have not known how to treat Deferred Compensation representatives. Mr. Dardenne offered to identify Deferred Compensation representatives on the same level as group benefits as opposed to sales representatives. This action will allow greater access to State buildings throughout the year as opposed to once a year at benefits meetings.

Ms. Stevens stated that she and all of the LADCP RPC's would be attending an Empower Retirement training seminar in Tuscaloosa, AL from June 21 to June 24, 2016. Empower Retirement is developing more tools to be used in preparing for retirement and RPC's are being trained in the usage of these tools. Commission members expressed concern that a consultative role may be in violation of the existing contract as well as State law. Under State Law, if a representative is not being compensated, they are not, by definition, considered an advisor. Ms. Stevens stated that she will review State laws in addition to the contract to assure that all representatives are in compliance.

Ms. Stevens announced that the LSU's payroll conversion goes live on July 1, 2016. At the same time, LSU is consolidating payroll centers making a centralized payroll for the LSU campuses. The LSU Health Science Centers are not a part of the payroll conversion or consolidation.

**Archive Report 2016:** Ms. Stevens presented the 2016 Archive Report as a historical review of the Plan.

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**Unallocated Plan Asset Account Report – April and May, 2016:** Ms. Stevens reviewed the UPA for April and May, 2016. Cash balance on hand as of March 31, 2016: \$2,603,779.56. Ending balance in May: \$2,596,739.56.

**Case Reconciliation 1Q16:** Ms. Stevens presented the 1Q16 Fee Reconciliation Report noting: administrative fees collected from participants plus mutual fund revenue sharing less recordkeeping costs left a net deposit to the Plan of \$8,024.18.

**Securities Sold in Custom Stable Value: March, April and May, 2016:** Ms. Stevens noted the list of securities sold in the Custom Stable Value during the months of March, April and May, 2016.

**Financial Audit Compliance Questionnaire:** Ms. Stevens reported that Hienz & Macaluso, LLC found no findings in their completion of the annual financial audit of the Plan. A management letter, dated June 9, 2016, has been signed by Ms. Stevens and Mr. Bares. Mr. Kling motioned to accept the letter and documentation presented. Mr. McGimsey seconded the motion. The Commission unanimously approved the motion.

**Access to Minutes on Participant Website:** Mr. Kling suggested that a link to the Boards and Commission/LADCP Commission webpage be added to the LADCP website for easy access to Commission Minutes. Ms. Stevens will have the link placed under the “Resource Center, Commission Documents” tab on the pre login page of the LADCP website where other Commission documents are located.

**Fund Change Update:** Ms. Stevens reported that there was a change in the tone of calls received from participants the week of May 30, 2016. Specifically, callers seemed resigned to the fact that the fund change was going to take place as planned on June 3<sup>rd</sup> and their concern shifted to any action that might be needed on their part. The Principal Diversified Real Asset Fund, has a 25% gross expense ratio, with a net of 0.89%. This information is received from Morningstar who in turn is receiving it from Principal. It is a 25% gross expense ratio. There is a waiver of 24% which is good until December 30, 2016. Wilshire is aware of the situation and will address this issue and the waiver deadline at the July 19, 2016 Commission Meeting.

The second quarter “Louisiana Keynotes” newsletter has been written and is being reviewed by compliance. So far, only one question has been raised by Compliance and that dealt with a statement from the Wilshire material noting the use of the word, “studies” in defense of the fund change. Wilshire must provide the actual source of the studies cited.

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**Other Business**

**NAGDCA Review:** The Annual NAGDCA Conference will be held in Denver, CO on September 18-21, 2016. Ms. Stevens reviewed the event calendar and advised Commission members that they must book their own flights/hotel and register for the conference (online). Empower-Retirement is arranging a tour of corporate headquarters for Plan Sponsors on Friday, September 16th and a tour of Red Rock on Saturday, September 17<sup>th</sup>. The NAGDCA Conference begins on Sunday, September 18<sup>th</sup>. Ms. Andrews asked that materials from the NAGDCA Regulatory Review Session be brought back for her review.

**Election Certification:** An election was held in June, 2016 for the participant member seat on the Commission. The candidates were Erric Torres and Whit Kling. Mr. Kling won the election with 1,164 votes. Mr. Torres received 705 votes. Mr. Kling will be sworn into office at the July Commission Meeting.

**Adjournment**

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:44 a.m.

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**Virginia Burton, Secretary**