

MINUTES
Louisiana Deferred Compensation Commission Meeting
December 13, 2022

The annual retreat and monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, December 13, 2022, at LASERS (CTV Room), 8401 United Plaza Blvd, Baton Rouge, LA, 70809 at 8:00 a.m.

Members Present

Virginia Burton, Chairman, Participant Member
Stewart Guerin, Designee of the Commissioner of Insurance
Beverly Hodges, Participant Member
Andrea Hubbard, Vice Chairman, Co-Designee of the Commissioner of Administration
Scott Jolly, Co-Designee of Commissioner of Financial Institutions
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

Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge
Brett Robinson, State of Louisiana Attorney General's Office, Baton Rouge
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates
Marilyn Collister, Senior Director, Regulatory Affairs, Government Markets, Empower, Denver-*via video conference*
Marybeth Daubenspeck, Vice President, Government Markets, Empower, Denver
Danette Rausch, Assistant Vice President, Partner Strategy, Empower, Denver-*via video conference*
Karen Scott, Sr Client Services Manager, Empower, Denver-*via video conference*
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, Empower, Denver
Shannon Dyse, Relationship Manager, Empower, Baton Rouge
Rich Massingill, Manager, Participant Engagement, Empower, Baton Rouge
Allen Berard, Retirement Plan Advisor, Empower, Southwest Louisiana
Beau Bordelon, Retirement Plan Advisor, Empower, Northern Louisiana-*via video conference*
Patrick Hannie, Retirement Plan Advisor, Empower, Baton Rouge, Hammond and LaPlace
Will Parrie, Retirement Plan Advisor, Empower, Southeast Louisiana
Shannon Wheeler, Retirement Plan Advisor, Empower, Middle Louisiana-*via video conference*
Jo Ann Carrigan, Sr. Field Administrative Support, Empower, Baton Rouge

Retreat Topics and Presentations: Educational Meeting Agenda

Fiduciary Refresher	Marilyn Collister
Wilshire Presentation: Glidepaths and Administrative Fees	Steven DiGirolamo
2023 Communications Strategy	Michela Palmer
Retirement Plan Advisor Presentation	Rich Massingill, Allen Berard, Patrick Hannie, Will Parrie
Partnership Update	Marybeth Daubenspeck

LA Deferred Comp Public Meeting

Call to Order

Ms. Burton called the meeting to order at 11:13 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.

Approval of Commission Meeting November 15, 2022

The minutes of the November 15, 2022 Commission Meeting were reviewed. Ms. Hodges motioned to accept the minutes as presented. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

Follow Up – Attorney General’s Letter re ESG Guidance

Mr. Cassagne revisited discussion regarding the letter received from Attorney General, Jeff Landry, pertaining to the use of environmental, social and governance factors (ESG) by certain investment firms. In the guidance, Mr. Landry advised that investment firms (such as BlackRock, Inc) utilizing ESG criteria without full disclosure to their investor-clients are likely violating their fiduciary duties imposed by Louisiana law. Mr. Landry’s letter asked that the LDCC make Plan participants aware of the ongoing investigation of BlackRock and other firms that utilize ESG factors. Mr. Cassagne reviewed Mr. Tarca’s previous opinion related to investments and social criteria which stated that the Commission cannot establish social criteria and cannot expend participant funds to advance a social agenda. Mr. Cassagne stated that the letter received from the Attorney General’s office includes a request to notify members, but the Commission would not be out of compliance if no action was taken. Ms. Hodges asked Mr. Cassagne to expound on the terminology in the letter that states that there is an ongoing investigation of BlackRock and other firms using ESG factors. Mr. Cassagne stated that he was unaware of any finding related to the investigation of firms at this time. There are 18 or 19 Attorney General offices across the country who are investigating firms for potential violations of their fiduciary duties by not disclosing to their investor/clients the use of ESG criteria. Mr. DiGirolamo stated that the only Plan exposure to BlackRock is in the form of passively managed index funds. There is no ESG incorporated in the decision making of what goes into those funds – they are broad based/index-based funds, across the board. Mr. Robinson and Mr. Dyse pointed out that the LA State Treasurer sent a letter via email on December 12th at 10:15 p.m. The letter was received too late to be included in the Commission binder. Mr. Dyse emailed the letter to each member of the Commission on December 12th. In review, Mr. Dyse stated that the spirit of the letter was in the same tone as the Attorney General’s letter. Mr. Dyse responded to the email from the Treasurer’s office by stating that he would forward and review the letter with the Commission. Mr. Robinson provided insight into the reason for the letter stating that the Treasurer believes that active funds based on ESG criteria are detrimental to the Louisiana economy. The Treasurer would like the Commission to proactively review investment options that may be better than BlackRock. Ms. Sanders stated that this is a non-issue with LASERS as BlackRock has been removed but ESG was not the reason for the removal. Ms. Burton stated that Wilshire is looking into the Plan investment line up noting that anything that the Commission decides will be in the best interest of the participant. Ms. Burton further stated that the purpose of today’s discussion was to determine whether the BlackRock funds were related to the ESG issue in question and, according to Wilshire, the funds are not. Ms. Hubbard asked Mr. DiGirolamo to present at an upcoming Commission Meeting, a comparison of the current target date funds with others. Mr. Guerin stated that there is a difference between the funds being referenced by the Treasurer and LA Deferred Comp Plan participant funds. No motion was made at the meeting related to the Attorney General and Treasurer’s letters.

Evaluation Committee Report

Ms. Sanders presented the documents making up the Evaluation Committee's report stating that responses received from Wilshire and Empower were satisfactory. Wilshire's examination of Empower concluded that they are pleased with Empower and have no major concerns with Empower's position in the market and in the record keeping industry. In conclusion, Ms. Sanders did not find any issue with Empower that needed to be brought before the Commission. Ms. Burton stated that the report was well done and included all pertinent reports. All the information will be added to the website for participant review. Mr. Jolly motioned to accept the Evaluation Committee Report. Mr. Guerin seconded the motion. The motion passed unanimously with no objection. Ms. Burton asked Mr. DiGirolamo if there is a way that the Commission be evaluated to ensure that the Commission is doing all that it should be doing. Ms. Burton would also like Ms. Collister's input in providing Commission best practices.

Service Provider's Report

Plan Update as of November 30, 2022: Mr. Dyse reviewed the Plan Update as of November 30, 2022. Assets as of November 30, 2022: \$2040.79 Billion; Asset Change YTD: -\$245.94 Million representing a 12% decrease since end of year, 2021. Contributions YTD: \$101.04 Million; Distributions YTD: \$130.34 Million. Net Investment Difference YTD: -\$216.64 Million.

UPA – November 2022: Mr. Dyse reviewed the UPA report for the month of November, 2022. Additions included interest/dividends for November. Deductions during the month of November included payment to Empower. The closing balance as of November 30, 2022, was \$1,329,720.66

UEW Report – November 2022: Mr. Dyse presented the UEW Report for the month of November, 2022. Thirteen requests were submitted and all thirteen were approved.

Participant Engagement: November, 2022

Mr. Massingill thanked the Commission for allowing time for Retirement Plan Advisors to present their roles/purpose to the Commission. Mr. Massingill is optimistic that another RPA will be added to the staff in the Baton Rouge area soon. November's RPA activity was reviewed noting that figures reflected the impact of the Thanksgiving holiday.

Other Business

Ms. Carrigan presented a suggested 2023 Commission Meeting schedule noting changes in some months from the typical third Tuesday of the month due to holidays. Ms. Hodges motioned to accept the 2023 Commission Meeting schedule as presented. Ms. Hubbard seconded the motion. The meeting schedule was unanimously approved.

Adjournment

With there being no further items of business to come before the Commission, Chairman Burton declared the meeting adjourned at 11:40 a.m.

Laney Sanders, Secretary