

**MINUTES**  
**Louisiana Deferred Compensation Commission Meeting**  
**October 18, 2022**

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, October 18, 2022, in the office of the Plan Administrator, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 10:00 a.m.

**Members Present**

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**

Virginia Burton, Chairman, Participant Member  
Stewart Guerin, Designee of the Commissioner of Insurance  
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  
Marybeth Daubenspeck, Vice President, Government Markets, Empower, Denver-*via video conference*  
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, Denver-*via video conference*  
Danette Rausch, AVP Partner Strategy, Denver-*via video conference*  
Karen Scott, 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. Hubbard called the meeting to order at 10:04 a.m. Ms. Carrigan called roll of Commission members.

**Public Comments**

Ms. Hubbard 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 Minutes**

The minutes of the August 16, 2022 Commission Meeting were reviewed. Ms. Sanders motioned to accept the minutes as presented. Ms. Hodges seconded the motion. The Commission unanimously approved the motion.

## **Service Provider's Report**

**Plan Update as of August 31, 2022:** Mr. Dyse reviewed the Plan Update as of August 31, 2022. Assets as of August 31, 2022: \$2013.02 Billion; Asset Change YTD: -\$273.71 Million representing a 12% decrease since end of year, 2021. Contributions YTD: \$75.58 Million; Distributions continue to outpace contributions. YTD: \$92.86 Million. Net Investment Difference YTD: -\$256.71 Million.

**Plan Update as of September 30, 2022:** Mr. Dyse reviewed the Plan Update as of September 30, 2022. Assets as of September 30, 2022: \$1901.21 Billion; Asset Change YTD: -\$385.52 Million representing a 17% decrease since end of year, 2021. Contributions YTD: \$84.64 Million; Distributions YTD: \$103.71 Million. Net Investment Difference YTD: -\$366.45 Million representing a 17% decrease year over year.

**UPA – August 2022:** Mr. Dyse reviewed the UPA report for the month of August, 2022. Additions included interest/dividends and participant recoveries for August. Deductions during the month of August included payment to Wilshire Associates, Empower, Tarzca & Associates and a loss on contribution correction. The closing balance as of August 31, 2022, was \$1,270,927.78.

**UPA – September 2022:** Mr. Dyse reviewed the UPA report for the month of September, 2022. Additions included a gain on a contribution correction and interest/dividends for September. Deductions during the month of September included payment to Broussard and Company CPAs and the State of LA Division of Administration. The closing balance as of September 30, 2022, was \$1,254,995.37.

**UEW Report – August 2022:** Mr. Dyse presented the UEW Report for the month of August, 2022. Nineteen requests were submitted and all nineteen were approved.

**UEW Report – September 2022:** Mr. Dyse presented the UEW Report for the month of September, 2022. Sixteen requests were submitted and all sixteen were approved.

**Securities Sold – July and August 2022:** Mr. Dyse reviewed the list of securities sold in July and August, 2022. Ms. Hodges requested information related to why securities are sold. Mr. Dyse stated that would defer Ms. Hodges' questions to the team that sells securities.

## **Evaluation Committee Update**

Ms. Sanders reported that she has met with Mr. Dyse to discuss the status of the various reports that are to be included in the Evaluation Committee letter. Ms. Sanders reported that the information will be compiled, sent to the Evaluation Committee members for review and then the letter will be prepared. Ms. Sanders reported that information from Wilshire has been received. The letter will be available for presentation at the December retreat.

## **Loans and Tax Counsel**

Mr. Cassagne reported that he spoke with Mr. Tarzca regarding the issue of reversing loan defaults. Mr. Cassagne summarized his discussion with Mr. Tarzca as the Commission should not be reversing loan defaults. Mr. Tarzca stated that the Plan Document includes a mechanism that allows participants to receive additional loans after defaulting on a previous loan by the Commission deeming the participant credit worthy. Mr. Cassagne stated that there is no value or reason for reversing loans. A defaulted loan is the result of the participant not paying off a loan.

The Plan Document outlines the conditions of the loan and what happens when loans are not paid back. There is no provision in the Plan Document that permits reversal of loan defaults. Mr. Cassagne stated that allowing an additional loan to a participant who previously defaulted would have to be reviewed on a case-by-case basis by the Commission. Mr. Dyse stated that Empower's processing system does not currently allow another loan after a default but that this could be overwritten at the instruction of the Commission. Each new loan request would have to be presented to the Commission for review and approval. Mr. Cassagne stated that he would discuss with Mr. Tarcza an amendment to the Plan Document that would provide criteria to be used by the Commission in the case of a loan default because of administrative error. Mr. Cassagne stated that the Commission can approve a future loan after default prior to the Plan Document being amended by deeming a participant credit worthy. Every future loan requested would have to be approved by the Commission because of the previous default. Mr. Robinson motioned to amend the agenda to review a participant's request to allow a second loan after a default. Ms. Hodges seconded the motion. The motion passed. The particulars of the loan were reviewed including a statement from the agency acknowledging administrative error. Two other loan default reversals were presented that were also because of agency administrative error. Only one of the three participants had submitted a second loan request. Ms. Rausch reported that default coding is either a yes or no – there are no loan default categories. Ms. Carrigan reviewed late loan policy procedures in alerting participants and payroll representatives of potential loan defaults. Ms. Sanders motioned to review loan default #2 for review. Mr. Robinson seconded the motion. The motion was approved by the Commission. Mr. Robinson motioned to deem participant #2 credit worthy and allow for a second loan with the stipulation that the defaulted loan be paid in full. Ms. Hodges seconded the motion. The motion passed. Mr. Cassagne will ask Mr. Tarcza to confirm adding "administrative error" as a reason to allow for a second loan is in keeping with IRS rules. Mr. Cassagne will also discuss with Mr. Tarcza the IRS Employee Plan Compliance Resolution that allows for correction methods and how that relates to the scope of Commission action. Ms. Hodges motioned to ask the AG Office to meet with Mr. Tarcza on Plan Document promulgation and loan default criteria in determining if a second loan can be processed. Mr. Robinson seconded the motion. The motion passed with no further discussion.

### **Promulgation of Rules-Secure and CARES Act**

Mr. Cassagne reminded the Commission that it has been operating on the emergency rules of the Secure and CARES Act. The Commission has until the end of 2023 to revise the Plan Document. The Louisiana Legislature passed a law last year that allows for emergency rules to be renewed only once. Emergency rules will expire prior to the end of 2023. Mr. Cassagne stated that permanent rules will have to be promulgated as it relates to the RMD age, birth and adoption withdrawals and Age 59 ½ In Service distributions. Mr. Cassagne will meet with Mr. Tarcza to promulgate the rules and to discuss any changes that the Commission requests including the loan issues. Ms. Hodges asked Mr. Cassagne to investigate the Public Service Loan Forgiveness provision that she was introduced to at the NAGCDA Conference in September.

### **Renewal of CEA With the Attorney General's Office**

Mr. Cassagne reported that the CEA with the Attorney General's Office has expired. The cost for renewal is \$15,000 per year for the three-year period of 2022-2025. Mr. Jolly motioned that the contract be renewed subject to the same terms that are in place. Ms. Sanders seconded the motion. The motion passed with no further discussion.

### **Renewal of Tax Counsel**

Mr. Cassagne reported that Mr. Tarcza's three-year contract expires at the end of the calendar year. Ms. Hodges motioned that Mr. Cassagne enter discussion to renew Mr. Tarcza's contract for an additional three-year period. Mr. Robinson seconded the motion. The motion passed with no further discussion. Mr. Cassagne also stated that he will discuss the additional changes needed to the Plan Document including the definition of the term "Plan Administrator." The changes will not require any legislative action but possibly a hearing before the Oversight Committee if one is requested.

### **Participant Engagement: September, 2022**

Mr. Massingill reviewed participant engagement activity as of September, 2022. There were positive trends quarter over quarter with not as great a spike in enrollments from LSU residents as usual. The report presented reflects contributions that have posted to participant files. Mr. Massingill reviewed the list of Completed Plan Adoptions, In-Progress Plan Adoptions and Potential Adoptions. Potential Adoptions remain on the list as talks are ongoing with these agencies. Mr. Massingill stated that there have been a few assessors' offices that have submitted deconversion letters. Mr. Massingill, Mr. Dyse and RPA's will continue making a concerted effort to reach out to assessors' offices. Ms. Hodges asked for clarity on the most efficient and economical use of resources available as it relates to meeting with the Plan population. Ms. Hodges met with representatives from the State of Georgia at the NAGCDA Conference and expressed interest in self-produced videos referred to as "One Minute Videos" covering a wide range of educational topics. Ms. Hodges was hopeful that the Plan could partner with LASERS to develop this type of education. Ms. Hodges reported that the NAGCDA Conference was excellent and that next year's conference will be held in Seattle during the month of October. Mr. Massingill stated that the SPP will be presented to the Commission in the upcoming months to discuss points of emphasis. RPA Meetings tend to trend down during the third quarter based on vacation activity. Ms. Hodges asked for additional information related to the number of participants attending group meetings. Participants continue to use the Empower online booking site to make appointments with RPA's.

### **December Retreat Update**

Mr. Dyse discussed the possibility of making changes to the schedule and location of the December retreat. Mr. Dyse suggested that the location of the retreat be moved from the Burden Center to the LASERS building. The primary reason for this move is related to the technology available at LASERS as opposed to what is available at the Burden Center. Mr. Dyse also asked if the Commission would be open to changing the time of the retreat from 10:00 a.m. – 2:00 p.m. to 8:00 a.m. – 12:00 p.m. Ms. Sanders stated that by starting earlier, the meeting would be over by lunchtime. There will be a virtual option for the meeting. Mr. Dyse reviewed the anticipated agenda with the Commission which includes:

- Fiduciary Training by Marilyn Collister (virtual)
- Cybersecurity (virtual)
- Fund Managers (virtual)
- Stephen DiGirolamo - Wilshire
- Bill Thornton (virtual)

- Retirement Plans Advisors

**Adjournment**

With there being no further items of business to come before the Commission, Vice Chairman Hubbard declared the meeting adjourned at 11:42 a.m.

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Laney Sanders, Secretary