

**MINUTES OF THE MEETING
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
BATON ROUGE, LOUISIANA
MARCH 12, 2024**

The Board of Trustees met on the above date at the retirement system office at 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, Ms. Bridgette Horton, and Mr. M. Larry Richard. Members absent were: Mr. Phillip Bourgoyne, Representative Josh Carlson, and Senator Bob Owen. Also present were Mr. Chris Burke, Chief Investment Officer, Ms. Kristie Spinosa, Assistant Director/General Counsel, Ms. Laura Gail Sullivan, Board Attorney, Mr. Tyler Brannon with Curran Actuarial. Mr. Keith Reynolds of Segal Marco Consulting joined via conference call.

Upon motion by Ms. Fontenot and second by Ms. Horton, the Board approved the minutes of the December 12, 2023 meeting.

Chairman Kelly noted that the Board would take public comment at this time. No one appeared to make 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. After all, 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 trading 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	
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	
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)	
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	
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	
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)	
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

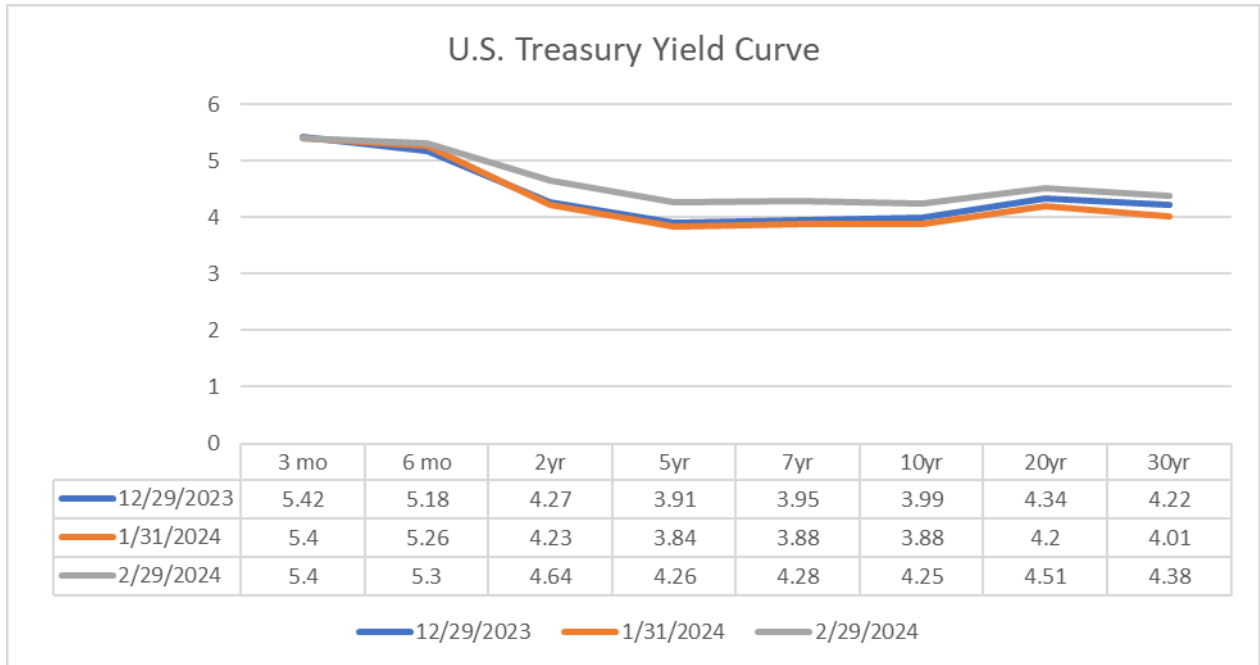
Equity Markets:

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%.



Chairman Kelly asked Mr. Reynolds to present the investment performance reports from Segal Marco Consulting. Mr. Reynolds stated that the market value of the portfolio was \$5.138 billion as of December 31, 2023. Mr. Reynolds stated that the plan’s return was 13.87% for 2023. Mr. Reynolds reviewed performance for all managers for the periods ending 12/31/23.

Mr. Burke informed the Board that the Loomis Sayles Small Cap Value team would present next. Mr. Burke introduced Mr. Joe Gatz and Ms. Teresa Woo of Loomis Sayles. Mr. Burke stated that PERS has utilized Loomis Sayles in this asset class for 26 years. Ms. Woo stated that Loomis Sayles manages over \$335 billion in assets. She indicated that Loomis has been in the investment management business since 1926.

Mr. Gatz thanked the Board for the long term relationship. Mr. Gatz explained that the small cap equity team is made up of 7 investment professionals. He indicated that the small cap value strategy seeks to provide consistent, long term investment performance superior to the Russell 2000 Value Index.

Mr. Gatz explained that the team seeks to uncover higher quality businesses trading at a discount to intrinsic value. He indicated that the team generally invests when a security

sells at a significant discount to the assessed value of the business. Mr. Gatz stated that the long term horizon is critical to the team's investment philosophy.

Mr. Gatz next reviewed the performance of the small cap value portfolio for 12 months ending 12/31/23. For this period, the gross return of the portfolio was 20.56%. He stated that positive stock selection in consumer staples, energy and information technology sectors positively impacted performance. The portfolio was underweight to consumer discretionary and overweight to health care which negatively impacted performance. He informed the Board that the portfolio has outperformed the index for 7 out of 10 years.

Chairman Kelly thanked Mr. Gatz and Ms. Woo for their presentation.

Chairman Kelly asked Mr. Burke and Mr. Reynolds to address the recommendation regarding Mondrian Small Cap. Mr. Reynolds stated that Segal Marco has tried to discuss underperformance with Mondrian. He indicated that the firm has been defensive of the portfolio's underperformance. Mr. Reynolds stated that Segal Marco is no longer recommending Mondrian as an international small cap equity manager. He recommended that the Board of Trustees consider terminating Mondrian. Mr. Burke stated that Mondrian has underperformed the benchmark for the past 10 years. He stated that he has also had defensive conversations with Mondrian when discussing underperformance. Mr. Burke agreed that the Board should terminate Mondrian. Upon motion by Mr. Richard and second by Ms. Fontenot, the Board authorized termination of Mondrian effective immediately.

Chairman Kelly asked Mr. Burke to discuss the PE Global recommendation. Mr. Burke updated the Board on the currency program performance through February of 2024. He stated that PE Global would like to implement a cash equitization strategy to compliment the hedge and active management strategy currently authorized by the Board. This would involve taking the 1% cash balance held with PE Global and a futures contract would be purchased to give us exposure to the stock market. Mr. Burke stated that this will not cost any more than the current strategy. Upon motion by Ms. Fontenot and second by Mr. Richard, the Board authorized implementation of the cash equitization strategy with PE Global.

Mr. Burke reviewed the investment timeline for 2024. He indicated that at the June meeting the Investment Policy Statement and the asset liability study would be reviewed.

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Upon motion by Ms. Horton and second by Mr. Richard, the Board approved retirements for January, February and March of 2024. A handout detailing all retirements for the quarter was provided to all Board members.

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

Shantel Alleman, Beauregard **to** Municipal Employees

Kimberly A. Boudreaux, Terrebonne **to** Sheriffs

Joshua A. Buras, Plaquemines **to** School Employees

Emily L. Causey, Rapides **to** Sheriffs

Casscile Couch, Beauregard **from** Teachers

Blair V. Ellinwood, St. Bernard **to** Municipal Employees

Michael Enright, Jefferson **from** City of New Orleans

Shanon B. Fields, Ascension **to** Teachers

Andrea K. Flockton, Iberia **to** Teachers

William Hart, St. Tammany & 22nd JDC **to** Sheriffs

Michael D. Jones, Audubon Library **to** Teachers

Monica Kamboj, Jefferson **to** State Employees

Jennifer Martin, St. Tammany Library **to** Teachers

Mark Mathewes, Ascension **from** Teachers

Michael McNab, Jefferson **from** Clerks of Court

Tanja Nicholas, Jefferson **from** City of New Orleans

Lankhanh Pham, Lafayette **from** Teachers

Steven Quaintance, Jefferson **from** Sheriffs

Chizell Romero, Lafayette **from** State Employees

Autumn Rougeaux, Vermillion & 15th JDC **to** Teachers

Francis L. Roucher, Jr., Iberville **to** Municipal Employees

Jaqueline Sanchez, Ascension **to** District Attorneys

M. E. Toye Taylor, Washington **to** State Employees

Collin Yammarino, Ascension **from** School Employees

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

Chairman Kelly asked Ms. Tully to discuss the quarterly report on the 2023 operating budget. Ms. Tully presented a report on the 2023 budget and indicated that the report is for informational purposes.

Chairman Kelly asked Ms. Tully to discuss the 2023 actuarial and audit reports. Ms. Tully stated that the auditing firm has begun the census audits at selected parishes and will be in the retirement office to begin field work in April. Ms. Tully stated that the file with the data for the retirement system was delivered to Curran Actuarial.

Chairman Kelly asked Mr. Brannon to review the experience study prepared by Curran Actuarial. Mr. Brannon stated that all assumptions are reviewed to determine if changes are necessary. He indicated that the inflation rate was reviewed and the current rate of 2.3% remains a reasonable rate and will be utilized in the actuarial valuation. He also stated that the valuation interest rate of 6.4% was also found to be reasonable and will be utilized in the valuation.

Mr. Brannon next reviewed the salary scale rates utilized for Plan A and Plan B. He stated that the current salary scale rates of 4.75% in Plan A and 4.25% in Plan B are reasonable and will be utilized in the valuation. Mr. Richard stated that he can see salaries in his parish increasing by 15 to 20%. Ms. Fontenot agreed that Calcasieu Parish has had to increase salaries to recruit and retain employees.

Mr. Brannon reviewed the proposed assumptions that will be used for withdrawals, retirements, DROP entry and post-DROP retirement for Plan A and Plan B. He mentioned that the assumptions for these categories have changed slightly.

Mr. Brannon stated that the mortality base tables will remain unchanged. He indicated that the mortality improvement scales have been updated to the most recently published by the Society of Actuaries in 2021. Overall, Mr. Brannon stated that the experience study resulted in a savings of 0.39% in Plan A and 0.08% in Plan B. Upon

motion by Mr. Richard and second by Ms. Horton, the Board adopted the results of the experience study prepared by Curran Actuarial. Ms. Tully explained that the results of the study will be utilized to prepare the actuarial valuation for the year ending 12/31/23.

Chairman Kelly asked Ms. Spinosa to provide an update on information technology. Ms. Spinosa stated that the technology update will be provided at each Board meeting. She indicated that she is monitoring the progress of a membership database that is being implemented by State Police, Assessors and Clerks. Chairman Kelly advised that all employers' capability be considered before implementing a new software program. Ms. Fontenot asked Ms. Spinosa to comment on the onboarding process. Ms. Spinosa stated that after the imaging project is near completion, the process of accepting enrollment applications through a portal or the current FTP site would be evaluated.

Chairman Kelly asked Ms. Tully to review the financial disclosure forms for Board members. Ms. Tully provided each Board member with a copy of the Personal Financial Disclosure Tier 2.1 form that is required to be filed with the Louisiana Ethics Board by May 15, 2024. Ms. Tully indicated that the members can either mail or fax this form to the Ethics Board.

Chairman Kelly asked Ms. Spinosa to present the 2024 Legislative Update. Ms. Spinosa reviewed the following bills:

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.

SB 5 by Senator Miguez – titled The Public Pension Fiduciary Act

- Provides that investment managers shall be subject to the same fiduciary duties as the Board.
- Establishes requirements on proxy voting.
- The Attorney General is charged with enforcing the Act.
- Also stipulates that a company who serves as a fiduciary who violates the provisions of the Act shall be obligated to pay damages to the system in an amount equal to three times all monies paid to the company.

Ms. Spinosa stated that Senate Bill 1 is a technical change. She stated that all of the systems have worked on this bill and it will put into statute the practice that is in place for actuarial transfers. Ms. Spinosa stated that Senate Bill 5 is an anti-ESG bill. She

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explained that all of the systems have worked on substitute language to be submitted to Senator Miguez. She recommended that the Board oppose the bill as written but authorize staff to work with the author on amendments. Upon motion by Mr. Richard and second by Ms. Horton, the Board opposed Senate Bill 5 as written and authorized staff to work with the author.

Chairman Kelly asked Ms. Tully to discuss the annual conference schedule. Ms. Tully stated that each Board member is encouraged to attend the LAPERS Seminar in New Orleans. This conference will be held at the New Orleans Marriott from 9/8/24 to 9/10/24.

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

Chairman of the Board