

PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Meeting – December 10, 2024, 8:30 AM
7905 Wrenwood Blvd., Baton Rouge, Louisiana 70809

AGENDA

Board Members:

R. Bruce Kelly, Chair, Region 1
Kelly Fontenot, Region 2
Phillip Bourgoyne, Region 3
Bridgette Horton, Region 4

M. Larry Richard, Designee, Police Jury Assn.
Senator Bob Owen
Representative Josh Carlson

Meeting Called to Order by the Chair:

1. Invocation
2. Roll Call
3. Public Comment Period (must relate to agenda item)
4. Minutes from September 17, 2024
5. Disclosure of Conflicts
6. Investments
 - A. Investment Summary and Performance Update
 - B. Manager Presentation (Doubleline Income)
 - C. Other Investment Business
 1. Plan Exposure in China
 2. Timeline Addition – Custodian Proposals
 3. XTP Update
7. Approval of Retirements – October, November, and December 2024
8. Requests for Actuarial Transfer of Service
9. Region 3 Board Member Election, Nomination of Candidate(s)
10. Technology Presentation – Exigo Communication Services Presentation
11. Administrative Director's Report
 - A. New Member-Employer Requests
 - B. Budget
 1. Quarterly Report on 2024 Operating Budget
 2. Introduction of 2025 Budget
 - i. 2025 Staff COLA and Executive Staff Salaries
 - ii. 2025 Curran Actuarial Contract
 - C. IRS Tax Qualification Review
 1. Cost
 2. Refund Policy Resolution
 - D. Member Issue – Carl Singletary
 - E. Option 4 Interpretation Issue – 1st Degree Relative
 - F. DROP Interest

G. 2025 Holiday Schedule

H. New Chase Services: Virtual Reference Numbers & Check Printing Go Live

I. Training

1. PERS Annual Administrative Training Recap
2. Upcoming Trainings

12. Proposed Meeting Dates for 2025:

March 18	September 7 (LAPERS) or September 16
June 17	December 9

13. Other New Business

14. Adjourn
Next Meeting

**MINUTES OF THE MEETING PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
BATON ROUGE, LOUISIANA
December 10, 2024**

AMENDED

The Board of Trustees met on the above date at PERS Headquarters in Baton Rouge, LA. Chairman Bruce Kelly presided and called the meeting to order at 8:30 a.m.

Mr. M. Larry Richard gave the invocation. Ms. Spinosa was then asked to call the roll.

Members present were: Chairman Bruce Kelly, Ms. Kelly Fontenot, Mr. Phillip Bourgoyne, Mr. M. Larry Richard, and Ms. Bridgette Horton. Members absent were: Senator Bob Owen and Representative Josh Carlson. There was a quorum.

Also present were Ms. Kristi Spinosa, Mr. Chris Burke, Chief Investment Officer, Ms. Michele Perez, Chief Operating Officer, Ms. Laura Gail Sullivan, Mr. Greg Curran, and Mr. Rob Hungerbuhler.

Chairman Kelly noted that the Board would take public comment at this time. No one appeared for public comment. Chairman Kelly asked if there were Board member conflicts to be disclosed; none were reported.

Mr. Bourgoyne moved to approve the minutes of the September 17, 2024 meeting; the motion was seconded and approved unanimously.

Next, Mr. Burke and Mr. Hungerbuhler presented a detailed investment summary and performance update. Since September 30th, equity markets turned strongly positive post the election, while bond markets have been more reserved, amid skepticism on Federal debt, more rate cuts and inflation fears related to a new policy outlook. Through the month of November, the PERSLA investment portfolio has returned approximately 12.5% year-to-date. A full copy of the presentation is included as an attachment to these minutes.

After this presentation, a motion was made by Mr. Burgoyne, seconded by Ms. Fontenot, and unanimously approved to remove Aberdeen as a manager and temporarily hold the related funds in cash.

Next, one of our managers, Doubleline, gave a brief presentation on your investment with them and their overall strategy.

Mr. Burke also addressed the System's exposure in China, particularly due to legislative developments in many states that mandate divesting from Chinese holdings. The Board considered the potential risks of holding assets in China agreed to continue active monitoring. Mr. Burke stated he would investigate ways to further reduce exposure with Segal and report back at the March board meeting with a recommendation.

Mr. Burke and Ms. Spinosa then addressed the issue of custodial bank review. The system has not reviewed other bank proposals in several years. Mr. Burke and Ms. Spinosa both recommend a thorough review as part of our due diligence to be certain we are receiving appropriate services and appropriate costs. After discussion, it was agreed that executive staff will continue to research and review with a goal of formally presenting options to the Board in June.

Mr. Burke then gave the Board an update on XTP and their progress evaluating our money managers from a cost perspective. So far, 21 strategies have been evaluated for cost efficiencies resulting in a total of \$1.7MM in savings.

Next, the Board approved retirements and transfers for October, November, and December 2024. The approval motion was made by Mr. Freeman, seconded by Mr. Burgoyne, and unanimously approved. Detailed copies are included as attachments following the end of these minutes.

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Next, Chairman Kelly began the discussion on the Region 3 Board Member election. The Board historically nominates candidates (Person A, B, or C) and sends out ballots to be tallied by the accounting firm. There is technically no legal requirement to nominate candidates. In the past, the Board has reached out to individuals they knew were interested and then ratified the nominations. After discussion, the Board agreed to search for two names at a minimum to be presented at the next meeting. Historically, the process has been more informal, and there was discussion of moving towards a more formal policy. This would ensure transparency and avoid challenges to the election process.

In the future, the Board agrees to implement a timeline where the election process starts six months before a term ends, to prevent delays. There was also discussion about making sure candidates are qualified, possibly requiring them to complete certain training before being eligible to serve on the board and make statutory changes if necessary. The overall goal is to finalize the candidates, create a ballot, and then have an election following the procedure they've historically used, with the board approving the ballot before the election takes place.

Mr. Kelly next introduced Carlo McDonald with Exigo Communications, the System's IT Consultant, and presented on the topic of technological updates. Mr. McDonald also presented the IT policy, including disaster recovery. After discussion, a motion was made by Mr. Burgoyne to accept the IT policy as presented, subject to amendments, with the understanding that changes could be made at the next meeting if necessary. The motion was seconded by Ms. Fontenot and passed.

Ms. Spinosa was next asked by the Chairman to give an Administrative Director's report. She informed the Board of two new employer requests for Plan A admission. Saint Bernard District Attorney's Office: The office's employees, currently participating as members, requested separate, individualized employer numbers to manage contributions independently. All criteria were met, and the Board was asked to approve their request. Waterworks District #2 in Saint Tammany: The Board was informed that all necessary documentation was received, and the request was ready for approval.

A motion was made by Ms. Fontenot, approved by Mr. Burgoyne to approve both new employer requests. The motion was unanimously approved.

The 2024 Quarterly Report and budget information were reviewed, showing updated data for December. The anticipated actual 2025 budget was presented as well as an amendment to the 2024 budget. The overall budgeted amount was not impacted; and the System was slightly underbudget for the year.

A motion to amend the 2024 budget was made by Ms. Horton, seconded by Ms. Kelly, and unanimously approved.

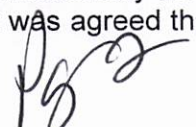
The proposed 2025 budget was reviewed, reflecting a small overall increase in operation costs. The budget does not include COLA for executive staff but includes adjustments for other staff, keeping the overall increase under 5%. The Board discussed changes in IT, supplies, and insurance pricing.

A motion to adopt the 2025 budget was made by Mr. Richard, seconded by Ms. Kelly, and approved unanimously.

The Board reviewed the 2025 DROP interest rate calculation, noting that these are based on formulas and policies outlined by law. A motion was made to approve the DROP interest rate of **5.27%**. The motion was seconded and passed unanimously.

Next, Ms. Spinosa addressed the staff COLA policy. The COLA calculation based on the Consumer Price Index (CPI) was presented. The final calculation was a 3.04% increase to all staff effective January 1, 2025. A motion was made by Mr. Richard and seconded by Mr. Burgoyne to approve the COLA; the motion passed unanimously.

Chairman Kelley then began the discussion of executive staff salaries. He noted that the board traditionally does not enter executive sessions unless discussing pending litigation or personnel competency. It was agreed that



the discussion on salary adjustments would remain in open session, and the executive staff voluntarily stepped out for the discussion.

The Board determined that Mr. Burke would receive both the 3.04% COLA and the 2.5% merit increase, bringing his total adjusted salary to approximately \$317,904.

Discussion was had on Ms. Spinosa's request for a market salary adjustment, with a focus on the regional market data indicating that comparable positions are compensated at around \$290,000. Ms. Spinosa noted that her role includes legal responsibilities, which result in significant savings for the system.

The Board reviewed salary data from a regional survey and discussed where Kristi's compensation should fall relative to the market. It was agreed that Kristi's current salary is below market, and an adjustment would bring it closer to an appropriate level. After discussion, a motion was made by Mr. Burgoyne to increase Kristi's salary to \$276,111, which would include the 3.04% COLA and a market increase. The motion was seconded by Ms. Kelly and passed unanimously.

Next, the Chairman invited Mr. Curran to address the Board on his proposed 2025 contract. Upon motion of Mr. Richard, seconded by Ms. Kelly, the new contract was approved.

The Board next discussed the request of new retiree Karen Barthelman to designate an Option 4 beneficiary that is not her legal spouse or a first degree relative. A motion was made by Mr. Richard, seconded by Ms. Fontenot, to approve the Option 4 joint and 50% beneficiary request based on the unique facts and circumstances related solely to Ms. Barthelman, including the ages and relationship of the member and beneficiary (born in 1964 and

The Board next discussed adopting the same holiday schedule as the State of Louisiana for ease of administration, noting that in the past, the system had not followed the state's exact schedule. A motion was made to adopt the State of Louisiana's 2025 published holiday schedule, with the addition of Memorial Day and the day after Thanksgiving. The motion was seconded and passed unanimously.

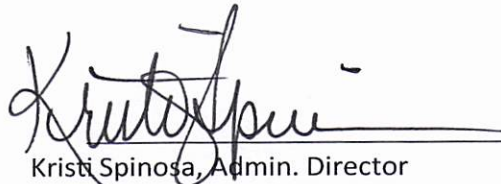
Meeting dates and times for 2025 were addressed next. The proposed meeting dates for 2025 were reviewed:

- March 18, 2025
- June 17, 2025
- September 7, 2025 (to be held during the LAPERS in New Orleans)
- December 9, 2025

A motion to approve the meeting dates, with a start time of 9am, was made, seconded, and passed unanimously.

Upon the motion of Mr. Richard, seconded by Mr. Burgoyne, and a unanimous vote, the meeting was adjourned.



Bruce Kelly, Chairman

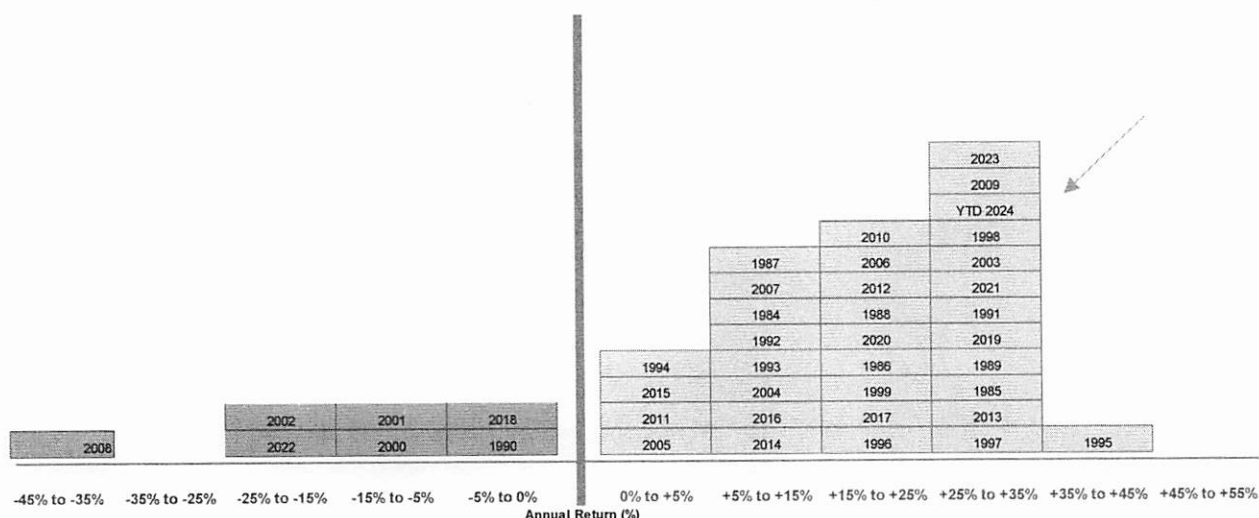
Kristi Spinosa, Admin. Director

Attachment 1: Investment Update

Since September 30th, equity markets turned strongly positive post the election, while bond markets have been more reserved, amid skepticism on Federal debt, more rate cuts and inflation fears related to a new policy outlook. Through the month of November, the PERSLA investment portfolio has returned approximately 12.5% year-to-date.

CIO Insights

When you're hot you're hot and when you're not you're not! The histogram of the annual returns of the S&P 500 Index for the last forty years is outlined below. As you can see, 2023 and year to date 2024, rank in the higher end of the return range for the Index. What should we think about that? With two strong years (almost) in the books, a bit of caution is advised. There is a lot we don't know about how the policy programs laid out during the election process in terms of what will or will not be put into effect. We do know that the markets are "optimistically" pricing in a lot of good news. That means if it does not come to pass, disappointment is the flip side of the coin.



The good news is that with only one month left in 2024, it is shaping up to be a good year for financial markets, and for that, we say "Thanksgiving" to that.

Back in the office and away from the markets, there is plenty to update on. The first order of business has been the review of contracts and account opening documents with Partners Group (hired at the last board meeting to manage a private credit strategy). The account paperwork and contracts are in good order, and I am pleased to report the account has been fully funded as late November. We also completed the review and execution of contracts with Finbourne (approved for hire at the September meeting) to establish a portfolio monitoring system with the goal of being up and running by January.

Another area of focus this quarter was on our private equity manager, Harbourvest. We hired them a bit more than three years ago to manage our entire private equity allocation. Rather than build an allocation to private equity in the more traditional method of funding multiple smaller investments to many different PE funds; we elected to hire one partner with a broad enough platform and deep resources to become our sole private equity "program" manager. They do this via our own separately managed account. The tricky part is to maintain the right amount of dollars committed to the program to achieve our target 5% allocation. All of this to say that we

have met with the folks at Harbourvest and together have agreed on an action plan that will put us on course to do just that. The most recent discussions will have us committing approximately \$240MM in additional funds over the coming years to maintain an approximate 5% allocation to private equity.

Finally, the last area of focus for us has been our portfolio's exposure in companies (stocks) domiciled in China. We currently have just shy of 2.5% of our entire portfolio (almost 5% of our equity portfolio) invested there. Given the asymmetric risk/return profile, we felt it prudent to examine the pros and cons of that investment with Segal. We will highlight recommendations to reduce that exposure in a thoughtful manner during the meeting.

Equity	YTD (%)	Fixed Income	YTD (%)	Equity	MTD (%)	Fixed Income	MTD (%)
All Cap U.S. Stocks		Bloomberg		All Cap U.S. Stocks		Bloomberg	
Russell 3000	27.7	U.S. Aggregate	2.9	Russell 3000	6.7	U.S. Aggregate	1.1
Growth	31.9	U.S. Treasury: 1-3 Year	3.8	Growth	6.8	U.S. Treasury: 1-3 Year	0.3
Value	22.4	U.S. Treasury	2.2	Value	6.5	U.S. Treasury	0.8
Large Cap U.S. Stocks		U.S. Treasury Long	-1.2	Large Cap U.S. Stocks		U.S. Treasury Long	1.8
S&P 500	28.1	U.S. TIPS	3.5	S&P 500	5.9	U.S. TIPS	0.5
Russell 1000	28.1	U.S. Credit: 1-3 Year	4.9	Russell 1000	6.4	U.S. Credit: 1-3 Year	0.4
Growth	32.2	U.S. Intermediate Credit	4.8	Growth	6.5	U.S. Intermediate Credit	0.8
Value	22.8	U.S. Credit	4	Value	6.4	U.S. Credit	1.3
Mid Cap U.S. Stocks		U.S. Intermediate G/C	3.6	Mid Cap U.S. Stocks		U.S. Intermediate G/C	0.6
S&P 400	22.7	U.S. Gov/Credit	2.9	S&P 400	8.8	U.S. Gov/Credit	1
Russell Midcap	24.1	U.S. Gov/Credit Long	0.7	Russell Midcap	8.8	U.S. Gov/Credit Long	2
Growth	30.2	U.S. MBS	2.9	Growth	13.3	U.S. MBS	1.3
Value	22	U.S. Corp High Yield	8.7	Value	7.4	U.S. Corp High Yield	1.2
Small Cap U.S. Stocks		Global Aggregate (USD)	0.5	Small Cap U.S. Stocks		Global Aggregate (USD)	0.3
S&P 600	18.1	Emerging Markets (USD)	7.9	S&P 600	10.9	Emerging Markets (USD)	1.1
Russell 2000	21.6			Russell 2000	11		
Growth	25.4	Morningstar/LSTA		Growth	12.3	Morningstar/LSTA	
Value	17.9	Leveraged Loan	0	Value	9.6	Leveraged Loan	0
International				International			
MSCI EAFE NR (USD)	6.2			MSCI EAFE NR (USD)	-0.6		
MSCI EAFE NR (LOC)	10.8	Alternative		MSCI EAFE NR (LOC)	0.6	Alternative	
MSCI EM NR (USD)	7.7	Bloomberg Commodity	4.3	MSCI EM NR (USD)	-3.6	Bloomberg Commodity	0.4
MSCI EM NR (LOC)	11.8	S&P GSCI	5.8	MSCI EM NR (LOC)	-2.7	S&P GSCI	0.1

Equity Markets

The month of November was one of the strongest in recent history. The S&P 500 Index gained 5.9% for just the month alone and 28.1% year-to-date. Market breadth also broadened, as the Top 5 stocks within the S&P 500 Index only contributed a quarter of the overall performance of the Index. This is quite a contrast from past months this year where the Top 5 stocks contributed upwards of 67% of the total Index's performance. Small cap stocks had their best month of the year, as the Russell 2000 Index increased 11.0%, and have been outperforming large cap stocks since June 30th. Non-U.S. Developed and Emerging Markets stocks have struggled post-election due to a stronger dollar and the potential outlook for tariffs. The MSCI EAFE Index returned -0.6% for the month of November, while the MSCI Emerging Markets Index declined 3.6%.

Fixed Income Markets

Post election, interest rates initially rose with the 10-year Treasury peaking at 4.4% and the 30-year at 4.6%. However, by month end, both 10- and 30-year Treasuries settled at 4.1% and 4.4%, respectively. The Bloomberg Aggregate Index ended the month of November with a positive return of 1.1%. Shorter maturity bonds held fairly steady during the month, with the 1-3-Year Treasury Index returning 0.3%. The Credit sector also had positive returns for the month, as High Yield and Investment Grade bonds returned 1.2% and 0.4%, respectively.

DROP Interest Rate Calculation	
2023	
November	5.40%
December	5.40%
2024	
January	5.39%
February	5.35%
March	5.34%
april	5.32%
May	5.30%
June	5.29%
July	5.28%
August	5.25%
September	5.09%
October	4.82%
Average	5.27%

Source: 12-month average yields per JP Morgan Prime
Money Market Fund Institutional Shares