

MINUTES

Louisiana Deferred Compensation Commission Meeting

March 15, 2016

The Monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, March 15, 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
Virginia Burton, Secretary, Participant Member
Andrea Hubbard, 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

Lela Folse, Designee of the State Treasurer

Others Present

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.

Approval of Commission Meeting Minutes of February 16, 2016

The minutes of February 16, 2016 were reviewed. Mr. Kling motioned for acceptance of the minutes. Ms. Sanders seconded the motion. The Commission unanimously approved the minutes.

Acceptance of Hardship Committee Reports of March 4, 2016

Mr. Kling motioned for acceptance of the Hardship Committee Report of March 4, 2016. Mr. Riviere seconded the motion. The Commission unanimously approved the report.

Public Comments: There was no one from the public in attendance.

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Administrator's Report

Ms. Stevens shared that a new representative from the Attorney General's office has been invited to attend an upcoming Hardship Committee Meeting to become familiar with hardship procedures.

Streamlined Fund Change Update: The \$600 Million fund change is scheduled to take place on June 3, 2016. Participants will be notified via a newsletter and a banner on the website. The Baton Rouge office staff (RPC's and Administrators) will be trained to communicate the fund change information to participants. Ms. Stevens is enhancing information related to the Self Directed Brokerage option on the website which is referenced in the newsletter.

Plan Update as of February 29, 2016 was presented by Ms. Stevens. Assets as of February 29, 2016: \$1,420.29 Billion. Asset change YTD: -\$38.61 Million; Contributions YTD: \$15.07 Million. Distributions YTD: \$14.12 Million. Contributions are \$950,000 over distributions year-to-date. The Asset Summary by Investment Option was reviewed by Ms. Stevens who identified the funds that will be mapped to other funds as a result of the streamlined fund change scheduled for June, 2016.

Archive Report 2015: Ms. Stevens presented the 2015 Archive Report as a historical review of the Plan. Assets are steadily climbing but the number of participants has reduced over the years. The number of participants peaked in 2009 with 41,204. Substantial layoffs and DeMinimis distributions are reflected in the reduction of active participants in the Plan. In 2015, Fixed/Variable Assets by Percentage reflects 44% in Fixed and 56% in Variable assets. In 1999, 52% of the Plan was in the Large Cap asset class. The current trend in contribution history reflects a lower number of participants contributing. The number of contributing participants peaked in 2008 (26,286). Contribution dollars were highest in 2010 (\$105,705,461). The average annual participant contribution in 2015 was \$4,725 reflecting steady increase over the years. Contributions into the Plan reflect 37% Fixed and 63% Variable. The Stable Value rates reflect the history of interest rates, peaking in 2003 at 4.85% and now settling around 2.5-2.6%

Unallocated Plan Asset Account Report – February, 2016: Ms. Stevens reviewed the UPA for February, 2016. Cash balance on hand as of January 31, 2016: \$3,031,168.10. Additions included interest for the month of February and gains on contribution corrections. Distributions included Great-West recordkeeping fees. The cash balance on

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hand as of February 29, 2016 was \$2,601,208.19.

Stable Value Securities Sold: Ms. Stevens presented the securities sold in the Louisiana Stable Value Portfolio during the months of January and February, 2016.

401(a) Plan for Match Entities

For discussion purposes only: The Executive Director of the Port of Lake Charles asked that they be allowed to do a 401(a) Plan to house matched funds to their highly compensated personnel while also fully maximizing contributions into the 457b Plan. This could be handled in one of two ways:

- Add the 401(a) to what is currently offered by the State.
- Allow each individual subdivision to have their own 401(a).

The challenges to each option are:

- If the 401(a) is added to the State's offerings, all political subdivisions that are currently matching funds, would be required to split contributions by money source and add every matched dollar to the 401(a) resulting in very small balances in the Plan. The 401(a) would have to be monitored by the Commission, is very difficult to price and very few people could actually benefit from maxing out both.
- If each individual subdivision was allowed to have their own 401(a), the pricing would be very expensive and it would be a huge undertaking to add an extension to the Plan insofar as educating the individual payrolls.

The Commission determined that this option would require enormous change/effort on behalf of a small population of people (highly compensated personnel) and therefore, not feasible to offer.

Other Business

JBE Contracts Review: At the request of the Governor's Office, Ms. Stevens, with the assistance of Mr. Kling, Michael Vallen of the Attorney General's Office and the Treasurer's Office, prepared and submitted a letter dated March 8, 2016 noting that all contracts for the LADCP Commission are not funded by appropriations through Acts 16 and 45 of the 2015 Regular Session of the Louisiana Legislature.. The letter also stated that there are no staff, state resources or public funds used to support any of the Commission's contracts.

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Participant Member Election Update: There will be an election in June, 2016 for the participant member seat on the Commission. The candidates are Eric Torres and Whit Kling. Mr. Torres is an attorney and Executive Director of the Louisiana State Board of Medical Examiners.

Ballot Counting Service: Duplantier Hrapmann Hogan & Maher, LLP, will be performing the Participant Member election ballot count in June. The services will be provided at the rate of \$65 per hour with an estimate of between 100 to 120 hours required. Mr. Riviere made a motion to accept the Duplantier Hrapmann Hogan & Maher, LLP, proposal. Mr. Kling seconded the motion. The Commission unanimously approved the motion.

NAGDCA Review: The Annual NAGDCA Conference will be held in Denver, CO on September 18-21, 2016. 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 17th. The NAGDCA Conference begins on Sunday, September 18th.

Commission Member Ethics Requirement: Commission Member ethics report requirements are due in May, 2016.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:30 a.m.

Virginia Burton, Secretary