

MINUTES

Louisiana Deferred Compensation Commission Meeting

June 19, 2018

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 19, 2018 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
Whit Kling, Vice-Chairman, Participant Member
Virginia Burton, Secretary, Participant Member
John M. Schroeder, Louisiana State Treasurer
Thomas Enright, Designee of the State Treasurer
Andrea Hubbard, Co-Designee of the Commissioner of Administrator
Senator Barrow Peacock, Designee of the President of State Senate
Len Riviere, Co-Designee of Commissioner of Financial Institution
Laney Sanders, Participant Member

Others Present

Stephen DiGirolamo, Vice President, Wilshire Consulting
Margaret Corley, Senate Committee on Retirement
John Morris, State of Louisiana Attorney General's Office
Craig Cassagne, State of Louisiana Attorney General's Office
Connie Stevens, State Director, Baton Rouge, Empower Retirement
Jo Ann Carrigan, Sr. Field Administrative Support, Baton Rouge, Empower Retirement

Call to Order

Chairman Bares called the meeting to order at 10:02 a.m. Roll call was taken by Jo Ann Carrigan.

Approval of Commission Meeting Minutes of May 15, 2018

The minutes of the May 15, 2018 Commission Meeting were reviewed. Mr. Kling motioned for the acceptance of the May 15, 2018 minutes. Ms. Burton seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Report of June 7, 2018

The Hardship Committee Report of June 7, 2018 was reviewed. Mr. Kling motioned for acceptance of the Hardship Committee Report of June 7, 2018. Ms. Burton seconded the motion. The Commission unanimously approved the report.

Public Comments: There were no public comments.

Minutes
Louisiana Deferred Compensation Meeting
June 19, 2018
Page 2 of 4

Act 615 (2018 R.S.) Added Members

Ms. Stevens reviewed Representative Pearson's House Bill 36 (Act 615) which added to the Commission the Speaker of the House of Representatives and the President of the Louisiana State Senate or their designees. The Commission is now made up of nine members instead of seven. A quorum remains at four. Ms. Stevens reported that she contacted the President of the Senate, John Alario Jr. who designated Senator Peacock. Ms. Stevens reported that she is awaiting response from the Speaker of the House, Thomas Barras regarding a designee. Act 615 is effective August 1, 2018.

Executive Order JBE 18-15

Mr. Enright provided a printed copy of Executive Order JBE 18-15, Relating to the Prohibition of Discriminatory Boycotts of Israel in State Procurement, for information only to Commission members.

Wilshire Associates

1Q18 Investment Performance Report: Mr. DiGirolamo reviewed an Investment Performance Flash Report dated May 31, 2018. Market totals reflected a negative pull back in the first quarter as compared to 2017. Volatility has returned after a tranquil 2017. Consumer spending, the main driver of economic growth, will be a key issue to watch in 2018. Mr. DiGirolamo reported that low unemployment, rising wage growth and borrowing by households are all signs of consumer strength. Strong jobs reports and wage growth had investors rethinking their inflation expectations and led to concerns that the Federal Reserve might accelerate increases in their short-term rate. Equity markets outside of the United States produced mixed results during the quarter with emerging markets up but developed markets in negative territory. Concerns about global trade conflicts dominated headlines. The United States Treasury yield curve rose in a parallel fashion during the quarter with most maturities up 35 basis points, on average. Mr. DiGirolamo reviewed investment performance of the various investments in the Plan.

CSV IPS Update: Mr. DiGirolamo presented the final draft of the Stable Value Fixed Income Fund Investment Objectives and Guidelines. Derivatives noted in the statement should be seen as a piece of what is being done as a whole. The CSV IPS is in line with what is considered standard procedure. Mr. Kling motioned to accept the LA Deferred Compensation Commission Stable Value Fixed Income Fund Investment Objectives and Guidelines as presented. Ms. Sanders seconded the motion. The motion carried with no objection.

Minutes
Louisiana Deferred Compensation Meeting
June 19, 2018
Page 3 of 4

Administrator's Report

Plan Update as of May 31, 2018: Ms. Stevens presented the Plan Update as of May 31, 2018. Assets as of May 31, 2018: \$1,694.52 Billion; Asset Change YTD: \$12.33 Million; Contributions YTD: \$40.45 Million; Distributions YTD: \$51.34 Million. Net Investment Difference YTD: \$23.22 Million. Ms. Stevens presented a chart illustrating participants by age group for the period of 2013-2017. Decreases were found most significantly in the 41-62 age range and increases were noted in the Under 26 and Over 65 age ranges. In summary, balances in the plan and the annual contribution per participant are increasing but there are less people contributing.

UPA-May, 2018: Ms. Stevens reviewed the UPA for the month May, 2018. UPA balance as of May 31, 2018: \$1,925,786.29. Additions included: Interest for the month of May. Deductions included Great West Financial (recordkeeping) and Wilshire Associates (consulting).

Credit Letter Notes: Ms. Stevens reported that the only holding outside of the Investment Policy Statement is the Lehman Brothers Unsecured Notes, purchased November, 2005 which continues from 2008. Ms. Stevens presented Jack Brown's clarification that Lehman Brothers was a very complex company and bankruptcy trustees continue to look for recoverable assets. There is a June, 2018 hearing which could indicate that there are more assets to be recovered and distributed to noteholders in the future. It is recommended to continue holding the position to benefit from any future distributions. No one knows how long the payout will last, and the credit letter is expected to note this.

Other Business

Hardship: Mr. Kling asked for clarification on a hardship case that the required additional documentation by the Hardship Committee. The participant threatened to escalate the situation but instead provided the documentation necessary. As a result, the funds were distributed to the participant.

Audit: Ms. Stevens reported that the annual financial audit is being performed by Aaron Cooper CPA. Mr. Cooper reviewed records in the offices of the Plan Administrator during the month of June and expressed concern with reconciliations/adjustments made in the past by previous auditors. The final audit is due on June 30, 2018. Ms. Stevens will send invitations to Commission members once a final audit exit interview date has been established.

Minutes

Louisiana Deferred Compensation Meeting

June 19, 2018

Page 4 of 4

Louisiana Compliance Questionnaire: Ms. Stevens presented the LA Compliance Questionnaire to the Commission and noted that the document required adoption by the Commission by means of a formal resolution in an open meeting. Mr. Kling motioned to adopt the LA Compliance Questionnaire. Ms. Hubbard seconded the motion. There was no objection and the motion carried.

NAGDCA: The National Association of Government Defined Contribution Administrators conference is scheduled for September 23-26, 2018 in Philadelphia, PA. Ms. Burton and Mr. Rick McGimsey will be attending the meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Bares declared the meeting adjourned at 10:49 a.m.

Virginia Burton, Secretary