

MINUTES
Louisiana Deferred Compensation Commission Meeting
April 20, 2021

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, April 20, 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
Andrea Hubbard, Co-Designee of the Commissioner of Administration
Scott Jolly, Co-Designee of Commissioner of Financial Institution
James Mack, Designee of the LA State Treasurer
Laney Sanders, Secretary, Participant Member

Members Not Present

Stewart Guerin, Designee of the Commissioner of Insurance
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
Jennifer Bailey, Lead Strategist Participant Mktg 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
Karen Scott, Senior Client Service Manager, Empower Retirement – Denver
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 March 16, 2021

The minutes of the March 16, 2021 Commission Meeting were reviewed. Ms. Hubbard motioned for acceptance of the March 16, 2021 minutes with the exception of possible additions or changes after Ms. Burton's review. (Ms. Burton was experiencing computer issues which prevented her from reviewing the minutes prior to the Commission meeting.). Mr. Jolly seconded the motion. The Commission unanimously approved the motion.

Mr. Kling stated that the Wilshire Report was scheduled to be presented at the meeting but there were some items not available. Mr. Kling requested that Mr. DiGirolamo present the full report at the May 18, 2021 Commission meeting.

Administrator's Report

Plan Update as of March 31, 2021: Mr. Dyse reviewed the Plan Update as of March 31, 2021. Assets as of March 31, 2021: \$2,124.46 Billion; Assets increase YTD: \$42.74 Million; This constitutes about a 2.1% gain from year-end through March 31, 2021. Contributions YTD: \$26.73 Million; Distributions YTD: \$35.64 Million. Net Investment Difference YTD: \$51.65 Million.

UPA – April 30, 2021: Mr. Dyse reviewed the UPA report for the month of March, 2021. Additions included gains on contribution corrections and interest for the month of March. Deductions included invoices paid to Tarcza and Associates LLC and the State of LA-Department of Justice. The closing balance as of March 31, 2021 was \$1,169,008.23. Mr. Dyse reviewed the transaction details from the account and noted that future reports will reflect a reduction in participant administrative fees based on the changes that were negotiated with the contract renewal months ago.

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

Securities Sold-February, 2021

Mr. Dyse reviewed the securities sold within the Stable Value product during the month of February, 2021.

Marketing Report – 1Q21

Mr. Massingill presented the 1Q21 marketing activity within the plan noting 390 new enrollments as compared to 601 in the same time period last year. This decline in new enrollments reflects the impact of having 100% virtual meetings in 2021 as opposed to two months of onsite meetings in 1Q20. There are six advisors in the field. Year-to-date, the advisors have held 600 individual meetings, 564 Retirement Readiness meetings and 26 group meetings. Mr. Massingill shared that group meetings within the virtual environment are difficult to arrange but the group meeting figure should increase based on the 2Q21 schedule of events. The most active agencies during 1Q21 were: LSU-Baton Rouge, DOTD, Bossier City Sheriff, LSU HSC-New Orleans and the St Tammany Parish Sheriff. Mr. Massingill announced that Zach Klos, RPA who covers the New Orleans area, was promoted to another position within Empower Retirement. The open position has been posted and efforts are being made to add a new representative as soon as possible. In the meantime, the territory will be serviced by the remaining five RPA's. The area is easily distributed within a virtual environment – travel/distance isn't an issue.

LADCP Performance Report

Mr. Dyse presented the Plan Review report for the period of January 1, 2020 to December 31, 2020. Assets at December 31, 2020 were \$2,080.86 Billion; Asset Change: \$205.46 Million. This represents almost a 10% increase in assets year-over-year. Distributions and contributions are almost exactly net zero. The gain is what drove the increase in total assets year-over-year. There

is a nice upward trend in asset growth starting in 2016 to December, 2020 especially in light of the seriousness of the pandemic. The asset value at year-end 2020 is the highest asset value the Plan has experienced (\$2,080.86 Billion) over the past 17 years. The average participant account balance is also the highest it has been over the same 17-year period. The year-end contribution total of \$106 Million represents the highest contribution total over the past 17 years. There was a downward trend in loans taken out by participants representing a 10% decrease in outstanding loans, year-over-year.

Secure Act 59 ½ In-Service Distribution

Mr. Dyse asked for and received permission to address the Secure Act provision out of agenda order. Mr. Dyse reminded the Commission of their previous decision to implement the Secure Act as a good thing for the Plan. Within the Secure Act provisions, there was a reduction in age for in-service distributions from 70 ½ to 59 ½. Currently, there is a caveat within the Plan Document that specifically states that contributions must be suspended to be able to make an in-service distribution. A number of members are desiring to continue their participation in the Plan in addition to being able to take an in-service distribution. Within that 12-year difference in age (72 ½ and 59 ½), there is a significant timeline for participants where they can continue to put money into the Plan prior to retirement. Mr. Dyse asked the Commission to consider suspending the language within the Plan Document (Chapter 7, Section 701, Item 5) that requires that deferrals be stopped at the time that an in-service distribution is taken within the Plan. Mr. Kling stated that he had no objection to the suggested change. Mr. Cassagne stated that it would take a motion from the Commission but stated that an emergency rule notification could be made to strike out a portion of the text instead of suspending a portion of administrative code. Ms. Hubbard asked if Mr. Dyse has reviewed this suggested change with Marilyn Collister, Sr. Director, Regulatory Affairs – Government Markets of Empower Retirement. Mr. Dyse reported that he had spoken with Ms. Collister who stated that there are no Federal rules and never have been to explain why this particular caveat is included in the Plan Document. Mr. Dyse also stated that the same language is included in the Mississippi Plan Document with no explanation as to why. Mr. Kling recommended that the Commission motion to suspend the provision by emergency rule so that participants that do want to continue contributing to the Plan may have the opportunity to do so. Mr. Cassagne stated that he was not sure why the language was part of the Plan and could not determine where the original language came from. Ms. Burton made a motion to ask that Mr. Tarcza review this issue prior to the Commission making the decision and for assistance in wording the provision in accordance with what is allowed under the law. Ms. Burton also added to the motion that if Mr. Tarcza approved the suggested change, the Commission could implement the necessary emergency rule without additional approval by the Commission. Ms. Hubbard seconded the motion. The motion passed unanimously. Mr. Kling stated that he would contact Mr. Tarcza to review the provision and the suggested change to the Plan Document.

Louisiana District Attorneys Association

Mr. Dyse provided an update on the deconversion activity related to the LA District Attorneys' Association. Mr. Dyse stated that he would be meeting with a representative of the LA District Attorneys' Association (Darrell Ourso of LPL) and members of his support staff on April 20, 2021 at 3:00 p.m. Since the March, 2021 Commission Meeting, Mr. Dyse submitted a list of items to the Association that was needed to move forward in the deconversion along with a copy of the newly developed "Distribution Election Form". The items requested included a comprehensive

list of participants that are actually going to move their funds. The list would be used as a cross-check against the actual forms received. Mr. Dyse also asked for a June 1st timeline to actually execute the distributions. The primary reason for the June 1st timeline is that there is a possibility that there are a couple of participants who may be dually employed. Dually employed participant balances would have to be split at the division-level. Additional contributions have been received into the Plan after the March 1 effective date submitted. A request has been made for a revised letter with an updated effective date noting that any contributions received after that date would be returned. Mr. Dyse informed the Commission that during the course of email exchanges received from Sandi Stassi of the 18th Judicial District Attorney regarding this issue, it was determined that a few other smaller divisions that fall under the 18th Judicial District Attorney should also be included in the deconversion. Delays in the deconversion have been due in part to the loss of a family member in Mr. Ourso's family. Mr. Dyse stated that the receiving entity must also provide information regarding where to send the assets.

Other Business

Mr. Kling asked that Other Business items be moved ahead of the Commission Election agenda item. Mr. Kling reported that he submitted the Commission's portion of the annual audit to the auditor, Mr. Cooper. Further, Mr. Kling submitted the "Legal Representation" request to the Attorney General's office on behalf of the Commission. Mr. Kling also recently completed the annual Empower-Retirement questionnaire.

Mr. Kling reminded Commission members that their ethics reporting requirement is due by May 1st (even though the paperwork lists the deadline as May 15th).

Commission Election Update

Jennifer Bailey stated that the election ballot mailing is underway and is on track to be mailed on Friday, April 23rd. Participants should begin receiving the ballot on May 4 which will allow them an entire month to return their ballots by the deadline of June 4, 2021. The Statements Team provided the list of addressees of anyone receiving a statement. The number of total addresses provided was 36,920. The ballot will be sent with the first quarter newsletter (always printed and mailed) as a means of cost-savings and possibly enticing more participants to open the envelope. The newsletter includes additional information about the election. Ms. Burton asked if participants who receive paper statements also receive a paper version of the newsletter each quarter. Ms. Bailey responded that only one printed newsletter is mailed per year to every member in the Plan, as previously agreed upon.

Other Business (Continued)

Mr. Kling asked the Commission if the members are ready to resume meeting in person. Ms. Hubbard stated that she is ready to meet in person whenever everyone else is. Mr. Jolly is still working remotely and will need permission from the Commissioner to determine whether or not he could attend. Empower Retirement representatives would also need permission from corporate headquarters to meet in person. Ms. Burton stated that perhaps a good goal would be to begin meeting in person at the start of the next fiscal year. The Commission agreed to resume meeting in person at the July 20, 2021 Commission Meeting.

Adjournment

With there being no further items of business to come before the Commission, Ms. Hubbard motioned to declare the meeting adjourned. Ms. Sanders seconded the motion. The meeting was adjourned at 10:42 a.m.

Laney Sanders, Secretary