

**COMMONWEALTH OF MASSACHUSETTS  
PENSION RESERVES INVESTMENT MANAGEMENT BOARD**

Minutes of the Board Meeting

Thursday, December 2, 2021

commencing at 9:30 a.m.

(CONDUCTED REMOTELY)

**PRIM Board Offices  
84 State Street  
Boston, Massachusetts**

**A T T E N D E E S**

(Via Zoom)

**Board Members**

- Treasurer Deborah B. Goldberg, Chair
- Robert L. Brousseau
- Ruth Ellen Fitch
- James B.G. Hearty
- Theresa F. McGoldrick, Esq.
- Peter Monaco
- Dennis J. Naughton
- Carly Rose
- Paul E. Shanley, Esq.

**Other Attendees:**

- Patrick Brock
- Francesco Daniele
- Shannon Ericson
- Anthony Falzone
- Maria Garrahan
- David Gurtz
- Helen Huang
- Joseph Kamotho
- Mini Kouame
- Bill Li
- Matt Liposky
- Michael McElroy
- Michael McGirr
- Eric Nierenberg
- Jasmine Richards
- Tim Schlitzer
- Michael Trotsky
- Tim Vaill
- Sarah Zatoonian
- Liz Zelnick



1 will participate today remotely via telephone and/  
2 or Internet-enabled audio and videoconferencing,  
3 and all votes in today's meeting will be taken by  
4 roll call.

5 Public access to the deliberations of  
6 the meeting today will likewise be provided via  
7 telephone with all documents referenced at the  
8 meeting available to be viewed on PRIM's website,  
9 which is [www.mapension.com](http://www.mapension.com).

10 All persons speaking at today's meeting  
11 are asked first to identify themselves.

12 Also the Open Meeting Law requires  
13 anyone wishing to record a meeting first notify  
14 the chair so that the chair can inform the other  
15 attendees. So accordingly, I'm informing all of  
16 you that stenographer, Virginia Dodge from  
17 Lexitas, is transcribing and also recording this  
18 meeting.

19 And Tony is going to let you know who  
20 else might be recording this meeting at this time.

21 Tony.

22 MR. FALZONE: Thank you, Treasurer.

23 Oscar Sheehan from With Intelligence  
24 will be recording the meeting as well.

1                   TREASURER GOLDBERG: Thank you.

2                   And if anyone else does intend to record  
3   today's meeting, please first notify Seth Gitell  
4   by email at [sgitell@mapension.com](mailto:sgitell@mapension.com).

5                   Additionally, the Attorney General's  
6   guidance on holding remote meetings reads as  
7   follows: At the start of the meeting, the chair  
8   must announce the name of the member or members  
9   who are participating remotely.

10                  I will now announce the names of all  
11   PRIM Board members who are participating in  
12   today's meeting. Myself, Treasurer Deborah  
13   Goldberg, Chair. Robert Brousseau, Ruth Ellen  
14   Fitch, James Hearty, Theresa McGoldrick, Peter  
15   Monaco, Dennis Naughton, Carly Rose and Paul  
16   Shanley.

17                  So that takes care of the first item of  
18   business.

19                  Since I can't see who the participants  
20   are, Tony or Michael, could you let me know, is  
21   Jill Hatton on the line?

22                  MR. FALZONE: I don't -- let me see if I  
23   can see her.

24                  MR. SCHLITZER: Tony, I don't think

1 she's on.

2 MR. FALZONE: I don't see her.

3 TREASURER GOLDBERG: Well, I want to  
4 share with the board, if you had not learned yet,  
5 and others listening, that Jill, who is the  
6 outstanding chair of our Real Estate and  
7 Timberland Committee, suffered a sudden loss of  
8 her husband over the Thanksgiving break, and it  
9 was obviously a terrible shock to her and the  
10 family.

11 And we all send our deepest, most  
12 sincerest condolences to her and her family and  
13 hope that her husband's memory may be a blessing  
14 to all who loved him and knew him.

15 Please do convey that message to Jill  
16 that we shared this with both the board and  
17 members who were attending the meeting today,  
18 Michael. I would appreciate it.

19 MR. HEARTY: I'd like to say that's a  
20 very thoughtful comment, and I'm sure the entire  
21 board echoes the Treasurer's statement.

22 TREASURER GOLDBERG: Thank you, Jim.

23 So with that, we have a very robust  
24 agenda, and I have to say that we had extremely

1 robust committee meetings last week and fleshed  
2 out and discussed, meaning we also spent a great  
3 deal of time fleshing out and discussing. And so  
4 consequently today, we have a tight schedule with  
5 a lot of information, and we're really going to  
6 stick to the agenda because we don't want anyone  
7 to miss anything that we're talking about because  
8 it's all so important.

9 So I'm going to seek a motion on our  
10 first vote, which is the consent agendas. I would  
11 seek a motion that the PRIM Board approve the  
12 following consent agenda items as described in the  
13 expanded agenda.

14 Number 1, approval of the PRIM Board  
15 minutes of August 17, 2021; approval of the fiscal  
16 year 2021 audit results; approval of draft fiscal  
17 year 2021 annual comprehensive financial report;  
18 approval of the proposed 2022 PRIM Board and  
19 committee meeting schedule; approval of the proxy  
20 advisory and voting services request for proposals  
21 recommendation; and approval of the information  
22 technology consulting services recommendation; and  
23 further to authorize the executive director to  
24 take all actions necessary to effectuate this

1       vote.

2               Is there a motion?

3       MR. SHANLEY:   So moved.

4       MR. BROUSSEAU:   So moved.

5       TREASURER GOLDBERG:   Is there a second?

6       MS. FITCH:   Second.

7       TREASURER GOLDBERG:   All of these items

8       have been discussed in prior meetings and

9       conversations.

10              So with that, I will do the roll call.

11              Bob Brousseau?

12       MR. BROUSSEAU:   Yes.

13       TREASURER GOLDBERG:   Ruth Ellen Fitch?

14       MS. FITCH:   Yes.

15       TREASURER GOLDBERG:   Jim Hearty?

16       MR. HEARTY:   Yes.

17       TREASURER GOLDBERG:   Theresa McGoldrick?

18       MS. MCGOLDRICK:   Yes.

19       TREASURER GOLDBERG:   Peter Monaco?

20       MR. MONACO:   Yes.

21       MS. MCGOLDRICK:   Dennis Naughton?

22       MR. NAUGHTON:   Yes.

23       TREASURER GOLDBERG:   Carly Rose?

24       MS. ROSE:   Yes.



1                   TREASURER GOLDBERG: And Paul Shanley?

2                   MR. SHANLEY: Yes.

3                   TREASURER GOLDBERG: Next item on the  
4 agenda, the executive director/chief investment  
5 officer report.

6                   And, Michael, you know the time frame.

7                   MR. TROTSKY: Yes, I do. Thank you very  
8 much, Treasurer.

9                   It's great to see everyone. Can't  
10 believe it's already December.

11                  I also want to welcome two committee  
12 members that I know are on listening today. Tim  
13 Vaill is on, and Patrick Brock is on. That's what  
14 I know about.

15                  And of course I also on behalf of PRIM  
16 want to extend my deepest sympathies to Jill and  
17 her family during what must be a very, very  
18 difficult time.

19                  I want to begin today's meeting with  
20 some exciting, really good news since the  
21 committee meetings two weeks ago, and it's  
22 actually new. I'm very happy to report that the  
23 PRIT Fund hit an important new milestone in the  
24 two weeks since we last met.

1                   With the latest valuation coming in for  
2           the end of October, the PRIT Fund reached a record  
3           \$101 billion, crossing the hundred billion dollar  
4           mark and more than doubling in size over the last  
5           10 years. That's a remarkable increase,  
6           especially when you consider that we pay out more  
7           than \$1.2 billion in annual pension benefits.

8                   I want to thank everyone, staff,  
9           committee members and board members, for your hard  
10          work and dedication that has really allowed us to  
11          reach this very momentous occasion. This is  
12          really a hallmark of outstanding performance and  
13          an important sign, I hope, of the stability of the  
14          pension system for 300,000 beneficiaries.

15                  And this comes at a good time and a very  
16          turbulent and difficult time. We all should be  
17          very proud of this important milestone. Reaching  
18          a hundred billion dollars is certainly good news  
19          that we can briefly celebrate, I hope.

20                  Now on to the agenda. As the Treasurer  
21          mentioned, the board cycle committee meetings were  
22          very exciting, robust, as she said, and impactful,  
23          I believe.

24                  First and foremost, we reviewed the

1 continued strong PRIT Fund performance, which I'll  
2 get to in a minute, but additionally, we rolled  
3 out to unanimous committee support a new program  
4 as part of PRIM's FUTURE Initiative. It's a new  
5 emerging-diverse manager program championed by the  
6 Treasurer with the goal of deploying a billion  
7 dollars in capital. With board approval today,  
8 PRIM will hire five new managers to deploy capital  
9 to emerging-diverse managers.

10           These are managers who generally have a  
11 very tough time getting started in the investment  
12 management industry. The new initiative really  
13 has attracted lots of positive industry reception  
14 since it was introduced at the Investment  
15 Committee, and you'll hear more from David Gurtz  
16 today on that, later in the agenda.

17           Additionally, during the committee  
18 meetings, we highlighted new advances in our ESG  
19 investment research, the research we started last  
20 year in cooperation with MIT Sloan School and  
21 other institutional investors from around the  
22 globe.

23           This leading edge research will enable  
24 PRIM to be among the first investors in the world

1 to utilize more reliable, more robust ESG ratings  
2 to design and implement more impactful investment  
3 programs.

4 The initiative includes an environmental  
5 focus that will include an assessment of PRIM's  
6 investment portfolio carbon footprint, both past  
7 and present, the goal of which is to measure the  
8 carbon footprint over time of our investment  
9 portfolio. More about that from Maria Garrahan  
10 later.

11 We have a busy agenda, as the Treasurer  
12 mentioned. In addition to the billion dollars to  
13 five emerging-diverse managers, with your approval  
14 today, we will also deploy approximately  
15 800 million to six managers in public markets and  
16 private equity, along with \$40 million in a new  
17 direct real estate opportunity. You'll hear more  
18 about all of those today.

19 And we'll also expand with your support  
20 the very successful private equity co-investment  
21 program. All very exciting on the investment  
22 side.

23 But first a quick update on performance.  
24 You know we were very pleased to report that the

1       quarterly results continue to be strong, and that  
2       follows a record-setting year in 2021, fiscal  
3       2021, in which the PRIT Fund was up approximately  
4       30 percent and nearly 9 percent, astounding  
5       9 percent above benchmark last year.

6               But for the September quarter, the most  
7       recent quarterly report, the PRIT Fund was up an  
8       additional 2.4 percent, net of fees. And that was  
9       despite global markets posting modest losses.

10              Domestic and developed international  
11       equity market returns on the quarter were  
12       essentially flat in the September quarter.  
13       Emerging market returns were negative 8 percent as  
14       China fell more than 18 percent with the prospect  
15       of the Evergrande bankruptcy and its possible  
16       contagion effects.

17              And in the quarter, a 60/40 mix of global  
18       stocks and bonds was actually down 0.6 percent,  
19       but the PRIT Fund fared better, and it was up  
20       2.4 percent net of fees for the quarter, and that  
21       was well above benchmark. The PRIT Fund ended in  
22       September with a balance of \$98.5 billion, and as  
23       I've mentioned, it's grown since then to  
24       \$101 billion, a new record high. Last quarter,

1       we paid out \$523 million in benefits.

2                   And consistent with recent quarters,  
3       private equity again led the way with an  
4       astounding 13.7 percent increase in one quarter,  
5       in the September quarter. 13.7 percent in one  
6       quarter.

7                   Real estate also very strong. It was up  
8       6.6 percent. And value-added fixed income, which  
9       includes bank loans, high-yield and emerging  
10      markets, that was up 2.8 percent.

11                  So organizationally, we've been very  
12      busy since the end of the fiscal year, and we  
13      recently announced four promotions and five new  
14      employees. Another bit of new news today, I will  
15      announce a sixth new employee. You will be happy  
16      to learn that we've hired a new chief legal  
17      officer very recently.

18                  But let me first start with the  
19      promotions, my favorite thing to do, and it comes  
20      this time of year. I'll announce them in  
21      alphabetical order by last name.

22                  First, Alyssa Fiore was promoted to  
23      senior investment officer on the private equity  
24      team, and she reports to Michael McGirr. Alyssa

1 joined us in 2016 and has had a really big  
2 positive impact on PRIM's leading private equity  
3 program. Alyssa plays a very important leading  
4 role in sourcing new managers and co-investment  
5 opportunities for PRIM, and she's been intimately  
6 involved in designing and executing the team's  
7 unique investment process and its research agenda.

8           Additionally, last year, if you  
9 remember, Alyssa was responsible for managing and  
10 mentoring private equity's summer intern, who  
11 joined us from Treasurer Goldberg's Women in  
12 Finance Fellowship program.

13           Minching Kao has been promoted to  
14 investment officer. Minching joined PRIM in 2019,  
15 and during the past two years has become a vital  
16 member of the real estate and timberland team,  
17 focused on investment and analysis and modeling,  
18 annual performance and budget reviews, and  
19 quarterly valuation.

20           She continues to strengthen PRIM's  
21 portfolio analytics by using her extensive  
22 experience in financial modeling, underwriting and  
23 valuation. Her deep analytical skills are  
24 outstanding. And the skills she brings to the

1 team are very valuable.

2 Qingmei Li has been promoted to director  
3 of audits and financial reporting. She joined  
4 PRIM in 2011, has been an invaluable member of the  
5 finance team ever since. And congratulations to  
6 you on reaching your 10-year anniversary at PRIM.

7 Qingmei is responsible for the PRIT and  
8 PRIM Fund audits -- you'll hear about those  
9 today -- procurement process and benchmarking,  
10 agreed-upon procedures, and the audits of PRIM's  
11 separately managed accounts, investment accounts,  
12 which continue to grow in size, complexity and  
13 importance.

14 She's a trusted resource for the entire  
15 finance team, and her responsibilities really have  
16 been increasing steadily through her 10-year  
17 tenure. Qingmei is responsible for PRIM's  
18 Comprehensive Annual Financial Report, which I'll  
19 remind you has received the GFOA's Certificate of  
20 Achievement for Excellence in Financial Reporting  
21 for the past 16 years. 16 years.

22 And last, I'm very excited to announce  
23 that Christina Marcarelli, senior investment  
24 officer on the real estate and timberland team,



1 has been promoted, adding to her title and  
2 responsibility the role of director of real estate  
3 debt. She will also assume management  
4 responsibility for Minching, who I just mentioned.

5 Christina joined the team as an  
6 investment officer in 2016 and has been extremely  
7 productive, taking on an ever-expanding list of  
8 responsibilities across the real estate and  
9 timberland portfolios. Over the past three years,  
10 she has led PRIM's strategic and manager research  
11 in the commercial real estate debt market, and  
12 she's become PRIM's clear subject matter expert in  
13 this area, working very closely alongside Chuck  
14 LaPosta on the public markets team too.

15 Her efforts have led to the review of  
16 more than \$20 billion in real estate debt  
17 opportunities and the deployment of more than  
18 \$200 million in capital.

19 Congratulations to all four of you.  
20 Thank you for your outstanding achievements, and I  
21 look forward to celebrating your future work in  
22 your new capacities.

23 Next, before moving on to new employees,  
24 please join me in congratulating David Gurtz on

1 taking a new but familiar role as deputy chief  
2 investment officer in charge of strategic  
3 priorities, projects and processes.

4 I've mentioned this before; I'll say it  
5 again that Dave is one of my closest advisors,  
6 helping us run the day-to-day business at PRIM.  
7 As you all know, he's accumulated lots of  
8 practical experience and very good sound judgment  
9 in matters that impact both the investment and  
10 finance operation activities at PRIM.

11 He has a CPA and a CFA, and as such, he  
12 brings a very unique mix of experience and  
13 knowledge from both sides of the business, having  
14 formerly served as PRIM's chief financial officer  
15 and chief operating officer. And then on the  
16 investment side, Dave was PRIM's very first  
17 director of investment risk management before  
18 becoming director of public markets and then  
19 eventually deputy chief investment officer.

20 His role as deputy chief investment  
21 officer has grown substantially over the past few  
22 years as PRIM is taking on several new strategic  
23 initiatives. He'll continue to lead and build out  
24 PRIM's FUTURE Initiative. You'll hear more about

1       that today.

2               He will chair the investment review  
3       team, the committee through which every single  
4       idea is vetted before it reaches you. And also he  
5       will chair the investment team meetings. He'll  
6       coordinate the monthly PRIT Fund rebalancing, no  
7       small task on a hundred billion dollar fund.

8               He'll provide research and assistance  
9       related to communications efforts and requests for  
10      information. There's a steady flow of those.  
11      He'll lead reviews of PRIM's governance documents,  
12      including the regular review of the investment  
13      policy statement, and he'll oversee committee and  
14      board package preparations, among many, many other  
15      duties.

16              It's a very large and busy assignment,  
17      encompassing lots of different areas, and I'm  
18      delighted that Dave has agreed to take on this  
19      role. He is an invaluable resource to me and one  
20      that PRIM relies on every day.

21              And with that important assignment for  
22      Dave, I'm very happy to announce that Michael  
23      McElroy has joined us as senior investment officer  
24      and director of public markets, and he'll report

1 directly to me.

2 Mike joins us from Wellington  
3 Management, where he was a managing director for  
4 both the systematic and fundamental equity  
5 investment teams.

6 Prior to that, he was head of global  
7 equity for Batterymarch Financial Management,  
8 where he was the lead portfolio manager for the  
9 systematic global equity portfolios. And prior to  
10 that, Michael was head of global equities for  
11 Citigroup Asset Management based in London, where  
12 he was responsible for all developed market  
13 portfolio management.

14 Michael earned a bachelor of science  
15 degree in mathematics and a master of science  
16 degree in transportation planning, both from MIT,  
17 and a master of science in management from the  
18 Sloan School of Management at MIT.

19 We're delighted to have Mike on board,  
20 an extremely valuable new recruit and an extremely  
21 talented individual, off to a great start.  
22 Congratulations.

23 And next the brand-new hire. This is  
24 new news today. I'm delighted to announce that

1 Renee LeFevre has joined PRIM as chief legal  
2 officer. She'll join us next month and will  
3 report directly to me.

4 She joins us from the Boston Planning  
5 and Redevelopment Agency, also known as BPDA,  
6 which is made up of the Boston Redevelopment  
7 Authority, the Economic Development Industrial  
8 Corporation of Boston and the Mayor's Office of  
9 Workforce Development.

10 Renee, I hope you're on the line today.  
11 I think you might be.

12 Renee has been with that agency since  
13 2000, the year 2000, over 20 years. And she  
14 became general counsel in December of 2014. At  
15 BPDA, Renee manages a 10-person legal department  
16 and outside counsel. And she handles all legal  
17 issues, including compliance on Open Meeting Laws,  
18 public records requests, ethics, conflict of  
19 interest and disclosures under all Massachusetts  
20 General Laws.

21 She's also responsible for handling  
22 legal matters pertaining to development proposals,  
23 public hearings, disposition of property,  
24 procurement, budget, personnel matters and more.

1 Everything.

2                   Renee's professional associations  
3 include serving as vice president on the board of  
4 directors for the Boston Local Development  
5 Corporation, the BLDC. She's a member of the  
6 Abstract Club, CREW -- that's the Commercial Real  
7 Estate Women Network Boston -- and the Boston Bar  
8 Association.

9                   Renee is also a recipient of the Get  
10 Konnected! 50 Most Influential Attorneys of Color  
11 and the Henry L. Shattuck Public Service Award.  
12 She's a graduate of the University of California  
13 at Berkeley and also the Boston College Law  
14 School.

15                  Congratulations. We're excited to have  
16 you join next month.

17                  Quickly, four other new employees --

18                  TREASURER GOLDBERG: I have to  
19 interject. Tremendous hire and in particular, a  
20 legal eagle, a woman clearly after my own heart.  
21 For those who don't know, BC Law School is one of  
22 the schools I went to. Go Eagles.

23                  MR. TROTSKY: That's right. Thank you,  
24 Treasurer.

1                   Quickly, four other new employees.

2                   Denise Flynn joined PRIM as a new  
3           executive assistant in operations. And she'll be  
4           supporting Dave Gurtz and Michael McElroy.

5                   Joseph Kamotho joined PRIM as a business  
6           system analyst on the IT team, reporting to David  
7           Griswold.

8                   Vincent Li joined the investment  
9           operations team as an investment operations  
10          analyst. And he reports to George Tsipakis.

11                  And Melissa Ng joined the operation as  
12          manager of real estate and timberland accounting,  
13          and she also reports to George Tsipakis.

14                  We're very fortunate to have you all on  
15          the PRIM team. Welcome to PRIM, and we're excited  
16          to have you all.

17                  Last in the area of recognition, Matt  
18          Liposky, PRIM's chief investment operations  
19          officer, was recently selected to the CFA  
20          Institute's GIPS Standards Asset Owner  
21          Subcommittee.

22                  Additionally, Matt Liposky and Deb  
23          Coulter, PRIM's chief financial officer and chief  
24          administration officer, were recently selected by

1 the Treasurer as recipients for this year's  
2 performance recognition program. Each of them,  
3 Matt and Deb both, were awarded a Citation for  
4 Outstanding Performance by the Treasurer in a  
5 ceremony last month. And they were recognized for  
6 their great work in their respective areas.

7           Congratulations to both of you.

8           And thank you very much, Treasurer, for  
9 that acknowledgement.

10           I'll turn quickly to PRIT Fund  
11 performance. Tony, the slides, please.

12           You can start with the slide balance.  
13 Hold on a second.

14           MR. FALZONE: You should see it now.

15           MR. TROTSKY: Hold on a second.

16           TREASURER GOLDBERG: It's the chart with  
17 the really tall blue bar at the very end, Michael,  
18 and we could put --

19           MR. TROTSKY: Is it up now?

20           TREASURER GOLDBERG: It is up.

21           MR. FALZONE: It is up.

22           MR. TROTSKY: All right. I see it now.

23           Okay.

24           This is a familiar chart. It's already



1        outdated. We're over a hundred billion dollars  
2        now, but at the end of September, 98.5 billion.  
3        That's a new record despite paying out, as I  
4        mentioned, more than 500 million in benefits in  
5        the quarter.

6                Next slide. I'll go through these  
7        quickly because we went through them in a lot of  
8        detail at the committee meetings.

9                This was the quarter ended September 30.  
10       The PRIT Fund was up 2.5 percent gross,  
11       2.4 percent net. That compares very favorably to  
12       a 60/40 mix of global stocks and bonds, which you  
13       can see in the middle was down 0.6 percent in the  
14       quarter. You can see actually that's on the  
15       right.

16               On the left, you can see the drivers  
17       which led the way. Private equity up 14 percent.  
18       Real estate up 6.7 percent.

19               And on the right, you can see what was  
20       weaker. Emerging market equities, driven largely  
21       by China, as I mentioned. And U.S. small stocks  
22       were weaker in the quarter.

23               Next slide.

24               For the one-year period, the PRIT Fund

1 was up 25.4 percent gross, 25 percent net. This  
2 performance equates to an investment gain for the  
3 year ended September 30 of \$19.8 billion.

4 The fund outperformed its benchmark by 8  
5 and a half percent, and that equates to  
6 \$6.7 billion above benchmark return in a year.  
7 And you can see 3, 5 and 10 years, all very  
8 strong, above benchmark, above 10 percent really,  
9 and well above the actuarial rate of return that  
10 you can see.

11 Next slide.

12 You can see again for the one-year  
13 period, private equity led the way, and this is  
14 really outstanding. Take a look at that. That  
15 private equity in one year with a 68.5 percent  
16 gross return, that equates to a 66.6 percent net  
17 return in one year. Global equity also up  
18 30.9 percent gross. That equates to 30.6 percent  
19 net. Real estate up 23.3 percent gross,  
20 22.7 percent net.

21 On the right, you can see fixed income  
22 was weaker, as you would expect. When interest  
23 rates are rising, bonds are under pressure. And  
24 you will hear more from each asset class about the

1        respective performance.

2                    And let's just go to the quilt chart,  
3        please. I'll end on the quilt chart, which is  
4        really an outstanding amazing picture. You can  
5        see that private equity, global equity and real  
6        estate have been really driving the bus over all  
7        time periods. One, 3, 5 and 10 years, all in that  
8        order too, with very strong, consistent results.

9                    You'll hear more about performance later  
10       from each asset class.

11                   You can take these down now, Tony, and  
12       I'll end with just a couple of more comments.

13                   More recently, markets have continued to  
14       be strong in October and in November, despite the  
15       recent selloff. November was only fractionally  
16       down. Fourth quarter to date through November,  
17       fourth quarter to date through November, the S&P  
18       is up 6.3 percent. Developed international  
19       markets down 2.3 percent, and emerging markets  
20       down 3.1 percent. Bonds essentially flat for the  
21       fourth quarter, and a 60/40 mix of global stocks  
22       and bonds is up almost 2 percent.

23                   And this fourth quarter positive return  
24       has happened during a time of very mixed economic

1 news. And of course the emergence of the Omicron  
2 variant, which we are keeping a very watchful eye  
3 on.

4 GDP growth of 2 percent in Q3 missed  
5 expectations. The Federal Reserve announced its  
6 intention to accelerate the reduction of asset  
7 purchase stimulus programs.

8 And consumer prices, a measure of  
9 inflation, surged 6.2 percent in October, the  
10 highest rate in three decades. This usually isn't  
11 very good for the markets.

12 Employment news was somewhat encouraging  
13 as the unemployment rate fell. Unemployment  
14 claims fell, but there are still 7.4 million  
15 people unemployed. And the number of unemployed  
16 per job opening is at the highest level since the  
17 1960s.

18 4.4 million employees quit their jobs in  
19 September alone. And the job quit rate rose to a  
20 record 3 percent, leading economists to call this  
21 period of time the Great Resignation.

22 At the Investment Committee meeting, the  
23 lack of consensus on the direction of inflation  
24 was in plain sight. We had a very healthy robust

1 discussion on both sides of the topic. The  
2 committee agreed, however, that policy mistake is  
3 what to worry about at this moment.

4           The bottom line to me is that we are  
5 walking a very fine line. The Fed response to  
6 inflation or their lack of response in a timely  
7 way will probably impact the markets. Get it  
8 right, and the markets will be strong. Miss it,  
9 and the markets might suffer. It's hard to know  
10 what the right path is, and it's harder to know if  
11 the responses from the Fed and our government will  
12 be timely.

13           And the market is really bifurcated into  
14 two camps. There's really not a consensus on the  
15 matter of inflation.

16           The first camp are those who believe  
17 that inflation is transitory because of COVID and  
18 the temporary supply shortages. Perhaps the new  
19 variant will add to that.

20           And then there's another camp who  
21 believe that inflation may spiral out of control  
22 because of wage-price escalation.

23           Time will tell. And perhaps the  
24 emergence of the new variant will play a

1       significant role. We're keeping a watchful eye on  
2       that.

3               In the meantime, we'll stay the course  
4       with our long-term, really all-weather portfolio  
5       with components we believe that will perform well,  
6       no matter what the future holds.

7               So I'll end there. I'll take any  
8       questions before turning it over to the rest of  
9       the staff for their comments.

10              TREASURER GOLDBERG: Michael, right on  
11       schedule.

12              MR. TROTSKY: Excellent.

13              TREASURER GOLDBERG: Any questions from  
14       the board?

15              None whatsoever.

16              Well, one of the things is that most  
17       members of the board, if not all, have attended  
18       some of the committee meetings. So the good news  
19       is that we're privy to this information from last  
20       week's public hearings.

21              I want to congratulate everyone on their  
22       exceptional promotions, performances,  
23       recognitions. I feel very blessed that we are  
24       able to hire and retain such excellent staff. It

1       certainly is a celebration to have passed --

2               Just a few weeks ago, I had said to you,  
3       Michael, which you might remember, I can't wait to  
4       pass the hundred million mark. And so we have  
5       done so.

6               Now we have to keep it. That's the  
7       challenge. But our strategies do help, as you  
8       know, over the long run. That is our mantra. And  
9       so we will persevere.

10              If there are no questions whatsoever, we  
11       can move into Michael's favorite meeting of the  
12       year.

13              MR. BROUSSEAU: Just one quick comment,  
14       Madam Treasurer.

15              Question to Michael. This is certainly  
16       very good news today, but \$101 billion, do you or  
17       do we plan to issue any kind of a press release?  
18       Or are you just going to allow the agencies that  
19       report this to report it? Or will an announcement  
20       come out from PRIM?

21              I think stating -- this is a momentous  
22       occasion, I think. We've reached \$101 billion. I  
23       go back to the days when we were at \$1.7 billion  
24       in 1987.

1                   MR. TROTSKY: Yes. We are going to  
2                   issue a press release on it today. It should be  
3                   going out sometime this morning. So yes.

4                   TREASURER GOLDBERG: Bob, anything else?

5                   MR. BROUSSEAU: Nope.

6                   TREASURER GOLDBERG: Okay then. As I  
7                   was saying, the next item on the agenda is the  
8                   Compensation Committee report, and there are three  
9                   voting items.

10                  This is, as I said, Michael's favorite  
11                  meeting of the whole year.

12                  But I have to say again that we have a  
13                  process in place and a Compensation Committee.  
14                  And therefore, this has really been a multi-month  
15                  process where Michael does his self-evaluation.  
16                  He sets his goals and objectives, something that  
17                  we all work on with him.

18                  We did go over these things, and Bob  
19                  Brousseau did an excellent job sharing with us the  
20                  innumerable accolades that Michael received, which  
21                  he would prefer I don't embarrass him and repeat  
22                  them at this time.

23                  So I want to say that the chair of the  
24                  Compensation Committee, Michele Whitham, is not



1     able to join us today, and I will be leading this  
2     conversation.

3             And the three votes are, one, to approve  
4     the new salary ranges for all PRIM staff; second,  
5     to approve the individual performance component  
6     multiple for Michael, who is our ED and CIO; and  
7     third, to approve Michael's salary adjustment.

8             I want to assure everyone that all  
9     recommendations were unanimously approved by the  
10    Compensation Committee in consultation with our  
11    compensation consultant, McLagan, at the  
12    November 18 meeting that I referenced earlier.

13            So I want to deal first with the voting  
14    item for the PRIM staff. It's in your expanded  
15    agenda on page 9 and in the materials at  
16    Appendices H and I. I'm going to read the motion  
17    and ask for a motion and a second, and then we can  
18    get into any comments following.

19            So I would seek a motion that the PRIM  
20    Board approve the Compensation Committee's  
21    recommendation to approve McLagan's 2021  
22    Compensation Wage Update as described in  
23    Appendix H of the expanded agenda, and further to  
24    authorize the executive director to take all

1 actions necessary to effectuate this vote.

2 Is there a motion?

3 MR. NAUGHTON: So moved. Dennis

4 Naughton.

5 MR. BROUSSEAU: So moved.

6 TREASURER GOLDBERG: It sounds like it  
7 was a chorus, but Dennis got his name in so he  
8 gets the motion.

9 And is there a second?

10 MR. BROUSSEAU: Second, Bob Brousseau.

11 TREASURER GOLDBERG: Et al. The minutes  
12 should reflect "et al."

13 Now, I would start by saying that we are  
14 required to update the salary ranges every  
15 four years. And the current salary ranges are  
16 based, believe it or not, on 2017 peer group data.

17 As a reminder, we postponed the salary  
18 update last year due to the pandemic, and we just  
19 didn't know what was going to happen. And we  
20 froze all salaries for PRIM employees. So there  
21 has not been a salary adjustment in two years.

22 Obviously a lot has changed, and PRIM's  
23 compensation consultant, along with every single  
24 national newspaper and anyone you can hear on any

1 news station anywhere, have characterized the  
2 employment market as frenetic and very  
3 competitive.

4 And this is everywhere. I'm on the  
5 Compensation Committee for the executive director  
6 for the National Association of State Treasurers.  
7 We met this week. We met with a consultant. And  
8 the competition in Washington, DC for executive  
9 directors of associations is enormous. So this is  
10 not a singular event.

11 Due to the success of PRIM -- and, Bob,  
12 you ask if we're having a press release. That's  
13 like inviting the wolves to the door. But we are  
14 having one.

15 Our employees are sought after, and so  
16 we need to be cognizant of that from the very top  
17 to the very bottom. And so the new salary ranges  
18 represent an annualized increase of less than  
19 2 percent over the last four years. Additionally,  
20 the new ranges are slightly wider to allow for  
21 greater ability to compete for talent, given this  
22 extremely tight labor market.

23 Michael has indicated that the new  
24 ranges will provide him the tools to attract and

1 retain the high level of talent we require, we  
2 need and the public expects to maintain our  
3 innovative and high-performing investment program  
4 at PRIM.

5 I want to repeat the Compensation  
6 Committee unanimously recommended these new  
7 ranges. I would like to open this to discussion.  
8 Please remember we do have a motion and a second.  
9 And I will not take the roll call vote until we've  
10 answered any questions that people may have.

11 Any comments, questions?

12 Really?

13 MR. NAUGHTON: I just have one comment,  
14 Madam Treasurer. I attended the committee  
15 meeting, the Compensation Committee meeting, and  
16 listened to the details. And that's why I made  
17 the motion. I'm foursquare in support of this. I  
18 think this is what we need to do.

19 Look at the results that we've been  
20 getting from our staff. It's just phenomenal.

21 TREASURER GOLDBERG: You know, I want to  
22 remind people who may not be on the board or in  
23 PRIM that we are really fortunate. These salaries  
24 may appear to the general public to be high

1 salaries, but in the context of the financial  
2 service industries and investment groups, we know  
3 that part of this is that the employees at PRIM,  
4 our staff, this talented staff, is committed to  
5 public service. They're committed to the same  
6 mission that we serve on the board for. And  
7 that's something that is an intangible but also a  
8 value to us as board members and to the  
9 beneficiaries. So I just wanted to add that  
10 element.

11 Are there any other comments before we  
12 have a motion or a vote?

13 Yes, Bob.

14 MR. BROUSSEAU: Yes. Just looking  
15 overall, the board members have these spreadsheets  
16 before them, but as the Treasurer mentioned  
17 earlier, all salaries were frozen last year. So  
18 if you look at the percentages for each salary  
19 position, as you stated, the totals might look  
20 impressive to the public, but you look at the  
21 percentage increase, and they're really minimal  
22 when you look at what people in the industry are  
23 paying to attract hopefully not our people, but to  
24 attract people to their positions.

1                   It's far more than some of the  
2           percentage ranges we see here in the totals.

3                   TREASURER GOLDBERG: Bob, I don't want  
4           to reflect on it too much because we don't want to  
5           give any of them any ideas. We just want to thank  
6           them for doing such a superb job.

7                   So with that, I'd like to move on to the  
8           vote because we have two more votes in this part  
9           of the agenda. And so it sounds like there are no  
10          real questions, just accolades.

11                  And so we have a motion. We have a  
12          second.

13                  Bob?

14                  MR. BROUSSEAU: Yes.

15                  TREASURER GOLDBERG: Ruth Ellen Fitch?

16                  You're on mute. Ruth Ellen, you're on  
17          mute.

18                  I'll come back to you.

19                  Jim Hearty?

20                  MR. HEARTY: Yes.

21                  TREASURER GOLDBERG: Theresa McGoldrick?

22                  MS. MCGOLDRICK: Yes.

23                  TREASURER GOLDBERG: Peter Monaco?

24                  MR. MONACO: Yes.

1                   TREASURER GOLDBERG:   Dennis Naughton?

2                   MR. NAUGHTON:   Yes.

3                   TREASURER GOLDBERG:   Carly Rose?

4                   MS. ROSE:   Yes.

5                   TREASURER GOLDBERG:   Paul Shanley?

6                   MR. SHANLEY:   Yes.

7                   TREASURER GOLDBERG:   Ruth Ellen, are you  
8   off of mute yet?

9                   She can't get it off.

10                  MS. FITCH:   All right.   There it is.

11                  Yes.

12                  TREASURER GOLDBERG:   And myself, yes.

13                  The motion carries.

14                  So the next voting item is to approve  
15   the individual performance component of Michael's  
16   annual compensation.

17                  I will seek a motion that the PRIM Board  
18   approve the Compensation Committee's  
19   recommendation to set the executive director's  
20   fiscal year 2021 individual performance multiplier  
21   at 1.00 as described in the expanded agenda.

22                  May I have a motion?

23                  MR. BROUSSEAU:   So moved.

24                  TREASURER GOLDBERG:   Second?

1 MS. FITCH: Second.

2 MR. NAUGHTON: Second, Dennis Naughton.

3 TREASURER GOLDBERG: Thank you.

4 Now for discussion. We had a robust  
5 discussion at the Compensation Committee to the  
6 point where Michael turned red, not out of  
7 displeasure, but out of excessive amount of  
8 accolades. He begged me to not repeat every one  
9 of those compliments. So I will not.

10 Okay, Michael?

11 But it has been consistent with prior  
12 years, and his evaluation was outstanding. You  
13 can read some of the excellent supporting  
14 commentary verbatim in the minutes, which are at  
15 Appendix I and in the expanded agenda.

16 I'm not going to rehash this, but it was  
17 an outstanding evaluation. And I use that word  
18 because that is also Bob Brousseau's happiest  
19 word.

20 Correct, Bob?

21 MR. BROUSSEAU: Yes.

22 TREASURER GOLDBERG: Every year, I  
23 comment on Michael's performance, and I was  
24 wondering to myself should I not, since he did say



1 he wanted us to keep this brief and not embarrass  
2 him.

3 But as I alluded to in terms of our  
4 tremendous staff, there aren't too many pension  
5 funds in the country, and I'm exposed to them all  
6 in my national roles, that can say that they have  
7 had the kind of consistent, focused, dedicated  
8 performance over the course of 10 years or more  
9 and been able to keep the levels of staffing of  
10 superior employees and add to that level  
11 consistently the way Michael has.

12 I've often said Michael's role cannot  
13 be -- one needs to really focus on him as a  
14 manager, a manager of people. CIOs and executive  
15 directors are not just financial experts. How  
16 they put together the team that is able to perform  
17 and produce is a critical piece.

18 And not only that, but he has seized the  
19 moments on modernizing his thinking and his  
20 approach around internal operations and the way in  
21 which PRIM relates to the rest of the world. I  
22 think the two initiatives we talk about today, our  
23 FUTURE Initiative and the work that Maria's doing  
24 with MIT, are examples of that. How are we to

1 modernize?

2                   And so with that, I just want to let you  
3 know, Michael, that I look forward to many, many  
4 more years working alongside you, and to the same  
5 kind of performance that we've seen this year, to  
6 be consistently over the course of time till it's  
7 time for me to retire, and I want to make sure  
8 that my pension is in good shape.

9                   But seriously, congratulations on in  
10 total the initiatives that we've worked on this  
11 year together and the performance, that you and  
12 the rest of the team have more than exceeded  
13 expectations.

14                   So if there's no one else who wants to  
15 add to that, and I know Michael wants us to stay  
16 on schedule because we don't want to short the  
17 other team members on the things they want to  
18 share with us, I would move to a vote at this  
19 time.

20                   So Bob Brousseau?

21                   MR. BROUSSEAU: Just one comment. I  
22 think, for the record, that this is only  
23 20 percent of Michael's compensation. 80 percent  
24 of his compensation is determined on the basis of

1 the PRIT Fund's trailing three-year returns versus  
2 the PRIT Fund's benchmarks.

3 So the 80 percent is the performance of  
4 the fund. 20 percent is his individual personal  
5 component. And this is what we're voting on this  
6 morning, the 20 percent.

7 TREASURER GOLDBERG: Yes. Thank you.

8 Bob?

9 MR. BROUSSEAU: Yes.

10 TREASURER GOLDBERG: Ruth Ellen?

11 MS. FITCH: Yes.

12 TREASURER GOLDBERG: Jim?

13 MR. HEARTY: Yes.

14 TREASURER GOLDBERG: Theresa?

15 MS. McGOLDRICK: Yes.

16 TREASURER GOLDBERG: Peter?

17 MR. MONACO: Yes.

18 TREASURER GOLDBERG: Dennis?

19 MR. NAUGHTON: Yes.

20 TREASURER GOLDBERG: Carly?

21 MS. ROSE: Yes.

22 TREASURER GOLDBERG: Paul?

23 MR. SHANLEY: Yes.

24 TREASURER GOLDBERG: Myself, yes. The

1 motion carries.

2 Now, as Bob alluded to, the last vote is  
3 to approve Michael's salary adjustment.

4 I would seek a motion that the PRIM  
5 Board approve the Compensation Committee's  
6 recommendation to increase the executive director/  
7 chief investment officer's annual salary by  
8 \$10,000, effective December 1, 2021.

9 May I have a motion?

10 MR. BROUSSEAU: So moved.

11 TREASURER GOLDBERG: Is there a second?

12 MS. FITCH: Second.

13 TREASURER GOLDBERG: Now, for discussion  
14 purposes, I will remind people that there was a  
15 salary freeze last year, in case you didn't hear  
16 me when I said it five minutes ago. And the range  
17 for Michael's position increased by 4.5 percent.  
18 We are recommending an increase of 1.9 percent or  
19 \$10,000.

20 MR. BROUSSEAU: 1.1.

21 TREASURER GOLDBERG: Pardon? Somebody's  
22 speaking?

23 MR. BROUSSEAU: No.

24 TREASURER GOLDBERG: At the new level,

1 Michael will be in the 84th percentile of his peer  
2 group. It is slightly down from the 89th  
3 percentile last year, but the committee and the  
4 board have long held the view that Michael should  
5 be at the top of his range, given his experience,  
6 tenure and the performance and stability of the  
7 organization.

8 I ask if there's any further discussion.  
9 We do have a motion and a second.

10 Hearing none, Bob?

11 MR. BROUSSEAU: Yes.

12 TREASURER GOLDBERG: Ruth Ellen?

13 MS. FITCH: Yes.

14 TREASURER GOLDBERG: Jim?

15 MR. HEARTY: Yes.

16 TREASURER GOLDBERG: Theresa?

17 MS. MCGOLDRICK: Yes.

18 TREASURER GOLDBERG: Peter?

19 MR. MONACO: Yes.

20 TREASURER GOLDBERG: Dennis?

21 MR. NAUGHTON: Yes.

22 TREASURER GOLDBERG: Carly?

23 MS. ROSE: Yes.

24 TREASURER GOLDBERG: Paul?

1 MR. SHANLEY: Yes.

2 TREASURER GOLDBERG: Myself, yes. The  
3 motion carries.

4 MR. TROTSKY: Thank you very much,  
5 Treasurer, the rest of the board. I really,  
6 really appreciate your confidence in me and  
7 confidence in PRIM. We love what we do here, and  
8 you make it all happen. So thank you very much.

9 TREASURER GOLDBERG: You're very  
10 welcome.

11 Now, what's our big number going to be  
12 for next year? You know I only let you rest on  
13 your laurels for 30 seconds.

14 And speaking of the future, I'm going to  
15 turn this over to David Gurtz, who will give us a  
16 quick update on our fantastic FUTURE Initiative,  
17 which is our emerging-diverse manager program. It  
18 is a voting item.

19 And I have to say, since we did the  
20 update at our Investment Committee meeting, it has  
21 gotten a great deal of attention from the public  
22 and is seen as, again, setting a standard.

23 So, David, please take it away.

24 MR. GURTZ: Great. Good morning,

1 everybody.

2 And as the Treasurer just mentioned, we  
3 had robust discussions on this at both the  
4 Investment and the Real Estate Committee meetings.  
5 So in the interest of time, I won't go through  
6 each slide.

7 And additionally, we are joined by  
8 Jasmine Richards from Cambridge Associates to  
9 briefly provide an overview of their firm's focus  
10 and experience in investing in emerging-diverse  
11 managers, which the Treasurer and I both felt  
12 really helped bring this recommendation to life at  
13 the Real Estate Committee meeting.

14 But turning to slide 2, first a quick  
15 update. At the beginning of the year, thanks to  
16 Treasurer Goldberg, the investment equity  
17 legislation was passed and signed into law. And  
18 this law really sets goals for PRIM to, one,  
19 reduce barriers for diverse managers, and two,  
20 that at least 20 percent of PRIM's managers and  
21 vendors be women, minorities and persons with  
22 disabilities.

23 In May, we proudly launched the FUTURE  
24 Initiative, our strategic plan to accomplish these

1 goals. Our FUTURE Initiative identified four keys  
2 to success. And for each of these keys, we have  
3 taken meaningful steps this year.

4 First key, to reduce barriers, we  
5 launched our emerging-diverse manager program.  
6 And today, I'm recommending PRIM allocate up to  
7 \$1 billion to this program and recommending five  
8 managers to help PRIM run this program. I'll  
9 present this recommendation in a minute.

10 Second, to enhance DEI reporting, we  
11 hired Lenox Park Solutions, a leader in DEI  
12 analytics in the investment industry. In October,  
13 Lenox Park began surveying all of PRIM's  
14 investment managers, collecting enhanced DEI data  
15 that we can use to track and monitor their  
16 progress on over time.

17 Thirdly, to improve our sourcing and  
18 increase our pipeline of diverse managers, we  
19 hosted an NAIC roadshow of diverse private equity  
20 and hedge fund managers this July. And we  
21 launched a new webpage for managers to submit  
22 information and be added to our pipeline.

23 And lastly and most importantly, PRIM  
24 continues to allocate capital to diverse managers.



1 In 2021, PRIM has allocated over \$2 billion to  
2 diverse managers, including \$1 billion to  
3 Rhumbline, a Boston-based diverse manager. And  
4 this raises PRIM's assets managed by diverse  
5 managers to over \$7 billion or nearly 8 percent of  
6 the PRIT Fund.

7 And later this morning, you'll be  
8 hearing from our public markets team, who are  
9 recommending graduating ARGA Investment  
10 Management, another diverse manager.

11 So it's been a very busy year as we  
12 continue to make significant strides on improving  
13 the diversity of PRIM's managers and really  
14 setting ourselves up for continued progress.

15 Turning to slide 3, one of the goals of  
16 the legislation is for PRIM to reduce barriers for  
17 diverse managers. To reduce barriers, we are  
18 launching the emerging-diverse manager program,  
19 creating a clear path for all diverse managers,  
20 regardless of size or track record, to potentially  
21 manage assets for PRIM.

22 For more established diverse managers,  
23 those with higher AUMs and longer track records,  
24 these managers will flow through the right side of

1 the chart, where PRIM's staff will continue to  
2 review, conduct due diligence, select and monitor  
3 these managers, as we have successfully done in  
4 the past and like we did recently with Rhumblin  
5 and ARGA.

6 The new path on the left side is our  
7 emerging-diverse manager program. Unfortunately,  
8 there are barriers between institutional investors  
9 like PRIM and emerging-diverse managers.  
10 Institutional investors generally have lean staffs  
11 with limited resources to go beyond traditional  
12 sourcing channels to build sustainable -- and  
13 that's the keyword -- sustainable emerging-diverse  
14 manager pipelines.

15 So to reduce these barriers, this  
16 program will utilize manager of managers as an  
17 extension of PRIM's staff to help us source,  
18 conduct due diligence and have full discretion to  
19 select and monitor a portfolio of emerging-diverse  
20 managers.

21 Turning to slide 4, today the PRIM staff  
22 and the Investment Committee recommends an initial  
23 allocation of up to \$1 billion to this emerging-  
24 diverse manager program, to be invested over the

1 next two years, giving our manager of managers  
2 sufficient time to source, conduct due diligence  
3 and select the best managers.

4           Additionally, the following firms are  
5 recommended to manage the emerging-diverse manager  
6 program. So we've got Bivium Capital for fixed  
7 income, Cambridge Associates for real estate,  
8 Hamilton Lane for private equity, Xponance for  
9 global equities, and PAAMCO is going to continue  
10 to invest in emerging-diverse hedge fund managers  
11 for PRIM.

12           Now, these five firms are well-known to  
13 PRIM and are experienced leaders in investing in  
14 diverse and emerging managers and will act as an  
15 extension of PRIM staff to help us source, conduct  
16 due diligence and have full discretion to select,  
17 invest and monitor a portfolio of emerging-diverse  
18 managers.

19           I will end with the goals of this  
20 program at the top of slide 5. Our goals are  
21 clear.

22           Number 1, we expect this program to  
23 enhance the risk-adjusted returns of the PRIT  
24 Fund. We will closely monitor these portfolios

1 and be fully transparent about their performance  
2 and risks.

3 Second, we are searching for the next  
4 generation of managers that we can graduate to  
5 manage more significant amounts of capital. Now,  
6 graduation is a common term in the manager-of-  
7 manager space. It means when a high-performing  
8 manager is promoted out of a manager-of-manager  
9 portfolio and promoted to manage more capital  
10 directly for the fund.

11 So later this morning, we are  
12 recommending graduating ARGA, a great manager,  
13 that we are graduating out of Xponance's manager-  
14 of-manager portfolio to manage more capital  
15 directly for PRIM.

16 And it should be noted, we do expect  
17 higher turnover in this program, relative to our  
18 existing portfolio. PRIM staff will work with  
19 these firms to identify and graduate the best  
20 managers out of the program. And we expect to  
21 recycle capital within the program away from  
22 underperforming managers into new managers.

23 And third, this program is designed to  
24 reduce barriers for diverse-emerging managers. We

1 expect each of these five managers will invest in  
2 8 to 12 emerging-diverse managers over the next  
3 two years with each emerging-diverse manager  
4 managing approximately 10 to \$25 million each.

5 So I'm going to stop here. I'm going to  
6 introduce Jasmine Richards of Cambridge Associates  
7 for her to describe Cambridge's commitment and  
8 experience in investing in emerging and diverse  
9 investment managers. So Jasmine.

10 MS. RICHARDS: Thank you. It's a  
11 pleasure to be here this morning. And thank you  
12 to Treasurer Goldberg for the invitation.

13 As David mentioned, I'm at Cambridge  
14 Associates. I head up our diverse manager  
15 research team. I joined in 2018, actually hailing  
16 from Xponance, who you also work with, and so this  
17 is a bit of a full-circle moment for me.

18 But in that role, worked with several  
19 public pensions on their emerging manager programs  
20 and joined Cambridge Associates in 2018 to head up  
21 a newly created diverse manager research team.

22 My team is responsible for working  
23 across all asset classes. Our lens of the world  
24 are firms that are led, owned, investing in women

1 and people of color.

2 And while we also do research, my team,  
3 I also sit on the investment team for several of  
4 our clients where there is a strong emphasis on  
5 investing in diverse managers as well. And so my  
6 role is a bit of a hybrid.

7 And while my team was new in 2018, what  
8 really made me feel comfortable in joining in this  
9 role was that while I was at Xponance, I knew  
10 would often be co-investors with my now colleagues  
11 at Cambridge. And so I knew that this effort did  
12 not begin with me. What we were looking to do was  
13 add intentionality.

14 And given that this was a newly created  
15 team and having had the experience with several  
16 emerging manager plans, I was able to see the  
17 successes and challenges in the space, and that  
18 really has informed how we've built our practice.

19 And so there are three tenets of our  
20 practice here. First, everything that we do is  
21 research-based. While, yes, there is the moral  
22 imperative to work with diverse managers, what is  
23 paramount and I think has to clearly be understood  
24 is the investment case.

1                   There are tons of research of showing  
2           the benefits of diverse teams, but specifically  
3           with an asset management, we know that while there  
4           is absolutely no tradeoff in performance, less  
5           than 2 percent of assets globally are at firms  
6           that are owned, led by women and people of color.  
7           So to be clear, that is an entire gender as well  
8           as all nonwhite population.

9                   And so we understand that there is a  
10          massive underinvestment in that area. And while  
11          there is only 2 percent of assets, they actually  
12          represent 10 percent of the available strategies.  
13          And so not only is there underrepresentation in  
14          terms of the number of firms, but for the firms  
15          that do exist, we are also as an industry  
16          underinvesting in those.

17                  And so our practice is built off of  
18          understanding that massive investment opportunity  
19          that's on the table.

20                  We also take an expansive definition,  
21          and so not only are we looking at ownership, we  
22          are looking at firms that are led by women and  
23          people of color because we believe there has to be  
24          incentive for larger firms also to diversify their

1 staff, as well as we will look at strategies that  
2 are investing in women and people of color, given  
3 the underinvestment of entrepreneurs and the  
4 massive opportunity to facilitate the buying power  
5 and the growth of diverse entrepreneurs.

6           And then lastly, we believe that it's  
7 paramount that we take an integrated approach. If  
8 you understand the investment case and why you  
9 should have diverse representation within your  
10 portfolio, then that shouldn't be relegated to a  
11 specific area. We don't believe that that should  
12 be relegated only to specific clients who have  
13 come to us and said that they have an interest in  
14 this space.

15           The role of my team and my colleagues is  
16 for us to go out and find new undiscovered  
17 investment managers and strategies that we can  
18 build high conviction in and then invest across  
19 the table.

20           We recently updated some of our internal  
21 statistics, and over 60 percent of our clients  
22 have diverse managers represented in their  
23 portfolio. And while I would love to say that  
24 60 percent of clients have this as a specific part



1 of their investment policy statement, that simply  
2 is not the truth, but I think it represents our  
3 approach to investing.

4 In 2020, Cambridge made a commitment  
5 over the next 5 years to double our assets with  
6 diverse managers, so bring up from 5 percent of  
7 our total assets to 10 percent, which would put us  
8 on par with again that availability of strategies  
9 in the industry. And not only think about the  
10 percent of assets, but we also want to make sure  
11 that there is diverse representation and  
12 availability of strategies. So we also are  
13 doubling the number of diverse managers that we  
14 are partnering with over the next five years.

15 And we can't get there without  
16 partnering with institutions like yourself. And  
17 so we are very much looking forward to getting  
18 started here.

19 And I think it's important to understand  
20 what happens when we succeed here. First, we get  
21 to provide more financial resources for your  
22 constituents, who I think of as not only  
23 beneficiaries of the plan, but also the staff,  
24 particularly in a more competitive market.

1                   Second, while we have tons of research  
2           that show there are no tradeoffs in performance, I  
3           think we are all aware that everyone has not  
4           bought into that idea within the industry. And so  
5           the success of this program is a key resource in  
6           demonstrating that diversity is not only paramount  
7           but also a source of value add. And we absolutely  
8           are focusing on performance here because we think  
9           that this can be impactful in the industry as  
10          well.

11                   And finally, if when this program is  
12          successful, you get to attract more asset owners  
13          to this idea and understanding the importance of  
14          diversity within your portfolio, but you also  
15          attract more diverse individuals to the industry.

16                   The more that they can see an  
17          opportunity, believe that they will get a fair  
18          shake, that they have the opportunity to grow  
19          their firms on par with any of their peers, we  
20          overall end up with a better, more diversified  
21          market in asset management.

22                   And so we're very excited about this,  
23          happy to be here today. And I can take any  
24          questions, or I'll hand it back to David.

1                   MR. GURTZ: Thanks, Jasmine. Looking  
2 forward to working with you too.

3                   Treasurer, maybe we can see if  
4 questions --

5                   TREASURER GOLDBERG: The only thing I  
6 want to add is that we are working with a couple --

7                   First of all, Jasmine, thank you for  
8 coming. I feel like you can really explain in a  
9 way that everyone can comprehend exactly what  
10 we're driving at and in particular the historical  
11 misconception about performance, which I think is  
12 the most important thing, and that the real issue  
13 is breaking down barriers and ensuring that  
14 there's opportunity for those who have the  
15 capacity to be performers. And that's what we're  
16 looking for. It's a win-win.

17                  There are a few other firms that we're  
18 working with besides Cambridge Associates, all  
19 doing excellent work in this space. And at times  
20 in future board meetings, we will also be inviting  
21 them in to share with us the way in which they're  
22 approaching their work so that the board and those  
23 in the public can see how seriously we are taking  
24 the balance of performance and opportunity and

1       being successful at it.

2               So thank you for joining us, Jasmine.

3               Dave, do you have anything else you want  
4       to add at this time?

5               MR. GURTZ: No. Open up for questions  
6       or a vote.

7               TREASURER GOLDBERG: Did I do the motion  
8       yet? I don't think so.

9               MR. GURTZ: No. Not yet.

10              TREASURER GOLDBERG: All right. With no  
11       further questions, I will --

12              MR. HEARTY: I'm sorry. Madam  
13       Treasurer, may I add something to this, please?

14              TREASURER GOLDBERG: Yes.

15              MR. HEARTY: I just want to congratulate  
16       the staff in formulating a creative and  
17       comprehensive response to what I consider to be a  
18       formidable challenge from the legislature. The  
19       discussion at the Investment Committee made it  
20       quite clear that we expect the staff to monitor  
21       those managers hired under this mandate by the  
22       same strict and straightforward method that we  
23       monitor all managers. It is inevitable that there  
24       will be the need to recycle some capital out of

1 underperforming managers over time. And that will  
2 be a challenge.

3 The committee also asked staff for  
4 historical review of all investments made by PRIM  
5 over time in the kind of broader ETI bucket.  
6 We'll see that review at our next meeting, and I  
7 expect we'll be reporting to the board at the  
8 board's next meeting what, if anything, we learn  
9 from that review.

10 Thank you.

11 TREASURER GOLDBERG: Of course, Jim.  
12 And in fact, we have had at times underperformance  
13 in other areas that we invest in that we have to  
14 reevaluate. Thinking of some things that Eric and  
15 Mike Even talked to us about a couple years ago,  
16 maybe just a year ago. With COVID, I lose track  
17 of the months.

18 And we've had those kind of issues in  
19 real estate and timberland. So we will be  
20 reviewing our investments overall as we always do.

21 I don't anticipate any unusual bumps in  
22 the road that are any different than what we  
23 typically have, particularly because we are a very  
24 creative investment team. And the success is in

1 the numbers.

2 So thank you for your comment.

3 Unless there are others, I'm going to  
4 seek a motion that the PRIM Board approve the  
5 Investment Committee's recommendation to approve  
6 the following: one, an initial allocation of up  
7 to \$1 billion to the emerging-diverse manager  
8 program to be invested over the next two years,  
9 and two, the following firms to manage the  
10 emerging-diverse manager program for their  
11 respective asset classes: Bivium Capital for  
12 fixed income, Hamilton Lane for private equity,  
13 Xponance, Inc. for global equities, and PAAMCO to  
14 continue for hedge funds; and three, the  
15 recommendation of the Real Estate and Timberland  
16 Committee to approve Cambridge Associates for real  
17 estate as described in Appendix J of the expanded  
18 agenda; and further to authorize the executive  
19 director to take all actions necessary to  
20 effectuate this vote.

21 Is there a motion?

22 MR. BROUSSEAU: So moved.

23 MR. NAUGHTON: Second.

24 TREASURER GOLDBERG: Second?

1 All right then. Bob Brousseau?

2 MR. BROUSSEAU: Yes.

3 TREASURER GOLDBERG: Ruth Ellen Fitch?

4 MS. FITCH: Yes.

5 TREASURER GOLDBERG: Jim Hearty?

6 MR. HEARTY: Yes.

7 TREASURER GOLDBERG: Theresa McGoldrick?

8 MS. MCGOLDRICK: Yes.

9 TREASURER GOLDBERG: Peter Monaco?

10 MR. MONACO: Yes.

11 TREASURER GOLDBERG: Dennis Naughton?

12 MR. NAUGHTON: Yes.

13 TREASURER GOLDBERG: Carly Rose?

14 MS. ROSE: Yes.

15 TREASURER GOLDBERG: Paul Shanley?

16 MR. SHANLEY: Yes.

17 TREASURER GOLDBERG: Myself, yes. The

18 motion carries.

19 Jasmine, thank you for joining us.

20 MS. RICHARDS: Thank you. Have a good

21 day.

22 TREASURER GOLDBERG: You too.

23 Next item on the agenda is strategy

24 group.

1                   MR. NIERENBERG: Good morning. Thank  
2                   you, Madam Treasurer.

3                   TREASURER GOLDBERG: We're behind three  
4                   minutes.

5                   MR. NIERENBERG: We'll make that time  
6                   up.

7                   TREASURER GOLDBERG: Giving everybody  
8                   the heads-up, but you have a 20-minute allocation  
9                   so you have plenty of flexibility there.

10                  MR. NIERENBERG: I don't think we'll use  
11                  all that, but thank you, Treasurer.

12                  TREASURER GOLDBERG: 17 now.

13                  MR. NIERENBERG: Good morning, everyone.  
14                  Eric Nierenberg, chief strategy officer.

15                  Very proud of the now 11-member strategy  
16                  group team that we have. The group has been doing  
17                  great work, and without further ado, I'm going to  
18                  turn it over to my colleagues Bill Li and then  
19                  Maria Garrahan and then Jay Leu and Shannon  
20                  Ericson.

21                  So with that, let me turn it to Bill,  
22                  who will start with PCS performance.

23                  MR. LI: Thank you, Eric.

24                  Hi. Good morning, everyone. I'm Bill



1 Li, director of portfolio completion strategies.

2 So for PCS, this asset class, we had a  
3 quiet quarter. PCS returned 40 bps versus  
4 benchmark's 46 bps. 90 percent of PCS are hedge  
5 funds. For last quarter, PRIT hedge fund saw  
6 27 bps performance versus benchmark's 36 bps.

7 As mentioned before, for last fiscal  
8 year, PRIT hedge fund experienced a decent  
9 absolute return, but there was some relative lag,  
10 and that phenomenon has continued into the third  
11 quarter.

12 For the same reason, the overall hedge  
13 fund portfolio exhibited a lower risk profile  
14 than industry average. Realized beta was merely  
15 0.1. The cautious stance was shaped from bottom-  
16 up, taken collectively by our investment partners.

17 That said, on a risk-adjusted basis,  
18 PRIM hedge fund's almost 15 percent return  
19 trailing one-year and 4 percent volatility  
20 translated into an exceptional Sharpe Ratio of  
21 3.6, and we're happy about that.

22 Digging one level lower into the weeds,  
23 the stable value sleeve, which is of minimal beta  
24 and currently account for two thirds of PRIT  
hedge fund, delivered 1.4 percent last quarter,  
well

1       outpacing benchmark by 63 bps.

2               Within the stable value fund sleeve,  
3       credit relative value strategies, especially  
4       structural credits, were major contributors.

5               The remainder one third are directional  
6       hedge funds, which are of moderate beta. After an  
7       exceptional fiscal year returning 28 percent,  
8       directional funds gave back 1.6 percent last  
9       quarter, major drag due to two event-driven  
10      mandates where some idiosyncratic volatility had  
11      been expected.

12              Now switching gears from PCS to enhanced  
13      put spread collar enhanced equity program, which  
14      is now slightly over 1 percent of total PRIT and  
15      now residing within domestic equity.

16              It continued to perform. For the third  
17      quarter of the calendar year, it returned 83 bps.

18              The strategy had a temporary lag earlier  
19      last year, but trailing one-year after March last  
20      year, it had recouped almost 900 bps relative  
21      performance, partly due to a rich volatility  
22      premium.

23              And that concludes my performance  
24      update. Happy to take any questions.

1                   TREASURER GOLDBERG: Any questions for  
2 Bill?

3                   Hearing none.

4                   MR. NIERENBERG: Great. Thank you,  
5 Bill.

6                   And then Maria Garrahan, our director of  
7 research, is going to provide the update on our  
8 ESG initiatives.

9                   MS. GARRAHAN: Thank you, Eric.

10                  My name is Maria Garrahan. I am the  
11 director of research at MassPRIM.

12                  MassPRIM approaches ESG through a  
13 holistic lens, viewing internal practices equally  
14 as important as external ESG initiatives. Our ESG  
15 research accompanies the proxy voting initiative  
16 led by the Treasurer's Office, which you will be  
17 hearing more on later today.

18                  Our ESG initiatives emanate through all  
19 asset classes. Timberland, where our holdings  
20 account for over a million sustainably managed  
21 forested acres, the annual carbon sequestration of  
22 PRIM's timberland holdings can offset the annual  
23 emissions of 205,000 cars, roughly 35 percent of  
24 all Massachusetts car emissions.

1                   As a reminder, MassPRIM became the first  
2     founding member of the Aggregate Confusion Project  
3     led by the MIT Sloan Sustainability Initiative.  
4     ACP is an ESG research consortium aimed at  
5     addressing inconsistencies around the measurement  
6     of ESG data.

7                   At the end of this September, I joined  
8     the other members of the Aggregate Confusion  
9     Project to attend MIT's deep-dive workshop on the  
10    current research findings to date. Jason Jay,  
11    director of the Sustainability Initiative at MIT  
12    Sloan, joined me at the Investment Committee to  
13    share an update on the project.

14                  The Aggregate Confusion Project is now  
15    closed to new members. The ESG research  
16    consortium is comprised of MassPRIM, MFS, AQR,  
17    Qontigo and Asset Management One. MIT has been  
18    busy growing their ACP team with researchers,  
19    visiting scholars and collaboration with other  
20    universities.

21                  At the Investment Committee, Jason Jay  
22    shared research updates on the following  
23    projects: one, rewriting history: ESG data  
24    revisions; two, ESG confusion in stock returns:

1 tackling the noise problem; three, attribute  
2 preferences.

3           This ESG consortium allows us to be  
4 codeveloping and implementing off of the ongoing  
5 research updates stemming from the Aggregate  
6 Confusion Project. We received forthcoming  
7 research on the noise reduction technique back in  
8 September, which uses instrumental variables to  
9 improve upon aggregated ESG scores. Mini Kouame,  
10 a PRIM researcher, has been driving the work that  
11 takes this same technique applied to these  
12 aggregated ESG scores and focuses specifically on  
13 environmental characteristics.

14           Additionally, Mini has been working on  
15 an extension of the ESG primer, a three-pillar  
16 approach, which was debuted at the board retreat.  
17 This extension focuses on the E within ESG.

18           Finally we are working on an assessment  
19 of PRIM's carbon footprint, past and current. The  
20 goal is to measure the carbon footprint over time.  
21 We plan to share findings with you in the coming  
22 quarters.

23           Thank you.

24           TREASURER GOLDBERG: Thank you, Maria.

1                   I would like to just jump in here for a  
2     minute and mention something that we have been  
3     talking with both Tony and Michael about, how do  
4     we now leverage off of Maria's incredible research  
5     and the group at MIT and utilize this in terms of  
6     across the board at PRIM?

7                   And then I had an interesting situation  
8     come up this week where I was invited to  
9     participate in a very small and personal-level  
10    conversation with Gary Gensler, who is chairman of  
11    the SEC.

12                  And one of the things we talked about  
13    that would be very helpful to investors and  
14    pension funds and endowments alike would have  
15    clearer guidelines and definitions around the ESG  
16    issues so that it didn't bounce back and forth  
17    depending on who the SEC chairman is or what  
18    administration is in power, but sent much clearer  
19    directions to investors.

20                  And I shared with him what Maria -- and  
21    I named you by name -- and MassPRIM and MIT are  
22    doing together. And they are very interested.

23                  Michael and I discussed this last night.  
24    And we will plan on when you're ready, Maria, and

1       you feel you're at that point, and I'm sure the  
2       MIT people would be delighted, is to meet with the  
3       chairman and his staff to share how we're looking  
4       at this.

5               So when this was first introduced, Maria  
6       and Michael were hoping this might be something  
7       transferable that others could use in the long run  
8       and of course would inform our decision-making.

9               And lo and behold, this opportunity  
10      presented itself. I was chairing this meeting  
11      with Gary Gensler so it was a great opportunity to  
12      utilize, among other things we were talking about.

13              So with that, we are also in sort of  
14      beginning discussions about creating an ESG  
15      committee within PRIM that would collaborate with  
16      the Investment Committee, the Real Estate  
17      Committee, the Admin and Audit Committee to  
18      leverage off and utilize the research that Maria  
19      is doing with MIT so that we can take advantage of  
20      this as we view that lens and have actual data and  
21      analysis to help inform our decisions.

22              So that is all really, really exciting.  
23      And thank you, Maria, again. We're fortunate to  
24      have you doing this work.

1 MS. GARRAHAN: Thank you.

2 TREASURER GOLDBERG: Any questions for  
3 Maria?

4 So hearing none, the next item will be  
5 the risk management benchmark review. And I'm  
6 looking --

7 MS. McGOLDRICK: Treasurer, I don't mean  
8 to interrupt, but I just wanted to comment that I  
9 fully support the formulation of an ESG committee.  
10 I think it is really forward-thinking on your part  
11 and on the part of PRIM to be involved in looking  
12 at the fund through this lens. It's an excellent  
13 idea, and using this strategy has proven to add  
14 positive growth, value and diversity to the fund.

15 I think having a committee focus on it  
16 through this lens will create more growth,  
17 diversity in our funds, investments, and  
18 opportunities for the fund and our beneficiaries  
19 to grow.

20 So I just want to thank you for that.

21 TREASURER GOLDBERG: Well, really you  
22 have to thank Maria and PRIM because they are the  
23 ones doing the heavy lifting, and we would not be  
24 able to be looking at this kind of thing without



1 the research and the data that they're creating  
2 together.

3 But thank you for that compliment.

4 MS. McGOLDRICK: And thank you, Maria  
5 and the staff. I did say the staff -- I'm losing  
6 my voice because I have a terrible cold, but I do  
7 appreciate all the hard work and the really  
8 ingenuity and creative thinking that goes on at  
9 PRIM which makes this so successful.

10 TREASURER GOLDBERG: So we just rely on  
11 me for knowing when to push these ideas forward  
12 with people. I mean what a fortuitous situation  
13 that I was in this very small, intimate  
14 conversation with the SEC chair. But boy, was  
15 that a great opportunity.

16 MS. McGOLDRICK: Absolutely.

17 TREASURER GOLDBERG: So okay then. Any  
18 other questions or comments? I know that Patrick  
19 Brock is attending, and he mentioned some interest  
20 in all this. So that was also terrific.

21 But otherwise, we can move on to risk  
22 management because that is a voting item.

23 MS. ERICSON: Good morning, Treasurer.

24 Good morning, board members.

1                   I'm Shannon Ericson, a member of PRIM's  
2                   risk team. I have been working with Jay Leu, the  
3                   head of risk, and Verus, our benchmark consultant,  
4                   investment operations, as well as the asset class  
5                   teams to evaluate PRIM's benchmarks.

6                   Today, I will be presenting benchmark  
7                   recommendations for core fixed income, public  
8                   value fixed income and private debt. Later in the  
9                   agenda, I will also present recommendations for  
10                  the real estate portfolio.

11                  For private debt, we are recommending a  
12                  benchmark change, as the Treasurer mentioned, and  
13                  this is a voting item. Materials can be found in  
14                  Appendix K.

15                  Tony, if you could turn to page 2 in our  
16                  presentation for a brief review of the benchmark  
17                  project thus far.

18                  As most of you know, we hired Verus as  
19                  our benchmark consultant in January 2021. One of  
20                  the initial objectives for Verus was to help us do  
21                  a comprehensive review of all the benchmarks we  
22                  use at PRIM. So far, we have completed reviews  
23                  and recommended changes for PRIM's private equity  
24                  portfolio and global equity benchmarks.

1                   Just to review, our philosophy for  
2     choosing a benchmark is, one, it should be  
3     representative of the opportunity set. Two, it  
4     should be reflective of return and risk of the  
5     asset class or subasset class. And some other  
6     features that are preferred, if possible, are that  
7     a benchmark should be investable and known before  
8     the fact, and it should be measurable, transparent  
9     and unambiguous.

10                  After reviewing the fixed income  
11     benchmarks, we have the following recommendations:  
12     PRIM's fixed income portfolio is divided into two  
13     main asset classes, core fixed income and value-  
14     added fixed income.

15                  Tony, if you could turn to page 4 for a  
16     breakdown of the core fixed income portfolio.

17                  Verus completed a review of our core  
18     fixed income portfolio, which includes investment  
19     grade, STRIPS, short-term, TIPS and inflation-  
20     linked bonds. They felt the current benchmarks  
21     used were appropriate and recommended no change.  
22     Their recommendation memo can be found in  
23     Appendix M.

24                  Consistent with Verus, we are

1 recommending no change to the core fixed income  
2 benchmarks.

3 Under value-added fixed income, there  
4 are three subasset classes: public value-added  
5 fixed income, other credit opportunities and  
6 private debt. The second benchmark recommendation  
7 is for a public value-added fixed income.

8 Tony, if you could turn to page 5.

9 Within the value-added fixed income, the  
10 public portion includes high-yield bonds, bank  
11 loan and emerging market debt portfolios.

12 Verus reviewed the current benchmarks  
13 for public value-added fixed income. They believe  
14 the current benchmarks are representative of the  
15 risks and returns of the investments and are  
16 appropriate.

17 We recommend no changes to the public  
18 value-added fixed income benchmarks.

19 Another subasset class in value-added  
20 fixed income is the private debt sleeve, where we  
21 are recommending a change.

22 For reference, Tony, if you could please  
23 turn to page 6 for the rationale.

24 PRIM's private debt is a collection of

1 private funds that invest primarily in private  
2 distressed debt securities.

3 For private debt, we recommend changing  
4 from the current benchmark, the Altman-NYU Salomon  
5 Combined Defaulted Public Bond and Bank Loan  
6 Index, to the Burgiss Global Distressed Debt Peer  
7 Benchmark.

8 The Altman index is a composite of bonds  
9 or bank loans of companies that have defaulted.  
10 The Altman index includes both public and private  
11 defaulted securities. Meanwhile, the PRIM private  
12 debt portfolio is focused on private distressed  
13 debt assets.

14 So in terms of underlying investments,  
15 as well as Altman's focus on public as well as  
16 private assets, it is not the best fit for PRIM's  
17 private debt benchmark. The Altman returns have  
18 also differed widely from the PRIM private debt  
19 experience.

20 Tony, if you could please turn to page 7  
21 for a comparison of the benchmarks we considered.

22 When looking for a replacement for the  
23 Altman index, we evaluated five benchmarks: three  
24 private distressed debt peer universe benchmarks

1       offered by Burgiss, State Street and Cambridge  
2       Associates, and two public benchmarks, the ICE  
3       BofA Distressed High Yield and the S&P High Yield  
4       Corporate Distressed.

5               The two public benchmarks focus on  
6       public distressed debt securities rather than  
7       defaulted securities, as the Altman benchmark  
8       does. So in terms of their underlying assets, the  
9       ICE and S&P benchmarks are more representative of  
10      PRIM's private debt portfolio than Altman.

11             However, the two public benchmarks are  
12      more volatile as publicly traded securities tend  
13      to have daily market pricing as opposed to PRIM's  
14      portfolio, which invests in private debt, which  
15      does not price daily.

16             Private debt valuations are often  
17      appraisal-based, which are less frequent, so  
18      returns will be smoothed or less volatile than  
19      public market securities.

20             The three peer universe benchmarks that  
21      we analyzed also invest primarily in distressed  
22      debt, which aligns with PRIM's private debt  
23      portfolio. The difference with the peer universes  
24      is that they contain private funds which invest

1 primarily in private distressed debt. So not only  
2 are they representative of the underlying  
3 distressed debt instruments in our private debt  
4 portfolio, they are also private funds, so their  
5 volatility will be more in line with PRIM's  
6 private debt portfolio.

7           When you invest in private assets,  
8 benchmarking can be challenging, and sometimes you  
9 have to make choices. In this case, a peer  
10 universe offers a benchmark solution that provides  
11 the best fit with PRIM's private debt investment  
12 type and is more representative of the risk and  
13 return experience.

14           Of the three private peer universes, we  
15 recommend the Burgiss distressed debt benchmark.  
16 The Burgiss benchmark contains private funds that  
17 invest largely in private distressed debt, which  
18 more closely aligns with the PRIM private debt  
19 investments. It is more representative of the  
20 returns and risks in the private debt portfolio  
21 than the current benchmark.

22           That concludes my presentation, if there  
23 are any questions.

24           TREASURER GOLDBERG: So again, this is a

1 voting item, and so I am going to request a motion  
2 and a second, and then any questions can follow  
3 after that.

4 I seek a motion that the PRIM Board  
5 approve the Investment Committee's recommendation  
6 to change private debt's benchmark to the Burgiss  
7 distressed debt benchmark as described in  
8 Appendices K and L of the expanded agenda, and  
9 further to authorize the executive director to  
10 take all actions necessary to effectuate this  
11 vote.

12 Is there a motion?

13 MR. SHANLEY: So moved. Paul Shanley.

14 TREASURER GOLDBERG: Is there a second?

15 MR. BROUSSEAU: Second. Second, Bob  
16 Brousseau.

17 TREASURER GOLDBERG: Any questions for  
18 Shannon? I mean it was a very thorough  
19 explanation. Any additional questions for  
20 Shannon?

21 None? All right then, roll call.

22 Bob Brousseau?

23 MR. BROUSSEAU: Yes.

24 TREASURER GOLDBERG: Ruth Ellen Fitch?



1 I'll come back to you.  
2 Jim Hearty? Jim Hearty?  
3 MR. HEARTY: Yes.  
4 TREASURER GOLDBERG: Thank you.  
5 Theresa McGoldrick?  
6 All right. Ruth Ellen's back so Ruth  
7 Ellen?  
8 MS. FITCH: Yes.  
9 TREASURER GOLDBERG: Theresa?  
10 All right. We'll come back to you.  
11 Peter Monaco?  
12 MR. MONACO: Yes.  
13 TREASURER GOLDBERG: Dennis Naughton?  
14 MR. NAUGHTON: Yes.  
15 TREASURER GOLDBERG: Carly Rose?  
16 MS. ROSE: Yes.  
17 TREASURER GOLDBERG: Paul Shanley?  
18 MR. SHANLEY: Yes.  
19 TREASURER GOLDBERG: Myself, yes.  
20 Theresa, are you there? She may be --  
21 MS. MCGOLDRICK: Yes. Yes.  
22 TREASURER GOLDBERG: Terrific. Thank  
23 you.  
24 I think I said myself, yes. Yes, I did.

1                   Okay. The motion carries.

2                   All right then. Let me just check this  
3 off the list.

4                   Okay. Coming up next, we have public  
5 markets. We're a little behind. Four minutes.  
6 Public markets, and take it away.

7                   We'll have the performance summary  
8 followed by manager recommendations. The manager  
9 recommendations will be a voting item.

10                  MR. McELROY: Thank you, Madam  
11 Treasurer.

12                  It's Mike McElroy here. It's nice to  
13 meet all of you virtually. I definitely look  
14 forward to meeting all of you in the near future.

15                  So as Mike Trotsky mentioned, I've been  
16 in this role for about three months now. And I  
17 feel like we're in a real position of strength,  
18 given the great work done by the team to this  
19 point.

20                  As you know, our goal in public markets  
21 is to identify opportunities to earn efficient  
22 returns for the PRIT Fund, both from monitoring  
23 our existing managers, as well as seeking out new  
24 managers who make the overall mix better.

1                   My near-term focus in the last three  
2       months has really been to get to know the team and  
3       to meet with and understand the role of the  
4       53 managers that we employ in the public markets  
5       portfolio, as well as to understand, use and  
6       improve the tools we have for the manager  
7       selection, evaluation and risk.

8                   As you know, we focus on innovation,  
9       collaboration and continually improving. In  
10      innovation, we're thinking about the portfolio  
11      structure and the profile of the managers relative  
12      to how we're currently positioned. We're  
13      collaborating with Jay and Shannon on the risk  
14      team on tools and scenario analyses for fixed  
15      income risk analytics and attribution. And we're  
16      always looking for ways to be more efficient  
17      through cost savings, automating processes, as  
18      well as putting analytics in place.

19                  In the interest of time, a lot's been  
20      said already about the third quarter and the last  
21      year's performance. I'll just add a couple of  
22      additional points.

23                  First, growth continues to outperform  
24      value around the world. And we've really seen

1       this be consistent over the long term, as well as  
2       recently.

3               So we are starting to see some signs of  
4       this reversing outside the U.S., and actually this  
5       directly relates to one of the manager  
6       recommendations we'll be making shortly.

7               Secondly, equity returns did take a bit  
8       of a pause in the third quarter as I think Mike  
9       Trotsky mentioned, but we've seen very good  
10      results year to date on both an absolute and  
11      benchmark-relative basis. And so far in the  
12      fourth quarter, the equity strength has resumed as  
13      well.

14              Lastly, fixed income rates and spreads  
15      didn't change much in the quarter, but compared  
16      with the past year, rates were a bit higher, but  
17      spreads were a bit tighter.

18              And then just finally we've been hearing  
19      about and asking about certain themes and actions  
20      from our equity and fixed income managers. With  
21      regard to inflation, there's been general  
22      agreement that it will persist for a while and  
23      that rates are likely to move upward.

24              So to really adjust for that, our fixed

1 income managers have been shortening their  
2 portfolio duration, and our equity managers are  
3 analyzing companies' pricing power in a rising  
4 cost environment and their ability to maintain  
5 margins.

6 Performance of this value versus growth  
7 has been another topic. Really trying to  
8 understand how growth stocks and growth portfolios  
9 are going to perform in a period with rising  
10 rates, as well as just understanding the general  
11 valuation levels that we're seeing in different  
12 markets around the world.

13 Currently, we're seeing the best value  
14 offered within the emerging markets and  
15 international developed markets where we have most  
16 of our active manager exposure.

17 We have to be cautious and have tended  
18 to be cautious in emerging markets, due to China's  
19 large weight and the comments that Michael had  
20 made earlier about China's weakness recently. So  
21 most of our emerging managers remain cautious on  
22 China and are underweight those positions to  
23 different degrees.

24 So maybe with that summary, I'll pause

1 and see if there are any questions at all about  
2 the performance summary.

3 If none, maybe I'll move to the second  
4 item, which is the manager recommendations. And  
5 here, we have three different manager  
6 recommendations. As you know, these were reviewed  
7 at the November 16 Investment Committee meeting.  
8 We are recommending three new managers for the  
9 global equities portfolio. \$300 million  
10 allocation to a manager called ARGA, 150 million  
11 to a manager called Artisan and 150 million to  
12 Driehaus.

13 More detail on each of these managers  
14 can be found on pages 13 through 19 of the agenda  
15 and then in the Appendices O through T of the  
16 board materials.

17 Dave Gurtz had mentioned ARGA. They're  
18 currently an existing manager for PRIM through our  
19 Xponance multi-manager portfolio. And we're  
20 recommending graduating this emerging manager,  
21 which is also a diverse manager, into a dedicated  
22 full allocation.

23 So ARGA is what's known as a disciplined  
24 value manager. So they're focusing on identifying

1 assets that are trading at low prices relative to  
2 their future earnings power. But what really  
3 differentiates them is that they do a lot of work  
4 around avoiding what we call value traps, stocks  
5 that are cheap and inexpensive but can remain that  
6 way or even get more inexpensive because they  
7 don't have a catalyst.

8               So adding ARGA to the international  
9 portfolio has a lot of benefits. Due to strong  
10 performance in the last year or two from our  
11 growth-oriented managers, the international  
12 exposures have gotten a bit growthy. So  
13 allocating to ARGA reduces that growth tilt by  
14 about 25 percent.

15              We also expect ARGA to add significant  
16 excess return, while simultaneously reducing risk.  
17 So though they're one of the higher risk managers  
18 within international core, adding them actually  
19 reduces the expected risk of the overall  
20 international portfolio due to that reduction in  
21 the growth tilt.

22              So we're also recommending hiring two  
23 international small cap managers. We started this  
24 search looking for one manager to replace some

1 recently terminated growth managers, but using our  
2 screening tools and evaluation process, we  
3 ultimately decided we wanted to add two managers.

4 We received inputs from our investment  
5 consultant Callan. Through our processes, we had  
6 identified six candidate managers as the long  
7 list, and then four of these six managers were  
8 eliminated after the first round of interviews for  
9 different reasons.

10 So the two finalists are Artisan  
11 Partners and Driehaus; both very impressive with  
12 different strategies that we think are very  
13 complimentary, and so we're recommending  
14 allocating to both of these managers.

15 This will expand our existing roster of  
16 international small cap managers, and we really  
17 think have a number of benefits.

18 Both are fundamentally oriented, and so  
19 this compliments our systematic managers, Acadian  
20 and AQR, within this international small cap  
21 space. Both Acadian and AQR would be what's  
22 considered more of a value style manager. Artisan  
23 and Driehaus are growth style managers.

24 And notably, even though both Artisan



1 and Driehaus have this growth style, they  
2 implement it very differently. Artisan tends to  
3 have a long-term growth focus. Driehaus focuses  
4 on growth inflection points and has a shorter  
5 holding period. Typically it's six to 12 months.  
6 And so putting them together really provides for a  
7 good strategy diversification.

8               So maybe I'll end there. I'm happy to  
9 take any questions on either of these managers.  
10 Otherwise, I think this is a voting item, so --

11              TREASURER GOLDBERG: Yes. I think what  
12 I'll do is I'll seek a motion and a second. And  
13 then any questions, people can follow up with.

14              So I seek a motion that the PRIM Board  
15 approve the Investment Committee's recommendations  
16 of an initial allocation of up to \$300 million to  
17 ARGA Investment Management, LP, an initial  
18 allocation of up to \$150 million to Artisan  
19 Partners, LP, and an initial allocation of up to  
20 \$150 million to Driehaus Capital Management as  
21 described in Appendices O, P, Q, R, S and T of the  
22 expanded agenda, and further to authorize the  
23 executive director to take all actions necessary  
24 to effectuate this vote.

1                   Is there a motion?

2                   MR. NAUGHTON: So moved, Dennis

3                   Naughton.

4                   TREASURER GOLDBERG: Second?

5                   MR. BROUSSEAU: Second.

6                   MS. FITCH: Second.

7                   MR. BROUSSEAU: Bob Brousseau.

8                   TREASURER GOLDBERG: Okay then. Now are  
9                   there questions?

10                  MR. MONACO: Madam Treasurer, Peter  
11                  Monaco. Just a couple of real quick questions.

12                  TREASURER GOLDBERG: Sure.

13                  MR. MONACO: Hi. Good morning.

14                  I think I saw that Richard Driehaus  
15                  actually passed away earlier this year. While I  
16                  understand or believe I understand that he frankly  
17                  has not been involved in the day-to-day business  
18                  either managing money or interacting with clients  
19                  for many years, are there any implications for  
20                  change in ownership of the firm? And how do you  
21                  think about that?

22                  MR. McELROY: Yes. Thanks, Peter.

23                  You're absolutely correct. Richard  
24                  Driehaus did pass away a few months ago. There

1       were plans in place to pass some of his ownership  
2       back into the firm.

3               Driehaus already, as you know, is a  
4       manager for us in a couple of other parts of the  
5       public equities portfolio. So each of these teams  
6       is incentivized for adding value relative to their  
7       benchmarks in our portfolio. And that was passed  
8       along in an orderly fashion through some plans  
9       ahead of time before he had passed away.

10              MR. MONACO: Thank you.

11              And then separately, with respect to  
12       operational due diligence and notwithstanding that  
13       Driehaus and ARGA are existing managers, I think I  
14       noted in the package, in the board package, that  
15       we only received the sort of perfunctory cover  
16       letter from Albourne rather than the ODDs  
17       themselves.

18              The cover letters were very clear that  
19       there was nothing in the case of any of the three  
20       that represents sufficient risk to advise against  
21       investment, and maybe that's the typical  
22       boilerplate. But they do say the reports  
23       highlight certain risks.

24              In the absence of having received the

1 reports, is there anything that maybe you should  
2 just kind of call out and note?

3 MR. McELROY: So kind of short --

4 Matt, do you want to take that?

5 MR. LIPOSKY: Sure. Yes. No. Yes.

6 Short answer, Peter, and great question,  
7 but the short answer is no. I think these are  
8 standard, just, findings in the operational due  
9 diligence report. If you note, there's always  
10 going to be findings in all the reports that  
11 Albourne does conduct because no managers are  
12 perfect in that sense.

13 And that's what we want Albourne to do  
14 is to highlight these. And the managers then will  
15 work on kind of establishing themselves, and as  
16 time goes on, the bar continues to raise.

17 So short answer is there's nothing  
18 concerning or alarming in any of these reports.

19 MR. MONACO: Thank you.

20 TREASURER GOLDBERG: Are there any other  
21 questions?

22 Hearing none, we have a motion. We have  
23 a second.

24 Bob?

1 MR. BROUSSEAU: Yes.

2 TREASURER GOLDBERG: Ruth Ellen?

3 MS. FITCH: Yes.

4 TREASURER GOLDBERG: Jim?

5 MR. HEARTY: Yes.

6 TREASURER GOLDBERG: Theresa?

7 MS. McGOLDRICK: Yes.

8 TREASURER GOLDBERG: Peter?

9 MR. MONACO: Yes.

10 TREASURER GOLDBERG: Dennis?

11 MR. NAUGHTON: Yes.

12 TREASURER GOLDBERG: Carly?

13 MS. ROSE: Yes.

14 TREASURER GOLDBERG: Paul?

15 MR. SHANLEY: Yes.

16 TREASURER GOLDBERG: Myself, yes. The

17 motion carries.

18 Thank you.

19 We are private equity. And we're almost

20 back on schedule. We're two minutes off. Not too

21 bad.

22 MR. McGIRR: That's great. Thank you,

23 Madam Treasurer.

24 Michael McGirr, director of private

1 equity. I'm going to talk about market overview,  
2 touch on performance and then move into our voting  
3 items today.

4 Starting with the market, the PE  
5 industry continues to set records for '21. Cross-  
6 deal activity, exits, fundraising. This is driven  
7 by government stimulus, the rebounding economy,  
8 strong public equity markets and record amounts of  
9 dry powder.

10 PE, private equity valuations remain  
11 elevated. U.S. median PE EV-to-EBITDA valuations  
12 at 12.8 percent according to PitchBook. Median  
13 SMID buyouts have risen considerably. If you look  
14 back to 2017, we've had a cumulative increase in  
15 valuations of 45 percent to get up to over  
16 14 percent according to PitchBook today.

17 And what we're hearing from our managers  
18 is the valuations are higher, but also the  
19 underlying fundamentals of businesses are strong.  
20 Businesses are receiving strong demand. There's  
21 lots of growth and innovation across the market.  
22 These valuations are also supported by  
23 accommodating debt markets.

24 And venture capital continues its strong

1 momentum, not only for the year but in Q3 as well.  
2 We're seeing venture capital break records for  
3 investment, exits, fundraising, you name it.

4 Over 200 IPOs year to date through 9/30,  
5 and we're continuing to see that trend of larger,  
6 later, VC megaround deals. The velocity of  
7 transactions across the market is incredible.  
8 It's translating into a rapid fundraising market,  
9 which continues to also set record pace.

10 Number of funds in the market across  
11 private equity, all-time highs. So these private  
12 equity firms are taking advantage of markets awash  
13 in liquidity.

14 Turning to performance, private equity  
15 had another strong quarter. As Michael had  
16 mentioned, up 14 percent gross, 13.7 net. That  
17 brings our one-year number up to 68.5 percent  
18 gross, 66.6 net. Very strong trailing one-year  
19 number, again helped drag our three-, our five-,  
20 our 10-year numbers all up.

21 Focusing on the quarter, we had a net  
22 value gain of almost \$2 billion, which is  
23 fantastic. Compared to last quarter, we saw  
24 broader based performance across all of our

1 strategies. 70 percent of our funds contributed  
2 positive to value.

3 Last quarter's performance was a bit  
4 more lopsided, especially with venture capital's  
5 outsize contribution to returns.

6 This quarter, venture, growth and  
7 buyouts all did well. Buyouts were up 12 for the  
8 quarter, and that trailing one-year in the high  
9 50s to 60.

10 Venture capital, another very strong  
11 quarter, up 19 percent. Not as strong as last  
12 quarter, but still exceptional and still makes  
13 that trailing one-year number for venture capital  
14 up over 100 percent, which is just astounding.

15 As Michael McElroy had mentioned, growth-  
16 oriented assets really continued to appreciate in  
17 value. And we're seeing that across our  
18 portfolio, especially our growth equity portfolio  
19 up 16 percent for the quarter and almost up  
20 80 percent for the one-year period.

21 The entire PE program's assets have  
22 increased to 15.4 billion, almost 16 percent of  
23 PRIT. For the one-year period, we had a six and a  
24 half billion dollar net value gain.



1                   And we have had record distributions  
2     over that time period. \$3.5 billion coming back  
3     in cash and over \$1 billion for this most recent  
4     quarter. So very happy with the distribution  
5     pace.

6                   Wrapping up the calendar year for '21,  
7     we've had a very quick pace. Year to date, we've  
8     closed on roughly \$2.2 billion to funds and almost  
9     500 million in co-investments. With your  
10    approvals today, that would bring us to  
11    \$2.5 billion in funds, and adding in the co-  
12    investments would be about \$3 billion for the  
13    calendar year, slightly higher than the range we  
14    outlined at the beginning of the year, but very  
15    happy with the pace and activity.

16                  I'm going to stop my comments on the  
17    market and performance, open up to Q&A before we  
18    move on to our fund recommendations and/or voting  
19    item related to co-investment.

20                  TREASURER GOLDBERG: Are there questions  
21    for Michael?

22                  Okay. Hearing none --

23                  MR. BROUSSEAU: Madam Treasurer, just  
24    one question. Either one of the two Michaels

1       probably can refer to it.

2               If indeed this growth in inflation is  
3       not transitory and becomes a real problem in the  
4       year ahead, what kind of an impact would that have  
5       on venture capital and growth-oriented investments  
6       as far as PRIM is concerned or anybody, I guess?

7               MR. McGIRR: Yes. I'll take a crack at  
8       that. And Michael, feel free to join in.

9               The valuations in venture capital in  
10       particular seem to be a little disconnected to the  
11       fundamentals that we're observing across the wider  
12       market.

13               And then I would go back to Michael  
14       McElroy's comments about pricing power. If you've  
15       got a business that can pass along costs to  
16       customers better than it is receiving in terms of  
17       higher costs, that business moat that Warren  
18       Buffett and others like to talk about, if it's  
19       very, very strong, I think you're going to have a  
20       business that takes market share relative to its  
21       competitors.

22               So I think that's what we're focused on  
23       in public markets. That's what we're focused on  
24       in private markets as well.

1                   MR. McELROY: I agree, Michael.

2                   Absolutely.

3                   And I think we have a pretty balanced  
4                   portfolio in the public markets between value and  
5                   growth. So if growth were to weaken a bit with  
6                   higher rates, I think the value side would help  
7                   make up for that. So I do think we have a good  
8                   balance currently and not overexposed to that  
9                   theme, but it would certainly impact part of the  
10                  public market portfolio, and that's really why we  
11                  have the diversification.

12                 TREASURER GOLDBERG: Which is always  
13                  what I talk about, the fact that we plan a  
14                  portfolio to be stable in up and down markets. At  
15                  times, we give up some of the upside, but  
16                  typically when there's a tough market, we don't  
17                  drop as much as we've seen like funds drop.

18                 And I really believe it's our strategy  
19                  that is successful, that we don't overreact to  
20                  external factors and keep our eye on the long run.

21                 MR. TROTSKY: I would add just one more  
22                  thing. With regard to venture capital, it's  
23                  important to realize that these are very, very  
24                  small emerging companies, usually with very unique

1 products. They're either new drugs or new  
2 software or new technology that either work or  
3 don't work. And there's some body of evidence to  
4 show that their success is somewhat unrelated to  
5 the market. It's uncorrelated. So venture  
6 capital in particular has the opportunity to  
7 perform well, even when there are other challenges  
8 like inflation in the markets.

9 TREASURER GOLDBERG: I think Moderna is  
10 an example of that. So who would have thought,  
11 right? And it could have gone nowhere.

12 So okay. If there aren't any other  
13 questions, we could move on to our investment  
14 recommendations.

15 And it looks like we are going to do  
16 three of them in one vote. Is that correct,  
17 Michael?

18 MR. MCGIRR: That's right, Madam  
19 Treasurer.

20 TREASURER GOLDBERG: So what I'll do is  
21 I'll seek a motion and a second for the three, and  
22 then you can give the description then and have  
23 any kind of questions you want. How does that  
24 sound for efficiency?

1 MR. McGIRR: Perfect.

2 TREASURER GOLDBERG: So I seek a motion  
3 that the PRIM Board approve commitments as  
4 described in the expanded agenda up to  
5 \$125 million to GTCR Strategic Growth Fund I, up  
6 to \$100 million to Georgian Growth Fund VI and up  
7 to \$50 million to Georgian Alignment Fund II, and  
8 then up to \$14 million to Spark Capital VII and up  
9 to \$28 million to Spark Capital Growth IV; and to  
10 further authorize the executive director to take  
11 all actions necessary to effectuate this vote.

12 Is there a motion?

13 MR. BROUSSEAU: So moved.

14 TREASURER GOLDBERG: Second?

15 MS. FITCH: Second.

16 TREASURER GOLDBERG: Okay. Michael, go  
17 ahead.

18 MR. McGIRR: Great. My colleagues Helen  
19 and Sarah are going to walk us through the  
20 opportunities.

21 TREASURER GOLDBERG: Great.

22 MS. HUANG: Thanks, Michael. Good  
23 morning, Treasurer and board members.

24 My name is Helen Huang, a senior

1 investment officer in the PE team. My colleague  
2 Sarah and I will quickly take you through three  
3 re-up recommendations for five funds.

4 I'll lead off with GTCR, and the details  
5 can be found on page 20 of the agenda. GTCR is a  
6 longstanding buyout relationship, PRIM has  
7 invested since 1987, as well as completed one co-  
8 investment.

9 Since inception, GTCR has established a  
10 buy-and-build strategy by finding and partnering  
11 with exceptional industry leaders to build  
12 strategic platforms targeting an investment  
13 thesis.

14 The Strategic Growth Fund is a first-  
15 time extension product that applies the same  
16 successful playbook and focuses on investments  
17 requiring 50 to 200 million equity checks, which  
18 are too small for the flagship funds.

19 The PE team is recommending up to a  
20 \$125 million commitment in a highly proven and  
21 coherent strategy. It's also consistent with  
22 PRIM's goal to increase exposure in SMID buyout.

23 With that, I will pass it over to Sarah  
24 to walk through Georgian.

1 MS. ZATOONIAN: Thanks, Helen. And good  
2 morning, everyone.

3 My name is Sarah Zatoonian, and I'm an  
4 investment analyst on the private equity team.

5 Georgian is a Toronto-based growth  
6 equity firm founded in 2008 and is an existing  
7 high-conviction manager. PRIM made its first  
8 investment with Georgian in 2019 in Georgian  
9 Growth Fund V.

10 Today we're recommending commitments to  
11 two Georgian funds, Georgian Growth Fund VI and  
12 Georgian Alignment Fund II.

13 Georgian Growth Fund VI is a re-up for  
14 PRIM. Georgian is raising \$1.3 billion for  
15 Fund VI, which will continue Fund V's strategy of  
16 making minority investments in high-growth  
17 software companies with high predictability of  
18 revenue.

19 Georgian Alignment Fund II is a new  
20 investment opportunity for PRIM. Georgian is  
21 raising \$1.5 billion for Alignment Fund II, which  
22 is a captive product that will provide follow-on  
23 capital to companies that Georgian owns in its  
24 growth fund portfolios.

1           The growth funds are not selling to the  
2           alignment fund. Rather, the alignment fund helps  
3           Georgian to preempt and lead subsequent rounds of  
4           financing in high-conviction companies.

5           We are recommending commitments of up to  
6           \$100 million to Georgian Growth Fund VI and up to  
7           \$50 million to Georgian Alignment Fund II.

8           And at this point, I'll hand it back  
9           over to Helen to talk about Spark.

10           MS. HUANG: Thanks.

11           Spark is an existing core VC manager  
12           that PRIM has invested since the firm's inception  
13           with nine funds in total. Spark invests in seed,  
14           early and growth stage consumer and technology  
15           companies via an early venture fund and a venture  
16           growth fund from Boston, San Francisco and New  
17           York offices.

18           With a leading brand and a talented  
19           organization, Spark has proven its vision and  
20           access to some of the world's most successful  
21           startups such as Twitter, Tumblr, Oculus, Plaid,  
22           Slack and Postmates.

23           As such, we're recommending a re-up of  
24           \$42 million in total in Spark Capital Fund VII and



1 Spark Growth Fund IV.

2 With these brief summaries, we'd be  
3 happy to take your comments or questions.

4 TREASURER GOLDBERG: Thank you.

5 Are there any questions at all?

6 Comments?

7 We have a motion. We have a second.

8 Did someone want to comment? There was  
9 a little noise.

10 Okay. Bob?

11 MR. BROUSSEAU: Yes.

12 TREASURER GOLDBERG: Ruth Ellen?

13 MS. FITCH: Yes.

14 TREASURER GOLDBERG: Jim?

15 MR. HEARTY: Yes.

16 TREASURER GOLDBERG: Theresa?

17 MS. MCGOLDRICK: Yes.

18 TREASURER GOLDBERG: Peter?

19 MR. MONACO: Yes.

20 TREASURER GOLDBERG: Dennis?

21 MR. NAUGHTON: Yes.

22 TREASURER GOLDBERG: Carly?

23 MS. ROSE: Yes.

24 TREASURER GOLDBERG: Paul?

1 MR. SHANLEY: Yes.

2 TREASURER GOLDBERG: Myself, yes. The  
3 motion carries. Thank you.

4 Okay. The next item is private equity  
5 co-investment update and recommendation. Who will  
6 be presenting this, Michael?

7 MR. McGIRR: I'm going to be stepping in  
8 for Alyssa Fiore, and we do have some materials  
9 we'd like to share with you.

10 Tony, maybe you could pull up the  
11 presentation.

12 We're excited to share an update on the  
13 co-investment program and its contribution to  
14 Project SAVE and Project SAVE 2.0.

15 We also have a voting item, which is to  
16 increase our co-investment capacity. The main  
17 takeaways --

18 And Tony, could you turn to the next  
19 page, please.

20 The main takeaway is that the co-  
21 investment program is meeting and surpassing the  
22 goals that we put in place back in 2014. As a  
23 reminder, co-investments are direct investments in  
24 private businesses alongside our existing private

1 equity managers. This program is internally  
2 managed by PRIM staff. It's direct, and it has no  
3 management fees or carried interests.

4 We wanted to give you an update across  
5 the three parameters that we talk about often at  
6 PRIM: risk, return and cost.

7 Starting with return, although it's  
8 still early, the program's performance has really  
9 taken off in recent years. We have expanded our  
10 PRIM Board-approved co-investment bench, and we've  
11 increased our sourcing efforts.

12 We're getting positive signals on  
13 performance across the portfolio. It's  
14 outperforming both private and public benchmarks  
15 and appears to be highly accretive to our overall  
16 activities.

17 Risk. We have built a well-diversified  
18 portfolio across manager, sector, geography and  
19 vintage year. We also believe the program is not  
20 materially changing the risk profile of the PE  
21 program.

22 And costs. What I'm most excited to  
23 share today is an update on cost. The program's  
24 contributions to Project SAVE have been

1       considerable. Since 2014, we have realized  
2       \$40 million in savings to date. That's in the  
3       bank with realized investments.

4               Based on the size of the portfolio,  
5       which has grown considerably over prior years, we  
6       estimate that there's \$38 million annually in  
7       savings going forward, so the fee saving scale  
8       with future co-investments, deployment and  
9       realizations and performance.

10              Tony, next slide, please.

11              Our deployment's working. Our team has  
12       completed over 50 co-investments to date. We sit  
13       in a unique spot in the market. We have great  
14       access to world-class investment managers and  
15       great opportunities with some of the best private  
16       equity managers in the world. Our team is  
17       actively sourcing and hard at work to unlocking  
18       opportunities in a highly competitive market.

19              You can see some performance statistics  
20       on the page. 26 percent rate of return, internal  
21       rate of return. Seems very encouraging. We're  
22       very excited about it.

23              Tony, next slide, please, to go to our  
24       voting item where we're asking to increase the

1 capacity from 20 percent of our annual activity to  
2 40 percent of the upper end of the forecast for  
3 our total annual budget.

4 We see this as an incremental change.  
5 We don't expect to use the 40 percent in the near  
6 term, but we want to have additional flexibility,  
7 have room to grow and build the capacity for  
8 future years.

9 We're not recommending any other changes  
10 to our current board-approved guidelines, which  
11 you can see on page 4.

12 I'm going to stop my comments there,  
13 open up to any questions or comments about co-  
14 investment program or the voting item in front of  
15 you today.

16 TREASURER GOLDBERG: Any questions on  
17 this presentation at all?

18 MR. BROUSSEAU: Just a comment, please,  
19 Madam Treasurer.

20 TREASURER GOLDBERG: Absolutely.

21 MR. BROUSSEAU: I'm amazed. Yesterday  
22 afternoon, I spent better than an hour just going  
23 through these co-investments. And I guess I'm  
24 amazed at the -- it strikes me at what Michael and

1       this team has been able to do, not only in the  
2       total private equity program, but just in  
3       proposing these co-investments. As I read through  
4       these, it's amazing, some of these investments  
5       that are being made and the results that we're  
6       seeing.

7               So I think kudos to this private equity  
8       team for what they're doing.

9               MR. McGIRR: Thanks, Bob.

10              TREASURER GOLDBERG: I also want to add  
11       that Tim Vaill is attending this meeting, and I  
12       just consider him Mr. Project SAVE. And he's been  
13       a really inspiring leader on this and never misses  
14       a moment to push the envelope.

15              So shout-out to you, Tim. I know you  
16       can't respond because you're an attendee, but we  
17       know you're there watching.

18              I'm going to seek a motion and a second,  
19       and then we can get the description of the voting  
20       item.

21              I seek a motion that the PRIM Board  
22       approve the Investment Committee's recommendation  
23       to the co-investment guideline change to increase  
24       the annual co-investment capital deployment

1 guideline from 20 percent of total private equity  
2 annual commitments to 40 percent of the upper end  
3 of PRIM's forecasted total annual private equity  
4 investment plan as described in Appendix U of the  
5 expanded agenda, and further to authorize the  
6 executive director to take all actions necessary  
7 to effectuate this vote.

8 Is there a motion?

9 MR. NAUGHTON: So moved. Dennis  
10 Naughton.

11 TREASURER GOLDBERG: Second?

12 MR. BROUSSEAU: Second.

13 TREASURER GOLDBERG: Okay, Michael.

14 MR. MCGIRR: Sure. So the voting item  
15 is to move from 20 percent to 40 percent of the  
16 upper end of our forecast for our total annual  
17 budget.

18 So as everybody is familiar, we set a  
19 range in terms of total commitment amount to get  
20 us towards that desired allocation for private  
21 equity. This would be moving -- the current  
22 guideline is co-investments can be 20 percent of  
23 that budget, and we're asking to move that to  
24 40 percent.

1           Don't think we'll get there in terms of  
2   deployment anytime soon, but we really want to  
3   have the additional flexibility because we're so  
4   encouraged by the program's progress to date.

5           TREASURER GOLDBERG: Are there any  
6   questions or comments about this?

7           MR. NAUGHTON: I'd just like to make one  
8   comment. It's kind of a follow-on to what Bob  
9   said.

10           This strikes me, as somebody who doesn't  
11   have a background in investments per se, as a  
12   pretty exciting kind of place to work. And I  
13   really look forward to seeing the deployment of  
14   the additional moneys based on the success that  
15   the team has had so far.

16           And again, well-done, I say.

17           MR. McGIRR: Thanks, Dennis.

18           TREASURER GOLDBERG: Thank you, Dennis.

19           Any other --

20           MR. MONACO: Madam Treasurer?

21           TREASURER GOLDBERG: Yes. Yes.

22           MR. MONACO: Hey, Madam Treasurer. It's  
23   Peter.

24           A couple quick ones for you, Michael.



1                   What is the rationale for defining the  
2                   co-investment budget relative to the annual PE  
3                   commitment budget, rather than looking at it as a  
4                   percentage of the total PE portfolio or even as a  
5                   percentage of the total PRIT Fund?

6                   MR. McGIRR: Yes. Thanks, Peter.  
7                   That's a good question, and I think thinking about  
8                   it as a percent of PE or a percent of PRIT from a  
9                   risk and a performance standpoint makes a lot of  
10                  sense.

11                  What we found this year in particular is  
12                  we have a bit of a circular reference in terms of  
13                  our deployment. So the way the guideline is set  
14                  up right now, we can do up to 20 percent of co-  
15                  investments to our budget.

16                  And we don't know what we're going to do  
17                  at any particular year. So by moving to  
18                  40 percent of the upper end of that forecasted  
19                  amount, it gets us to a fixed dollar amount. So  
20                  that's something we can manage.

21                  If you were to set it as a percent of  
22                  PRIT or a percent of PE, now you're dealing with  
23                  another variable that sort of moves and would be  
24                  more difficult to manage.

1                   If you take a step back, right now,  
2           co-investments are about 5 percent of PE. So it's  
3           a small percentage of the overall program. And  
4           really what this vote would do is give us a little  
5           more flexibility.

6                   This year has been our most active year  
7           with co-investments so we're getting close to that  
8           20 percent because of all the activity and the  
9           great work our team has done.

10                   MR. TROTSKY: And, Peter, just to  
11           further delineate your question, I guess, when we  
12           first started this program, it was new to PRIM,  
13           and we often like to walk before we run. So the  
14           committee and the board at the time wanted to have  
15           some limit on the size of it relative to the total  
16           work of private equity. So we started at 10, I  
17           think. And then we moved to 20, if I remember  
18           correctly.

19                   And we're gaining so much confidence,  
20           not only in the performance and the number of  
21           opportunities but also in the enormous cost  
22           savings, nearly \$40 million a year, that we're  
23           beginning to jog, I would say.

24                   So that's the rationale. That's the

1 history of it really. And going to 40 percent  
2 will give us the bandwidth we need to expand it at  
3 the appropriate pace.

4 MR. MONACO: Given the potential you see  
5 in the program and the enthusiasm that you have  
6 for it, looking out over time, how big does it  
7 become as a percentage of the PE portfolio or the  
8 PRIT portfolio?

9 MR. MCGIRR: That's a great question.  
10 The way we've designed the program, our strategy  
11 is to be fund investors first. That's first and  
12 foremost. I think we get incredible leverage by  
13 investing with these talented private equity  
14 groups. World-class teams, world-class  
15 organizations.

16 If we find an opportunity that sort of  
17 meets our goals and objectives, then we'll look at  
18 it and evaluate it for the co-investment program.

19 When you push the idea of co-investment  
20 as a percent of the program to limits, for  
21 example, why not do a hundred percent co-  
22 investment, then you start to change the type of  
23 organization or private equity group. You start  
24 to look more like a PE firm.

1                   And there's certain large sovereign  
2     wealth funds and others that basically have  
3     private equity organizations inside of their  
4     institutional asset owner.

5                   So I can't envision us in the near term  
6     going over where we'd be anywhere close to being a  
7     majority of our portfolio being in co-investment.  
8     Moving from 20 to 40 percent would be a big step  
9     up in terms of walking to jogging, as Michael just  
10    mentioned.

11                  But I see that as many years, taking  
12    sort of many steps along the way before we hit any  
13    sort of steady-state.

14                  MR. MONACO: Great answer.

15                  And then finally, I apologize. I should  
16    know this, but I forget. What is the typical fee  
17    structure or lack of fee structure associated with  
18    co-investments?

19                  MR. McGIRR: Yes. Our program is  
20    designed to filter out co-investments that do have  
21    fees attached to them, meaning a management fee or  
22    a carried interest, paying a percentage of the  
23    profits, which is pretty standard, as you know,  
24    Peter, in a typical fund investment.

1                   Oftentimes there's entities that are  
2                   organized to hold the co-investments. Oftentimes  
3                   we're aggregated with other co-investors. So  
4                   there's administrative and legal fees associated  
5                   with that, but I would describe those as fairly *de*  
6                   *minimis*.

7                   Also because this is internally managed,  
8                   we're working with expert legal counsel to help us  
9                   evaluate the legal documents governing these  
10                  private investments. Again, I think those are  
11                  fairly reasonable, especially in the context of  
12                  private equity, which, as you know, is probably  
13                  the most expensive asset class there is.

14                 MR. MONACO: Right.

15                 I know we're tight on time here. And as  
16                 you know from our separate discussions, I'm very  
17                 supportive of this program, but philosophically,  
18                 we are willing to pay fees where we are convinced  
19                 of value add relative to the fee structure.

20                 So if we screen out co-invest with any  
21                 management fee and carry, are we unwittingly  
22                 building in some potential for adverse selection,  
23                 notwithstanding how well the program appears to be  
24                 going?

1                   MR. McGIRR: It's a great question, and  
2                   that's something that I want our team to consider  
3                   in the future. But I would say if you take a step  
4                   back, we're looking at hiring managers, and it's  
5                   sort of a going-forward point of view on a  
6                   manager's capability to generate alpha and  
7                   contribute positively to the PRIT Fund.

8                   You can get there two ways. You can get  
9                   there through a full freight fee and carry with  
10                  tremendous gross performance in a fund. And we  
11                  still have a lot of those, Peter. We've got some  
12                  groups that we haven't done any co-investments  
13                  with.

14                 But the net experience for us, even  
15                  after fees, is still sort of worth the investment  
16                  back to that sort of alpha being the guiding  
17                  principle.

18                 And then there's other groups where co-  
19                  investment helps reduce that fee burden.

20                 So it's difficult, but it's our job to  
21                  evaluate those two combined. So I don't think  
22                  we're screening out groups that won't offer a co-  
23                  investment. I know a lot of groups in the market  
24                  will do that. And I worry about that. I think

1       that's the wrong thing to do long term for  
2       pensioners.

3               Our philosophy is that fees are a tax on  
4       alpha, and even if the tax is high, if alpha is  
5       there, I think we've got a great investment  
6       manager.

7               TREASURER GOLDBERG: And this is not  
8       something that we're saying right tomorrow we're  
9       going up to 40 percent. We're just giving the  
10      authorization to do so. And we can revisit this  
11      question at any time as things evolve.

12              And that's what Michael and his team  
13      will be doing anyway, so they can certainly share  
14      with us how they're feeling about this, even when  
15      it isn't an authorization or a voting item.

16              Correct, Michael?

17              MR. McGIRR: That's correct.

18              MR. TROTSKY: Yes. I think Peter raises  
19      a lot of good possibilities that we intend to  
20      investigate. Right now, we have plenty of  
21      capacity at zero fee/zero carry. We're growing it  
22      as quickly as we want to, maybe quicker than we  
23      expected. And if we want to grow it even more, we  
24      can investigate other formulas, but all good

1 conversation for the future, I think.

2 Thank you, Peter.

3 TREASURER GOLDBERG: So we do have a  
4 motion. We have a second. And so this is a roll  
5 call vote.

6 And I would ask Bob.

7 MR. BROUSSEAU: Yes.

8 TREASURER GOLDBERG: Ruth Ellen?

9 MS. FITCH: Yes.

10 TREASURER GOLDBERG: Jim?

11 MR. HEARTY: Yes.

12 TREASURER GOLDBERG: Theresa?

13 MS. MCGOLDRICK: Yes.

14 TREASURER GOLDBERG: Peter?

15 MR. MONACO: Yes.

16 TREASURER GOLDBERG: Dennis?

17 MR. NAUGHTON: Yes.

18 TREASURER GOLDBERG: Carly?

19 MS. ROSE: Yes.

20 TREASURER GOLDBERG: Paul?

21 MR. SHANLEY: Yes.

22 TREASURER GOLDBERG: Myself, yes. The  
23 motion carries.

24 Next item on the agenda is we are moving



1 on to real estate and timberland. Tim, talk a  
2 little bit faster than your intention was.

3 MR. SCHLITZER: Will do. First of all,  
4 can you hear me?

5 TREASURER GOLDBERG: Yes, we can.

6 MR. SCHLITZER: Okay. Perfect. I'll do  
7 my very best here to be brief.

8 I'm Tim Schlitzer, director of real  
9 estate and timberland. I do also want to offer my  
10 condolences to Jill Hatton. I don't think that  
11 she's on. We obviously work very closely with her  
12 on the real estate team. We really think the  
13 world of her, and we're really sorry for her loss.

14 So I'm going to start with a brief  
15 performance overview, and then we have two voting  
16 items. And I'm not going to be speaking  
17 specifically to any materials.

18 So just getting into performance, real  
19 estate performance, Michael mentioned, was very  
20 strong on both an absolute and relative basis.  
21 Total real estate for the year returned  
22 23.3 percent. That's 1,134 basis points above the  
23 benchmark. So very strong. Ending portfolio  
24 assets were 8.1 billion.

1 REITs, approximately 18 percent of the  
2 portfolio, led in terms of pure return at  
3 32.9 percent, with managers adding 226 basis  
4 points of return above the index.

5 REIT returns were really led by  
6 recovering sectors such as malls and lodging, but  
7 all property sectors were very strong as tenant  
8 demand and capital markets recovered in a low  
9 interest rate environment.

10 Private real estate was up 21.1 percent  
11 against the benchmark of 7.4 percent. The  
12 benchmark does increase to 12.2 percent when we  
13 update it for the actual September figures. So  
14 that equates to outperformance still of about  
15 900 basis points.

16 The relative outperformance was driven  
17 by PRIM's accretive portfolio debt as well as our  
18 overweights to the industrial and multifamily  
19 rental sectors, which have clearly differentiated  
20 themselves throughout the pandemic.

21 And then on the private transaction  
22 side, we've completed 13 acquisitions year to date  
23 for approximately 860 million, disposed of three  
24 assets for 730 million. The year is not over so

1       there will be some additional transaction  
2       activity, but we will be net acquirers for the  
3       year, but with a fair amount of activity on both  
4       sides of the ledger.

5               Let me just shift over to timber, and  
6       please ask questions as I go. So timber  
7       returns --

8               TREASURER GOLDBERG: And you don't have  
9       to wait till I ask for questions. Anyone who  
10      wants to ask a question, just jump in.

11              MR. SCHLITZER: Yes, please.

12              Timberland returned 7 percent for the  
13      prior year. That's 393 basis points above  
14      benchmark. Ending assets were 2.8 billion.

15              Performance was primarily attributable  
16      to the Pacific Northwest region, where the supply-  
17      demand dynamic has been tighter over the last  
18      couple of years.

19              I will caution that as we appraise every  
20      December, it will really be next quarter's results  
21      that will be most informative in evaluating how  
22      the portfolio is doing.

23              Generally demand overall has been pretty  
24      robust from both a housing and consumer

1 perspective, as you know. This did drive timber  
2 prices up nationally in the third quarter.

3 Recent weather, including Hurricane Ida,  
4 did lower the availability of wood, which was also  
5 a contributor to timber prices increasing.

6 That said, on the other side of our view  
7 is that there have been constraints on processing  
8 capacity due to labor, truck and container  
9 availability and cost increases. You can see this  
10 in the September housing starts number, which did  
11 decrease a little bit.

12 We've made no timberland acquisitions  
13 this year. We've had some smaller acreage sales,  
14 all at very high returns, but nothing material to  
15 the portfolio recently.

16 So I am going to leave it at that.  
17 Hopefully that was fairly efficient.

18 MR. TROTSKY: Tim, may I just suggest  
19 that given the size of 85 Jay Street on the voting  
20 item, it's a relatively small investment, it was  
21 discussed at length at the Real Estate and  
22 Timberland Committee, it was voted on unanimously,  
23 may I suggest just a very brief introduction of  
24 what it is, who the partner is and the dollar

1 amount?

2 TREASURER GOLDBERG: We have a voting  
3 item prior to that, Michael. The benchmark  
4 recommendation.

5 MR. TROTSKY: Yes. Thank you for that.

6 And same. I think Jay is going to  
7 present that. That was also --

8 We need to make up some time here.

9 TREASURER GOLDBERG: So which would you  
10 like to do first? Certainly we can take them out  
11 of order, if you would prefer that we do the  
12 direct real estate first.

13 MR. TROTSKY: Yes. Let's do that first  
14 since we have Tim on right now.

15 MR. SCHLITZER: Sure thing.

16 TREASURER GOLDBERG: So I'll seek a  
17 motion on that, that the PRIM Board approve the  
18 Real Estate and Timberland Committee's  
19 recommendation to approve a commitment of up to  
20 \$40 million for the purchase of 85 Jay Street, New  
21 York, New York, as described in the expanded  
22 agenda, and further to authorize the executive  
23 director to take all actions necessary to  
24 effectuate this vote.

1 Is there a motion?

2 MR. BROUSSEAU: So moved.

3 TREASURER GOLDBERG: Second?

4 MR. SHANLEY: Second.

5 MS. FITCH: Second.

6 TREASURER GOLDBERG: Okay. Go ahead.

7 MR. SCHLITZER: Great. So as Michael  
8 said, this is a relatively small investment, one  
9 that we do have high conviction on. We do plan to  
10 place it in the direct portfolio, given the nature  
11 of the sourcing, the level of control and the due  
12 diligence process that we're using.

13 35 million is the projected amount. I  
14 believe the motion does read as 40, correct me if  
15 I'm wrong, but we're looking for an "up to" an amount  
16 of \$40 million.

17 We'll be buying 320 multifamily units in  
18 Dumbo, which is on the water, generally viewed as  
19 the most desirable neighborhood in Brooklyn,  
20 directly out of construction, in partnership with  
21 a very high quality New York operator called RXR  
22 and also in partnership with one of the largest  
23 pension funds in the United States.

24 The business plan will be to lease the

1 property up over the next year or so at market  
2 rates.

3 And we've done a fair amount of research  
4 on the market dynamics in Brooklyn. And given  
5 that, as well as the cost basis, this was put  
6 under contract prior to a fair amount of yield  
7 compression in the multifamily market. So the  
8 basis is attractive. We feel that this presents a  
9 very high quality investment and a very attractive  
10 risk-adjusted return.

11 We're running a full due diligence  
12 process as we speak, looking at the physical,  
13 environmental, financial and legal profile of the  
14 investment, using firms directly engaged by PRIM.

15 We'd also hope to grow the relationship  
16 with RXR going forward, and this is a starting  
17 point.

18 As Michael said, we had unanimous  
19 support and a lot of support from the Real Estate  
20 Committee. This is a good investment opportunity,  
21 and the recommendation is that we proceed.

22 TREASURER GOLDBERG: Any questions?

23 MR. BROUSSEAU: Just one question, Madam  
24 Treasurer.

1                   Tim, I held this question till you spoke  
2           about 85 Jay Street, but I was looking at the  
3           report earlier, and I figured to save some time,  
4           on page 10 of the private real estate exposure by  
5           MSA, probably this change in the benchmark will  
6           deal with this, but I'm looking at the right-hand  
7           side of the chart.

8                   PRIM apparently is very underweight,  
9           according to the NPI, at least, in three broad  
10          market areas: the New York/northern New Jersey  
11          area, Los Angeles/Anaheim, and San Francisco  
12          areas.

13                  Is it because of the lack of available  
14          properties that we do due diligence on? Or we  
15          have a program of trying to correct this probably  
16          with this recommendation for 85 Jay Street today  
17          and probably there are some others. Or outside  
18          markets were not there for us to get involved in  
19          those three?

20                  It seemed there was a big disconnect  
21          between what our weight is and what the benchmark  
22          showed.

23                  MR. SCHLITZER: Yes. It's an astute  
24          observation, and I would say -- and again, this is



1 a small investment in 85 Jay, but it is a problem  
2 that we are trying to solve.

3 Not only is New York an incredibly large  
4 market, I mean probably the largest market in the  
5 United States, but it is a market where the  
6 advantages clearly flow to the local groups in  
7 terms of sourcing and information. And I think as  
8 good as our existing investment managers are, they  
9 are typically working at a little bit of a  
10 disadvantage in New York.

11 And we think that RXR solves this  
12 problem, and it gets us a tiny bit closer to the  
13 benchmark allocation in doing this. And if we  
14 grow with them, it could be a good inroad into the  
15 market. I'll focus my comments on New York.

16 I think as it relates to LA and San  
17 Francisco, those underweights are a little bit  
18 less pronounced. I think that those underweights  
19 have worked fairly well through the pandemic. And  
20 we will always be sourcing in those markets, but  
21 the underweights do work for the time being.

22 So I'll leave it at that, if that works  
23 for you.

24 MR. BROUSSEAU: Thank you.

1                   TREASURER GOLDBERG: Okay then. So this  
2           is a voting item. Now I'm trying to remember.  
3           Did we do -- yes, we did the motion and the  
4           second. This is what happens to me at 12 noon for  
5           some reason. Okay then. Roll call.

6                   Bob?

7                   MR. BROUSSEAU: Yes.

8                   TREASURER GOLDBERG: Ruth Ellen?

9                   MS. FITCH: Yes.

10                  TREASURER GOLDBERG: Jim?

11                  MR. HEARTY: Yes.

12                  TREASURER GOLDBERG: Theresa?

13                  MS. MCGOLDRICK: Yes.

14                  TREASURER GOLDBERG: Peter?

15                  MR. MONACO: Yes.

16                  TREASURER GOLDBERG: Dennis?

17                  MR. NAUGHTON: Yes.

18                  TREASURER GOLDBERG: Carly?

19                  MS. ROSE: Yes.

20                  TREASURER GOLDBERG: Paul?

21                  MR. SHANLEY: Yes.

22                  TREASURER GOLDBERG: Myself, yes. The  
23           motion carries.

24                   And then the next item is the risk

1 management benchmark recommendation.

2 MS. ERICSON: Hello. I'm back again for  
3 our next recommendation.

4 TREASURER GOLDBERG: I just want to  
5 interrupt a little bit. This again was a  
6 unanimous vote at the Real Estate Committee. And,  
7 Shannon, I would ask that you do move along on the  
8 explanation, and then we can do the motion and the  
9 second.

10 MR. SHANLEY: Okay. Sure.

11 MS. ERICSON: So Tony, these materials  
12 are found, as you see, in Appendix W. And page  
13 3 has the two recommendations.

14 So the first is a benchmark change for  
15 the private real estate sleeve of the portfolio,  
16 and the second is a change in the weighting scheme  
17 for the total real estate composite.

18 The real estate portfolio consists of  
19 two subasset classes: public real estate or REITs  
20 and private real estate. The first recommendation  
21 relates to the private real estate sleeve. The  
22 private real estate is broken into core and non-  
23 core, but is predominantly core.

24 Tony, if you can turn to page 4 for the

1       rationale.

2               We recommend changing from the current  
3       benchmark, the NCREIF Property Index, or NPI, to  
4       NCREIF's Open End Diversified Core benchmark  
5       (ODCE). The NPI benchmark includes individual  
6       real estate properties, while the ODCE benchmark  
7       is comprised of commingled funds that invest in  
8       core real estate.

9               The two benchmarks are provided by  
10       NCREIF, and both have similar breakdown in terms  
11       of property type and geographic region. The main  
12       difference between the two benchmarks is their use  
13       of leverage. The ODCE incorporates leverage,  
14       while the NPI benchmark does not.

15              At 23 percent, the ODCE benchmark is in  
16       line with PRIM's leverage of 22 percent. So the  
17       key reason for the change is that the ODCE  
18       benchmark is more representative of the underlying  
19       assets in the PRIM private real estate portfolio  
20       than the NPI benchmark, which does not use  
21       leverage.

22              One final point on the change to ODCE  
23       is that when we were discussing with Verus, they  
24       also indicated that many of PRIM's pension fund  
      peers have transitioned from NPI to the ODCE  
      benchmark

1 and that 70 percent of their clients currently use  
2 ODCE.

3 The second change we are proposing today  
4 is a change from the current fixed weighting  
5 scheme to a floating weight scheme. We recommend  
6 moving from the current fixed 80 percent NCREIF  
7 Property Index or NPI plus 20 percent FTSE NAREIT  
8 to a floating market value weighted benchmark  
9 that consists of the actual total private real  
10 estate weight times the ODCE benchmark plus the  
11 actual total REIT weight times the FTSE NAREIT.

12 Using a floating weight benchmark scheme  
13 is consistent with PRIM's philosophy for  
14 benchmarking assets that contain private assets.  
15 This approach is used in other areas of PRIM with  
16 private assets such as private equity.

17 That concludes my presentation.

18 TREASURER GOLDBERG: Terrific. Okay.

19 I would seek a motion that the PRIM  
20 Board approve the Real Estate and Timberland  
21 Committee's recommendations to change the PRIT  
22 Total Core Private Real Estate benchmark to the  
23 NCREIF Fund Index Open End Diversified Core Equity  
24 Net Index, and change the weighting scheme of the

1 total real estate benchmark to the corresponding  
2 floating rates of the total private real estate  
3 and total REIT portfolios, as described in  
4 Appendices W and X of the expanded agenda, and  
5 further to authorize the executive director to  
6 take all actions necessary to effectuate this  
7 vote.

8 Is there a motion?

9 MR. NAUGHTON: So moved. Dennis  
10 Naughton.

11 MR. BROUSSEAU: Second.

12 TREASURER GOLDBERG: Bob Brousseau,  
13 okay.

14 Any questions of Shannon or anyone else,  
15 for that matter?

16 Hearing none, roll call.

17 Bob?

18 MR. BROUSSEAU: Yes.

19 TREASURER GOLDBERG: Ruth Ellen?

20 MS. FITCH: Yes.

21 TREASURER GOLDBERG: Jim?

22 MR. HEARTY: Yes.

23 TREASURER GOLDBERG: Theresa?

24 MS. MCGOLDRICK: Yes.

1           TREASURER GOLDBERG: Peter?

2           MR. MONACO: Yes.

3           TREASURER GOLDBERG: Dennis?

4           MR. NAUGHTON: Yes.

5           TREASURER GOLDBERG: Carly?

6           MS. ROSE: Yes.

7           TREASURER GOLDBERG: Paul?

8           MR. SHANLEY: Yes.

9           TREASURER GOLDBERG: Myself, yes. The  
10 motion carries.

11           Thank you, Shannon. That finishes up  
12 this section. We're moving into finance and  
13 admin.

14           And was there a question there?

15           MR. MONACO: Yes. Sorry, Madam  
16 Treasurer. It's Peter.

17           Before we move off of the investment  
18 section, could I make one quick comment and ask  
19 one quick question?

20           TREASURER GOLDBERG: Okay.

21           MR. MONACO: So I've just been  
22 reflecting over the last hour or so since the  
23 discussion on the FUTURE Initiative, and I feel  
24 compelled to second Jim's comments about the need

1       for an extra level of discipline and vigilance  
2       when it comes to implementation and monitoring of  
3       managers selected through the FUTURE Initiative.

4               While we all absolutely agree that it is  
5       a hyperworthy initiative, that the legislation  
6       that spawned it is incredibly well-intended, and  
7       while we're all supportive of it, I think that  
8       though the legislation does say that we must act  
9       consistent with sound investment policy, it does  
10      also require us, if necessary to achieve the  
11      20 percent objective, to flex and depart from past  
12      practices which have served us really well.

13      Maybe --

14              TREASURER GOLDBERG: Peter, I really  
15      need to interrupt. I think we made this very  
16      clear, that we were not going to waver. And the  
17      20 percent does not have a time frame. And I  
18      think that's exactly what Jasmine was explaining  
19      and others have been explaining all along, that we  
20      are going to use the same kind of rigor that we do  
21      on every other investment.

22              We didn't have these questions come up  
23      on some of the portfolio completion strategies.  
24      And when some of them didn't do well, we redid our



1 steps.

2 I really think that we have been very  
3 clear and thoughtful in the way in which we're  
4 going about this. And as David explained, adding  
5 an extra layer to our diligence and repeating  
6 again that those that are unable to perform, we  
7 will move out of because there is a huge universe  
8 of highly regarded potential firms to invest with,  
9 and I see David nodding.

10 So I don't know why we're going back to  
11 that, when I feel strongly that we have addressed  
12 these issues, and we don't seem to get this kind  
13 of commentary on other things that may have the  
14 equal level of risk on it.

15 MR. NAUGHTON: Madam Treasurer, may I  
16 say something?

17 TREASURER GOLDBERG: Go ahead, Dennis.

18 MR. NAUGHTON: First, I have every  
19 confidence in our staff that they would treat any  
20 and every investment in the exact same way, which  
21 as I feel all of our investments should be  
22 treated. And I have to express a little  
23 discomfort with this particular line of concern.

24 Thank you.

1 MR. MONACO: It's not --

2 MS. McGOLDRICK: I just want to second  
3 that. I want to second what Dennis just said. I  
4 don't understand why there's a different level of  
5 scrutiny cited with this particular initiative and  
6 this investment.

7 We've already spoken on it earlier  
8 today. It's been unanimous support, and I have  
9 full confidence that the staff will execute it  
10 with the same level of scrutiny as all of our  
11 investments.

12 TREASURER GOLDBERG: David, would you  
13 like to speak to this? David Gurtz?

14 MR. GURTZ: Happy to, but Peter, did you  
15 want to finish your thought?

16 I mean I think the Treasurer did a good  
17 job of expressing -- we don't do anything, as  
18 Dennis said, halfheartedly. We are very  
19 thoughtful and deliberate in everything that we  
20 do. And this program will be no different. And  
21 we will review it and be transparent in its  
22 performance over time.

23 MR. MONACO: I don't expect anything  
24 different. I just decided that I wanted to echo

1 Jim's comment. I've consistently supported this.  
2 David, we talked in the design of the program, and  
3 I supported it.

4 And Madam Treasurer, you actually  
5 provided a great segue for the question I had,  
6 which is on a separate subject.

7 You know, just thinking on and  
8 reflecting on distributed materials over time, I  
9 want to ask Eric and Bill and the team if go-  
10 forward, we would consider providing more manager-  
11 level detailed performance information when it  
12 comes to PCS managers because in the BYN report,  
13 we regularly get the performance of all our public  
14 managers, for example, and we see the performance  
15 of our private equity managers because so much of  
16 the capital deployed there is with a core roster  
17 of managers who we regularly re-up with.

18 And so I want to put on the table a  
19 request, go-forward, for more granular PCS manager  
20 detail.

21 MR. NIERENBERG: Peter, let me just jump  
22 in. Thank you for that question.

23 We can certainly work on doing that. In  
24 some cases, because of the managed accounts that

1 we've created which have substantial fee savings  
2 that we have in the hedge fund program, in some  
3 cases, we are not -- by agreement with the  
4 manager, we don't disclose those returns publicly.

5 That being said, I also do want to kind  
6 of clarify that the PCS returns have also been  
7 very strong on a risk-adjusted return basis over  
8 the years. So from that standpoint, PCS has  
9 performed well.

10 And we can certainly look into providing  
11 more granular information on both the stable value  
12 sleeve, which is the majority of the portfolio, as  
13 well as the newer directional section.

14 But thanks very much for those comments,  
15 Peters.

16 MR. MONACO: Yes. And to be clear,  
17 nothing implied at all in my comments about PCS  
18 performance. You know that I, perhaps most among  
19 the board, understand risk-adjusted performance.

20 It was just an observation that there  
21 isn't as much detail on that front as there is  
22 with other managers in other asset class buckets,  
23 and I was just wondering if we could expand the  
24 kind of detail that we get.

1                   MR. NIERENBERG: Absolutely. We'll  
2 definitely work on providing that to the board.

3                   And thank you for your support. I  
4 appreciate that.

5                   TREASURER GOLDBERG: And I do agree.  
6 You know a great deal about risk-adjusted return.

7                   So with that, I'm trying to remember.  
8 Is this a voting item? I don't think so.

9                   MR. BROUSSEAU: No. Finance.

10                  TREASURER GOLDBERG: Right. Okay. So  
11 we are moving on to finance and admin. And we  
12 have a report. We have one proposed proxy voting  
13 guideline, as a heads-up. It's not a voting item  
14 till it comes back to Admin and Audit in February.  
15 And a few quick other matters.

16                  So let's hop in quickly to the finance  
17 and admin report. Take it away.

18                  MR. FALZONE: Sure. So, Treasurer, my  
19 team's voting items were handled in the consent  
20 agenda. And I want to allow as much opportunity  
21 as possible to speak on what's left and  
22 specifically the proposed 2022 proxy voting  
23 guideline. That's on page 25 of the expanded  
24 agenda.

1                   I know you spoke very eloquently of it  
2     at the Administration and Audit Committee meeting  
3     so I figured I'd give an opportunity for the  
4     board to see what will be going before them in  
5     February, and if you have any comments or anyone  
6     on your team has any comments that you wanted to  
7     add to it.

8                   TREASURER GOLDBERG: So in the sake of  
9     time, one of the things -- and Jim Hearty will  
10    back me up on this -- that we talked about in  
11    terms of making sure that we are open and  
12    transparent and communicative with the board and  
13    others at all times is rather than wait till  
14    February to discuss proxy voting guidelines, we  
15    want to raise them early.

16                  We had a really great discussion during  
17    the Admin and Audit Committee. We are only  
18    proposing one new proxy voting guideline this  
19    year. And in fact, we got tremendously good  
20    response, which was exciting to me because I am a  
21    proponent of shareholder action and shareholder  
22    activism as opposed to divestment.

23                  And to see one of the climate activists  
24    who as late as last summer and early fall was  
   pushing me and my team very assertively to divest

1       and that there were no other avenues for success,  
2       to see her in *The Boston Globe* applauding our  
3       efforts really shows that this kind of activity is  
4       far more productive and a much better route for  
5       pension funds in particular.

6               I was quoted, and I'll repeat again that  
7       if you don't have a seat at the table, you don't  
8       have a seat at the table. And the best way to  
9       influence policy is to be able to articulate and  
10      verbalize it.

11             So this guideline we are proposing for  
12      more discussion and vote in February is our  
13      climate change, greenhouse gas, emission guideline  
14      to vote against directors of companies that have  
15      failed to align their business plans with the  
16      goals of limiting global warming to 1.5 degrees  
17      Celsius as set forth in the Paris Climate  
18      Agreement and/or establishing a plan to achieve  
19      net zero emissions by 2050.

20             There isn't anyone practically in the  
21      world now who isn't focused on the impacts that  
22      climate is having in terms of creating business  
23      risks.

24             We at the national level in the

1       bipartisan that you all know I'm now outgoing  
2       president of has focused a great deal on business  
3       risks, and climate has escalated that. And  
4       between hurricanes, between rising waters at the  
5       edge of real estate developments on rivers,  
6       riverbanks, seas and bodies of water, the  
7       increased blizzards -- it's the dramatic swings,  
8       and the shutdown of businesses due to these type  
9       of occurrences.

10               And it's gotten to the point where, for  
11       companies that aren't addressing these issues,  
12       believe it or not, investors are voting off  
13       company directors and are replacing them with  
14       those who are willing to discuss the risks to the  
15       business model.

16               So this is a business imperative. And  
17       speaking of returns, that's exactly what we as  
18       investors are focused on. And these are direct  
19       impacts on returns for these companies.

20               So as I said, we would not make this as  
21       lengthy a conversation. This was the opening  
22       conversation.

23               And when we did discuss it at our last  
24       meeting of Admin and Audit, Jim backed me up that



1       this is just the way in which he was recommending  
2       a while ago that we approach these kind of  
3       guidelines, so that people are well-aware of it by  
4       the time it comes back to the board next year.

5               Lastly, I referred to it earlier when  
6       Maria was speaking that we were not having Maria  
7       do this level of research and data collection and  
8       creating incredible analysis with MIT, which now  
9       even the SEC is potentially interested in, without  
10      wanting to utilize it ourselves and put it into  
11      action in collaboration with the three committees  
12      that we presently have.

13             So I look forward to fleshing out those  
14      details, as working with Tony and Michael  
15      internally with some idea of a proposal coming  
16      forth next year on how we would then execute. And  
17      including obviously Maria as part of this  
18      planning.

19             So I'm very excited at the potential of  
20      us having positive impacts and doing so in a way  
21      that supports our fiduciary duty to our  
22      beneficiaries.

23             MS. MCGOLDRICK: I just wanted to say a  
24      few words of support. My personal opinion has

1       been for a long time as a representative of the SEIU  
2       Capital Stewardship Program is that shareholder  
3       activism I believe far outweighs any divestment  
4       effort that a fund can do in that we're retaining  
5       our investment, we're growing the fund, but we're  
6       actually making actual positive change among many  
7       of the investors that we invest in across the  
8       country such as protecting the environment,  
9       climate change and labor standards, as well as pay  
10      equity and diversity hiring amongst the investors  
11      that we invest in.

12                It's good for the beneficiaries, it's  
13      good for the fund, and it's good for the  
14      environment and the world.

15                So I have nothing else. Thank you.

16                TREASURER GOLDBERG: Thank you, Theresa.

17                Any other comments?

18                Jim, I don't want to just quote you and  
19      have you sitting there, but if you go and read the  
20      minutes from our meeting two weeks ago, this is  
21      what he said.

22                MR. HEARTY: I was going to say that  
23      you more than accurately reflected my thoughts,  
24      thanks for getting this thing on the table in a  
      way that we

1       could fully think about it and discuss it.

2               So I completely agree.

3               TREASURER GOLDBERG: Well, and what's  
4       been great is that our team at 227 and the PRIM  
5       team have such strong collaborations that we're  
6       very much in synch with each other, which is very  
7       helpful when these things come up to the committee  
8       and board levels. So it's been a terrific working  
9       relationship.

10              MR. MONACO: Hey, Madam Treasurer, it's  
11       Peter. In this case, I echo both you and Jim.

12              TREASURER GOLDBERG: Thank you, Peter.

13              All right then. Well, that's it for the  
14       proxy voting guideline. Are there any legal or  
15       legislative updates?

16              Did I actually get us --

17              MR. FALZONE: I asked Dave to promote  
18       Liz Zelnick from your team, Treasurer, so she  
19       could speak more and in a better way than I could  
20       on those topics.

21              TREASURER GOLDBERG: Okay, Liz.

22              MS. ZELNICK: Good afternoon, everyone.  
23       I'm Liz Zelnick, deputy policy director for the  
24       Treasurer.

1                   Wanted to just give a quick update on  
2     the legislature. So the house and senate finally  
3     reached an agreement on a \$4 billion spending  
4     package and ARPA bill late last evening. So  
5     they're working out the votes today and tomorrow,  
6     and that bill will be going to the governor's desk  
7     probably this weekend.

8                   There were no PRIM-related sections or  
9     amendments of note.

10                  And then looking ahead to next year, the  
11     legislature plans to take up a climate bill when  
12     they're back in session in January. So our team  
13     will keep an eye on it and report back any PRIM-  
14     related sections or amendments there.

15                  So that's it from our end. Thank you.

16                  TREASURER GOLDBERG: Any questions for  
17     Liz?

18                  Hearing none, believe it or not, Michael  
19     Trotzky, I got us back on schedule, didn't I?

20                  Let's see. Other matters?

21                  MR. FALZONE: So most of those items are  
22     for your information. There is a client service  
23     item on there. I do have Francesco here, and if  
24     he wants to provide a quick update, if you'll

1 allow him to, he has, I think two minutes. Is it  
2 two or three minutes?

3 TREASURER GOLDBERG: Francesco.

4 MR. DANIELE: Good afternoon. My  
5 camera's not working for some reason, so I'll just  
6 go with the audio.

7 So my name is Francesco Daniele. I'm  
8 director of client services. I'll provide a brief  
9 update. Thanks for the time.

10 The client service team has been very  
11 busy with meetings, both virtual and in person.  
12 We still have about 16 meetings left on the  
13 calendar for the remainder of the year.

14 Just looking at a few months ago, the  
15 fall edition of the MACRS conference, Michael  
16 Trotsky was invited to provide the keynote  
17 address. His comments were very well-received by  
18 the MACRS membership, our clients and MACRS staff.

19 Additionally, the MBTA Retirement Fund  
20 made an additional commitment to PRIM via our  
21 private equity vintage year program for 2022, with  
22 an allocation of 10 million. This brings their  
23 total commitments to PRIM to 137 million. Their  
24 first commitment was on October 1 of 2019.

1           I want to thank Michael McGirr and the  
2 private equity team in that effort.

3           Switching gears to cybersecurity, lately  
4 we've been speaking to our clients more and more  
5 about cybersecurity and our recent correspondence  
6 to all clients regarding PRIM's cybersecurity  
7 practices and cash processing procedures.

8           And in the next few months, we'll be  
9 hosting several informational Webinars for our  
10 clients.

11           As always, if you have questions related  
12 to client service, please reach out to me or any  
13 other client service team.

14           Thank you.

15           TREASURER GOLDBERG: Thank you very  
16 much.

17           Anything else, Tony?

18           MR. BROUSSEAU: Can I just add one thing  
19 to --

20           MR. FALZONE: That's all I have on the  
21 agenda.

22           MR. BROUSSEAU: One thing to that, Madam  
23 Chair?

24           TREASURER GOLDBERG: Yes.

1                   MR. BROUSSEAU: I just want to mention  
2           that every year, the Massachusetts Teachers  
3           Retirement System holds a system review. And this  
4           year, it was held on -- I believe it was Friday,  
5           November 20. I know Dennis, as a member of the  
6           board, was there, as well as the full board.

7                   And every year, Michael is invited to do  
8           a presentation on the investment aspect of the  
9           MTRS. And Michael was on for a good -- I would  
10          say close to an hour doing the PRIM report, and it  
11          was very well-received. And this is constituent  
12          services, as we know.

13                   And the other part of course was a  
14          discussion of the liabilities. This was done of  
15          course by the actuary for PERAC and the actuary  
16          that we have also on the MTRS.

17                   And I guess the unfunded liability has  
18          improved a little, but again, they don't really  
19          mirror the returns that we're seeing because of  
20          course of the drop in the rates that we accept.  
21          About 7 percent now, I guess --

22                   TREASURER GOLDBERG: 7.15.

23                   MR. BROUSSEAU: 7.15.

24                   But I would say that Michael's report

1 was very, very, very well-received. Michael did  
2 an excellent job. I just wanted that mentioned  
3 because that's certainly client services.

4 TREASURER GOLDBERG: Thank you.

5 MR. DANIELE: Thank you for mentioning  
6 that. That event was very well-received. There  
7 was a lot of prep work with Erika Glaster in  
8 preparing for the meeting. It was a very good  
9 effort. We got very good feedback from the  
10 participants as well.

11 Thank you, Bob.

12 TREASURER GOLDBERG: All right then.

13 12:28 p.m.

14 MR. TROTSKY: Tony, did you want to  
15 mention that the audits came with no -- you know,  
16 clean audits?

17 MR. FALZONE: Yes. It should definitely  
18 be mentioned.

19 So our audits and our AUPs, which are  
20 agreed-upon procedures, both reviews came back  
21 with clean opinions. No findings. It was a good  
22 year.

23 I should also mention to the board --  
24 Michael, thank you for reminding me. We're in the



1 process of going through a state audit right now.  
2 I always joke we're in a perpetual state of audit.  
3 In fact, I have an audit meeting this afternoon.

4 So ultimately they expect their work to  
5 finish up in maybe April or May at some point. So  
6 we'll report back more when I know more. That's  
7 all.

8 MR. TROTSKY: I know it was in the  
9 consent agenda, but it's good to have on the  
10 record too.

11 MR. FALZONE: Sure.

12 TREASURER GOLDBERG: It's always good to  
13 have on the record, and I have to say because the  
14 audits are so good, when we ask management to  
15 leave the room, it provides for a very boring rest  
16 of our meeting.

17 So keep up the good work.

18 MR. FALZONE: I can live with boring.  
19 Absolutely.

20 TREASURER GOLDBERG: At this point, I  
21 would seek a motion to adjourn.

22 MR. BROUSSEAU: So moved.

23 TREASURER GOLDBERG: Is there a second?

24 MR. NAUGHTON: Second.

1                   TREASURER GOLDBERG: Roll call vote is  
2    in order.  
3                   Bob?  
4                   MR. BROUSSEAU: Yes.  
5                   TREASURER GOLDBERG: Ruth Ellen?  
6                   MS. FITCH: Yes.  
7                   TREASURER GOLDBERG: Jim?  
8                   MR. HEARTY: Yes.  
9                   TREASURER GOLDBERG: Theresa?  
10                  MS. McGOLDRICK: Yes.  
11                  TREASURER GOLDBERG: Peter?  
12                  MR. MONACO: Yes.  
13                  TREASURER GOLDBERG: Dennis?  
14                  MR. NAUGHTON: Yes.  
15                  TREASURER GOLDBERG: Carly?  
16                  MS. ROSE: Yes.  
17                  TREASURER GOLDBERG: Paul?  
18                  MR. SHANLEY: Yes.  
19                  TREASURER GOLDBERG: Myself, yes.  
20                  And for those who celebrate, happy  
21    Hanukkah. Chag Hanukkah sameach.  
22                  And if I don't see all of you because we  
23    don't have our holiday party obviously this year,  
24    I want to wish everyone an extremely merry

1 Christmas, happy holiday season and a please  
2 healthy new year.

3 MR. SHANLEY: Absolutely.

4 MR. BROUSSEAU: Thank you.

5 (Meeting adjourned at 12:30 p.m.)

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