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Louisiana Deferred Compensation Commission Meeting January 21, 2014

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, January 21, 2014 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
Lela Folse, Designee of the State Treasurer
Andrea Hubbard, Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Participant Member
Len Riviere, Designee of Commissioner of Financial Institutions

Not Present

Troy Searles, Participant Member

Others Present

Danette Rausch, Denver-GWF (*by Conference Call*)
Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Director, Client Relations and Plan Counseling, Baton Rouge GWF
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF

Call to Order

Chairman Bares called the meeting to order at 10:04 a.m.

Approval of Commission Meeting Minutes of December 17, 2013

The minutes of December 17, 2013 were reviewed. Ms. Burton motioned for acceptance of the minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the minutes.

Acceptance of Hardship Committee Report of January 10, 2014

Mr. Riviere motioned for acceptance of the Hardship Committee Report of January 10, 2014. Mr. Kling seconded the motion. The Commission unanimously approved the report.

Public Comments: There was no one from the public in attendance.

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Administrator's Report

Plan Summary as of December 31, 2013, was presented by Ms. Stevens. Assets as of December 31, 2013: \$1.367 Billion. Asset change YTD: \$156 Million. Contributions YTD: \$102.15 Million. Distributions YTD: \$104.84 Million. Ms. Stevens noted that contributions were slightly lower than distributions in 2013. The Net Investment gain YTD was: \$158.57 Million.

Participation by Asset Class and Investment Option as of December 31, 2013 was reviewed by Ms. Stevens who ranked asset classes in order by percentage of assets: Stable Value (45.49%), Black Rock Russell 1000 Index (8.07%), T. Rowe Price Growth Stock Fund (3.58%), T. Rowe Price Equity Income Fund (3.22%), Touchstone Mid Cap Growth (2.80%). There has been very little change in the number of participants in the Ameritrade SDB accounts.

2013 Annual Archive Report was presented by Ms. Stevens. The Plan began with \$30,367,257 in 1986 and has increased to \$1,366,658,518 as of December 31, 2013, an increase of 12.88% from 2012. The number of participants in the Plan decreased to 35,969 in 2013 as compared to 38,425 in 2012 primarily as a result of hospital closures and DeMinimis distributions. Contributions in 2013 totaled \$102,152,426 which reflected an increase of approximately 2% over the previous year. There were 22,685 contributing participants with an average of \$4,503 per participant in annual contributions. In 2013, 44.3% of all dollars were placed in Fixed and 55.7% in Variable. The Stable Value rate as of August 2, 2002 was 4.85% and in 2013 was 2.70%.

Unallocated Plan Assets: Ms. Stevens presented the UPA Account activity for the month of December. The cash balance on hand as of November 30, 2013 was \$3.347 Million. Additions included interest only. There were no deductions during the month of December. The ending balance was \$3.354 Million. Total additions for the entire year were \$2.374 Million with a total of \$2.038 Million in deductions. The report was also submitted to Wilshire for review.

Loan Defaults: Participants who default on loans continue to pay monthly fees and interest. During the month of January, Great-West Financial "offset" loans of 90 terminated employees who had previously defaulted on loans representing a total of \$597,000 in loan balances. This process will continue throughout the year to stop fees and interest from being assessed on terminated participants.

Change in Agenda: Mr. Kling motioned to change the Agenda order to discuss the automation of State payrolls prior to the ROTH 457 agenda item. Ms. Burton seconded the motion. The Commission unanimously approved the motion.

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Automation of State Payrolls Update

The number of payrolls that have not automated as of December 31, 2013 is 32 (down from 225). Each payroll has been identified and will be individually contacted by phone to assist in converting to automation. Results from the calling campaign will be presented at the February meeting. There was discussion regarding requiring the remaining payrolls to automate procedures including setting a final deadline. If the deadline is not met, participation in the Plan would discontinue. A review of the Plan Document will be made to assure clarity on this topic.

Marketing Report

Ms. Stevens reviewed the Marketing Report for the month of December, 2013. There were 130 new applications received during the month of December averaging \$2,690 per application. 2013 YTD figures: 2,127 new applications (vs. 1,797 in 2012) averaging \$3,616 per application. There were 287 increases and restarts in December at an average of \$9,498 per request. Total 2013 figures: 2,841 increases/restarts (vs. 2,606 in 2012) averaging \$8,349 per application. The majority of activity during the month of December came from the following agencies: Ouachita Parish Sheriff's Office, Orleans Parish Criminal Sheriff's Office, Port of New Orleans, LSU-Baton Rouge and DOTD.

Other Business

Nominating Committee: The Nominating Committee met on Tuesday, January 14, 2014. The members of the Nominating Committee are: Carl Berthelot (Chairman), Ken DeJean, John Compton and Doug Buras. Mr. Searles expressed his interest and willingness to serve a three-year term if nominated and elected. The committee unanimously voted to nominate for election as a Participant Member, Mr. Troy Searles. There are currently no other candidates for the position. The official notification to all payroll departments along with a petition extending the offer of naming a candidate via "nomination by petition" will be mailed in early February.

Files in the Baton Rouge office: There are approximately 2,500 participant files with no electronic beneficiary record on file. The Commission has previously agreed to hire contract workers to "scrub" files for paper beneficiary forms in addition to other documents that may require electronic retention. A list will be presented to the Commission of a sampling of documents currently held in paper copy-form to determine

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which forms should be saved and scanned to Great-West Financial for recordkeeping. A list of contractors will be presented to the Commission for review/selection. Contract workers must be bonded and will undergo a background check. Ms. Hunter will contact the Secretary of State regarding a formal record retention schedule.

Boston College Study: Ms. Stevens encouraged members to review the Boston College Study entitled, “How Prepared Are State and Local Workers for Retirement?” Key points of the report were highlighted by Ms. Stevens.

Secretary of State Records Officer Designation: Ms. Hunter reviewed a letter received from the Secretary of State requesting the designation of a person who would serve as the Records Management Officer of the Plan along with the name of the Agency Chief Executive. A response is due by July 6, 2014. The letter cites a statute that requires someone be named as liaison/contact between the Plan and the Secretary of State. The Commission determined that Mr. Bares would be named as the Agency Chief Executive and the Records Management Officer would be Mr. Bares to the attention of Ms. Stevens.

ROTH 457

Ms. Stevens reviewed with the Commission that it was decided in December, 2013, that Roth 457 be added to the Plan on a contribution basis only (not on a conversion basis). Commission members were instructed to complete the Roth 457 Election form and to review forms (Incoming Transfer, Enrollment and Distribution) from other plans to understand how the Roth 457 option will be presented to the participant. Ms. Rausch reviewed the election form providing instruction on how to complete the document. The Commission selected July 1, 2014 as the Roth 457 adoption date. Unforeseeable Emergency distributions would be pro-rated unless otherwise specified by the Plan participant. Roth 457 money would not be restricted from an Unforeseeable Emergency distribution. In-Service distributions (Purchase of Service and 70 1/2) are allowable with Roth 457 money. Particulars regarding receipt of loan payments from State payroll will be researched by Ms. Rausch. The Commission previously decided not to allow “In-Plan Rollovers” or any additional options. Great-West Financial will provide educational marketing material on the Roth 457 and all representatives and staff members will be trained to know how to present/process requests. The announcement of the Roth 457 option will be included in the first and second quarter statements to participants. Mr. Kling motioned to allow Mr. Bares to sign the Roth 457 Election Form. Ms. Burton seconded the motion. The Commission unanimously approved the motion.

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Other Business (Addition to the Agenda): Mr. Kling motioned to add an additional item to the printed agenda to announce Great-West's relationship with the State of Mississippi. Ms. Burton seconded the motion. The Commission unanimously approved the motion. Ms. Stevens announced that Great-West has contracted with the State of Mississippi for recordkeeping of the MS Deferred Compensation Plan. Ms. Stevens' duties now include the State of Mississippi effective January 17, 2014. Within the State of Louisiana, Ms. Stevens' role has been refined to include client relations exclusively which affords her more "field-time" opportunities. Staffing responsibilities have been assigned to Steve McComas of Great-West who is based in Tennessee. Mr. Bares requested that Mr. McComas be invited to attend a Commission Meeting for the purpose of meeting the members. Ms. Stevens stated the Baton Rouge office staff (representatives and administrative) is not responsible for the MS Plan.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:15 a.m.

Virginia Burton, Secretary