MINUTES
Louisiana Deferred Compensation Commission Meeting
November 19, 2024

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, November 19, 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
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates–*via video conference*
Justin Lester, State of Louisiana Attorney General's Office, Baton Rouge
Jason Decker, State of Louisiana Attorney General's Office, Baton Rouge
Marybeth Daubenspeck, Vice President, Government Markets, Empower, Denver-*via video conference*
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 9:00 a.m.

Roll Call of Commission Members
Ms. Carrigan called the roll of Commission members in attendance noting that there was a quorum.

Public Comments
Ms. Hodges reported that there were no public comments.

Approval of Commission Meeting Minutes – October 15, 2024
The minutes of the October 15, 2024, Commission Meeting were reviewed. Ms. Rougeou motioned to accept the minutes as presented. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

Wilshire 3Q2024 Report
Mr. DiGirolamo invited Commission members to the 2025 Wilshire Client Conference to be held in Rancho Mirage, CA on April 8-9, 2025. Mr. DiGirolamo reviewed the 3Q2024 report stating that GDP growth was approximately 3% and inflation was 2.5%. Volatility in prices remained high. The Federal Government cut

rates by fifty basis points in September for the first time in years, which impacted the market. There were positive results in all major asset classes for the quarter. Value stocks outperformed growth stocks but there were positive results for both. Non-US Markets outperformed US Markets for the quarter. Emerging Markets outperformed Developed Markets for the quarter. The dollar depreciated 7%-8% against foreign currencies for the quarter. The yield curve went down resulting in bond prices increasing across the board.

Plan Performance: Mr. DiGirolamo reported no major changes or trends in terms of where assets are being pulled from or pushed to over the last quarter. Slowly but surely, more assets are being added to target date funds which is common for Plans like the LA Deferred Comp Plan in terms of size and scope. There were strong results in terms of absolute performance for several of the plan's funds with a slight lag versus fund benchmarks. The 2025 Target Date Fund will be merged into the Retirement Fund by year-end which reflects the normal progression within the glidepath. There were no major changes to any of the management teams or firms and Mr. DiGirolamo reported that the Plan is well positioned.

<u>Service Provider's Report</u>

Plan Update October 2024: Mr. Dyse reviewed the Plan Update as of October 31, 2024. Assets as of October 31, 2024: $2,350.72 Million; Asset Change YTD: $149.50 Million. Contributions YTD: $98.83 Million; Distributions YTD: $178.60 Million. Net Investment Difference YTD: $229.27 Million.

UPA – October 2024: Mr. Dyse presented the October 2024 UPA report. The UPA balance at the end of October 31, 2024, was $2,479,818.60.

UEW Report – October 2024: Mr. Dyse presented the UEW Report for the month of October 2024. There were twenty approved applications and six declined applications in October 2024.

Charles Schwab Fee Disclosure Report – October 2024: Mr. Dyse reported the fee structure disclosure received from Charles Schwab for the month of October 2024.

<u>3Q2024 Case Reconciliation</u>

Mr. Dyse reviewed the 3Q2024 Case Reconciliation report noting fees received and participant fee deductions. Stable Value revenue totals were reviewed.

<u>Updates from the Attorney General's Office</u>

Mr. Lester provided updates on topics discussed at previous Commission meetings.

- **Protective Life Insurance Policies**: Mr. Lester has had the opportunity to speak with Mr. Fisher of Protective Life. Mr. Lester stated that the suggested proposal (letter of instruction) on how to handle Protective Life claims was not approved by the Protective Life compliance department. Mr. Fisher has forwarded this issue to Protective Life's Enforce Operations Division for resolution.
- **Open Meetings Presentation**: Ms. Olivia Boudreaux of the Attorney General's office has confirmed her availability for presenting information regarding open meetings requirements at the December 17, 2024, Commission meeting.
- **OnBoard Access**: Mr. Lester reported that his office will begin adding documents to the Resources tab in OnBoard, as time allows.

<u>Commission Travel and Expense Card</u>

Mr. Dyse reported that US Bank has confirmed that the Commission can have one digital (ghost card) for use by all Commission members. It is now time to develop controls associated with the use of the card. Mr. Dyse will provide a sample of Empower controls for the Commission's reference.

<u>Secure 2.0-Optional Provisions</u>

Mr. Dyse reviewed the Secure 2.0 optional provisions that the Commission will review for approval at the December retreat:

- Qualified birth and adoption: 3-year repayment option.
- Domestic Abuse Penalty-Free withdrawals: Self-certification with a repayment option.
- Federal Disaster Distributions (up to $22,000) with a repayment option.

Each provision must be approved separately by the Commission, but approval will be submitted to Mr. Lester at one time to be added to the Plan Document. In 2025 (late March or early April), the option of hardship self-certification will become available for the Commission to review for approval. Mr. Dyse confirmed that Plan Sponsors are not at risk in self-certification unless there is knowledge of any impropriety. Empower is building safeguards related to self-certification withdrawal requests such as limiting the number allowed over a certain time-period. A non-Secure 2.0 provision is available that would allow terminated participants to make payments toward their existing loan balance after leaving State of LA service. This provision will also need the Commission's review/approval. Mr. Dyse will work with Ms. Palmer in developing participant-facing notification of the approved Secure 2.0 provisions.

December Retreat Topics

Mr. Dyse reviewed the topics to be presented at the December Retreat on Tuesday. December 17, 2024, from 8:00 a.m. until Noon (4 hours). Retreat topics will include fiduciary training, changes in credit rate calculation, Stable Value, Investment Policy Statement, Plan lineup/fund viability, UPA/Administrative fees, the value of advice to our participants, Open Meeting Rules, Retirement Plan Advisor participant engagement and the Commission survey results. Mr. Buras asked that any high-level issued audits of Empower be made available for review. The business meeting portion of the retreat will be conducted at the beginning of the meeting.

2025 LA Deferred Comp Commission Meeting Schedule

Ms. Carrigan reviewed the proposed 2025 Commission Meeting Schedule. The NAGDCA Annual Conference is scheduled for September 28-October 1, 2025. The Commission will re-visit the September schedule in 2025 based on member attendance at various conferences. The December 2025 retreat will be scheduled once LASERS confirms availability of the LASERS 4th floor board room. Mr. DiGirolamo offered to invite active managers to make presentations to the Commission throughout the 2025 calendar year.

2025 Commission Nominating Committee

The Commission Nominating Committee has been formed and will meet in January of 2025. Ms. Hodges' Participant Member term expires in June 2025. Ms. Hubbard noted that the requirement to have a Nominating Committee for the purpose of endorsing a candidate is found in the Plan Document under section 101. Ms. Rougeou motioned to accept Kent LaPlace, Ben Huxen and Afranie Adomako to serve on the 2025 Commission Nominating Committee. Ms. Sanders seconded the motion. There was no discussion, and the motion unanimously passed. Mr. Buras suggested that the Nominating Committee members be acknowledged for their service.

Other Business

Mr. Dyse will send the approved survey to Commission members for response. Ms. Hubbard suggested that RFP/contract discussions begin in early 2025. At that time, Mr. Lester will present the terms of the existing contract. Mr. DiGirolamo offered his assistance in the contract process. Mr. DiGirolamo stated that the Wilshire contract is an evergreen contract. The fee structure was updated a couple of years ago.

Ms. Rougeou motioned to approve travel to the Wilshire Conference for any Commission member that would like to attend. Mr. Buras seconded the motion. There was no discussion, and the motion passed.

Ms. Hodges shared that she, Ms. Hubbard, Mr. Dyse and Mr. Massingill met with Taylor Barras, Commissioner of Administration on Monday, November 18 for the purpose of re-introducing the LA Deferred Comp Plan as an option to existing employees. Ms. Hodges reported that Mr. Barras was very complimentary of the Plan, Plan representatives and the website. Mr. Barras shared that he has observed the benefits of Plan participation in the lives of his employees over the years. Mr. Barras committed to supporting the Plan in any way that he could to increase awareness. Mr. Barras recently emailed employees with a la.gov email address encouraging participation. The email included a link to an informational video presented by Ms. Sanders. Mr. Massingill noticed an increase in the number of booked appointments after the release of Mr. Barras' email. Ms. Hubbard will work to arrange a meeting with the undersecretaries in early 2025 for the purpose of discussing the value of employee participation in the Plan. Ms. Hubbard suggested an online seminar for HR Directors be available. Ms. Hodges suggested that the Plan schedule a luncheon for HR Directors in the first quarter of 2025. Mr. Massingill reported that he presented at the October 2024 SHRMA Meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairperson Hodges declared the meeting adjourned at 10:48 a.m.

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Laney Sanders, Secretary