

MINUTES

Louisiana Deferred Compensation Commission Meeting March 18, 2014

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, March 18, 2014 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
Doug Buras, Co-Designee of Commissioner of Financial Institutions
Lela Folse, Designee of the State Treasurer
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Participant Member
Troy Searles, Participant Member

Not Present

Virginia Burton, Secretary, Participant Member
Len Riviere, Designee of Commissioner of Financial Institutions

Others Present

Sarah Flanagan Silcott, Communications Consultant, Denver GWF
Sheri McWilliams, Manager, Marketing Communications, Denver GWF
Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Director, Client Relations and Plan Counseling, Baton Rouge GWF
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF

Call to Order

Chairman Bares called the meeting to order at 10:04 a.m.

Approval of Commission Meeting Minutes of February 18, 2014

The minutes of February 18, 2014 were reviewed. Mr. Kling motioned for acceptance of the minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the minutes.

Acceptance of Hardship Committee Report of March 7, 2014

Mr. Kling motioned for acceptance of the Hardship Committee Report of March 7, 2014. Ms. Hubbard 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

Plan Summary as of February 28, 2014 was presented by Ms. Stevens. Assets as of February 28, 2014: \$1.382 Billion. Asset change YTD: \$15.66 Million. Contributions YTD: \$16.36 Million. Distributions YTD: \$18.23 Million. The Net Investment gain YTD was: \$17.53 Million. Ms. Stevens noted that February performance reflects somewhat of a recovery compared to "flat" January figures.

Participation by Asset Class and Investment Option: Ms. Stevens reported that 45% of the entire balance is in Stable Value. This percentage fluctuates based on market activity. The next largest position is BlackRock Russell 1000 Index at 7.80% of the Plan.

Unallocated Plan Asset Report-February, 2013: Ms. Stevens reviewed the Unallocated Plan Asset Report for the month of February. The cash balance on hand as of January 31, 2014 was \$3.854 Million. Deductions during the month of February included LA Dept. of Justice, Great-West Life & Annuity recordkeeping and the Wells Fargo annual custodial fee totaling \$438,378. The ending balance as of February 28, 2014 was \$3.413 Million.

4Q13 Stable Value Exception Letter: The 4Q13 Stable Value Exception Letter was not available in January at the time Mr. William Thornton of Advised Assets Group presented his review of Stable Value performance. The portfolio manager recommends that the following two funds be held even though they have been downgraded: (1) Lehman Brothers Unsecured Notes: The market sees potential upside from asset liquidation values, particularly real estate assets; (2) Western Union Senior Notes: This fund remains the leader in the global money transfer business and the core business generates significant free cash flow each year.

Securities sold-January and February, 2014: The securities sold during the months of January and February, 2014 included two GNMA holdings.

Automation of State Payrolls Update

The number of payrolls that have not automated as of March 17, 2014 is 19 (down from 225). Of those agencies out of compliance, the number of assets totals \$6.110 Million with 174 participants. Ms. Hunter volunteered to call the remaining agencies in and attempt to complete the project. A letter from the Attorney General's Office will follow should agencies not respond.

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Focus on 457-Special Catch Up

Ms. Stevens reviewed an issue of “Focus on 457” written by Marilyn Collister highlighting the qualifying parameters of “Special Catch-Up” contributions. Excerpts from the LA Def Comp Plan Document regarding the “Special Catch-Up” were also provided. In 2014, the maximum annual contribution is \$35,000.

Marketing Report

Ms. Stevens reviewed the Marketing Report for the month of February, 2014. There were 152 new applications received during the month of February averaging \$2,912 per application. There were 245 increases and restarts in February at an average of \$6,307 per request. The majority of activity during the month of February came from the following agencies: DOTD, LSU Baton Rouge/Agriculture, Hunt Correctional Center, LSU HSC-Shreveport and Terrebonne Parish Sheriff Office. Ms. Stevens reported that the participation rate for State employees is 24%. Ms. Stevens will add the topic of healthcare contractor eligibility to the April, 2014 Commission agenda.

Marketing Overview and Future Developments: Ms. McWilliams congratulated the Commission for the Plan website awards earned in 2013. Ms. McWilliams presented an overview of future marketing plans which incorporates music styles/specific song lyrics with retirement savings topics. A mobile app will soon be available to access participant non-transactional account information as 40% of respondents surveyed stated that they would use an app of this nature. Great-West will also be launching a Facebook page and “Email Marketing” in the future. Efforts will be made to “tie” health wellness and retirement together in addition to developing marketing to increase financial literacy.

2014 Louisiana Marketing Plan: Ms. Flanagan-Silcott presented the 2014 marketing plan for the State of Louisiana by quarter which includes printed material and electronic options. Sixty percent of Great-West participants surveyed expressed interest in receiving all correspondence electronically. A mobile app will be available by March 31, 2014. The website will offer a more efficient (2-click) option that will allow easier access to participant balances. Educational web-casting will be added to the website in an effort to offer information in both “live” and “recorded” sessions at the convenience of the participant.

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Other Business

Louisiana House Bill 171: Ms. Hunter reviewed the topic of the bill which involves offering an opportunity for teachers (including charter schools) to participate in the plan. Representative Pearson is recommending that the Bill pass. There is no action needed on the part of the Commission at this time.

Participant Member Election Update: Mr. Searles was re-elected to the Commission as a Participant Member. There were no other candidates or nominees by petition.

Cathe Tocher Webinar: A webinar is scheduled for March 20, 2014 featuring Cathe Tocher, CFA-Senior Vice President and Chief Investment Office at Great-West Financial who will be addressing the topic of the economy and the outlook for the Fixed Income Sector. Ms. Tocher manages the LA Stable Value portfolio.

2014 PlanSponsor Lifetime Achievement Award: *PlanSponsor Magazine* awarded Charlie Nelson, President of Great-West Financial, Retirement Services Division, the 2014 PlanSponsor Lifetime Achievement Award.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:09 a.m.

Virginia Burton, Secretary