MINUTES
Louisiana Deferred Compensation Commission Meeting
August 17, 2021

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, August 17, 2021 in a virtual format 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
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
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*
Stephen DiGirolamo, CFA – Managing Director, Wilshire Associates
Daniel Gargan, Client Portfolio Manager, Client Portfolio Services, AAG, Denver
Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge
Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver
Karen Scott, Senior Client Service Manager, Empower Retirement – Denver
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 10:01 a.m. Ms. Carrigan called roll of Commission members.

Public Comments
Mr. Kling stated that the meeting is accessible to the public and invited anyone who had joined the meeting to participate. There were no public comments.

Approval of Commission Meeting Minutes of July 20, 2021
The minutes of the July 20, 2021 Commission Meeting were reviewed. Ms. Sanders motioned for acceptance of the July 20, 2021 minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the motion.

Administrator's Report

Plan Update as of July 31, 2021: Mr. Dyse reviewed the Plan Update as of July 31, 2021. Assets as of July 31, 2021: $2,241.29 Billion; Assets change YTD: $159.57 Million; Contributions YTD: $63.08 Million; Distributions YTD: $82.33 Million. Net Investment Difference YTD: $178.82 Million.

UPA – July 31, 2021: Mr. Dyse reviewed the UPA report for the month of July 2021. Additions included interest for the month of July, gain on a contribution correction and participant recoveries 2Q 2021. Deductions included payments made to Tarcza and Associates, Wilshire Associates and the State of LA Division of Administration. The closing balance as of July 31,2021 was $1,579,892.82.

UEW Report – July 2021: Mr. Dyse presented the UEW Report for the month of July 2021. Thirteen requests were submitted, twelve were approved and one was denied-no qualifying event.

Securities Sold: Mr. Dyse moved the Securities Sold section to later in the agenda.

Quarterly Fee Reconciliation 2Q21: Mr. Dyse stated that there were no surprises in the fee reconciliation report. For the quarter ending 6/30/2021, there were $454,796.41 collected from participants per the contract. During the same period, $434,362.25 was paid out to Empower Retirement per the contract. Total revenue to Empower Retirement was $1,244,590.19 for the quarter. Mr. Kling asked why there was an increase in fees for the quarter. Mr. Dyse confirmed that while the participant counts went down for the quarter, because of the asset valuation increase, there is still an increase in the amount of fees collected per participant.

<u>Wilshire 2Q21 Performance</u>

Mr. DiGirolamo reviewed the Asset Class Performance which reviews how markets have reacted so far this year. The report shows positive returns for most asset classes in 2021. This is a continuation of the recovery that was evident in the last three quarters of 2020. Anything energy related led the way followed by equity-related asset classes and then bonds which most remain positive for the year. Core bonds are still negative for the first two quarter—driven by the negative seen in the first quarter of the year. Real Assets were the worst performing asset classes in 2020 but so far in 2021, Real Assets are leading the way.

US GDP growth has had two months in a row with a mid-6% growth factor which reflects the opening of the economy (business reopening) and the continued government response to the COVID shutdown. Unemployment rates have dropped to 5.4%-5.5% -- half of where we were twelve months ago. The number of jobs hasn't quite recovered but movement is in the right direction. Inflation continues to be high, but asset class returns are being bumped up across the stream. For the quarter, large cap growth outperformed large cap value but in small cap size, value outperformed growth. Eleven of the twelve individual sectors were positive for the quarter. The best performing sectors were communication services and energy. The only negative sector for the quarter was utilities.

Non-US Equity Markets reflected strong performance but not quite as strong as the US Equity Market. There is a continued recovery story out of both Developed and Emerging Markets. The combined Developed and Emerging Markets index was up 5.6% for the quarter and 9.4% for the year. Developed Markets outperformed Emerging Markets slightly for the quarter. There are strong recovery economic conditions in developed Europe. Emerging Markets has strong returns but is somewhat of a mixed bag. The majority of that comes down to China which is almost 40% of that market right now. So far in the third quarter, there has been some significant pullbacks in China exposure. Each of the indices in US Fixed Income Markets posted positive performance for the quarter but several of them are still negative for the year. The Yield Curve has shifted down and flattened during the quarter resulting in bond prices increasing. The shift was about 27 basis points. The ten year is around 1.25%. The spread continued to tighten but not as much as was seen in the last couple of quarters.

There has been significant recovery out of Real Assets Markets so far this year. Energy prices are up 50% from the first half of the year and several commodities have hit all-time highs in prices such as timber and copper prices. Real Estate is strong for the year for both the publicly and privately listed out of the Odyssey Fund Index. Residential prices continue to go up.

It has been a good half of the year in terms of performance out of most asset classes. A big issue going forward will be inflation and how that affects different asset classes. Another factor to consider is the COVID Variants that may slow down the economy or shut down different areas which could contribute to volatility in the marketplace.

Total assets in the Plan through June 30, 2021, is up approximately $2.2 Billion Dollars. There is not much change from quarter to quarter in terms of where participants are parking their money: US Equity, US Stable Value and Target Date Funds. There is no uptick in allegation flow to the Real Asset Fund (Principal Fund) which is in place to fight against inflation. It is a good time to have the Real Asset Fund as a piece of the portfolio and we'll probably see some inflow over the next couple of quarters.

It was a strong quarter performance not only on an absolute basis, but active managers also had a strong quarter/year across asset classes. MFS Core Equity R5 is up about 8.5% year-to-date and almost 15% for the quarter, outperforming its benchmark for the quarter. MFS Core Equity R5 does not have any Disney or Tesla exposure which helped during the quarter.

The Euro Pacific Growth fund has posted strong absolute performance so far for this year. Factors contributing to the strong performance: underweight in China, consumer staples and strong stock selection in IT.

Fixed Income Mangers: The Prudential Total Return Fund had a nice recovery for the quarter outperforming its benchmark by approximately 130 basis points. This fund was in negative territory during the first quarter of the year. Security selection and sector allocations were positive. Owning CMBS vs. MBS in the portfolio helped as well for the quarter.

Real Assets-Principal Diversified Real Asset R6 is a fund-to-fund diversified portfolio that had strong absolute performance and is doing well in the market environment. Being overweight in commodities has helped as well as security selections and infrastructure.

The Stable Value Fixed Income Fund rate is at 2.5% with a strong absolute performance and continues to be a safe investment option for participants.

Target Date Funds: Reviewing all the funds over all periods of time, absolute performance has been positive which is the objective. Funds that are further from retirement have outperformed those that are closer to retirement which is based on the risk spectrum of the glide-path. The BlackRock funds have done well in terms of absolute performance and relative to its peers.

In conclusion, Mr. DiGirolamo stated that we have seen strong markets and good performance out of our funds in the Plan. It continues to be a nice lineup of options for participants. Going forward, market volatility during the rest of the year must be considered/monitored.

Economic Review

Mr. Gargan presented the Economic Review in place of William Thornton who normally presents this material to the Commission. Mr. Gargan stated that a summary of the capital markets and overall economy is consistent with what Mr. DiGirolamo outlined. Mr. Gargan shared the results of a July 2021 investor survey indicating that more investors are concerned about the Delta variant and the restrictions that might come as a result than inflation-talk and the dynamics that have occurred. Overall, the US Economy remains in a good spot. First quarter growth was at 6.4% and second quarter growth came in at 6.5%. Strong consumer-led activity and business fixed investments contributed to growth in each sector of the economy. The 6.5% 2Q growth would have been approximately 7.5% if there wasn't a drag on inventories as a result of the reopening of the overall economy. There has been a lot of supply and demand constraints which is drawing down inventories. As businesses can turn on their supply chains and get back up and operational, over the next several months added growth should take place going forward.

The housing market has been a critical area of focus. The housing market of 2020 was remarkable in terms of its strength, velocity and amplitude. One factor that drove house price appreciation up was the green line of 2.5 months supply. Most realtors say that five to seven months is a healthy housing market. Despite there being very low interest rates out there, some people are being priced out of the market just because of house price appreciation. The housing sector is still looked upon favorably with lumber prices rolling over to some extent which should alleviate house price appreciation.

From a GDP perspective, the consumer drives growth in the United States. The consumer is roughly 68-70% of total US GDP growth. Retail sales have been healthily improving over time. This isn't just spending on goods based on a stay-at-home sort of economy. In most of the US, people are going out to restaurants, booking hotels and getting on airplane flights which helps produce healthy GDP numbers. Using January 2020 as a baseline, since late-December, consumer spending levels have been at or above spending levels of pre-COVID times.

The US savings rate peaked around 35% in 2020 which put a lot of money in consumers' pockets. The last time the savings rate was this high was during the Great Depression. As of right now, there is roughly $2 Trillion in excess savings on an aggregate level for the consumer. The last reading of the personal savings rate was 9.4% which is still very high relative to the last several decades. That money is expected to be deployed in the real economy and continue to circulate around to be beneficial to all.

Non-Defense Capital Goods (excluding aircraft) pretty much skyrocketed since mid-summer of last year. This is a primary proxy that the Bureau of Labor Statistics and CBP use as an input to GDP growth. Orders are outstripping shipments that's also marking a supply chain bottleneck that is adding upward prices both on a business-to-business and business-to-consumer level. To a large extent companies have been able to pass on higher business inputs along to customers.

Overall, from a consumer level, the economic fundamentals in the economy look pretty good. The Atlanta Fed has a great GCP now forecast as roughly 6%. The expectation is to end the year on an annualized basis of a 6.5% -7% percentage growth. Obviously, the Delta Variant remains a wildcard variable that has impacted markets both positively and negatively over the past 18 months. This variable is the primary risk to the overall outlook, but it is not seen to be as negative or impactful as what has been seen prior.

Regarding equities, we're seeing some of the highest earnings growth since 2010. Strong earnings have justified lofty price earnings of multiples. The SMP is up 19 ½% for the year which is still very elevated relative to pre-COVID trends in the last couple of decades.

Fixed income investment grade or high yield have had a challenging year to begin with due to a function of a couple of factors. Since there is so much money on the sidelines chasing fewer and fewer assets, spreads are at or near multi-decade tights. This poses a very challenging investment environment. Investment grade corporates are still supported which in this Plan allows up to a 50% allocation. Asset backed securities are also supported which are primarily CLO's. The CLO within the Plan has a AAA rating with a lot of subordinated structures below it to bolster it. It offers a significant amount of additional spread over any sort of comparable assets.

The labor market is roughly 5.7 million people lower than when the pandemic started. The numbers are trending upward and if they continue, it will be roughly Q3 of 2022 to get to the idea of what the Federal Government considers full employment which is somewhere around 4%-4 ½% with the headline number now 5.4%. This is also a reflection that a lot of people have left the labor market. There are some structural headwinds in terms of reaching full employment from just a demographic basis. There are more people retiring than there are entering the labor force. There are significant numbers of long-term unemployed people, but recent updates have started to show improvement. There are mixed signals in the labor market that impact inflation. The Bureau of Labor Statistics produced a "Jobs Opening/Labor Market Turnover" survey that reflects job openings at an all-time high. Companies, especially small businesses, are finding it very difficult to find the appropriate fit of new employees as they enter the business. With this dislocation and the demand to have labor within the organizations to continue its operations, it is putting upward pressure on wage inflation related to rent/house prices. These inflationary trends are still viewed to be temporary.

There are three main drivers that continue to drive higher inflation: COVID supply-chain disruptions in ports, massive demand for economic reopening and record federal stimulus. It is viewed that these factors will subside over time.

In looking at the CPI, if the COVID categories (those stressed during the lock down) were stripped away, the CPI would be 1.8% which is close to the 2% Federal Government target. From the fast-food industry to investment banking, companies are being forced to raise their minimum wages or their overall compensation packages just to attract enough employees to make sure that their business operations continue.

Louisiana CSVF 2Q21

Mr. Gargan reviewed the Louisiana CSVF 2Q21 stating that as of June 30, 2021, the market value of the assets in this portfolio are just over a quarter of the total Plan at $687 Million. The Market to Book ratio is a positive 103.7%. The duration in the portfolio is at 3.5 years which is on the longer end. Typically, we try to manage these portfolios from 2.5 to 3.5 years, mainly because we want to keep duration short. We understand that the design of this fund is all about capital preservation first and foremost, so we're not here to take risky bets. The objective is to make sure that the money put in these plans is making a stable, consistent return, and that there are no worries about losing money. On top of that, this Plan is wrapped by Great West Life and Annuity Company. The main call-out here would be to see that we did increase our Treasury position significantly over the quarter. Looking at the fixed income spreads chart for overall opportunities within the market, it did not appear that we were being fairly compensated to purchase certain issuers or companies at the levels that the market was quoting them. This is typically a time when treasuries increase. Should there be any volatility or dislocation like what happened in Q1 of 2020, due to treasuries, we'll be able to redeploy that to very high-quality issuers at very distressed spreads. This was impactful in the sense that we were able to lock in some solid yields within this portfolio that should provide upward ballast to the overall credited rate for participants which at this point in time for the month of June is 2.35%, and next months is 2.25%. Obviously, this is not a money market fund, but it does fill that money market fund place in the overall fund lineup. Money markets are offering one or two basis points at best. The portfolio is well diversified, it is well positioned, and it is designed to be durable in a variety of different environments, both risk on and risk off. Corporate bond allocation is at the maximum amount allowed. Overall, the portfolio is in a very comfortable place and even though total returns for the index were negative for the year, for three months thus far, we've generated roughly 58 basis points of yield and on an annualized basis, around 2.53%.

Louisiana Credit Letter

Mr. Gargan stated that the recommendation from the investment team is to hold the Lehman Brothers Unsecured Notes security as we can benefit from any future distribution claims. Thus far, we've received just over 46% of the allowable claim. In our view, it makes sense to hold on to the security. It has been accounted for in terms of how we're calculating overall yield to maturities as well as the credited rate. At this point in time we are not using any derivatives within the custom stable portfolio.

LSU Update

Mr. Kling reported that he, Mr. Dyse and Mr. DiGirolamo met with LSU related to their participation in the Plan particularly as it relates to the non-403b offerings. Mr. DiGirolamo provided the details of the phone call with Mr. Clay Jones of LSU. The call turned out to be more of a clarification call as there appeared to be some confusion in terms of the fees charged for our

Plan versus other Plans. This was cleared up quickly and seemed to alleviate concerns in terms of the investment manager fees that we pay for each of our strategies. Additional conversation was had related to industry averages in terms of the recordkeeping fees that we pay to Empower. It was a good conversation and showed some results in terms of what Wilshire does in terms of benchmarking and ease for recordkeepers concluding that the fees were right in line with the industry average. There was discussion about a few of the funds which seemed to be related more to clarification of what the funds are the Real Asset Fund within the program. Overall, it was a good conversation. The phone call concluded with no unanswered questions but an open communication if there were further questions that might come about. Mr. Dyse stated that Mr. Jones wanted a comfort level regarding fees and once that was provided, Mr. Jones stated that he could, in good conscience, promote the program going forward. Mr. Jones went on to solicit some help from us from a communications standpoint. To date, Mr. Dyse has not heard back from Mr. Jones, but he made a commitment to get back to us to provide the names of members of LSU's communication team that he would like to interact with Empower's communication team. Mr. Jones' parting comment was that, given LSU's size in the program, he certainly would like to have "a little bit more of a voice" in regard to Commission responsibilities. His comment did not seem to be related to wanting a seat on the Commission, but it had more to do with getting more direct updates on where we're going. Obviously, they can attend this meeting at any time that they want. Mr. Kling stated that the call was a good exercise in making sure that agency participants are aware and understand what the fee structures are in addition to such things as, share classes and the differences between a 403b and 457b Plan. Mr. Jones is new to LSU and by having this interaction with him, his concerns were quickly dispelled. Mr. Kling stated that LSU has a good handle on how to conduct their 403b program because it is their program. Mr. Jones is looking for communication assistance from Empower to make the 457b Plan a more robust system within the LSU system, not just LSU Baton Rouge. Mr. Kling suggested that the Commission consider establishing an advisory committee of the major state agencies where we would start running such things as investment products through the advisory committee before it comes to the Commission as a whole. LSU is a significant participant, and they want to make sure that they are fully informed so that they may fully inform their participants. It was a good conversation and there is confidence in going forward. Mr. Kling solicited Commission members' input as to how LSU would be able to have more input into the program. LSU has been a very good growth partner over the years. Ms. Burton suggested that Empower's marketing group put together something to start visiting with some of the major agencies to see if they want to schedule a meeting to discuss the Plan. Some of them may or may not want to participate but that would be beneficial. Ms. Hubbard asked if adding an advisory committee would require a rule change. Mr. Kling stated that there is nothing to prevent the Commission to have an informal advisory committee as another option of getting information to the Commission. It is possible to make a rule, if that is the preference.

Loan Defaults

Mr. Kling reported that there were two loan default issues that were brought to his attention within the past month. One loan was from the St Tammany Parish Fire District which was straightforward. The agency employed a payroll vendor whose responsibility it was to process deferrals and loan remittance payments to be sent to Empower. The payroll vendor failed in performing these tasks and as a result, one loan went into default through no fault of the participant. The error has been corrected and the default has been removed from the participant's account as this was clearly a payroll administrative error.

The second default issue involves an individual who took out a loan in 2011 in the amount of $10,000, prior to the requirement that loan remittance payments be processed through payroll deduction. The participant received a loan coupon book and was responsible for making remittance payments to Empower. The request received from the participant lists several issues (COVID, losing her home due to storms, change of agency) that prevented her from making payments in a timely manner. The last loan payment received from the participant was in April. A late loan notification was mailed to the participant on May 17, 2021 and a default letter was mailed on June 1, 2021. The participant insisted that she did not receive either letter. The participant provided articles to Mr. Kling noting the issues in having mail delivered during the pandemic. The participant indicated that she could pay the entire loan balance off at this time and this would not create a hardship for her. The consideration is whether there was an administrative error which is the only way that a loan can be removed from default. The participant is currently contributing $800 per month into her LADCP account. Mr. Kling reviewed the rules of default with the Commission which state that once a loan goes into default, the participant cannot take out another loan, even if the original loan is paid off. Mr. Kling stated that there is no need to decide today. All the information provided to Mr. Kling from the participant will be forwarded to Commission members. Ms. Hubbard asked if the flood event referenced in the participant's letter occurred in 2016. Mr. Kling stated that he would confirm this with the participant. Mr. Mack asked for clarification related to the number of missed payments and when they were received. Ms. Carrigan offered to send a copy of the loan payment record to each member.

RSG Services Review

Mr. Dyse summarized what was presented by Matthew Moran during the last Commission meeting in relation to RSG Services. RSG is involved in the plan to ensure that participants wishing to withdraw funds from their accounts are aware of all their options including the ability to keep their assets in the Plan. As noted by Mr. Moran, there is not an exact script of the conversation had with participants by the RSG. The conversation itself is rather organic and, depending on what it is that the participant wishes to talk about, the conversation can go in any number of directions. The overall purpose of the conversation is to assess what it is that is driving the distribution decision at that moment. Mr. Dyse emphasized that once the assessment is made, the RSG representative does his/her best of meeting that need. There was a recurring phrase used in last month's meeting referencing a "sales pitch". Mr. Dyse stated that a sales pitch is not the point of RSG's engagement with the participant. All representatives of Empower are required to act in the best interest of the participant and often, this does not mean moving the money out of the Plan. There are instances when this may be the case depending on what it is that the participant is requesting. In summary, if the participant makes it clear at the beginning that they know exactly what they want to do and/or, if they disagree with the notion of having to speak with someone prior withdrawing funds, the restriction/toggle will be removed. There have been 73 instances where this has happened. Mr. Dyse stated that once the toggle has been removed, it will remain so. Responding to Mr. Mack's suggestion from the previous meeting, to add verbiage on the front-end (pre log-in and post log-in) that would let the participant know the distribution options, Mr. Dyse stated that this was possible but not currently in place. Mr. Dyse will provide an example at the next meeting of a summary of each distribution option with the top option being, staying in the Plan. If the Commission approves the summary, it can be added to the website going forward.

Mr. Kling reminded the Commission that Treasurer Schroder requested copies of transcripts of conversations that were held between Empower RSG representatives and participants. Mr. Cassagne pointed out that the Commission has a contractual agreement with Empower, but it does not have a contractual agreement with the participant per Federal privacy provisions. The question then becomes whether the records could be released in a non-redacted format without the participant's authorization. Mr. Cassagne stated that under LA Law, individual funds for participants are not considered public funds. A conversation between a participant and an Empower representative discussing that participant's financial condition, investment strategy or things of this nature would not be a public record under LA Law. As it pertains to the recorded phone call between Empower and the Commission, there is a provision in the contract that is not entirely clear whether the recorded phone call is considered a record. Mr. Cassagne's initial response is that without there being significant redaction or expressed consent, it is probably not a good idea to listen to recorded phone calls. From a public records standpoint, it is Mr. Cassagne's opinion that this is confidential information between the participant and the representative from Empower. Mr. Kling stated that it appears that unless we have a signed release from the participant, the best that can be offered is arguably the one-sided conversation from Empower that would require a redaction process. Mr. Kling asked the Commission for direction on how to proceed. If phone calls are to be reviewed, Mr. Kling stated that a formal opinion would have to be made through the AG's office. Ms. Burton stated that it was her opinion that listening to recorded calls could have a detrimental impact on the confidence that the members have overall. Ms. Burton stated that unless there is a formal request from a Commission member, the Commission should table this issue at this time. Mr. Kling stated that Empower has presented what their workflow is and that if we want something more, based on what Mr. Cassagne has said, a formal opinion would be required. Mr. Kling assured the Commission that they could table the discussion until the next meeting, if they so choose. Ms. Burton stated that the Commission asked that the additional step of RSG be put in place to protect the members and to make sure that they fully understood the benefits of the program. It was never the Commission's intent to exclude participants from having access to their money. Mr. Kling stated that it is a matter of whether the Commission is trusting Empower as to what they are saying is presented in the values-driven conversation model.

Mr. Mack has had discussions with Treasurer Schroder and believes he can reasonably disclose the treasurer's thoughts on the subject. Mr. Mack asked Mr. Cassagne if a legal opinion would be required to receive a redacted version of a transcript with just Empower's portion of the conversation. Mr. Cassagne stated that a legal opinion would not be needed but no personal financial information of the participant could be disclosed. From a privacy standpoint, we must be certain not to reveal participant information even if just the Empower-side of the conversation is all that was included. Mr. Mack asked Mr. Dyse if this would be difficult for Empower's team to provide. Mr. Dyse stated that Empower does not have a great capability of redacting. The process can be done but it would be a manual process. Mr. Kling pointed out that it would also require that Empower be in the position of selecting what was to be redacted. Mr. Dyse stated that anything the participant says can be removed but there may be some judgment made in redacting information. Mr. Dyse stated that Treasurer Schroder shared at the last meeting that he was not interested in what the participant was saying but what the Empower representative was saying during the telephone conversation. Mr. Cassagne stated that he could see a scenario where so much is redacted from the phone call that a public record is created. There is no duty on public entities to create a public record but once you get into redacting, an argument could be made in the future that a public record can be created by doing a redaction. Mr. Kling stated that the Commission should review the comments made and let Mr. Mack have an opportunity to speak with Treasurer Schroder prior to making a final decision.

LADCP Commission's Document Management Policy

Mr. Dyse suggested that in the interest of time, the Commission's Document Management Policy be moved to a later time. Mr. Kling approved moving this item to another time.

Final Audit Report – December 31, 2020

Mr. Kling reported that the audit was filed with the auditor's office but has not yet gone through review. The audit is not yet posted but Mr. Kling did not expect any issues. Mr. Kling initiated approval of Mr. Cooper's auditing fee of $18,000.

NAGDCA Annual 2021 Conference

Mr. Kling reminded the Commission of the NAGDCA Annual Conference to be held on September 13-September 16, 2021 in a virtual format. The cost of the conference is $200. Ms. Sanders motioned to allow the Commission to pay attendance fees of members wishing to attend. Mr. Mack seconded the motion. The motion passed unanimously.

Other Business

Mr. Mack reported that a sheriff contacted Treasurer Schroder directly speaking on behalf of other sheriffs in other parts of the State. The sheriff was upset and indicated that Empower was making it difficult for agencies to move their funds to another Plan. This sheriff was attempting to move his agency to another Plan and was upset with the process proclaiming that Empower had changed the process in the middle of the game. You will recall that initially, agencies were allowed to fully move out without consent from the participants. Based on the legal recommendations given, each participant now needs to sign off on transferring out of the Plan to a new one. It was this additional step that gave the perception to the sheriff of Empower changing the rules. The sheriff requested a sit-down phone call with Mr. Mack. Mr. Dyse joined Mr. Mack on the call. It was Mr. Mack's impression that for the most part, the sheriff's concerns were addressed. Some of the information that he shared was not accurate in terms of the process. The sheriff was speaking on behalf of multiple agencies indicating that the reason that sheriffs were anticipating leaving was that they were unhappy with the investment options available and the lack of regular interactions. More interaction with Empower representatives on a regular basis is what is desired. Specifically, they want Empower representatives to meet with staff members to explain what the Plan is all about on a regular basis. The second issue was that once the agency decided to leave, they didn't appreciate having to go to each participant to get their approval. The process was explained to the sheriff as a legal function and Mr. Mack stated that this came across well. Mr. Mack invited the sheriff and any other agency wishing to leave the Plan to engage in meetings with Mr. Dyse to address any issues.

Mr. Dyse stated that the conversation was emotionally charged initially. There was a lot of misinformation that was addressed in the conversation. It would be optimal to the Plan if others accept the invitation to meet with Mr. Dyse and Mr. Mack so that they may allay any concerns about the Plan. This phone call could be construed as negative right now, but it will probably develop into a positive thing because it gives an opportunity to speak directly to the decision makers.

Mr. Kling stated that sheriffs have the right to do what they want to do. The very first agency that left this Plan was a sheriff. The sheriff that contacted Mr. Mack, is the head of the Sheriff's Association and it is important to know if he is speaking for himself or on behalf of the association. Mr. Kling also stated that the sheriff is related to an individual from another agency that has already left the Plan. Mr. Kling is happy that the sheriff received corrected information. Mr. Kling stated that the offerings that the sheriff is moving to is less than what is available in the LA Deferred Comp Plan. Mr. Mack stated that when any additional meetings are set up, all Commission members will be invited to participate in the calls.

October Meeting: Mr. Kling stated that the October meeting will be a virtual meeting. Typically, the Commission does not have a September meeting. The Commission chose to meet in October for the next meeting.

<u>Adjournment</u>

With there being no further items of business to come before the Commission, Mr. Kling adjourned the meeting at 11:44 a.m.

Laney Sanders, Secretary