

MINUTES

Louisiana Deferred Compensation Commission Meeting August 21, 2012

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, August 21, 2012, 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
Virginia Burton, Secretary, Participant Member
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Designee of the State Treasurer
Len Riviere, Designee of Commissioner of Financial Institutions
Troy Searles, Participant Member

Members Absent

Robert Henderson, Participant Member

Others Present

Felicia Bennett, Consultant, Wilshire Associates, Inc. *By Conference Call*
Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Director, Client Relations and Plan Consultants, Baton Rouge GWRS
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWRS

Call to Order

Chairman Bares called the meeting to order at 10:09 a.m.

Approval of Commission Meeting Minutes of July 17, 2012

The minutes of July 17, 2012 were reviewed. Ms. Hubbard motioned for acceptance of the minutes. Mr. Kling seconded the motion. The Commission unanimously approved the minutes.

Minutes
Louisiana Deferred Compensation Meeting
August 21, 2012
Page 2 of 4

Acceptance of Hardship Committee Report of August 3, 2012

Mr. Kling motioned for acceptance of the Hardship Committee Report of August 3, 2012. Mr. Riviere seconded the motion. The Commission unanimously approved the report.

Public Comments: There was no one from the public in attendance.

Administrator's Report

Plan Summary as of July 31, 2012 was presented by Ms. Stevens. Assets as of July 31, 2012: \$1.16 Billion. Asset change YTD: \$70.51 Million (mostly as the result of investment gains YTD). Contributions YTD: \$59.77 Million. Distributions YTD: \$50.74 Million. This leaves a net of \$9 Million in contributions YTD. Net Investment gain YTD: \$61.48 Million. Ms. Stevens noted that Great-West representatives are participating in "Lay-Off Meetings" that are occurring throughout the State.

Participation by Asset Class and Investment Option report was reviewed. In June, 2012 the EZ Enrollment Form was introduced that consists of one page instead of four. Participants using this enrollment form are automatically defaulted into the "default investment" option of the Plan. The revised form is primarily used when we are participating in a large group setting with minimal time per participant.

The mapping of American Funds Growth Fund of America to T. Rowe Price Growth Fund and the mapping of Legg Mason Capital Management Value Trust to the Black Rock Target Date Fund (by date of birth) will take place on September 5, 2012. A total of 2,830 participants (as of July 31) will map to Target Date Funds. The total number of participants mapping to T. Rowe Price Growth fund (as of July 31) is 5,120. Participants were notified of these changes in the July account statement mail-out. There has been no participant reaction to the changes announced.

Plan Review for the State of Louisiana Public Employees DCP (July 1, 2011-June 30, 2012): The Second Quarter Plan Review was presented by Ms. Stevens noting details on assets, contributions, distributions and Reality Investments.

Commission Activity Fund (CAF): Beginning balance: \$2.92 Million. The ending balance as of July 31, 2012 was \$3.57 Million. For the month of July, deductions included Duplantier, Hrapmann, Hogan & Maher CPAs (ballot certification) and Wilshire Associates.

Minutes

Louisiana Deferred Compensation Meeting

August 21, 2012

Page 3 of 4

2012 Quarterly Fee Reconciliation: Ms. Stevens reviewed the fees for the Second Quarter of 2012 with an itemized report and compared to the trailing four quarters. Total revenue to the Plan originated from fees collected from participants, mutual fund and Stable Value revenue. After second quarter recordkeeping fees were deducted, there was a net deposit to the Plan of \$60,670.99.

Marketing Report and Website Update: There were 230 new applications received during the month of July averaging \$3,740 per application. There were 269 increases and restarts at an average of \$8,416 per participant. New enrollment came primarily from the residents at LSU Med Center-New Orleans, Earl K Long, LSU HSC-Shreveport and University Medical Center-Lafayette. DOTD has begun scheduling new-hire orientation and service meetings on a regular basis.

Website Update: The revised website went “live” on July 18, 2012.

Stable Value: Ms. Stevens reviewed a letter from Al Cunningham, Director, Advised Assets Group regarding the Lehman Brothers position that is out-of-compliance with the Investment Policy Statement. The Portfolio Manager continues to recommend that the fund hold the security due to the bankruptcy workout. The Quarterly Statement as of June 30, 2012: The Market Value of Assets to Book Value of Liabilities: 105.8%. The second quarter credited rate to participants was 3.30% vs. the third quarter rate to participants of 3.25%.

Stable Value - Securities Sold in the Month of June and July: All sales activity in the portfolio was reviewed.

Wilshire 2Q12 Executive Summary Investment Review: Ms. Bennett presented the Economic Review of US Capital Markets: Equity, Fixed Income, and Non-US Capital Markets. She reviewed the Investment Fund Allocation Report noting that most of the assets, aside from Stable Value, are residing in US and Non-US Equity Markets. The Performance Review Comparison for the Equity Funds for the period ending June 30, 2012: Ms. Bennett commented that it has continued to be a very challenging market for active management particularly in US equities. On June 5, 2012, the Ariel Fund moved to the Institutional share-class which will cut about 30 basis points off of the fee resulting in better performance. Wilshire is revisiting the fees charged to the Plan (participant based fee and the asset based fee) looking for ways to further reduce the expense ratios of the funds. Wilshire will bring recommendations to the Commission later this year regarding efforts to continue lowering the costs of the Plan.

Minutes
Louisiana Deferred Compensation Meeting
August 21, 2012
Page 4 of 4

Recordkeeping Contract Negotiation Update: A draft of the contract has been prepared for review by the Attorney General's Office. A meeting with Ms. Hunter, Ms. Stevens and Perry Christie of Great-West is scheduled for Thursday, August 23, 2012. Mr. Kling will also attend the meeting. The contract has required a complete rewrite of the "old" contract including new pricing and specific topical details.

Other Business:

The Commission will not meet in September due to the annual NAGDCA Conference to be held in late September/early October in San Diego, CA. Plans are being made for the December meeting tentatively scheduled for December 11th to be held in a conference room at the Benson Towers in New Orleans. Mr. Gregg Sellers, President of Government Markets with Great-West is tentatively scheduled to attend and it was recommended that he serve as the guest speaker at the meeting.

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