MINUTES OF THE MEETING
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
BATON ROUGE, LOUISIANA
JUNE 18, 2024

The Board of Trustees met on the above date at the retirement system office, 7905 Wrenwood Boulevard. Chairman Bruce Kelly presided and called the meeting to order at 8:30 a.m. Ms. Dainna Tully, Administrative Director, gave the invocation. Ms. Tully was then asked to call the roll. Members present in addition to those already named were: Ms. Kelly Fontenot, Mr. Phillip Bourgoyne, Mr. M. Larry Richard, and Ms. Bridgette Horton. Members absent were: Senator Bob Owen and Representative Josh Carlson. Also present were Mr. Chris Burke (via teleconference), Chief Investment Officer, Ms. Kristi Spinosa, Assistant Director/General Counsel, Ms. Terrie Rodrigue, former Board chairman, Ms. Laura Gail Sullivan, Board attorney, Mr. Greg Curran, Board Actuary, Mr. Joey David, Legislative Analyst, Ms. Michelle Cunningham and Mr. Patrick Butler of Duplantier, Hrapmann, Hogan and Maher, Mr. Keith Reynolds and Mr. John Ross of Segal Marco Advisors.

Upon motion by Mr. Richard and second by Ms. Fontenot, the minutes of the March 12, 2024 meeting were approved.

Chairman Kelly noted that the Board would take public comment at this time. No one appeared for public comment.

Chairman Kelly asked Mr. Burke to address the investment summary. The investment summary follows:

Investment Update

Just because the calendar changes, doesn't mean the trends do. The strong equity market rally that began late October 2023 has continued into 2024. However, bonds cooled as investors came to the realization that Fed rate cuts were unlikely during the first half of 2024. Since the end of the fourth quarter, the PERSLA investment portfolio has returned approximately 3% quarter-to-date.

CIO Insights

If ever there was a year when the market climbed the proverbial "wall of worry," 2023 was it. Stocks were up 22% (MSCI ACWI) and bonds were up 6% (Bloomberg Multiverse). I am here to tell you that it was not as easy as it looked. Heading into the year, it was consensus thinking by economists and market strategists alike that the US was headed into a FED induced recession. Afterall, the FED had just increased rates by 5% in a compressed period of time. This was all in an effort to tame inflation brought on by reduced supply (stay at home policies during COVID) and increased demand (money showing up in folk's bank accounts during COVID). The market participants (including yours truly) worried all year long, that at any moment, cracks in the labor market were going to form and then spread, and this would couple with slowing economic growth as higher interest rates would bite into corporate profits and consumers pocket books. These circumstances, folks thought, would eventually trigger a decline in the stock market or at least a period of treading water. Well sur-prise, sur-prise! (hat tip Gomer Pyle for those old enough to remember). The labor market stayed strong and economic growth as measured by Real GDP came in at 3.1% for the year, well ahead of forecasts at the beginning of the year and the 0.7% for 2022. Corporate profits grew by almost 9% as well and markets, as they so often do, confounded the experts and their consensus forecasts once again. So, what about this year? What are we seeing and hearing? Well, there is a growing consensus for a gently slowing economy (very soft landing with no recession), corporate EPS growth in double digits, and the FED to cut rates in the back half of the year. Anyone want to take the other side of that?

Back in the office and away from the markets, we are in the final stages of contract negotiations with Comgest and will be looking to fund them by the second week of March. The Board voted to hire them at the last board meeting. In preparation, we have re-balanced some of our other international equity positions by reducing exposure to EM-dedicated mandates since our recently hired international equity managers all have exposure to EM. We have a little bit more work to do in this segment of our portfolio before sitting back and letting the dust settle on these decisions. We will be making a recommendation addressing this issue at the board meeting. On the asset allocation front, we have decided to push our Asset / Liability Study back to the June Board meeting to allow our actuary time to complete the experience study (which is an input to the A/L study).

February 2024

February was a solid month for equities, but bonds struggled amidst stronger growth and increased inflation fears. The CPI in January increased 0.3% after rising less (0.2%) in December, with a year/year increase of 3.1%. PCE numbers were released in late February and were also higher at 0.3% for January and 2.4% year/year. The same patterns as noted in prior releases were evident; goods inflation was lower, and services inflation was higher (including housing as notably strong). This, coupled with strong labor numbers, fueled bond market anxiety about interest rate cuts materializing in the near term.

Equity	YTD (%)	Fixed Income	YTD (%)
All Cap U.S. Stocks		*Bloomberg*	
Russell 3000	6.6	U.S. Aggregate	-1.7
Growth	9.2	U.S. Treasury: 1-3 Year	-0.1
Value	3.5	U.S. Treasury	-1.6
Large Cap U.S. Stocks		U.S. Treasury Long	-4.4
S&P 500	7.1	U.S. TIPS	-0.9
Russell 1000	6.9	U.S. Credit: 1-3 Year	0.2
Growth	9.5	U.S. Intermediate Credit	-0.7
Value	3.8	U.S. Credit	-1.6
Mid Cap U.S. Stocks		U.S. Intermediate G/C	-0.8
S&P 400	4.1	U.S. Govt/Credit	-1.6
Russell Midcap	4.1	U.S. Govt/Credit Long	-3.9
Growth	6.9	U.S. MBS	-2.1
Value	2.9	U.S. Corp High Yield	0.3
Small Cap U.S. Stocks		Global Aggregate (USD)	-2.6
S&P 600	-0.8	Emerging Markets (USD)	-0.2
Russell 2000	1.5		
Growth	4.7	*Morningstar/LSTA*	
Value	-1.4	Leveraged Loan	1.6
International			
MSCI EAFE NR (USD)	2.4		
MSCI EAFE NR (LOC)	5.7	**Alternative**	
MSCI EM NR (USD)	-0.1	Bloomberg Commodity	-1.1
MSCI EM NR (LOC)	1.4	S&P GSCI	5.4

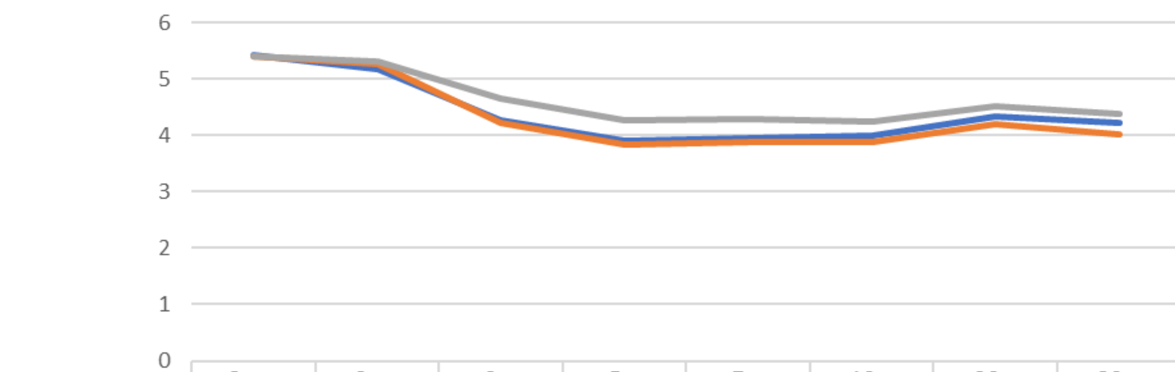
Equity	MTD (%)	Fixed Income	MTD (%)
All Cap U.S. Stocks		*Bloomberg*	
Russell 3000	5.4	U.S. Aggregate	-1.4
Growth	6.9	U.S. Treasury: 1-3 Year	-0.4
Value	3.7	U.S. Treasury	-1.3
Large Cap U.S. Stocks		U.S. Treasury Long	-2.3
S&P 500	5.3	U.S. TIPS	-1.1
Russell 1000	5.4	U.S. Credit: 1-3 Year	-0.2
Growth	6.8	U.S. Intermediate Credit	-0.9
Value	3.7	U.S. Credit	-1.4
Mid Cap U.S. Stocks		U.S. Intermediate G/C	-1.0
S&P 400	5.9	U.S. Govt/Credit	-1.4
Russell Midcap	5.6	U.S. Govt/Credit Long	-2.4
Growth	7.5	U.S. MBS	-1.6
Value	4.8	U.S. Corp High Yield	0.3
Small Cap U.S. Stocks		Global Aggregate (USD)	-1.3
S&P 600	3.3	Emerging Markets (USD)	0.4
Russell 2000	5.7		
Growth	8.1	*Morningstar/LSTA*	
Value	3.3	Leveraged Loan	0.9
International			
MSCI EAFE NR (USD)	1.8		
MSCI EAFE NR (LOC)	3.0	**Alternative**	
MSCI EM NR (USD)	4.8	Bloomberg Commodity	-1.5
MSCI EM NR (LOC)	5.1	S&P GSCI	0.9

Equity Markets:

Global stocks continued the January trend and were positive for the month, including Emerging Markets which has been a laggard of late. Small cap growth stocks led the month with a return of 8.1% as growth stocks across all capitalization sizes continued to outperform value stocks. Notably, all sectors of the S&P 500 had a positive month, led by the Consumer Discretionary (+8.7%) and Industrials (+7.2%) sectors. The S&P 500 Index returned 5.3% for the month, bringing the two-month year-to-date return to 7.1%. Non-US stocks as measured by the MSCI EAFE Index had a positive month (+1.8%) and China led the Emerging Markets return for the month (+8.4%), although year-to-date China is still negative (-3.1%), while the Emerging Markets index returned -0.1%.

Fixed Income Markets:

Bonds struggled to digest the recent strong economic data relative to wishful expectations for interest rate cuts. The increase in yields during February took the 10-year Treasury back to levels last seen in the summer/fall of 2023. It seems the market has again adjusted to more of a higher for longer mentality, although cuts are still priced in for later in the year. For the month of February, the Bloomberg Aggregate Bond Index declined 1.4%. Both Long and Short Duration Treasuries were negative for the month, returning -2.3% and -0.4%, respectively. Investment Grade Credit (-1.4%) trailed High Yield Bonds, which posted a modestly positive return of 0.3%.



	3 mo	6 mo	2yr	5yr	7yr	10yr	20yr	30yr
12/29/2023	5.42	5.18	4.27	3.91	3.95	3.99	4.34	4.22
1/31/2024	5.4	5.26	4.23	3.84	3.88	3.88	4.2	4.01
2/29/2024	5.4	5.3	4.64	4.26	4.28	4.25	4.51	4.38

Chairman Kelly asked Mr. Reynolds to deliver the report from Segal Marco Advisors. Mr. Reynolds stated that for the period ending 4/30/24 the fund's return was 2.76%. The portfolio value as of 4/30/24 is $5,278,423,540. Equity and alternatives had positive returns for this period while the fixed income component was slightly negative.

Mr. Reynolds stated that John Ross would present the results of the asset liability study. Mr. Ross indicated that the current strategic asset allocation is expected to return 6.7% over the long term. Mr. Ross reviewed the modeling process used by Segal Marco. The modeling process generated several portfolios for the Board to consider. The target portfolio, the less volatility portfolio and the mid volatility portfolio were presented.

The less volatility portfolio allocation is 40% fixed income, 44% equity and 16% alternatives. The mid volatility portfolio allocation is 36.5% fixed income, 47.5% equity and 16% alternatives. This compares to the target portfolio allocation of 33% fixed income, 51% equity and 16% alternatives. Mr. Reynolds stated that the investment committee recommends the mid volatility portfolio. Upon motion by Mr. Bourgoyne and second by Mr. Richard, the Board adopted the mid volatility asset allocation.

Mr. Burke next reviewed the revised investment policy statement that had been emailed to the Board members. He indicated that changes were minimal. Upon motion by Ms. Fontenot and second by Ms. Horton, the revised investment policy statement was adopted.

Mr. Burke next reviewed the investment timeline for the remainder of the year. He stated that manager presentations would be scheduled for the September and December meetings.

Upon motion by Mr. Richard and second by Ms. Horton, the Board approved retirements for April, May and June of 2024. A handout detailing all retirements for these months was provided to all Board members.

Upon motion by Mr. Bourgoyne and second by Ms. Horton, the Board approved the following request for reciprocal recognition:

Joseph Oubre, District Attorneys' Retirement System

Upon motion by Ms. Fontenot and second by Ms. Horton, the Board approved the following requests for actuarial transfer of service:

Kenneth Adamson, W. Cal. Cam. Hosp. **from** State Employees

Cassandra Ballard, Livingston Com. **To** Sheriffs

Tina Bellon, Calcasieu **from** State Employees

Breigh Bonin, Iberia Medical **to** Teachers

Colleen Brown, Bossier **from** Teachers

Wayne Davis, Jefferson **to** City of New Orleans

Callie Delcambre, St. Martin **from** School Employees

David Dingler, Terrebonne **to** Sheriffs

Michele Enright, Jefferson **from** City of New Orleans & Municipal Employees

Hubert E. Franklin, Jefferson **from** Municipal Employees

Terri Giauque, Iberville **from** State Employees

Angela Harrington, Beauregard **to** State Employees

Jeanne Hendrix, Pt. Coupee Hosp. **from** State Employees

Monica Kamboj, Jefferson **to** State Employees

Toby Leos, 22nd JDC **from** Municipal Police

Kevin McElhaney, N. Caddo Medical **from** Teachers

Paula Miles, Jefferson **to** State Employees

Kelli Moore, St. Tammany **from** Sheriffs & Municipal Employees

Novella Moore, St. Tammany **to** State Employees

Robert Nalezinek, Rapides **to** City of Alexandria

Caleb Richardson, Tangipahoa **from** State Employees

Monica Roussel, St. James Hospital **to** Teachers

Laurie Segura, Iberia Medical **from** Teachers

Kayla Shirley, Franklin Library **from** Teachers

Hobin Stout, W. Cal. Cam. Hosp. **from** State Employees

Ginger Theriot, 16th Judical DA **to** Sheriffs

Danielle Tolbird, Ouachita **to** Teachers

Simone Trappey, Iberia Medical **from** State Employees

Taylor Walker, Iberia Medical **from** Teachers

Elora Wall, N. LA Crime Lab **to** Sheriffs

Stephen Woods, St. Landry **from** Municipal Employees

William Zaunbrecher, W. Cal. Cam. Hosp. **from** State Employees

Chairman Kelly welcomed Ms. Cunningham and Mr. Butler of Duplantier, Hrapmann, Hogan and Maher. Ms. Cunningham informed the members that she would review the audit for the year ending December 31, 2023. The system received an unmodified opinion on the basic financial statements. Ms. Cunningham indicated that there were no findings for this year's audit.

Ms. Cunningham stated that Management's Discussion and Analysis gives the reader a good overview of the financial activities of the system. She stated that the total pension liability at December 31, 2023 was $4,847,819,779 for Plan A and $442,186,112 for Plan B.

Mr. Butler reviewed the Statement of Fiduciary Net Position. The plan fiduciary net position as a percentage of total pension liability for Plan A is 98.03% and for Plan B is 99.77%. Ms. Butler indicated that the Employer's Net Pension Liability would be reflected as a liability for employers in Plan A and Plan B. Ms. Cunningham stated that the money-weighted return for Plan A and Plan B is 13.58% for the year ending 12/31/23.

Mr. Butler stated that under GASB 67, a census audit must be conducted. He stated that Duplantier audited four participating employers as part of the census audit. He indicated that for the most part there were only minor findings in the census audit.

Mr. Butler stated that Duplantier also conducted the Statewide Agreed Upon Procedures audit. He indicated that there were two findings in the Statewide Agreed Upon Procedures audit. The system staff was required to receive one hour of cybersecurity training in 2023. Mr. Butler stated that the staff received the training as soon as they received notification of the requirement, but the training took place in early 2024. The other finding was that the harassment policy was not posted on the website. He stated that this is another recent requirement and the policy was added to the system's website as soon as they received notification of this requirement in 2024.

Mr. Butler indicated that under GASB 68, a schedule of the employer allocation of the net pension liability must also be audited. He stated that this audit has not been completed, but DHHM will try to have this audit completed by August.

Ms. Cunningham informed the Board that DHHM audits much larger retirement systems than PERS. She commended the leadership of PERS for how well run the system is.

Upon motion by Mr. Richard and second by Ms. Horton, the Board accepted the audit report for the year ending December 31, 2023 and authorized the execution of the Louisiana Attestation Questionnaire and Louisiana Compliance Questionnaire.

Chairman Kelly thanked Ms. Cunningham and Mr. Butler for their presentation.

Chairman Kelly asked Mr. Greg Curran to present the actuarial report for the year ending December 31, 2023. Mr. Curran stated that Plan A had 13,824 active members as of 12/31/23. The number of active members increased in Plan A. Plan B had 2,384 active members as of 12/31/23. He stated that the number of active members also increased in Plan B from the last valuation. Mr. Curran indicated that the number of retired members has increased in both plans.

Mr. Curran stated that the actuarial rate of return for 2023 was 7.1% in Plan A and 7.0% ion Plan B. He explained that this actuarial rate of return utilizes the five year smoothing technique. Mr. Curran stated that the assumed actuarial rate of return was reduced to 6.4% effective 12/31/20. The inflation rate assumption for both plans is 2.3%.

Mr. Curran stated that the liability experience in Plan A was unfavorable. Disabilities were below projected levels while retiree deaths were above projected levels. Retirements, DROP entries and average salary increases were above projected levels. Plan liability losses increased the normal cost accrual rate by 0.7528%.

The liability experience in Plan B was also unfavorable. Disabilities were below projected levels and retiree deaths were above projected levels. Retirements, DROP entries and average salary increases were above projected levels. Plan liability losses increased the normal cost accrual rate by 0.4280%.

Mr. Curran stated that the minimum recommended employer contribution rate for Plan A for 2025 is 7.25%. The minimum recommended employer contribution rate for Plan B for 2025 is 5.50%.

Mr. Curran next reviewed the COLA's for Plan A and Plan B. He indicated that the Board is able to grant a COLA to retirees effective 1/1/25 because a COLA was granted effective 1/1/23.

Mr. Curran indicated that a transfer from Plan B to Plan A is required to move service credit from one plan to the other so that members can receive one check at retirement. The amount calculated as of December 31, 2023 is $72,345 to be transferred from Plan B to Plan A.

Upon motion by Ms. Fontenot and second by Mr. Bourgoyne, the Board accepted the Actuarial Valuation and Experience Study and adopted the assumptions contained in the valuation for the year ending December 31, 2023.

Upon motion by Mr. Bourgoyne and second by Ms. Horton, the Board adopted an employer rate of 11.00% and an employee rate of 9.5% for 2025 in Plan A contingent upon the adoption of the actuarial report by the Public Employees' Retirement Systems

Actuarial Committee (PERSAC). Upon motion by Mr. Bourgoyne and second by Ms. Fontenot, the Board adopted an employer rate of 7.00% and an employee rate of 3% for 2025 in Plan B contingent upon the adoption of the actuarial report by PERSAC.

Upon motion by Ms. Fontenot and second by Mr. Bourgoyne, the Board authorized the use of the funding deposit account to fully fund the COLA for retirees age 62 and older as provided by R.S. 11:1937 for both Plan A and Plan B effective January 1, 2025. Chairman Kelly abstained from the vote.

Chairman Kelly stated that the Board needs to approve the transfer from Plan B to Plan A as recommended by Curran Actuarial Consulting. Upon motion by Mr. Richard and second by Mr. Bourgoyne, the Board approved a transfer of $72,345 from Plan B to Plan A.

Chairman Kelly thanked Mr. Curran for his presentation.

Ms. Tully next presented the quarterly report on the operating budget to the Board. The budget was presented for informational purposes.

Chairman Kelly asked Ms. Tully to discuss the Board policy for holidays. Ms. Tully stated that the Board approves holidays for the system staff at the December Board meeting each year. Ms. Tully informed the Board that the 4th of July falls on a Thursday this year. She asked the board to consider allowing the retirement system to close if the governor has declares July 4 and July 5 as a holiday for the state. Ms. Tully indicated that the current Board holiday schedule gives the staff of the retirement system July 4th as a holiday, but she would like for the Board to consider also granting July 5 if the governor declares this day a holiday. Upon motion by Mr. Richard and second by Mr. Bourgoyne, the Board allowed the July 4 and July 5 as a holiday for the retirement system staff if the governor declares these days a holiday for the state of Louisiana.

Chairman Kelly asked Ms. Spinosa to provide a legislative update. Ms. Spinosa indicated that the following bill applied to PERS and has been signed by the governor:

SB 1 by Senator Price – this bill amends the provisions relative to actuarial transfers between systems. The amount of employer contributions paid in a transfer out will be the actuarially required employer contributions. Effective 6/30/24

Ms. Spinosa stated that several pieces of legislation did not pass, but may reappear in future sessions. She indicated that anti ESG legislation and legislation relating to proxy voting were authored this year. Ms. Spinosa stated that the Police Jury Association was helpful during the session in attending retirement committee meetings. She informed the Board that future legislation will be monitored.

Chairman Kelly asked Ms. Spinosa to provide the technology update. Ms. Spinosa stated that she is looking into a cloud based server for the system. She also indicated that she has been monitoring the transition of the Clerks, Assessors and State Police systems to a new proprietary database. She explained that all three systems have gone live on the new database and she will continue to monitor the transition before recommending that PERS transfer to this database. Ms. Spinosa also indicated that she is looking to get the hardware in the office on a rotation for replacement. She explained that use of share file is being used to communicate with employers and vendors.

Chairman Kelly asked the Board members if they had any comments on the technology update. Ms. Fontenot stated that the system needs to permit electronic onboarding of new employees and needs to work toward allowing all employers to remit payment electronically. Chairman Kelly asked Ms. Spinosa to prepare a timeline for the technology initiatives for the September meeting.

Ms. Spinosa informed the Board that she would like to make some changes to staffing to accomplish more of the technology updates and assist with the incoming benefits work. Instead of an Assistant Director, Ms. Spinosa would like to hire a Chief Operating Officer who will spearhead several project initiatives. She also would hire one Benefits Analyst in 2024 and possibly another Analyst in 2025 to help with the workload in the benefits area.

Chairman Kelly asked Ms. Tully to discuss the annual conference schedule. Ms. Tully indicated that the LAPERS Seminar would be held at the New Orleans Marriott from 9/8 – 9/10/24. He encouraged all board members to attend. Ms. Spinosa stated that the board members would get most of their trustee education at this seminar.

Chairman Kelly indicated that personnel matters would now be discussed. Ms. Tully informed the Board that she would be retiring effective August 16, 2024. The Board discussed the succession plan for Ms. Tully's replacement. Upon motion by Mr. Bourgoyne and second by Ms. Horton, the Board appointed Ms. Kristi Spinosa as the Administrative Director effective August 16, 2024 and set her salary at $240,000 plus a car allowance of $3,600 annually.

Ms. Tully indicated that she had prepared a resolution for the Board which would give Ms. Spinosa authority to act on financial matters and to initiate and prosecute litigation on behalf of the Board. The resolution would be effective August 16, 2024. Upon motion by Ms. Fontenot and second by Ms. Horton, the Board authorized the following resolution:

DELEGATION OF AUTHORITY

BE IT RESOLVED that effective August 16, 2024, Kristi G. Spinosa is authorized and empowered for and on behalf of, and in the name of the Parochial Employees' Retirement System, to act and to take all actions for and on behalf of the Board which are authorized or contemplated by LA R.S. 11:1901, et. Seq. or board vote, including acting on all financial matters and initiating and prosecuting litigation on behalf of the Parochial Employees' Retirement System which have been approved by this Board; AND

BE IT FURTHER RESOLVED that all authority granted by the resolution effective August 16, 2024, remains valid and in FULL FORCE AND EFFECT until modified or rescinded.

Upon motion by Mr. Richard and second by Ms. Horton, the meeting was adjourned.

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Chairman of the Board