

MINUTES

Louisiana Deferred Compensation Commission Meeting

October 18, 2016

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, October 18, 2016 in the offices of the Plan Administrator, 9100 Bluebonnet Centre Blvd, Suite 203, Baton Rouge, Louisiana 70809.

Members Present

Emery Bares, Chairman, Designee of the Commissioner of Insurance
Thomas Enright, Designee of the State Treasurer
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Participant Member
Len Riviere, Co-Designee of Commissioner of Financial Institutions
Laney Sanders, Participant Member

Members Not in Attendance

Virginia Burton, Secretary, Participant Member

Others Present

Stephen DiGirolamo, Vice President, Wilshire Consulting
David Lindberg, Managing Director, Wilshire Consulting - *By Conference Call*
Danette Rausch, Sr. Dir of Partner Strategy, Empower Retirement-*By Conference Call*
Michele Bryceland, RPC, Baton Rouge, Empower Retirement
Connie Stevens, State 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.
Roll call was taken by Jo Ann Carrigan.

Approval of Commission Meeting Minutes of August 23, 2016 and September 1, 2016

The minutes of August 23, 2016 and September 1, 2016 were reviewed. Mr. Kling motioned for acceptance of the minutes. Mr. Enright seconded the motion. The Commission unanimously approved the minutes.

Public Comments: There was no one from the public in attendance. Ms. Stevens introduced Michele Bryceland to the Commission as the newest member of the LADCP RPC staff. Ms. Bryceland will serve in the Baton Rouge area along with Reggie Wheeler.

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Acceptance of Hardship Committee Reports of September 2-October 12, 2016

Mr. Kling motioned for acceptance of the Hardship Committee Report of September 2-October 12, 2016. Mr. Riviere seconded the motion. The Commission unanimously approved the report.

Unforeseeable Emergency (Flood) Statistics: Ms. Stevens presented Flood UEW statistics for the period of September 8-October 12, 2016.

- Total cases reviewed: 154
- Most cases reviewed at one meeting: 42
- Total amount disbursed for flood: \$2,179,711
- Average requested amount: \$14,154
- Average cases per meeting: 15

Ms. Stevens pointed out that the number of Flood UEW requests have tapered off since August. The Hardship Committee is now meeting once a week (Wednesday) to assure timely disbursement of funds. January 17, 2017 is the final day that participants may apply for Flood UEW. Applications received on January 17th, will be processed if received in enough time to review, approve and fax to the home office prior to the close of the stock market. The published application date Flood UEW's is actually, Friday, January 13th in order to allow time for Committee review and Empower processing. The deadline is posted on the LADCP website and mentioned in the Third Quarter newsletter. The Hardship Committee is prepared to meet at Noon on January 17th.

Investment Performance Review

Mr. DiGirolamo reviewed market activity for the third quarter of 2016 highlighting Key Economic Indicators.

- The US stock market was up for the quarter by 4.3%
- Large capitalization stocks underperformed smaller shares while growth stocks led value.
- Real GDP growth during the first half of the year equaled 1.1% at an annualized rate.
- Equity markets outside of the US were in positive territory, particularly within emerging countries.
 - Emerging market equities have benefitted from strong economic growth, asset inflows and economic resilience in China.
- US treasury yields were on a slow and steady rise for most of the third quarter.

Mr. DiGirolamo reviewed the investment performance of the funds within the Plan. Total plan assets as of September 30, 2016: \$1.507 Billion. In summary, Mr. DiGirolamo noted that there could be market fluctuation after the election but normalcy should return after a couple of weeks, similar to the response seen to the BREXIT vote.

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Administrator's Report

Plan Update as of September 30, 2016: Ms. Stevens presented the Plan Update as of September 30, 2016. Assets as of September 30, 2016: \$1,509.79 Billion. Asset change YTD: \$50.89 Million; Contributions YTD: \$70.89 Million. Distributions YTD: \$90.54 Million. The Net Investment gain YTD: \$70.54 Million. Ms. Stevens noted an increase in distributions in 2016 YTD vs. 9/30/2015 and attributed the increase in distributions to the fund change made earlier in the year and the Flood UEWs.

Unallocated Plan Asset Account Report – August and September, 2016: Ms. Stevens reviewed the UPA for both August and September of 2016. Cash balance on hand as of July 31, 2016 was \$3,022,184.91. Ending balance as of August 31, 2016: \$2,572,070.71. Deductions included the LA Legislative Auditor, Great West Financial quarterly recordkeeping and Duplantier, Hrapmann, Hogan & Maher, LLP (ballot count). Additions included interest for the month of August. Ending balance as of September 30, 2016: \$2,577,075.62. Additions included interest earned for the month of September. There were no deductions during the month of September. There are three outstanding invoices to be paid in October: NAGDCA expense reimbursement, Wilshire Consultant fee and a State Register Invoice for posting of emergency rule.

Securities sold in CSV Portfolio: Ms. Stevens noted the securities sold in July and August of 2016. Mr. Thornton will present the quarterly review in November. Mr. Thornton and Mr. Jack Brown of Empower Retirement will be the key note speakers at the December, 2016 Commission Retreat. The topic of the presentation will be how the interest rate environment affects the Stable Value portfolio.

Loan Processing Enhancements

Ms. Rausch reviewed Empower Retirement loan processing enhancements with the Commission. Programming has begun related to the ability to track agencies who approve loans from those who do not and on-line loan applications.

Loan Policy Update

Ms. Stevens pointed out that the current LADCP loan policy was signed by Mr. Bares in 2004. The service agreement was put in place in 2013 which included lowering of loan fees from \$75 origination and \$35 maintenance fees to \$50 origination and \$25 maintenance fees. Participants have been charged the reduced fees since 2013, but the loan policy was not updated to reflect the reduced fees. Emily Andrews of the Attorney General's office is reviewing the loan policy with Ms. Stevens for the purpose of identifying any other areas in the policy that may require revision. The revised loan policy will be presented to the Commission by year-end.

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Other Business

NADGCA Attendees Remarks: Three Commission members attended the NADGCA conference from Louisiana. Mr. Bares noted that the time spent at the Empower Retirement facility was very informative stating, “They are a good outfit and know what they’re doing.” Mr. Bares was not overly impressed with the conference itself. Ms. Stevens reported that there were 11,000 attendees at the conference which set an attendance record. Ms. Stevens noted that the conference did not have a theme topic as it has had in years past.

December Retreat: The retreat will be held at the Ione Burden Conference Center in Baton Rouge on Tuesday, December 13th, one week earlier than the normally scheduled monthly meetings due to the timing of the Christmas holiday this year. Guest speakers will include: Jack Brown and Bill Thornton of Empower Retirement and David Lindberg and Stephen DiGirolamo of Wilshire. Proposed topics: Fixed Income/Interest Rates and general market information with a focus on capital market expectations.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 10:49 a.m.

Virginia Burton, Secretary