

MINUTES

Louisiana Deferred Compensation Commission Meeting

June 16, 2015

The Monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 16, 2015 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
Lela Folse, Designee of the State Treasurer
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Participant Member
Len Riviere, Designee of Commissioner of Financial Institutions

Members Absent

Susan Pappan, Participant Member

Others Present

David Lindberg, Consultant, Wilshire Associates
Felicia Bennett, Consultant, Wilshire Associates – *By Conference Call*
Rick McGimsey, Louisiana Attorney General's Office
Laney Sanders, Newly elected Participant Member
Connie Stevens, Client Relationship Director, Baton Rouge, Empower Retirement
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge, Empower Retirement

Call to Order

Chairman Bares called the meeting to order at 10:00 a.m.

Laney Sanders was welcomed by the Commission as the newest member having been elected in June, 2015. Ms. Sanders has worked for LASERS for 10 years and currently serves as the Assistant CIO.

Approval of Commission Meeting Minutes of May 12, 2015

The minutes of May 12, 2015 were reviewed. Mr. Kling motioned for acceptance of the minutes. Ms. Burton seconded the motion. The Commission unanimously approved the minutes.

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Acceptance of Hardship Committee Report of June 12, 2015

Mr. Kling motioned for acceptance of the Hardship Committee Report of June 12, 2015. Ms. Hubbard seconded the motion. The Commission unanimously approved the report.

Public Comments: Laney Sanders, newly elected Participant Member was in attendance.

Administrator's Report

Plan Update as of May 31, 2015 was presented by Ms. Stevens. Assets as of May 31, 2015: \$1,476.27 Billion. Asset change YTD: \$38.54 Million, Contributions YTD: \$41.41 Million. Distributions YTD: \$41.73 Million. The Net Investment gain YTD was: \$38.54 Million (primarily as a result of investment gain).

Asset Summary by Investment Option: Ms. Stevens reported that the Target Date funds are at 9% of the value of the Plan in total assets, International is at 8.5%, Large Cap is at 21.5%. Stable Value is at 43% and is paying 2.55% interest (up 5 basis points since April 1, 2015). A contract amendment will be submitted to the Committee for approval at the July meeting to reduce Managed Account fees from 50 basis points to 45 basis points.

Unallocated Plan Account Review – May, 2015: Cash balance on hand as of April 30, 2015 was \$3.057 Million. Activity for the month of May included additions of mutual fund restitutions, contribution corrections and interest. Deductions for the month of May included Wilshire Associates, Great West, LA Department of Justice and an errant Wilshire check that is being returned. The balance as of May 31, 2015 was \$2.607 Million.

Payroll-PSC Usage Update: A continual monitoring of payroll department processing, reflects approximately 26 political subdivisions that are not submitting deferral reports via the Plan Service Center as mandated by the Commission. Ms. Stevens pointed out that the best that can be hoped for is that non-compliant payroll departments be kept at a manageable number. Mr. Kling recommended that action be taken to enforce the mandate that all payroll departments upload files through the Plan Service Center due to the additional costs associated with manual inputting of hard-copy lists. Mr. McGimsey will look into the legal options available to the Commission for enforcing the mandate. Ms. Stevens will research the feasibility of assessing a separate fee to the participant who is from a non-compliant agency.

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Plan Investment Review

Mr. Lindberg and Ms. Bennett presented the Executive Summary of Investment Performance as of March 31, 2015. The US Stock market was up for the quarter by 1.6%. Large capitalization stocks underperformed small capitalization stocks for the quarter while growth stocks led value. Sector performance was mixed during the quarter with Health Care and Consumer Discretionary the best performers. Utilities and Energy were the primary laggards, both hurt by lower oil prices. Global equity markets outside the US started 2015 with strong gains, with European stocks leading the charge. Despite Greece's ongoing fiscal woes, the Eurozone began to show signs of economic recovery. Although China and India enjoyed big gains, other emerging market economies experienced more muted performance, especially in the Americas. The US Treasury yield curve flattened during the first quarter. European bond markets held their own and emerging market bonds also managed positive performance. The strong US dollar erased this quarter's global market gains for US-based investors. Mr. Lindberg stated that active management has been challenging over the past three years and continues to be so.

Mr. Lindberg suggested that the number of options in the Plan be reduced due to overlapping and active returns. Another alternative is to offer a white label fund. Mr. Lindberg will present recommendations to the Commission at the December Retreat to include a straight reduction of options and/or use of a white label fund. Ms. Stevens will present trends within Empower Retirement in addition to sharing examples of plans offering white label funds. The Commission will vote on action to be taken at the December Retreat following a primer in November.

Marketing Report

Ms. Stevens reviewed the Marketing Report for the month of May, 2015. There were 117 new applications, averaging \$2,906 per application and 113 increases/restarts, averaging of \$8,997 per application. The majority of activity in May came from the following agencies: City of Slidell, St Charles Parish Sheriff's Office, LSU Ag, Jefferson Parish Human Services and LSU Baton Rouge.

Other Business

NAGDCA-2015: The NAGDCA Conference is scheduled for September 27-30, 2015 and will be held in Indianapolis, IN. The registration deadline is August 27, 2015.

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Election Results: Ms. Laney Sanders was elected to the Commission as a Participant Member for a two year term. An article will appear in the newsletter thanking Mitchell Garlington for his interest in serving on the Commission. Ms. Burton ran unopposed and will officially begin another three year term in July. Ms. Sanders and Ms. Burton will be officially sworn in at the August, 2015 Commission meeting.

Commission Record Storage: Ms. Stevens reported that Commission Records dating back to the 1980's remain in the office of the Plan Administrator. Mr. McGimsey will review the Commission Retention Schedule previously established related to record retention of Commission files.

Annual Review: Ms. Stevens offered to review Commission member accounts, if interested.

RFI Comments: Mr. Lindberg presented the Third Party Administrator Review to the Commission. Ms. Stevens and Ms. Carrigan, Empower Retirement employees, were excused from this portion of the meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:45 a.m.

Virginia Burton, Secretary