

**MINUTES OF THE MEETING
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM
BATON ROUGE, LOUISIANA
DECEMBER 15, 2021**

The Board of Trustees met on the above date at the retirement system office at 7905 Wrenwood Boulevard. Chairman Terrie Rodrigue presided and called the meeting to order at 8:30 a.m. Ms. Dainna Tully, Administrative Director, gave the invocation. Chairman Rodrigue then asked Ms. Tully to call the roll. Members present in addition to those already named were: Ms. Tammy Bufkin, Mr. Phillip Bourgoyne, and Mr. Bruce Kelly. Members absent were: Ms. Julia Fisher-Perrier, Senator Robert Mills and Representative Julie Emerson. Also present were Mr. Chris Burke, Chief Investment Officer, Ms. Becky Fontenot, Assistant Director, Mr. Greg Curran, Actuary, Ms. Denise Akers, Board Attorney, Representative Phillip DeVillier and Mr. Keith Reynolds of Segal Marco Advisors (via teleconference).

Upon motion by Ms. Bufkin and second by Mr. Bourgoyne, the Board approved the minutes of the September 21, 2021 meeting.

Chairman Rodrigue noted that the Board would take public comment at this time.

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

Investment Recap – 3Q 2021

CIO Insights:

This month we are wrapping up what turned into a two-year project of examining every segment of the investment portfolio from a structural and efficiency standpoint. Along the way, we have exited five strategies in our fixed income and equity areas, consolidated our private equity allocation with one manager, refined our investment line-up in real assets, hired a currency overlay manager to replace “unintentional” currency exposure with “thoughtful” currency exposure, enhanced our fixed income line-up with a unique private credit strategy, and this month will revamp our opportunistic hedge fund strategy from an off the shelf approach to a customized mandate designed specifically PERSLA. In addition to streamlining and positioning the portfolio for the future, the fee savings generated from all of these modifications are estimated at \$5.4M to \$6M annually when compared to fee schedules prior to the changes. The savings come from hitting additional breakpoints, discounts, and greater bargaining power achieved primarily through consolidation.

Assuming the portfolio holds onto its double digit return through the end of the year, it would mark the first time (data since 1990) the PERSLA plan has had three consecutive calendar years with double digit returns. In fairness, the 1990 - 1992 time period came extremely close to accomplishing the same but fell short by one tenth of a percent in 1992

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(9.9% return that year). It's also likely to be the second best three-year period on record trailing only the period ending in 1997. Higher returns, while naturally desirable, usually come with a warning label that reads "Beware of lower returns in the future!"

You don't need your reading glasses to see the warning labels this time. Stock market valuations remain extremely elevated, margin debt is exceedingly high, speculation abounds across virtually all asset classes, and bond yields are simultaneously stuck in the basement. This leaves long term investors looking in various nooks and crannies to figure out how to reach their return targets without jacking up portfolio risk to intolerable levels. Alternatives such as private equity, private credit, infrastructure, and others have all seen their popularity increase. In addition, becoming efficient with every dollar in the portfolio is more critical than ever, as well as finding ways to reduce the overall fee structure in a manner that doesn't impair the risk/return integrity of the portfolio.

Once again, inflation dominated the headlines as the CPI hit levels not seen in 30 years. The "transitory" buzzword is getting stale and looking like it will be replaced with "sticky"... whether this translates to a policy mistake by the FED with respect to monetary policy remains to be seen. The potential consequences of a mistake for equities could be severe. As it turns out, Chair Powell announced during his Congressional testimony that it was time to retire the word "transitory" from the discussion! Good move. The first step in solving a problem is recognizing there is one.

Additional Market Observations:

In the U.S, large cap stocks experienced a reversal from the previous quarters and outperformed small cap stocks. The Russell 1000 Index returned 8.5%, while the Russell 2000 Index gained 4.3%. Value stocks continued their multi-quarter run relative to growth stocks through early May, but the trend reversed for the remainder of the quarter. The Russell 1000 Growth Index (+11.9%) more than doubled the return of the Russell 1000 Value Index (+5.2%). Small cap value stocks continued to beat small cap growth stocks, returning 4.6% and 3.9%, respectively. Almost all sectors within the S&P 500 Index experienced positive returns during the second quarter, with Utilities (-0.4%) being the exception. The Real Estate sector (+13.1%) came out the strongest due to a decline in mortgage rates. Other sectors that performed well were Technology (+11.6%) and Energy (+11.3%), where restored demand for oil increased prices.

Overseas, the international developed markets returned 5.2%, which trailed the U.S. markets, but outperformed the emerging markets during the quarter. Despite trailing developed markets, emerging markets performance was strong for the quarter, returning 5.1%.

Longer-term yields declined as economic activity in the U.S. rebounded. The Barclays Aggregate Bond Index returned 1.8% for the three-month period. U.S. Investment Grade Corporates had the strongest sector performance of 3.6%. of course, with short term

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interest rates still pinned to the ground, the 3-month TBill experienced the weakest performance for the quarter, posting a return near zero.

Alternatives have provided positive results in 2021. Hedge Fund strategies rebounded somewhat during the quarter amid increased volatility, select factor reversals, and an increasingly worrisome inflationary environment. Within Private Equity, positive momentum continues with persistent investor demand accompanying ramped-up mergers and acquisitions activity and volumes. Fundamentals in the Real Estate market remain strong for certain property types and investor demand has increased since markets reopened. The low interest rate environment should encourage continued investor flows into core real estate, while higher returning strategies such as core plus, value added and opportunistic strategies remain attractive options for investors. Likewise, the outlook remains favorable in the near term for Infrastructure, as several tailwinds support fundamentals and the asset class continues to display resilience. Increased need for investment and government funding across sectors and regions to boost longer-term economic growth will be supportive of private investment.

Mr. Reynolds reviewed investment performance. Mr. Reynolds stated that the portfolio value as of 10/31/21 was \$5.33 billion. He stated that for the ten months ending 10/31/21, the portfolio returned 10.45%. He stated that the asset allocation was 55.2% equity, 30.8% fixed income, and 14% alternatives. Mr. Reynolds also reviewed the performance of individual investment managers for the 10 months ending 10/31/21.

Mr. Burke stated that the investment committee met prior to the December meeting. One of the recommendations of the investment committee is to enter into a contract with XTP. XTP is a market leader in conducting manager and custodian cost analysis. Mr. Burke indicated that XTP will analyze all costs of the equity and fixed income managers. The findings will be presented to PERS and then negotiations with the managers will be conducted. XTP will split any savings they uncover on a 50-50 basis over a two year period. Upon motion by Mr. Kelly and second by Mr. Bourgoyne, the Board authorized entering into a contract with XTP subject to legal counsel's approval of the contract.

Mr. Reynolds reviewed the second recommendation of the investment committee. He explained that PERS currently invests in a hedge fund of funds portfolio managed by Blackstone. He indicated that the investment committee interviewed three candidates for the hedge fund allocation. Mr. Reynolds informed the Board that all three candidates proposed a fee savings over the current manager. The recommendation of the investment committee is to enter into a contract with Aksia, LLC to manage \$250 million. Upon motion by Mr. Bourgoyne and second by Ms. Bufkin, the Board authorized execution of a contract with Aksia, LLC pending contract approval by legal counsel.

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Mr. Burke reviewed the investment timeline for 2022. He stated that manager presentations will resume for three of the four regular board meetings in 2022. The investment policy review is scheduled for the June 2022 meeting.

Upon motion by Ms. Bufkin and second by Mr. Bourgoyne, the Board approved retirements for October, November and December of 2021. A handout detailing all retirements for the month was provided to all Board members.

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

Julia M. Marcev, Municipal Employees

Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board approved the following requests for actuarial transfer of service:

Susan Andrews, Jefferson **from** State Employees

Anthony Ayo, St. Charles **from** Teachers

Joseph Bonfanti, Jr., Ascension **from** City of Baton Rouge

Larry O. Bonvillian, Terrebonne **from** Teachers

Brandy Cain, Natchitoches **to** Teachers

Dinah Cain, 15th JDC **to** District Attorneys

Shannon Chase, Jefferson **from** Clerks

David L. Coulon, Sr., St. Landry **to** State Employees

Larry Dural, Lafayette **to** Municipal Employees

Liza Edmond, Lafayette **to** Municipal Employees

Jean Hill, 15th JDC **to** State Employees

Amanda S. Johnson, Bossier **from** City of Shreveport

Allyson E. Martin, Lafayette & 15th JDC **to** State Employees

Deborah Miley, Natchitoches **to** Municipal Employees

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India Roberts, Lafayette **to** Municipal Employees

Megan Ryburn, St. James **to** State Employees

Collins R. Simoneaux, Tangipahoa **from** City of New Orleans

Dean Smith, Ascension **to** State Employees

Christina Strain, Jefferson **to** Sheriffs

Brooke Tolbert, Jefferson **from** City of New Orleans

Christy VanBlaricum, 8th JDC **from** Municipal Employees

Denise B. Windom, St. Tammany **from** Clerks & Municipal Employees

Chairman Rodrigue asked Mr. Curran to address the contract for actuarial services for 2022. Mr. Curran stated the monthly retainer remains the same as 2021. Ms. Tully recommended that the Board approve the contract for actuarial services. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board approved execution of a contract for 2022 with G. S. Curran & Co., Ltd, pending review by Ms. Akers.

Chairman Rodrigue announced that pursuant to the provisions of R.S. 11:1981B and action of the Board of Trustees on September 21, 2021, it was time to canvass the election returns for the election of the board member for District 2 for the 2022 – 2027 term of office. Upon motion by Mr. Bourgoyne and second by Ms. Bufkin, the following resolution was approved:

BE IT RESOLVED by the Board of Trustees of the Parochial Employees' Retirement System of Louisiana:

SECTION 1. That the Board of Trustees now proceed in open and public session to review the results of the election provided by Duplantier, Hrapmann, Hogan & Maher and declare the winner;

SECTION 2. That a Process Verbal of the canvass of the returns of said election shall be made and that a copy remain in the office of the retirement system and become a part of the Minutes of this meeting;

SECTION 3. That the results of said election be announced to all parishes and boards participating in this system;

This resolution having been submitted to a vote, the vote thereon was as follows:

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YEAS: Terrie Rodrigue, Tammy Bufkin, Bruce Kelly, Phillip Bourgoyne

NAYS: None

ABSTENTIONS: None

ABSENT: Senator Robert Mills, Representative Julie Emerson, Julia Fisher-Perrier

And this resolution was declared adopted on this the 15th day of December 2021.

BE IT KNOWN and REMEMBERED that on Wednesday, December 15, 2021 at 10:00 a.m., at the regular meeting of the Board of Trustees held at Baton Rouge, Louisiana, with the following members present: Terrie Rodrigue, Tammy Bufkin, Bruce Kelly, and Phillip Bourgoyne; did in public session conduct a canvass of the votes cast in the election conducted by the Board of Trustees for membership on the Board of Trustees, the term of office from January 1, 2022 to December 3, 2027:

After careful count and tabulation of the ballots, the following PROCESS VERBAL of the canvass of the votes cast was as follows: There were a total of 17,070 ballots and envelopes mailed out to all parishes and boards participating in the retirement system and 3,636 ballots returned as follows: Kelly Fontenot of Calcasieu Parish, 1,785, Christi Kingsley of West Calcasieu Cameron Hospital, 1,075, Paul Governale of St. Martin Parish Government, 10, Tammy Bufkin of Calcasieu Parish, 1, and 765 void.

THEREFORE, the Board of Trustees of the Parochial Employees' Retirement System of Louisiana did declare Kelly Fontenot of Calcasieu Parish elected to the position for the January 1, 2022 to December 31, 2027 term of office.

THIS DONE AND SIGNED at Baton Rouge, Louisiana on this the 15th day of December 2021.

Ms. Tully stated that she had prepared a resolution acknowledging Ms. Bufkin's service to the Board of Trustees. The following resolution was unanimously adopted:

WHEREAS, THE HONORABLE TAMMY BUFKIN was first elected to the Board of Trustees of the Parochial Employees' Retirement System of Louisiana effective January 1, 2016, and

WHEREAS, THE HONORABLE TAMMY BUFKIN has served with distinction as a member of the Board of Trustees of the Parochial Employees' Retirement System since January of 2016, and

NOW, THEREFORE BE IT RESOLVED, by the Board of Trustees of the Parochial Employees' Retirement System, convened in regular session this 15th day of December,

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2021 that this body does hereby and by these present, congratulate and thank THE HONORABLE TAMMY BUFKIN for the performance of her duties in a manner commensurate with the highest standard of public service.

BE IT FURTHER RESOLVED that this expression of gratitude and appreciation to THE HONORABLE TAMMY BUFKIN be spread upon the minutes of the Board of Trustees of the Parochial Employees' Retirement System of Louisiana.

BATON ROUGE, LOUISIANA, THIS THE 15TH DAY OF DECEMBER 2021

The next item on the agenda was a cost of living increase in the system's pay plan for the retirement system staff. The Board reviewed the Consumer Price Index annualized for 2021. Ms. Tully explained that the CPI had increased 7.424% on an annualized basis from December 2020 to October 2021. She stated that the CPI had increased 6.222% from October 2020 to October 2021. The average of these two periods results in an increase of 6.823%. Upon motion by Mr. Kelly and second by Ms. Bufkin, the Board approved a 6.8% cost of living increase for the retirement system staff effective January 1, 2022.

Ms. Tully stated that she is proposing an amended budget for 2021. She stated that the amendments are being proposed in those categories that were slightly over budget. Upon motion by Mr. Bourgoyne and second by Ms. Bufkin, the Board approved the following amendments to the 2021 Operating Budget:

2021 Amended Operating Budget

Salaries & Benefits	2021 Budget	2021 Amended
Salaries	985,000	990,000
Retirement	125,000	
Group Insurance	90,000	
Medicare	15,000	
Professional Services		
Actuarial	115,500	
Retirement Verification	118,000	
Bank	350,000	
Audit	140,000	
Legal	90,000	75,000
Data Processing	80,000	50,000
Medical	33,000	20,000
Investment Consulting	310,000	
Investigation	16,000	24,000
Communications		

Printing	21,000	
Telephone	24,000	
Postage	43,000	
Per Diem	2,250	
Travel	35,000	7,500
Website	3,000	2,000
General Office		
Office Rent	2,600	
Supplies	15,000	
Building Repair/Maint.	18,000	10,000
Equipment Rental	35,000	
Equipment Maintenance	18,000	
Insurance	27,000	
Microfilming/Imaging	11,000	6,000
Dues & Subscriptions	23,000	
Furniture & Equipment	10,500	7,000
Training	13,000	7,000
Utilities	8,500	
Janitorial	7,200	
Total	2,784,550	2,688,550

Chairman Rodrigue asked Ms. Tully to discuss the proposed operating budget for 2022. Ms. Tully provided the Board with the following proposed operating budget for 2022. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board approved the following budget for 2022:

	2021 Amended Budget	2022 Proposed
Salaries & Benefits		
Salaries	\$990,000	\$1,100,000
Retirement	\$125,000	\$ 130,000
Group Insurance	\$ 90,000	\$ 97,000
Medicare	\$ 15,000	\$ 16,000
Professional Services		
Actuarial	\$115,500	\$ 116,000
Retirement Verification	\$118,000	\$ 120,000
Bank	\$350,000	\$ 350,000
Audit	\$140,000	\$ 150,000
Legal	\$ 75,000	\$ 90,000
Data Processing	\$ 50,000	\$ 60,000

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Medical	\$ 20,000	\$ 33,000
Investment Consulting	\$310,000	\$ 325,000
Investigation	\$ 24,000	\$ 24,000

Communications

Printing	\$ 21,000	\$ 21,000
Telephone	\$ 24,000	\$ 24,000
Postage	\$ 43,000	\$ 45,000
Per Diem	\$ 2,250	\$ 2,250
Travel	\$ 7,500	\$ 35,000
Website	\$ 2,000	\$ 3,000

General Office

Office Rent	\$ 2,600	\$ 2,600
Supplies	\$ 15,000	\$ 15,000
Building Repair/Mainten.	\$ 10,000	\$ 18,000
Equipment Rental	\$ 35,000	\$ 35,000
Equipment Maintenance	\$ 18,000	\$ 18,000
Insurance	\$ 27,000	\$ 30,000
Microfilm/Imaging	\$ 6,000	\$ 11,000
Dues & Subscriptions	\$ 23,000	\$ 25,000
Furniture & Equipment	\$ 7,000	\$ 10,500
Training	\$ 7,000	\$ 13,000
Utilities	\$ 8,500	\$ 8,500
Janitorial	\$ 7,200	\$ 7,200

TOTAL \$2,688,550 \$2,935,050

Upon motion by Mr. Bourgoyne and second by Ms. Bufkin, the Board approved the following paid holidays for 2022 for the retirement system staff:

- | | | | |
|---------------------|------|-----------------|---------------|
| 1. Mardi Gras | 3/01 | 6. Columbus Day | 10/10 |
| 2. Good Friday | 4/15 | 7. Thanksgiving | 11/24 & 11/25 |
| 3. Memorial Day | 5/30 | 8. Christmas | 12/23 & 12/26 |
| 4. Independence Day | 7/04 | 9. New Year's | 12/30 & 1/02 |
| 5. Labor Day | 9/05 | | |

Chairman Rodrigue asked Ms. Tully to discuss the interest rates to be paid on DROP deposits for 2021. Ms. Tully stated that the interest factor is computed using an average money market rate of return. J.P. Morgan's Prime Money Market Fund Institutional Shares is used to compute the annual rate. Ms. Tully explained that using the average of these rates from November 2020 through October 2021 results in a rate of 0.013% to be paid on those balances eligible for interest. Ms. Tully explained that the computation of this rate is provided in statute.

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Chairman Rodrigue asked Ms. Tully to lead the discussion on the DROP annuity conversion rate. Ms. Tully reminded the Board that they had adopted a policy at the December 13, 2004 meeting to utilize the Five Year Constant Maturity Treasury rate for the month of October of each year for annuity conversions for those retiring in the succeeding calendar year with a cap of 6%. She reported that the rate for October of 2021 was 0.67% and would be applicable for those retiring and requesting a DROP annuity conversion in 2022.

Chairman Rodrigue asked Ms. Tully to present the legislative update for 2022. Ms. Tully indicated that there is a bill that would amend the provision related to reverse transfers. She explained that the systems who no longer wanted the reverse transfer provision to apply to their system could sign on to this bill that was being authored by Senator Peacock. Ms. Tully explained that only one person has utilized this provision. She further explained that the reverse transfer is only available at the date of retirement and exposes the system to anti selection. Ms. Tully recommended that the Board take part in this legislation. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board authorized the retirement system to become part of the reverse transfer legislation.

Ms. Tully next discussed the application effective date of James Wiles of Ascension Parish. She indicated that Mr. Wiles application was received on October 12, 2021. The Board Policy permits an application to be made retroactive 30 days prior to the date of receipt. Mr. Wiles has asked the Board to make his application effective April 22, 2020. Mr. Wiles stated in his request that he had tried to contact the retirement system but was unable to due to the pandemic. Ms. Tully indicated that the retirement system office has been open during the pandemic, so this argument is not accurate. Upon motion by Ms. Bufkin and second by Mr. Bourgoyne, the Board denied Mr. Wiles request to make the effective date of his application April 22, 2020.

Chairman Rodrigue asked Ms. Tully to discuss the request for termination received from Ward Two Marshall of Livingston Parish. Ms. Tully explained that the Ward Two Marshall has had an agreement with PERS since 1984. The current marshall has requested that the agreement be terminated because his office should be participating in MERS. MERS has confirmed that they have not told the marshall that he must participate in their plan. Ms. Tully indicated that the agreement requires a two year notice. She also explained that the Board has allowed a one year notice if all employees sign notarized affidavits agreeing to the termination of the agreement. Upon motion by Mr. Kelly and second by Mr. Bourgoyne, the Board agreed to allow the termination of the agreement of the Ward Two Marshall with a one year notice if all employees agree to the termination by signing notarized affidavits. If notarized affidavits are not received from all employees, then a two year notice will be required by the Ward Two Marshall before termination will be permitted.

Ms. Tully announced that Eddie Dimaio was going to retire effective December 31, 2021. The following resolution was unanimously adopted:

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***WHEREAS**, EDDIE P. DIMAIO was first employed by the Parochial Employees' Retirement System of Louisiana on July 1, 2006, and,*

***WHEREAS**, EDDIE P. DIMAIO has served the membership of the Parochial Employees' Retirement System of Louisiana for over 15 years, and,*

***WHEREAS**, EDDIE P. DIMAIO will retire from the Parochial Employees' Retirement System of Louisiana effective December 31, 2021.*

***NOW, THEREFORE BE IT RESOLVED**, by the Board of Trustees of the Parochial Employees' Retirement System of Louisiana, convened in regular session this 15th day of December, 2021, that this body does hereby and by these present, congratulate and thank EDDIE P. DIMAIO for the performance of her duties in a manner commensurate with the highest standard of public service.*

***BE IT FURTHER RESOLVED** that this expression of gratitude and appreciation to EDDIE P. DIMAIO be spread upon the minutes of the Board of Trustees of the Parochial Employees' Retirement System of Louisiana.*

BATON ROUGE, LOUISIANA, THIS THE 15th DAY OF DECEMBER, 2021

The agenda was amended to allow for the election of officers. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board elected Terrie Rodrigue as Chairman. Upon motion by Chairman Rodrigue and second by Mr. Bourgoyne the Board elected Bruce Kelly as Vice Chairman.

Chairman Rodrigue stated that the Board would go into executive session to discuss personnel matters. Upon motion by Ms. Bufkin and second by Mr. Bourgoyne, the Board adjourned into executive session. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board returned from executive session. Upon motion by Mr. Bourgoyne and second by Mr. Kelly, the Board authorized a 6.8% cost of living increase and a 2.5% merit increase for the Administrative Director and the Chief Investment Officer effective January 1, 2022.

Upon motion by Ms. Bufkin and second by Mr. Bourgoyne, the meeting was adjourned.

Chairman of the Board

