

MINUTES
Louisiana Deferred Compensation Commission Meeting
March 16, 2021

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, March 16, 2021 via video conference at 10:00 a.m.

Members Present *via video conference*

Whit Kling, Chairman, Participant Member
Virginia Burton, Vice Chairman, Participant Member
Stewart Guerin, Designee of the Commissioner of Insurance
Andrea Hubbard, Co-Designee of the Commissioner of Administration
James Mack, Designee of the LA State Treasurer
Scott Jolly, Co-Designee of Commissioner of Financial Institution

Members Not Present

Laney Sanders, Secretary, Participant Member
Representative Lance Harris, Designee of the Speaker of the LA House of Representatives
Senator Ed Price, Designee of the President of the Louisiana State Senate

Others Present *via video conference*

Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver
Danette Rausch, AVP Partner Strategy, Empower Retirement, Denver
Belinda Doyle, LSU-Baton Rouge
Jennifer Bailey, Lead Strategist Participant Mktg Comm Government – Denver
Michela Palmer, Sr. Communication Strategies Comm Government – Denver
Craig Cassagne, State of Louisiana Attorney General’s Office, Baton Rouge
Shannon Dyse, Relationship Manger, Empower Retirement, Baton Rouge
Rich Massingill, Manager, Participant Engagement, Empower Retirement, Baton Rouge
Jo Ann Carrigan, Sr. Field Administrative Support, Empower Retirement, Baton Rouge

Call to Order

Mr. Kling called the meeting to order at 10:00 a.m. Ms. Carrigan called roll of Commission members who were attending the video conference.

Public Comments

Mr. Kling stated that the meeting is accessible to the public and invited anyone who had joined the video conference to participate in the call. There were no public comments.

Approval of Commission Meeting Minutes of February 9, 2021

The minutes of the February 9, 2021 Commission Meeting were reviewed. Mr. Guerin motioned for acceptance of the February 9, 2021 minutes. Mr. Jolly seconded the motion. The Commission unanimously approved the minutes of February 9, 2021.

Mr. Kling reported that Mr. P. Scott Jolly, Deputy Commissioner of Securities and Doug Buras, Review Examiner, have been reappointed to serve as duly authorized representatives for Stanley Dameron, Commissioner of Financial Institutions on the LA Deferred Compensation Commission.

Administrator's Report

Plan Update as of February 28, 2021: Mr. Dyse reviewed the Plan Update as of February 28, 2021. The Plan's total assets have increased approximately 1% since December 31, 2020. Assets as of February 28, 2021: \$2.10 Billion; Asset Change YTD: \$16.90 Million; Contributions YTD: \$17.44 Million; Distributions YTD: \$21.32 Million. Net Investment Difference YTD: \$20.78 Million.

UPA – February, 2021: Mr. Dyse reviewed the UPA report for the month of February, 2021. Additions included interest for the month of February. Deductions included the State of LA-Office of the State Registrar, Tarcza and Associates and Great-West Financial. The closing balance as of February 28, 2021 was \$1,172,143.32. Mr. Dyse noted that 1Q21 reports will reflect a deduction in Empower fees based on the changes that were negotiated with the contract renewal months ago.

UEW Report – February, 2021: Mr. Dyse presented the UEW Report for the month of February, 2021. Seven requests were submitted and all requests were approved.

Securities Sold-January, 2021

Mr. Dyse reviewed the securities sold within the Stable Value product during the month of January, 2021. Gains were earned with each transaction.

Tarcza Opinion Letter-Employer Participation

Mr. Kling reviewed points of clarification offered by Mr. Tarcza regarding the Commission's inquiries related to the ability for plan sponsors to leave the Plan and the transference of funds. Mr. Tarcza reported that plan sponsors are allowed to leave the Plan but must provide notification to the Plan of their intent to leave and the date in which they would be leaving. This notification must be in the form of a resolution of the governing authority of the plan sponsor. Once notification is received, the Plan's ability to receive and invest any future contribution terminates. No contributions may be received after that point in time. Prior contributions, investment earnings and anything that occurred prior to that date for the participant belongs to the participant, not the plan sponsor. As such, the movement of any prior contributions, investment gains, etc., cannot be moved simply on request of the plan sponsor. Funds can only be moved by the participant which will require positive affirmation that they want to move their money, where they want to move it and the date that they want to move. Mr. Kling will send a copy of Mr. Tarcza's response to Commission members. Mr. Cassagne developed an "Election to Transfer Assets" form using comparable forms from other entities provided by Mr. Dyse. Mr. Tarcza reviewed the form and found no issues with it. Ms. Hubbard motioned to approve the proposed "Election to Transfer Assets" form. Ms. Burton seconded the motion. The motion passed unanimously. Mr. Kling noted that Mr. Dyse has been in touch with the District Attorney's Association and found them to be very cooperative. To date, only one District Attorney's office has officially requested that they be moved to the District Attorney's Association Plan. Mr. Kling had an informal discussion with Mr. Tarcza regarding the possibility of participants returning to the Plan who were previously were

removed when the Plan Sponsor left. Mr. Tarcza confirmed that unless the sponsoring entity requests the participant's return to the Plan, individuals cannot rejoin.

Louisiana District Attorneys Association

Mr. Dyse reported that he and Mr. Kling had a collaborative meeting with the Assistant DA of the DA's office that is interested in leaving the Plan. The representative stated that they would move at the pace necessary to make sure that the exit from the Plan goes without issue. The LA District Attorney's Association has their own, stand-alone, 457B Plan. The interest to move this employer from the State's Deferred Comp Plan to the District Attorney's Plan has more to do with the new District Attorney's prerogative to do so. The District Attorney's office is not dissatisfied with the direction of the State's Deferred Comp Plan or any other issue such as service rendered. It is more of a dictate of the current leadership that the decision is being made. From a products perspective, the representative was confident that the LA Deferred Comp Plan was on par if not better than what is offered through the District Attorney's Plan. Mr. Dyse is aware of the possibility that another DA's office may be moving from the Plan but no formal documentation has been received to date. Participants wishing to stay in the Plan for past contributions and earnings may do so but contributions would have to be processed through the District Attorney's Plan. There will be a concerted effort under Mr. Dyse' leadership to reach out to other district attorney offices to make them aware of the advantages of the LA Deferred Comp Plan. Ms. Hubbard stated that a portion of district attorney salaries is paid through the Office of State Uniform Payroll (OSUP) with the remaining amount paid by the individual parish' DA office. Funds are sent to Empower from OSUP under one payroll identification code (not separated out by location). Ms. Hubbard asked if the agency is requesting to leave the Plan or is it just individuals wanting to do a transfer of contributions from one Plan to another. Mr. Kling stated that the particular District Attorney that has submitted paperwork is terminating their relationship with the LA Deferred Comp Plan and moving to a relationship with LPL. LPL will be managing the Plan under the District Attorney's Association Plan. The 18th Judicial District Attorney's district consisting of Iberville, Pointe Coupe and West Baton Rouge, has officially submitted a request to move from the Plan. Ms. Hubbard stated that contributions were sent to Empower on the March 12, 2021 payroll. Contributions were supposed to stop on March 1st. Ms. Hubbard stated that it will be necessary to contact the Division of Administration's Human Resources Office to stop deductions from processing. Ms. Hubbard will provide the names of the individuals who received deferrals after the March 1st deadline.

Loan Default-Participant Request

Mr. Kling presented a request received from an employee of the Louisiana State Retirement System (LASERS) to have her loan removed from default status. The participant realized that loan payments were not being deducted from her paycheck and notified her employer via email. The participant received confirmation from her employer that the loan payments would begin but they did not. The loan defaulted in 2017. LASERS sent notification that they were at fault and requested that the loan be removed from default status. Ms. Burton suggested that the loan be removed from default status as an "administrative error" exception. If this provision is not in place, Ms. Burton suggested that this be developed. Mr. Cassagne would review the Plan Document to determine if this type of action can be completed through the Plan or if a tax opinion is necessary. Ms. Burton motioned that the loan in question be removed from default status. Ms. Hubbard seconded the motion. The motion passed unanimously.

Other Business

Mr. Dyse will be submitting the performance report at the April, 2021 meeting.

Mr. Kling reminded the Commission that they had previously agreed to meet in a virtual format through March. Mr. Cassagne stated that virtual meetings are only allowed so long as the State remains under a state of emergency noting that virtual meetings must end at some point. The Commission agreed to revisit this topic at the April meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Kling declared the meeting adjourned at 10:38 a.m.

Laney Sanders, Secretary