

MINUTES

Louisiana Deferred Compensation Commission Meeting January 17, 2012

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 17, 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
Robert Henderson, Participant Member
Andrea Hubbard, Designee of the Commissioner of Administration
Len Riviere, Designee of Commissioner of Financial Institutions

Members Absent

Whit Kling, Vice-Chairman, Designee of the State Treasurer
Troy Searles, Participant Member

Others Present

Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Regional Director, Baton Rouge GWRS
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWRS

Call to Order

Chairman Bares called the meeting to order at 10:06 a.m.

Approval of Commission Meeting Minutes of December 13, 2011

The minutes of December 13, 2011 were reviewed. Ms. Hubbard motioned for acceptance of the minutes. Mr. Riviere seconded the motion. The Commission unanimously approved the minutes.

Minutes
Louisiana Deferred Compensation Meeting
January 17, 2012
Page 2 of 5

Acceptance of Hardship Committee Reports of January 13, 2012

Ms. Burton motioned for acceptance of the Hardship Committee Reports of January 13, 2012. Ms. Hubbard seconded the motion. The Commission unanimously approved the reports.

Administrator's Report

Plan Update as of December 31, 2011 was presented by Ms. Stevens. Assets as of December 31, 2011: \$1.092 billion. Asset change YTD: \$41.95 million. Contributions YTD: \$102.50 million (averaging approximately \$8.50 million per month). Distributions YTD: \$68.18 million (vs. \$59.85 in 2010 or a 14% increase in distributions). Net Investment gain YTD: \$7.63 million.

Participation by Asset Class and Investment Option: Stable Value: \$560 million of the Plan (51.34%) with 23,000 participants. The 51% reflects an increase that can be attributable to market adjustment instead of participants. The Investment Performance as of 12/30/2011: Year to Date column: The "near term" funds (LifePath Index 2015, 2020 and 2025) reflect positive territory. The "further out" funds involve more equities so negative balances are reflected here. Large Cap YTD: American Funds Washington Mutual was up 7.30 (a very value oriented fund which indicates that the value-part of the market was up). The BlackRock Russell 1000 (a mix of value and growth) was up by 1.59. Bonds: BlackRock US Tips was up 13.59 in 2011 which is a reflection that inflation has gone up. Stable Value: 3.35 at this time with a downward trend indicating a reinvestment risk.

2011 Archive Report: Asset history: In 2011, the balance increased by 3.99% from 2010 levels. The number of total participants peaked at 41,162 in 2009. Currently the number of participants is 39,709 which is a 3.5% decrease from three years ago. Plan balance increase is due to market gains and healthy contributions. Even though distributions have increased due to layoffs, the participants in the Plan are increasing their contributions and keeping it healthy. Fixed/Variable Assets by Percentage: The amount in Fixed and the amount in Variable "flipped" from 2010 to 2011. Contribution History: A gradual increase over time due to healthier contribution amounts. This Plan is all about

Minutes

Louisiana Deferred Compensation Meeting

January 17, 2012

Page 3 of 5

participants saving money to have additional funds at retirement in addition to their pensions which reflects a commitment to retirement goals. Contributions: 51.34% Fixed (Stable Value and bonds). This is similar to the year 2002 (52% of the money going into Fixed part of the Plan). Stable Value Fixed Income Credited Interest Rate: There is a trend downward having peaked in 2007 and 2008. This will continue until interest rates begin picking up.

Commission Activity Fund (CAF)-December: Activity: Addition of interest of \$8,174.03. Yearly recap: 12/31/2010: \$2.345 million in CAF Account vs. \$2.882 million in 2011. There was a significant difference in fees to offset contractual amounts due (money from revenue sharing, participant administrative fees, etc.). In the fourth quarter of 2010, \$261,000 total was received vs. third quarter of 2011, \$157,641. (This report does not yet reflect a participant recovery for the fourth quarter that will come out in January, 2012.) The decreases are the result of the Commission taking Wilshire's advice to reduce the revenue stream into the CAF to control the balance of the CAF account. In the event the Commission is challenged regarding the CAF account, the Commission has a plan that reflects their efforts to reduce the revenue coming into the Plan as well as improving the costs to participants. Ms. Stevens will present a historical cash balance report at the next meeting.

DeMinimis: Social Security Website: Two websites were suggested as a means for tracking down "lost" participants (approximately 150 participants who cannot be found). The Social Security Administration website offers different options: subscription to "Death Master File" is cost-prohibitive (\$4000-\$5000). The site also offers the option of paying by the number of queries (i.e., 1=\$10; 150=\$25; 50=\$200). The Ancestry.com website offers a six month membership at \$67 or \$22.95 per month with no subscription. Ms. Stevens will research whether or not Great-West already subscribes to a program that might be accessible by LA Def Comp.

Marketing Activity Report as of December 31, 2011:

There were 132 new applications taken in. Increases and restarts: \$4,486 (2011) vs. \$4,478 (2010). Those who are contributing to the Plan continue to make healthy contributions. There were multiple Benefit Fairs held in December (Orleans Parish Criminal Sheriff, Ouachita Parish Sheriff and Lafourche Parish Sheriff).

Minutes

Louisiana Deferred Compensation Meeting

January 17, 2012

Page 4 of 5

Website Update: Commission members participating in the website review are: Mr. Bares, Ms. Hubbard and Mr. Kling. Access has been requested for these members to be able to have access to the Plan Service Center. There will be an upcoming “online” teleconference to review the site. There are no delays to report in this process and the updated website should be available by April, 2012.

Other Business

Legislative Auditor Bid Process: There is a meeting scheduled for January 18, 2012 at 9:30 a.m. with the Legislative Auditor to review responses received from the bid for audit services for the Plan. There were six response received and they will be opened at the January 18th meeting. This is a phone meeting to review each bid response. In the event the current auditor (Duplantier, Hrapmann, Hogan & Maher, L.L.P.) wins the bid again, it will require that there be a rotation of lead person on the audit. A typical audit takes several months to complete (March through June). Mr. Bares and Ms. Stevens will attend the telephone call meeting on January 18th.

Nominating Committee Results: The Nominating Committee met on January 13, 2012 and Ms. Burton was nominated. There is the possibility for additions to the ballot by petition that will be announced at the March Commission Meeting. The petition forms will be mailed during the week of January 23 with a submission deadline of March 1, 2012. The Nominating Committee consisted of Gary Hall, Ken DeJean, Carl Berthelot, Alan Reynolds and Kent LaPlace.

RFP Committee Report: At this time, there has been no draft of an RFP received from Wilshire Consultants. Mr. McGimsey and Wilshire have been emailing information back and forth. Mr. Bares will contact David Lindberg of Wilshire to follow up.

Welcome back to Bob Henderson: Mr. Henderson returned to the Commission Meetings after a brief absence.

Minutes
Louisiana Deferred Compensation Meeting
January 17, 2012
Page 5 of 5

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:44 a.m.

Virginia Burton, Secretary