MINUTES
Louisiana Deferred Compensation Commission Meeting
August 20, 2024

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, August 20, 2024, in the office of the Service Provider, 9100 Bluebonnet Centre Blvd, #203, Baton Rouge, LA, 70809 at 9:00 a.m.

Members Present
Doug Buras, Designee of Commissioner of Financial Institutions
Melissa Gibson, Designee of the Commissioner of Insurance
Beverly Hodges, Participant Member
Andrea Hubbard, Vice Chair, Co-Designee of the Commissioner of Administration
Julius Roberson, Co-Designee of the LA State Treasurer
Cindy Rougeou, Participant Member
Laney Sanders, Secretary, Participant Member

Members Not Present
Representative Tony Bacala, Designee of the Speaker of the LA House of Representatives
Senator Valarie Hodges, Designee of the President of the Louisiana State Senate

Others Present
Michael DeFalco, CPA, Broussard, and Company-*via video conference*
William Thornton, Senior Manager, Client Portfolio Svcs, AAG, Denver-*via video conference*
Carla Roberts, Participant, LA State Senate
Justin Lester, State of Louisiana Attorney General's Office, Baton Rouge
Les Theriot, State of Louisiana Attorney General's Office, Baton Rouge
Karen Monaghan, Sr Client Services Manager, Empower, Denver-*via video conference*
Michela Palmer, Communications Strategist Participant Mktg Comm Gov, 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. Hodges called the meeting to order at 10:00 a.m.

Ms. Rougeou motioned to add "roll call" to the written agenda so-as to follow public meeting laws. Mr. Roberson seconded the motion. There was no objection, and the motion unanimously passed. Ms. Carrigan called roll of Commission members.

Public Comments
Ms. Hodges reported that there were no public comments.
Ms. Hodges invited Commission members and attendees to introduce themselves.

Plan Audit Report
Mr. DeFalco stated that he originally submitted the Plan Audit Statement at the end of June. After issuing the original statement, questions related to participant loan defaults arose. Mr. DeFalco determined that the original submission overstated the loans by approximately $3 million. Footnote #2 in the original report was incorrect as it stated that the loans were exclusive of the defaults. Since loans were based on the

participant's vested balance in the Plan, there was no risk to the Plan's assets. Mr. DeFalco presented a restated audited financial statement to the Commission noting the reduction in loan balances for 2022 and 2023. The only difference between the initial report and the amended report presented was a change in the participant loan balance footnote. Mr. DeFalco stated that the financial statements contained in the audit report are materially correct. Mr. Buras motioned to accept the restated financial statements and audits of 2022 and 2023 and to authorize Ms. Hodges to instruct Mr. DeFalco to file with the Legislative Auditor the restated audit reports. Ms. Sanders seconded the motion. There was no objection, and the motion unanimously passed. Mr. DeFalco confirmed that he would download the restated reports to the Legislative Auditor portal and would provide an updated PDF of the reports to Mr. Dyse. Mr. DeFalco thanked the Commission for their business and encouraged members to call him with any questions.

Mr. Buras stated that prior to the meeting, he conducted an informal poll of members to direct/assist Mr. DeFalco related to the restated report. Mr. Buras stated that polling is not in compliance with public meeting laws. Mr. Buras stated his commitment for the Commission to operate under public meeting laws. Mr. Buras asked that Empower modify their Excel trial balance report that currently combines defaulted loans with outstanding loans. Going forward, Mr. Buras asked that Empower segregate out defaulted loans from outstanding loans. Ms. Monaghan confirmed that this change in reporting will be incorporated into future reports.

Mr. Lester suggested that an abbreviated open meetings/public records "refresher" presentation be included on the October/November Commission agenda. Mr. Lester stated that both topics take approximately 20 minutes each to review. Mr. Buras suggested that the presentations be made at the December 10, 2024, Retreat instead of during the October/November meetings as the December meeting is longer in duration.

2Q2024 LA Market Overview

Mr. Thornton introduced himself and offered to review details of the Stable Value Fund with new members if this would be of value to them. Mr. Thornton presented the market overview stating that inflation continues to be the datapoint, as it has been for the past couple of years, but with noticeable improvement. The target inflation is 2% and it is currently in the 3% range. The labor report was lighter than expected with an unemployment rate of 4.3%. There was a slight slow-down in GDP (2.8%) according to the Bloomberg Economic Surprise Index. Businesses and consumers are spending despite weak sentiment. Consumer loan delinquencies are increasing. A Federal rate cut is anticipated in September. Yields remain high within the different asset classes.

LA CSVF: The investment team has reduced the number of treasuries moving the money to corporates instead. The overall objective of the investment team, currently, is to extend duration. The rate increased fifteen basis points this quarter. The Book Value Liabilities is the actual book value of the Fund which is down form the first quarter because of withdrawals and transfers.

LA Credit Letter: Mr. Thornton reported that that were no changes to the LA Credit Letter. The recommendation is to continue holding the Lehman Brothers Unsecured Notes Bond to benefit from any future payout. Mr. Thornton will ask the investment team to update the Commission on the status of this bond/payments and to determine if there is an actual end-date of the payouts.

Securities Sold: Mr. Thornton restated that the investment team is working to extend duration as this fits best with the yield curve direction and Federal Government action. A longer yield on the portfolio helps the credited rate. Returns have been good on the portfolio and the actions of the investment team have been beneficial. Mr. Thornton offered to provide a report to the Commission on callable investments which he stated is constantly monitored by the investment team.

Approval of Commission Meeting Minutes – July 16, 2024

The minutes of the July 16, 2024, Commission Meeting were reviewed. Ms. Hodges suggested that Cindy Rougeou's name be moved to the "Members Present" list from the "Others Present" list as Ms. Rougeou was sworn in at the beginning of the July 16, 2024, Commission meeting. Ms. Rougeou motioned to accept the minutes as amended. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

2Q2024 Case Reconciliation

Mr. Dyse reviewed the 2Q2024 Case Reconciliation report with the Commission noting the various revenue sources.

Service Provider's Report

Plan Update as of July 31, 2024: Mr. Dyse reviewed the Plan Update as of July 31, 2024. Assets as of July 31, 2024: $2,329.16 Million; Asset Change YTD: $127.94 Million. Contributions YTD: $70.10 Million; Distributions YTD: $126.59 Million. Net Investment Difference YTD: $184.43 Million. Mr. Dyse shared that the majority of the Plan's assets are held by participants 50 years of age and older. The number of full withdrawals is outpacing the number of people adding to the Plan.

UPA – July 2024: Mr. Dyse presented the July 2024 UPA report. The UPA balance at the end of July 2024 was $2,376,126.12.

UEW Report – July 2024: Mr. Dyse presented the UEW Report for the month of July 2024. All nineteen requests submitted were approved.

Secure 2.0

Mr. Dyse shared with the Commission that Empower continues to bring on certain Secure 2.0 capabilities. Secure 2.0 allows participants the ability to self-certify their emergency withdrawal requests. This is not something that Empower is able to support at this time for the Plan, but it is a capability that will be available in early 2025. This is an optional provision that the Commission can adopt if desired for the Plan. Mr. Dyse stated that he would reach out to other Plans that have adopted this provision to gauge any adverse effects. Mr. Dyse is not clear on how the IRS will fact-check self-certification but that this would be a matter between the IRS and the participant, not the Plan.

2Q2024 Participant Engagement

Mr. Massingill presented the 2Q2024 Participant Engagement report noting the types of meetings that Retirement Plan Advisors are participating in daily with advice being at the center of all interactions. Year to date, there have been 2,130 total meetings (group/individual) involving 5,346 total participants. The Retirement Plan Advisor Net Promoter Score is eighty. In the industry, any score above 70 is considered "world class" service. The Net Promoter score is based on survey responses submitted by participants who have met with Retirement Plan Advisors on a scheduled, individual basis. Year-to-Date, there were 1,183 (55% of the time) positive Plan actions taken by participants because of meeting with a Retirement Plan Advisor. Positive actions include, enrollments, deferral increases, roll-ins, diversifications, and My Total Retirement personalizations. Retirement Plan Advisors participate in regular outreach with participants, attend agency benefit fairs/open enrollment periods in addition to the specific marketing campaigns run by Ms. Palmer. Mr. Massingill reported that Lakeisha Rose, Field Administrative Support resigned from Empower and efforts are underway to fill that position. Chad Anderson is the newest Retirement Plan Advisor on staff. Mr. Anderson is fully trained and meeting with participants.

Loan Default Review

Ms. Sanders reviewed a request from a participant to allow the participant to take out another loan after defaulting on a previous loan. Ms. Sanders stated that the defaulted loan was the result of an administrative error and that the loan had been paid in full. While the Commission cannot remove the defaulted status from the participant's account, the participant can be allowed to take out another loan if the Commission deems the participant credit-worthy. Ms. Sander's made a motion to allow the participant to take out another loan since the default was the result of an administrative error. Mr. Buras seconded the motion. The motion passed unanimously. Ms. Carrigan will relay this information to the participant.

Ms. Carrigan presented a request from a participant to allow another loan after a previous loan had defaulted. The default was the result of an administrative error. Ms. Sanders motioned to allow the participant to take out another loan once the final payment for the defaulted loan has been paid. Ms. Roberson seconded the motion. The motion passed unanimously.

Commission SubCommittees

Ms. Hodges is reviewing the list of Commission subcommittees. Ms. Hodges encouraged members to volunteer to serve on committees of their choice and recommended that Ms. Rougeou be placed on the Empower Contract and Plan Document Review Committee. Mr. Lester will provide additional information to the Commission regarding size limitations related to committees and quorum rules.

New Member Orientation

Ms. Hodges shared two samples of orientation programs for the Commission's review in determining what should be included. Mr. Dyse stated that his LASERS contact, Mr. Thornton, and Mr. DiGirolamo have made themselves available to assist the Commission in developing a new member orientation. Ms. Rougeou suggested that existing statutes be included in the orientation. Ms. Hodges asked Mr. Lester to assist in this process. Ms. Hodges asked that room be made on the December agenda for Empower representatives to share their roles and responsibilities. Ms. Rougeou requested that a list of acronyms be included in the orientation material.

Website Updates

Mr. Dyse reported that the LA Deferred Comp Plan website had been updated to reflect the most current reports. Mr. Dyse shared that the Evaluation Committee letter of 2022 that is posted to the site is not signed by the subcommittee members. Ms. Lester ruled that there is no need for signatures on the letter.

Commission Credit Card Update

Mr. Dyse provided an update on efforts being made to secure a travel/expense card for Commission expenses. Meetings are in place with the appropriate representatives and Mr. Dyse will email Commission members the outcome of the meetings. Ms. Hodges suggested that approval to pay invoices be sent to another member when Ms. Hodges submits the reimbursement request.

Mr. Lester reported that his office has created an email address for use in uploading documents to OnBoard. Mr. Dyse asked Mr. Lester to provide the final copy of the changes made to the Plan Document that were filed with the LA Register.

Other Business

No September Commission Meeting: Ms. Hodges reminded Commission members that there will be no meeting in September due to the NAGDCA Meeting. Ms. Hodges encouraged members to attend the NAGDCA meeting, stating that she and Ms. Rougeou were registered to attend.

Mr. Buras recognized Ms. Sanders for continuing her role as Commission secretary.

Adjournment

With there being no further items of business to come before the Commission, Chairperson Hodges declared the meeting adjourned at 11:39 a.m.

____

Laney Sanders, Secretary