

MINUTES
Louisiana Deferred Compensation Commission Meeting
October 19, 2021

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, October 19, 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*

Craig Cassagne, State of Louisiana Attorney General's Office, Baton Rouge
Marybeth Daubenspeck, Vice President, Government Markets, Empower Retirement, Denver
Jennifer Bailey, Lead Strategist Participant Mktg Comm Government – Denver
Michela Palmer, Sr. Communication Strategies Comm Government – 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 August 17, 2021

The minutes of the August 17, 2021, Commission Meeting were reviewed. Mr. Jolly motioned for acceptance of the August 17, 2021, minutes. Ms. Burton seconded the motion. The Commission unanimously approved the motion.

Administrator's Report

Plan Update as of August 31, 2021: Mr. Dyse reviewed the Plan Update as of August 31, 2021. Assets as of August 31, 2021: \$2,274.16 Billion; Assets change YTD: \$192.44 Million; Mr. Dyse pointed out that this figure represented a 9.2% increase for this portion of the year over last.

Plan Update as of September 30, 2021: The Plan Update for September 2021 was also reviewed. Assets as of September 30, 2021: \$2,208.61 Billion. Assets Change YTD: \$126.89 Million. This is representative of a 6.1% change year-over-year for the month of September.

UPA – August 31, 2021: Mr. Dyse reviewed the UPA report for the month of August 2021. The closing balance at the end of August was \$1,121,225.72. Additions included gains in contribution corrections and interest for August. Deductions included Duplantier, Hrapmann, Hogan and Maher, State of LA Legislative Auditor, Great-West Financial and a loss on contribution collection.

UPA – September 30, 2021: Mr. Dyse reviewed the UPA report for the month of September 2021. The closing balance at the end September was \$1,102,333.79. Additions included interest for the month of September. Deductions included Great-West Financial.

UEW Report – August 2021: Mr. Dyse presented the UEW Report for the month of August 2021. Thirteen requests were submitted and thirteen were approved.

UEW Report – September 2021: Mr. Dyse presented the UEW Report for the month of September 2021. Eight requests were submitted and eight were approved.

Securities Sold: Mr. Dyse presented the securities sold report for the months of June, July and August 2021. Ms. Hubbard asked that a correction be made to the Simon Property Group LP, Senior Unsecured Global Notes. The report reflected a \$5 Billion gain in error.

Commission Emergency Rules

Mr. Cassagne advised the Commission that the Emergency Rules approved in 2020 related to the Secure Act and the CARES Act needed renewal regarding the qualified birth and adoption provision, RMD provisions and loan extensions. Ms. Hubbard motioned to readopt the provisions of the emergency rules of the Secure and CARES Act one more time and to allow Mr. Cassagne to post this information in the appropriate publications. Ms. Burton seconded the motion. The motion passed unanimously.

Loan Default Update

Mr. Kling asked that the Loan Default Update be moved to this portion of the meeting. Mr. Kling reviewed the request from a participant asking that her loan be removed from default. During the August meeting, Commission members asked for additional information to be able to decide on this matter. To date, Mr. Kling has sent two email requests for additional information from the participant, but no response has been received. Ms. Burton suggested that Mr. Kling call the participant in the event that Mr. Kling's emails were not received. Mr. Kling stated he would call the participant and report back to the Commission in November.

Webster Sheriff Office and City of DeRidder

Mr. Dyse presented separate notices received from the Webster Parish Sheriff Office and the City of DeRidder announcing that they are leaving the Plan. Empower Retirement has begun the process of acting internally to meet the transfer deadline dates. Mr. Massingill stated that the Empower team feels strongly that the offerings made available to agencies participating in the LA

Deferred Comp Plan are in the best interest of the participant including lower fees, the Empower online platform and “boots on the ground” Retirement Plan Advisor services. Mr. Massingill stated that RPAs are getting back out into the field in addition to virtual meetings. Mr. Massingill indicated that a plan is in place to better understand the state of all agency relationships in the Plan. The Empower team is taking a proactive approach in reaching out to agencies to assure that they have everything that they need. Mr. Mack asked if figures were available from other State Plans for a comparison of agencies leaving. Mr. Massingill stated that while the volume has not been great, there has been a trend in LA for sheriff offices to leave the Plan beginning in 2016. Ms. Daubenspeck stated that occasionally, other firms solicit State Plans that include political subdivisions to move from existing Plans. Field associates have been trained to be able share with adopting employers the benefits of the program including low fees and the ability to offer fiduciary responsibilities. Ms. Hubbard asked for the dollar amount and number of participants that the two entities represent. Mr. Massingill reported that Webster Sheriff has approximately 120 participants with \$3.5 Million in assets. Ms. Hubbard asked if AXA and Equitable were the same organization and Mr. Dyse confirmed that this was the case. Mr. Kling stated that the deconversion letters being received are identical and are coming primarily from sheriffs and assessors. Letters received are requesting an immediate transfer of assets. Mr. Kling state that while the sponsor has the right to leave the Plan, prior contributions belong to the participant and the movement of those Plan assets cannot occur unless a written directive is received from the participant per Mr. Tarcza, the Commission’s tax advisor’s November 2, 2020 opinion. Written transfer forms were established in March/April of 2021 that included a notary requirement. A request has been submitted to Mr. Tarcza for clarification on whether the written transfer paperwork must be notarized. No response has been received to date. Mr. Mack stated that there have been a few sheriffs who have reached out State Treasurer Schroder regarding the requirement of notarized signatures on the transfer paperwork. Mr. Mack has met with some of the sheriffs and cleared up what appeared to be some misconceptions, but their concern continues to be the notary requirement. Ms. Sanders asked if Empower requires notarized paperwork which it does not. Ms. Sanders stated that only specific LASERS forms require notarized signatures. Mr. Mack and Ms. Sanders stated that most transfer forms do not require notarized signatures. The Commission will wait on Mr. Tarcza’s response to determine if notarized paperwork is required. Mr. Cassagne noted that he drafted the transfer form using another State’s form. Speaking purely from a legal standpoint, Mr. Cassagne is not aware of any Louisiana requirement that the form be notarized. Mr. Jolly stated that it comes down to the fact that a notarized signature provides a burden of proof from an evidentiary perspective. Mr. Dyse reported that the City of DeRidder has approximately 123 participants and \$3.5 Million in assets.

Distribution Options Summary Update

Mr. Dyse provided an update on the request by the Commission to provide a brochure that would include a review of the various distribution options along with a summary of each. The document should be available by the end of the month and will be shared with the Commission at the next meeting.

LADCP Commission Document Retention

The document needs updating. Mr. Kling stated that some items on the retention document may still be required by statute from the Secretary of State. Mr. Cassagne and Ms. Carrigan will review the document and submit revisions to be addressed.

Empower Retirement Donation to Red Cross; Mr. Dyse made the Commission aware that Empower Retirement contributed \$10,000 to Red Cross for the benefit of LA residents that were impacted by Hurricane Ida. Mr. Kling expressed his appreciation for the donation.

Other Business

Mr. Dyse reminded the Commission that there would be no Commission Retreat in December due to lingering pandemic concerns.

Mr. Dyse reported that he, Mr. Massingill, Ms. Bailey and Ms. Palmer had a positive meeting with LSU representatives to discuss how Empower may be of further assistance. Updates will be forthcoming.

Mr. Dyse stated that the Strategic Partnership Plan will be presented to the Commission in December of this year.

Ms. Sanders moved to add to the agenda a request related to a proposed change in the management participation structure of the Baton Rouge office. Ms. Burton seconded the motion. The item was added to the agenda. Mr. Dyse and Ms. Daubenspeck presented the specifics of the request for the Commission to determine how to proceed. Empower Retirement personnel were asked to remove themselves from the meeting. Commission members discussed the proposal but decided they needed more information from Empower. Mr. Kling requested that each member submit their desired information and questions to the Chair for a submission proposal (to be prepared by Empower) for consideration by the full board at the next board meeting.

Adjournment

With there being no further items of business to come before the Commission, Mr. Kling adjourned the meeting after Empower Retirement personnel left the meeting.

Laney Sanders, Secretary