

MINUTES
Louisiana Deferred Compensation Commission Meeting
June 13, 2023

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 13, 2023, in the office of the Service Provider, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 10:00 a.m.

Members Present

Virginia Burton, Chairman, Participant Member
Doug Buras, Co-Designee of Commissioner of Financial Institutions
Stewart Guerin, Designee of the Commissioner of Insurance
Andrea Hubbard, Vice Chairman, Co-Designee of the Commissioner of Administration
Beverly Hodges, Participant Member
Julius Roberson, Designee of the LA State Treasurer
Laney Sanders, Secretary, Participant Member

Members Not Present

Representative Lance Harris, Designee of the Speaker of the LA House of Representatives
Senator Ed Price, Designee of the President of the Louisiana State Senate

Others Present

William Thornton, Senior Manager, Client Portfolio Svcs, AAG, Denver-*via video conference*
Danette Rausch, Assistant Vice President, Partner Strategy, Empower, Denver-*via video conference*
Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge-*via video conference*
Karen Monaghan, Sr Client Services Manager, Empower, Denver-*via video conference*
Shannon Dyse, Relationship Manager, Empower, Baton Rouge
Rich Massingill, Manager, Participant Engagement, Empower, Baton Rouge
Jo Ann Carrigan, Sr. Field Administrative Support, Empower, Baton Rouge

Call to Order

Ms. Burton called the meeting to order at 10:04 a.m. Ms. Carrigan called roll of Commission members.

Public Comments

Ms. Burton stated that the meeting is accessible to the public and invited anyone who had joined the meeting to participate in the call. There were no public comments.

Commission Election Results

Mr. Dyse stated that the official election results have not yet arrived but based on the observed counting of ballots, Ms. Sanders won the election by an unofficial margin of 5 to 1. Approximately 1800 ballots were counted. Changes in election procedures will be discussed later including the possibility of including a postage-paid ballot envelope. Empower will research what is involved with securing a postage-paid permit. Mr. Dyse has an appointment on his calendar to talk with a member of the Civil Service Commission to discuss electronic election procedures. Mr. Lester Turner Jr., Ms. Sanders opponent, sent an email to Mr. Dyse thanking the Commission for the opportunity to run for a seat on the Commission in addition to graciously offering to present suggestions in the future. Ms. Burton will send a letter to Mr. Turner on behalf of the Commission thanking him for his interest and support of the LA Deferred Comp Plan.

Louisiana CSVF Review 1Q2023

Capital Markets Review 1Q2023: Mr. Thornton presented the Capital Markets Review for 1Q23 noting that inflation is not the over-riding issue as it was a year ago which means that this will pause the Federal Government's hiking cycle. Mr. Thornton stated that a slowdown in the economy is on the horizon. Wage inflation will prop up inflation longer than just products and services. The Q1 2023 GDP is 1.3% (down from 3.2% in Q3 2022) reflecting consumer and government spending. The labor market continues to be strong with an addition of 339,000 jobs in May. The unemployment rate rose slightly to 3.7%. Jobless claims in May of 2023 totaled 266,000 as opposed to the expected total of 235,000. Tom Nun, Empower's portfolio strategist, is expecting a recession in Q4 2023. Yields continue to be remarkably high.

CSVF Review 1Q23: Mr. Thornton reported that there were no substantial changes to Stable Value since 4Q22. Q3 2023 rates will be available at the end of June. Market-to-Book at the end of Q1 2023 was 92.7%. Mr. Thornton is hopeful the rate will increase slightly but this figure depends to the Q3 2023 market-to-book. Allocations remain consistent for the quarter. Money market rates in the short-term have escalated but over the long term, there is no contest between the Stable Value Fund and any other money market fund.

Credit Letter: The Lehman Brothers Bond continues to be the only security outside of the investment policy. Another contribution has been received as part of the bankruptcy estate. This contribution represented the 26th distribution to Class 3 noteholders. A total of 46% of the original total has been recouped as of today.

Approval of Commission Meeting May 16, 2023

The minutes of the May 16, 2023, Commission Meeting were reviewed. Ms. Hodges motioned to accept the minutes presented. Mr. Buras seconded the motion. The Commission unanimously approved the motion.

Plan Audit Update

Mr. Dyse reported that the assigned Legislative Auditor, Michael DeFalco, is on target to complete the audit by the end of June 2023. Mr. DeFalco will present the audit results at the July 2023 meeting. To be able to meet the June 30th deadline, Mr. DeFalco will distribute the draft report to members of the audit committee for approval. Ms. Sanders motioned to authorize the audit committee to approve the audit report on behalf of the Commission. Ms. Hodges seconded the motion. The motion passed with no discussion.

Service Provider's Report

Plan Update as of May 31, 2023: Mr. Dyse reviewed the Plan Update as of May 31, 2023. Assets as of May 31, 2023: \$2063.10 Billion; Asset Change YTD: \$80.53 Million representing a 4% increase over last year. Contributions YTD: \$46.23 Million; Distributions YTD: \$61.62 Million. Net Investment Difference YTD: \$95.92 Million.

UPA – May 2023: Mr. Dyse presented the May 2023 UPA report. The UPA balance at the end of May was \$1,542,746.41. Additions included gains on contribution corrections and interest. Deductions included the quarterly fee to Empower.

UEW Report – May 2023: Mr. Dyse presented the UEW Report for the month of May 2023. There were seventeen requests submitted and all seventeen were approved.

Secure 2.0

Mr. Dyse provided updates to Secure 2.0. Empower is awaiting clarification from regulators regarding the various components of Secure 2.0 prior to implementation. Mr. Dyse presented an Empower document entitled, "Frequency Asked Questions." Mr. Dyse pointed out that Secure 2.0 includes the requirement that contributions be submitted as Roth in the Catch-Up component for those participants making a

minimum of \$145,000 annually. Empower will develop and provide Plan Sponsors with detailed information on all Secure 2.0 changes. These changes will be included in the newsletter, Plan Highlights, website and offered webinars. The Empower service team will reach out to political subdivisions to make them aware of the required changes necessary to satisfy the requirements of Secure 2.0. The elimination of the “First of the Month Rule” will be implemented by November of 2023. The Required Minimum Distribution age change to seventy-three is already in place. The Qualified Birth and Adoption repayment option has been more clearly defined to three years. The Plan Document must be revised to include all the adopted Secure 2.0 options in addition to the revisions currently underway. Mr. Dyse will investigate whether the Commission must vote to accept the “First Day of the Month Rule” change.

Investment Policy Statement

Ms. Hodges submitted updates/revisions in hard copy for implementation. Mr. Dyse will submit Ms. Hodges’ changes to Mr. DiGirolamo for inclusion in the revised Investment Policy Statement. Ms. Burton asked Mr. Dyse to discuss a potential name change of the Unallocated Plan Account (UPA) to the “Plan Operations Fund” with Mr. Cassagne and Mr. DiGirolamo.

Other Business

NAGDCA 2023 Annual Conference: Mr. Dyse reminded the Commission that the NAGDCA 2023 Annual Conference will be held in Seattle, Washington, October 8-11, 2023. Conference registration is now open. Ms. Burton asked that information be provided related to the registration deadline for virtual attendance. To date, Ms. Hodges, Mr. Roberson, and Ms. Hubbard will attend the conference.

Board Portal Software: Mr. Dyse reported that he has been in discussions with two companies that offer board portal software: Diligent and Boardvantage. The cost of the software ranges from \$13,000 to \$18,000 per year which would allow ten user accounts and 3-4 administrative accounts. Mr. Dyse is confident that these companies would waive implementation fees. Both companies have expressed interest in presenting demonstrations to the Commission. The Commission must determine how to use the portal software over and above document storage. Ms. Sanders volunteered to participate in researching the best board portal service to use especially in ease of use by administrators. Security is of primary concern. Once initial research has been completed, the Commission will establish a committee for final review.

Staffing Update: Mr. Massingill was happy to report that a fifth Retirement Plan Advisor has been hired for the Baton Rouge and New Orleans area: Christian Lenahan, Sean Harris, Dedrick Lewis, Patrick Hannie and Will Parrie. This is the largest number of advisors that has been on the staff since Mr. Massingill joined Empower.

Letter Sent to LASERS Participants: Ms. Hodges asked for clarification related to a letter mailed to LASERS Self Directed and ORP participants regarding electronic transmission of notifications. If there is no email on file, the default will be mail. Participants may opt out of electronic delivery if they prefer hard-copy mailings.

Unclaimed Property: Ms. Burton requested that research be made into whether Plan funds are ever sent to unclaimed property.

Adjournment

With there being no further items of business to come before the Commission, Chairman Burton declared the meeting adjourned at 11:13 a.m.

Laney Sanders, Secretary