MINUTES

Louisiana Deferred Compensation Commission Meeting
June 21, 2011

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, June 21, 2011, 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
Robert Henderson, Participant Member
Andrea Hubbard, Co-Designee of the Commissioner of Administration
Whit Kling, Vice-Chairman, Designee of the State Treasurer
Len Riviere, Designee of Commissioner of Financial Institutions
Troy Searles, Participant Member

Members Absent
Steven Procopio, Designee of Commissioner of Administration

Others Present
David Lindberg, Consultant, Wilshire Associates, Inc.
Katie Askew, Intern, LASERS
Chris Burton, Senior Account Executive, Baton Rouge GWRS
Connie Stevens, Regional Director, Baton Rouge GWRS
Lindsey Hunter, Louisiana Attorney General's Office
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWRS

Call to Order

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

Approval of Commission Meeting Minutes of May 17, 2011

The minutes of May 17, 2011 were reviewed. Ms. Virginia Burton motioned for acceptance of the minutes. Ms. Hubbard seconded the motion. The Commission unanimously approved the minutes.

Acceptance of Hardship Committee Reports of June 3, 2011

Mr. Kling motioned for acceptance of the Hardship Committee Report of June 3, 2011. Ms. Virginia Burton seconded the motion. The Commission unanimously approved the report.

Participant Member Election Results: Troy Searles was re-elected to the position of Participant Member on the LA Deferred Compensation Plan Commission. There were 2,052 votes cast. Total ballots mailed to participants: 38,176. Total "spoiled" ballots received: 103.

Administrator's Report

Plan Update as of May 31, 2011 was presented by Ms. Stevens. Assets as of May 31, 2011: $1.114 billion. Asset change YTD: $64 million. Contributions YTD: $42.48 million. (Typically, average monthly contributions are approximately $9 million, putting the Plan at slightly under the normal YTD amount.) Distributions YTD: $26 million (this is an increase over the prior year). Net Investment gain YTD: $48 million.

Participation by Asset Class and Investment Option: The LifePath Index Funds have an average of about 6,000 participants. Plan Data Based on Fee Schedule (graph) was presented showing where the money is in the Plan by balance and fee category.

Securities Sold in the Louisiana Stable Value Portfolio April, 2011: GNMA Pool 3 ¾%.

Fund Mapping and Fee Update: Mapping of one share class to another was completed on May 23-24. The Plan "closed" on May 23rd at 3:00 p.m. and "re-opened" on May 24th at 11:07 a.m. No delays were experienced. All expense reductions recommended by Wilshire and voted on in December, 2010 have been completed. On April 1st, Stable Value and BlackRock were reduced; The ten mutual funds were reduced on May 24th.

DeMinimis Report: This is a large project involving thousands of participants requiring that individual records be reviewed to determine qualifications for DeMinimis (an account balance of $1000 or less and no contributions for two years or more with no termination date). To date, 1500 accounts have been distributed. There are 200 participants with invalid addresses. Lexis Nexis has been contacted to secure current addresses but no forwarding address was available. Technically, this is a distributable event so that money can be "forced" out of the account even though there is no way to communicate with the participant. As a result, escheatment rules would apply and the distribution would become property of the state. Mr. Kling motioned that these accounts be handled following laws of escheatment. Mr. Riviere seconded the motion. The motion carried with no objection.

Great-West Enhancements: Charlie Nelson, President of Great-West Retirement Services outlined "2nd Century Initiatives" in a letter. Highlights include: In 2010, Great-West became the fourth largest retirement plan provider in total participant accounts. New products including "SecureFoundation" (a guaranteed lifetime withdrawal benefit); Target Date Funds (Maxim LifeTime Asset Allocation Series) have been introduced; The Fixed Account Asset Growth is very large – there was a 17% increase from 2009. Contributing factors in this increase is that Great-West acquired some large state plans in addition to taking on some Stable Value portfolios under management without the recordkeeping. Note: Great-West only wraps the portfolios that Great-West manages. Enhancements planned for this next year include: a new website, enhanced retirement education services including "prompts" to encourage increases and roll-in activity; more fee disclosure communications to the participant and Fund Fact sheets (now available online).

Commission Activity Fund (CAF): Cash balance as of 4/30/11: $3.4 million; There was an addition of interest and a deduction for the recordkeeping of Great-West resulting in a cash balance as of May 31, 2011 of $2.7 million. Mutual fund fees will be reduced due to the recent mapping to lower cost investments. Stable Value fees will be reduced to half and BlackRock fees will be eliminated.

Marketing Report

New participants added to the plan in May, 2011: 96; YTD: 689. The increase and restart activity for the month of May: 147. Ms. Stevens will be attending the Civil Service/HR Directors Meeting on July 6, 2011 primarily to discuss the level of Great-West access allowed to state agencies. Great-West is often restricted access to twice a year because it is incorrectly considered to be a supplemental vendor rather than a statutory vendor.

Wilshire-Executive Summary of Investment Performance-Quarter Ending March 31, 2011: Total Investment: As of March 31, 2011, $1.089 billion with a little under half of the assets in Stable Value and 29% in US Equity Funds. The largest allocation is in the BlackRock Russell 1000 Index Fund. Performance highlights: The strongest equity performances were in the US markets. Over the past quarter and year, it has been very difficult for actively managed funds to out-perform the indexes. There are many under-performers in the quarter primarily due to sector differences. Overall, it has been a tough gain for anything that is not an index in the US Equity Market. Several funds, such as the Ariel Appreciation Fund, under-performed if they were underweight in the energy sector. In a general sense, there are no concerns about the funds and there is an understanding as to why there is underperformance. In the Non-US Equity Funds, stock selection and country weightings, such as Japan had a strong effect on performance. Fixed Income/Stable Funds: Loomis is a pure credit fund which continues to be strong. PIMCO is a core fixed income: Very good performance across the board – out-performed quarterly and yearly. Mainstay High Yield: Under-performing and rankings are not good but there are no concerns as this fund has been positioned defensively. BlackRock TIPS Fund is close to benchmark. It was noted by Mr. Lindberg that Stable Value has been a good opportunity for participants. Target Date Funds: All are made up of Index Funds so all are close to benchmarks. Target Date Funds recently added commodities for diversification purposes. Real Estate Fund: Under-performance by about 1%. This has been a good fund all along (since inception in June of 2004). It is behind this quarter, however.

In summary, there was a good bit of under-performance this past quarter but there are no significant concerns. Active strategies are in place to try to beat benchmarks for this and the following quarters.

Other Business:

Plan Document Updates: The amendment to the rules were amended on Monday, June 20th. Ms. Hunter is now working on integrating the changes into the old rules and will bring a copy of the completed work to the next Commission Meeting.

Wells Fargo Fee Increase: Through an audit, Wells Fargo discovered that they were not charging a fee related to the Self Directed Brokerage option whenever it was added to the Plan. Wells Fargo is not attempting to collect retroactively but they will add a $500 fee on top of what is already charged annually ($2500). Next spring, Wells Fargo will send an invoice for $3000. Participants pay a quarterly fee and transaction fees. The Commission requested that Ms. Stevens review the fees involved so that it could be determined if the additional fees should be passed on to the participant instead of being paid by the Plan.

NAGDCA 2011 Annual Conference will take place in Albuquerque, NM, September 10-14, 2011. The registration deadline is August 5th. Commission members must confirm their attendance by the next meeting.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:09 a.m.

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Virginia Burton, Secretary