

MINUTES

Louisiana Deferred Compensation Commission Meeting November 13, 2012

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, November 13, 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
Len Riviere, Designee of Commissioner of Financial Institutions
Troy Searles, Participant Member

Members Absent

Robert Henderson, Participant Member
Whit Kling, Vice-Chairman, Designee of the State Treasurer

Others Present

Al Cunningham, Director, Advised Assets Group, Denver GWF *By Conference Call*
David Lindberg, Consultant, Wilshire Associates, Inc. *By Conference Call*
Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Director, Client Relations and Plan Consultants, Baton Rouge GWF
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF

Call to Order

Chairman Bares called the meeting to order at 10:05 a.m.

Approval of Commission Meeting Minutes of October 16, 2012

The minutes of October 16, 2012 were reviewed. Ms. Burton motioned for acceptance of the minutes. Mr. Riviere seconded the motion. The Commission unanimously approved the minutes.

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Acceptance of Hardship Committee Report of November 2, 2012

Ms. Hubbard motioned for acceptance of the Hardship Committee Report November 2, 2012. Ms. Burton seconded the motion. The Commission unanimously approved the reports.

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

Amendment to Agenda: Ms. Burton motioned to amend the agenda order to present a report from Ms. Hunter regarding the status of the recordkeeping contract. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

Ms. Hunter reported that the contract is very close to being finalized. The topic of “Hold Harmless” is currently being reviewed. An “Intent to Contract” must be printed in The Advocate by December 20, 2012.

Administrator’s Report

Plan Summary as of October 31, 2012 was presented by Ms. Stevens. Assets as of October 31, 2012: \$1.189 Billion. Asset change YTD: \$96.84 Million. Contributions YTD: \$83.42 Million. Distributions YTD: \$73.06 Million. Net Investment gain YTD: \$86.48 Million.

Participation by Asset Class and Investment Option report was reviewed by Ms. Stevens.

Automation of Payroll Data: Ms. Stevens stated that a memorandum was mailed on November 7, 2012 to all payroll departments advising of changes to annual IRS contribution limits. The memo advised non-ISIS payroll departments that they must automate their payroll processes to electronic submission by December 2013. There are currently 225 non-automated payrolls that will be targeted for conversion in 2013. There are currently 106 non-ISIS payrolls (political subdivisions and some higher education) that are already automated.

Plan Review for Period Ending October 1 to September 30, 2012: Ms. Stevens presented the third quarter Plan Review noting that Life Path Fund participants increased from 6125 to 8836 in the trailing 12 month. Performance returns reflect very strong Year-To-Date and One-Year numbers including bonds.

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Case Reconciliation-3rd Quarter, 2012: Ms. Stevens reviewed fees deducted from participant accounts (asset fees and flat fee per participant). Investment revenue sharing and recordkeeping fees were discussed with this report.

Unallocated Plan Assets: Ms. Stevens presented UPA Account activity for October, 2012. This report reflects the name change from the “CAF Account” to the “UPA Account.” October beginning balance: \$2.96 Million. The ending balance as of October 31, 2012 was \$3.63 Million including \$7,609.58 interest. For the month of October, deductions included three NAGDCA reimbursements.

Focus on 457 – 2013 IRS Limits: The IRS announced increased contribution limits for 2013 on October 18, 2012. The increase is based on inflation rates and is increased in \$500 increments. For 2013, the “under 50” limit will be \$17,500, and the “over 50” limit will be \$23,000.

Stable Value Discussion

Mr. Cunningham reviewed the Stable Value portfolio “exception letter” for the third quarter. Lehman Brothers Unsecured Notes will continue to be an exception for two more years unless the holding is sold. Mr. Cunningham reviewed the third quarter statement for Stable Value and provided the reasoning behind the selling activity in the months of August and September. The purpose of the sales was to sell some of the corporate holdings to trade into higher net yielding securities, extend the terms and to sell some of the Mortgage Backed Securities that were beginning to see greater pre-apymnt speeds.

Economic and Capital Markets Review 3Q12

Ms. Stevens reviewed the Economic and Capital Markets Review 3Q12 as published by the Advised Assets Group. Inflation, employment statistics and housing starts were highlighted. Domestic equity, International equity and fixed income sector performance were reviewed.

Marketing Report

There were 138 new applications received during the month of October averaging \$6,202 per application. There were 272 increases and restarts at an average annual contribution of \$5,637 per participant. New enrollments came primarily from Beauregard Parish Sheriff, New Orleans City Park Improvement Assoc, LSU-Baton Rouge, Greater Baton Rouge Port Commission, DHH and DCFS. The report reflects benefit fairs that were conducted throughout the state during the month of October.

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Other Business:

Ms. Stevens noted that the addition of a Roth 457 to the Plan and the automation of the loan payment procedures will require two new payroll slots and as a result, should be completed at the same time. Ms. Stevens pointed out that the Commission must discuss/make decisions related to specific Roth 457 issues prior to adding it to the Plan.

The December meeting is scheduled for December 11, 2012 in New Orleans. Greg Seller will be the keynote speaker at the December meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:05 a.m.

Virginia Burton, Secretary