

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

Minutes of the Board Meeting

Thursday, May 18, 2023

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
- Catherine D'Amato
- Ruth Ellen Fitch
- Theresa F. McGoldrick, Esq. and
- Peter Monaco
- Dennis J. Naughton
- Carly Rose
- Paul E. Shanley, Esq.

### Other Attendees (partial list):

- Andrew Browne
- Deb Coulter
- Shannon Ericson
- Anthony Falzone
- John Fitzpatrick
- David Griswold
- Helen Huang
- Emily Kowtoniuk
- Renee LeFevre
- Bill Li
- Michael McElroy
- Michael McGirr
- Veena Ramani
- Tim Schlitzer
- Riya Shah
- Ethan Spencer
- Michael Trotsky

1                                    P R O C E E D I N G S

2                                    A meeting of the Pension Reserves  
3                                    Investment Management Board (PRIM Board) was held  
4                                    remotely on May 18, 2023. The meeting was called  
5                                    to order and convened at 9:30 a.m. Treasurer and  
6                                    Receiver-General Deborah Goldberg chaired the  
7                                    meeting.

8  
9                                    TREASURER GOLDBERG: Good morning,  
10                                    everyone, and welcome to the Thursday, May 18,  
11                                    2023 meeting of the MassPRIM board.

12                                    This meeting will be held in accordance  
13                                    with the provisions of Massachusetts Acts of 2022,  
14                                    Chapter 22, which was most recently amended on  
15                                    March 29, 2023 to include an extension of the 2020  
16                                    Executive Order Suspending Certain Provisions of  
17                                    the Open Meeting Law until March 31, 2025.

18                                    All members of the board will  
19                                    participate remotely via audio/videoconferencing,  
20                                    and public access to the deliberations of the  
21                                    board will likewise be provided via telephone,  
22                                    with all documents referenced at the meeting  
23                                    available to be viewed on PRIM's website,  
24                                    [www.mapension.com](http://www.mapension.com).

1           All persons speaking at today's meeting  
2   are asked first to identify themselves. Also the  
3   Open Meeting Law requires anyone wishing to record  
4   a meeting to first notify the chair so that the  
5   chair can inform the other attendees.  
6   Accordingly, I am informing you all that  
7   stenographer Virginia Dodge from Lexitas is  
8   transcribing and also recording this meeting.

9           If anyone else does intend to record  
10   today's meeting, please first notify Seth Gitell  
11   by email at [sgitell@mapension.com](mailto:sgitell@mapension.com).

12           Additionally, the Attorney General's  
13   guidance on holding remote meetings reads as  
14   follows.

15           At the start of the meeting, the chair  
16   must announce the name of the member or members  
17   who are participating remotely. I will now  
18   announce the names of all PRIM Board members who  
19   are participating remotely in today's meeting:  
20   myself, Treasurer Deb Goldberg; Bob Brousseau,  
21   Catherine D'Amato, Ruth Ellen Fitch, Theresa  
22   McGoldrick. I will announce Peter Monaco, and I  
23   will be notified when he enters the room. Dennis  
24   Naughton, the same. Carly Rose and Paul Shanley.

1                   And please, Virginia, do note what Tony  
2                   mentioned, that Paul will not be verbally voting,  
3                   but we are acknowledging him as we go through the  
4                   roll call vote, which has been approved by  
5                   counsel.

6                   With that, I will proceed with the  
7                   approval of the board meeting minutes. Catherine,  
8                   I want to make sure you are permitted to vote on  
9                   those minutes.

10                  And so I would seek a motion that the  
11                  PRIM Board approve the minutes of its February 16,  
12                  2023 meeting, attached as Appendix A of the  
13                  expanded agenda, and further to authorize the  
14                  executive director to take all actions necessary  
15                  to effectuate this vote.

16                  Is there a motion?

17                  MR. BROUSSEAU: So moved.

18                  TREASURER GOLDBERG: Is there a second?

19                  MS. FITCH: Second.

20                  TREASURER GOLDBERG: And it looks like  
21                  Peter's here. Peter, I already announced you.  
22                  Glad to see you.

23                  Roll call vote. Bob?

24                  MR. BROUSSEAU: Yes.

1                   TREASURER GOLDBERG: Catherine?  
2                   MS. D'AMATO: Yes.  
3                   TREASURER GOLDBERG: Ruth Ellen?  
4                   MS. FITCH: Yes.  
5                   TREASURER GOLDBERG: Theresa?  
6                   MS. McGOLDRICK: Yes.  
7                   TREASURER GOLDBERG: Peter?  
8                   MR. MONACO: Yes.  
9                   TREASURER GOLDBERG: Did Dennis get in  
10       yet?  
11                  MR. FALZONE: Not yet.  
12                  TREASURER GOLDBERG: Carly?  
13                  MS. ROSE: Yes.  
14                  TREASURER GOLDBERG: Paul says yes.  
15       Myself, yes.  
16                  The motion carries. Okay, then.  
17       Surprise of all surprises.  
18                  Next item on the agenda would be take it  
19       away, Michael --  
20                  Before Michael and everyone takes it  
21       away, I just want to mention that I visited the  
22       PRIM offices the other day. First of all, it was  
23       great to see everyone.  
24                  And we have taken the interest in

1       having -- in order to accommodate everyone and  
2       everyone's needs, we've taken into consideration  
3       the idea of meeting in person.

4                   And as I mentioned, I will be doing  
5       Mass. School Building Authority in June. And  
6       given everyone's schedules, what we're potentially  
7       looking at is an in-person meeting next fall.  
8       We'll be in touch with everybody on the dates  
9       because I'm going to tell you, I was in the other  
10      day. It was great seeing the whole PRIM staff.

11                   And the very best part was they had a  
12      surprise birthday party for me. And Michael  
13      Trotsky -- I've never seen anyone enjoy cake more  
14      than Michael Trotsky.

15                   MR. TROTSKY: You don't know Tony very  
16      well then.

17                   TREASURER GOLDBERG: I think Tony may be  
18      the one -- I do think Tony may be the one who  
19      ordered it. Am I --

20                   MR. FALZONE: That was Seth. I have to  
21      confess.

22                   TREASURER GOLDBERG: Oh, that's true.  
23      That's right because -- I want to share with you.  
24      This is the kind of person -- no one really talks

1 to Seth because he's in the background.

2 Seth went to Bova Bakery. That is the  
3 site of where my family first came to this country  
4 on the corner of Prince and Salem Streets in the  
5 North End. He did it for very sentimental  
6 reasons. And it was an extremely thoughtful -- it  
7 was thoughtful, and it was clear he put a lot of  
8 thought into it.

9 And the cake was good. So --

10 MR. TROTSKY: And you got a little teary-  
11 eyed too.

12 TREASURER GOLDBERG: I did. I did.

13 So I think we may have to do an instant  
14 replay of the cake when we all get together to  
15 make it worthwhile.

16 And let me tell you, it wasn't easy to  
17 cut. I did half of it and turned it over to  
18 Renee.

19 So that's something to look forward to.  
20 And maybe we can fit all the board members' names  
21 on the cake.

22 But we will be in touch because in  
23 looking at the next couple meetings, we know that  
24 people have planned on them being remote. So that



1 will be our strategy.

2 So with that, I took some thunder away  
3 from you, Michael. And be very careful when you  
4 introduce our new board member not to take all my  
5 thunder away there too.

6 There you go. Take it away. Executive  
7 director report.

8 MR. TROTSKY: I got you loud and clear  
9 on that. And thank you very much.

10 Good morning, everyone. And, you know,  
11 that was a special day for all of us. And I had  
12 actually such a big piece of that unbelievably  
13 good cake that I didn't eat dinner that night. I  
14 punished myself.

15 MS. FITCH: All right.

16 MR. TROTSKY: But it was in my opening  
17 remarks to thank you again for taking the time on  
18 Monday to visit our offices. You met the entire  
19 staff. The staff really, they're the ones who do  
20 the great work at PRIM, really the unsung heroes  
21 behind the scenes that don't get to present at  
22 these meetings, yet we're so proud of them. Not  
23 to mention all the new employees who add so much  
24 energy, so much promise to our future.

1           It meant a lot to us that you visited us  
2   on Monday. You spent a lot of time here, toured  
3   both floors. Met everyone, I think. Just about  
4   everyone.

5           So thank you again. It was really  
6   great.

7           TREASURER GOLDBERG: It really was. And  
8   it's amazing how in nine years, how much PRIM has  
9   evolved. And that was very exciting for me. And  
10   the dynamic environment and the energy in the room  
11   was palpable. So --

12          MR. TROTSKY: Right.

13          TREASURER GOLDBERG: -- congratulations  
14   and keep on going.

15          MR. TROTSKY: Thank you. Thank you.

16          On to the agenda. This month, we're  
17   very pleased to report a positive return for the  
18   March 2023 quarter. And as I mentioned at the  
19   Investment Committee and all the subsequent  
20   committee meetings, that was the second  
21   consecutive quarter of PRIT Fund gains following  
22   the well-known three-quarter selloff during  
23   calendar year 2022. The PRIT Fund was up  
24   3.6 percent in the quarter ended March, and that

1 followed a positive 4.1 percent return in the  
2 December quarter. We'll discuss performance and  
3 markets in a moment.

4 But first, several organizational  
5 updates. Please join me in welcoming Catherine  
6 D'Amato to the PRIM Board.

7 Hello, Catherine. Welcome to your first  
8 board meeting. And we appreciate that you joined  
9 the committee meetings two weeks ago.

10 The governor recently appointed  
11 Catherine D'Amato. And today, the Treasurer is  
12 nominating Catherine to the Administration and  
13 Audit Committee, to the Investment Committee and  
14 the Compensation Committee. You will all vote on  
15 that later today.

16 As you know, Catherine is a deeply  
17 experienced chief executive officer. She's  
18 president and CEO of the Greater Boston Food Bank,  
19 New England's largest hunger relief organization,  
20 and she's founder of the Hunger to Health  
21 Collaboratory. She leads a team of 150 employees  
22 and thousands of volunteers, and her work at the  
23 Greater Boston Food Bank provides food to 600  
24 distribution organizations, who in turn provide

1       100 million meals annually, 100 million meals to  
2       those in need.

3               Renee and I visited Catherine earlier  
4       this week for our standard orientation program,  
5       and I can tell you that the facility there and the  
6       operation are extremely impressive. And it's the  
7       obvious result of Catherine's 27 -- 27 years --

8               Do I have that right, Catherine?

9               MS. D'AMATO: Yes.

10              MR. TROTSKY: 27 years of passionate  
11       hard work.

12              You also have a lot of board governance  
13       experience, serving in a variety of roles as an  
14       elected officer, a board chair, vice chair,  
15       committee chair and also a general director.

16              Catherine's current or completed board  
17       roles include Fidelity Charitable, Eastern  
18       Bancshares, Forsyth Institute, the Federal Reserve  
19       Bank of Boston, The Boston Foundation, the Human  
20       Rights Campaign and others.

21              Catherine's a well-known, highly  
22       respected public figure, a sought-after public  
23       speaker and has received many local, state and  
24       national leadership awards and honorary degrees.

1           Catherine received her bachelor's degree  
2       from the University of San Francisco. She also  
3       completed both strategies and nonprofit management  
4       certificate from Harvard and a certificate of  
5       management from Smith College.

6           Catherine, we welcome you with open arms  
7       to the PRIM Board. Look forward very much to  
8       working with you. We're eager for your insights  
9       and contributions. And it was really delightful  
10      to meet you at your facility earlier this week.

11           MS. D'AMATO: Thank you, Michael. And  
12      Renee, thank you too. It was great to have you  
13      both here.

14           And I think that -- Treasurer, I asked  
15      him a question. He said, "No one's ever asked me  
16      that question."

17           So I'm like, "I'm hopeful I can add some  
18      value."

19           We had a good discussion about  
20      investments so it was great.

21           MR. TROTSKY: You asked a lot of great  
22      questions, I have to say.

23           MS. D'AMATO: Yes. I might be your  
24      bothersome board member with my questioning.

1                   So he said, "No. Bring it on." So he  
2   was --

3                   TREASURER GOLDBERG: Well, actually, I'm  
4   the most bothersome, but --

5                   MS. D'AMATO: Oh, that's true. I will  
6   give you that. That is true. I totally  
7   relinquish that title to you.

8                   TREASURER GOLDBERG: Catherine and I --  
9   our birthdays are a couple of days apart. We're  
10   both Taurus the Bull, so now Michael will be  
11   bookended.

12                   But I'd like to add a few items here  
13   that -- thank you, Michael, for not ruining them.

14                   First of all, I think in highlighting  
15   Catherine's experience, we are very fortunate that  
16   the governor, Maura Healey, chose someone who  
17   isn't starting from scratch, not to say that  
18   others have been, but whose breadth of experience  
19   will really enhance the board at this time.

20                   You heard Eastern Bank. You heard  
21   Federal Reserve. Obviously Connie and others have  
22   focused a great deal on monetary policy, on where  
23   are rates going, what is happening in the banking  
24   world.

1 And Catherine adds a lot of insight, but  
2 also having sat on boards similar to this in terms  
3 of viewing and looking at investments and  
4 strategies, and then operating what we sadly like  
5 to say in this side of the food business, where  
6 it's food relief and hunger, she has gone from a  
7 much smaller space in South Bay in Boston to  
8 having built, not single-handedly, but built this  
9 enormous facility and meeting the need for ever-  
10 increasing hunger, which means her business is  
11 growing every year, although Catherine would like  
12 to see it shrink every year.

13 Little known fact about Catherine is she  
14 is a suburb singer, who sings typically every year  
15 *The Star-Spangled Banner* at Fenway Park. For  
16 those who recall that I am the daughter of the  
17 Shaman of Red Sox nation, that is an exceedingly  
18 high-level reason for Catherine to be on this  
19 board.

20                   And she also does very good duets with a  
21       certain Treasurer, of Broadway show tunes,  
22       although I think she thinks that I may not sing  
23       them quite as well as she does.

24 But with that, I think it's a tremendous

1       appointment on the part of the governor.

2                   And, Catherine, we welcome you. We know  
3       that you will be up to speed in very rapid clip.

4       In fact, you already are -- on our Investment  
5       Committee meeting last week, Catherine was already  
6       making contributions, which she did not have to  
7       do.

8                   So welcome to our world.

9                   MS. D'AMATO: Thank you.

10                  TREASURER GOLDBERG: We're looking  
11       forward to working with you.

12                  MS. D'AMATO: I look forward to it. And  
13       it's nice to see -- I know Ruth Ellen and a few  
14       other faces around the tiles. So just happy to be  
15       here, and please call upon me if I can do anything  
16       outside of --

17                  TREASURER GOLDBERG: And we will.

18                  MS. D'AMATO: But no singing right now.  
19       Maybe next year's birthday party.

20                  MR. TROTSKY: Thank you. Thank you and  
21       welcome.

22                  Next, and this is new news since the  
23       last time we met, I want to congratulate Bob  
24       Brousseau and Paul Shanley for winning reelection



1 to another three-year term on the PRIM Board.

2 That election happened in May, early May, I  
3 believe.

4 Bob represents the members of the Mass.  
5 Teachers Retirement System, and Paul represents,  
6 as you know, the members of the State Employees  
7 Retirement System.

8 Both of you have been outstanding  
9 contributors to PRIM for quite some time, and  
10 we're delighted to have you back for another three-  
11 year term. Thank you, both, very much for your  
12 dedicated service and for your support over the  
13 many years. Congratulations again.

14 And I really have to make a special call-  
15 out here, primarily for those of you who have  
16 joined PRIM more recently and may not know that  
17 Bob Brousseau has been a board member of PRIM  
18 since its very inception in 1987. That's more  
19 than 35 years ago.

20 I hate to remind you, but it is a long  
21 time ago. And, Bob, your dedication to our  
22 mission of ensuring a well-funded pension fund for  
23 300,000 beneficiaries, your passion for ensuring  
24 that PRIM is well-run, professional, transparent,

1 high-performing, and your attention to detail over  
2 that full time frame is literally, literally,  
3 unparalleled.

4 35 years of volunteer involvement in my  
5 opinion has been a gift, a gift to the  
6 Commonwealth, to the PRIM staff and to the  
7 beneficiaries you represent.

8 And I remember when I was first  
9 introduced to you, and that was more than 13 years  
10 ago, you were introduced to me as the dean of  
11 PRIM. And you have really earned that endearing  
12 and fitting moniker, dean of PRIM.

13 You never miss any meetings. You're  
14 always prepared for them, and you take your  
15 responsibility on the board and on the committee  
16 that you chair very, very seriously.

17 So Dean Brousseau, thank you and  
18 congratulations on another term. We look forward  
19 to working with you very much.

20 MR. BROUSSEAU: Thank you very much,  
21 Michael. I appreciate those kind words.

22 And I thought about this, you know,  
23 after I got the call last Tuesday of the  
24 reelection, but what I'm particularly proud of is

1 the fact that I've seen this growth here at PRIM  
2 in the last 35 -- it will be 36 years I think in  
3 July. Unbelievable.

4 When I joined PRIM, I think you've heard  
5 me say it, we had \$1.7 billion in management. We  
6 are now at \$94 billion. But I'm not responsible  
7 for that. There were many, many people who really  
8 are responsible for that.

9 And for the last 13 years with Michael  
10 at the helm here, we've seen our organization  
11 grow, especially for the 300,000 beneficiaries.  
12 And very importantly, I take great pride in  
13 working with staff that we have assembled at PRIM.

14 I think I speak for Paul when he says it  
15 is the best staff in the country that he knows of  
16 when it comes to a pension management. And I know  
17 Paul knows this because he's been in the business  
18 for many, many years.

19 So I thank all the beneficiaries who  
20 voted for me, and especially all of the staff and  
21 my fellow board members for their support. And  
22 thank you so much. And I'm looking forward to the  
23 next three years. And hopefully we're going to  
24 see a lot more growth here at PRIM, and I know we

1 will. And thank you.

2 MR. TROTSKY: Thank you.

3 And congratulations, Paul.

4 Next, just an update. I want to  
5 announce that Karen Gershman has resigned her seat  
6 as a member of the Admin and Audit Committee.  
7 Karen recently retired, and she discovered that  
8 her plans conflict with many of the upcoming  
9 committee dates. So unfortunately she thought it  
10 was best to resign.

11 Karen served on the committee for more  
12 than 10 years. And prior to that, Karen served as  
13 PRIM's COO and CFO for approximately 10 years.  
14 That was from 2001 to 2011. We overlapped for a  
15 couple years.

16 And Karen really recruited some of the  
17 best employees we have here, including Tony and  
18 Dave Gurtz and others.

19 So Karen possessed a unique combination  
20 of institutional knowledge, industry experience,  
21 that will be greatly missed.

22 And I want to thank Karen, if you're  
23 listening, but it will be in the minutes, for your  
24 many contributions to PRIM over more than 20 years

1 of service. And I wish you the very best in your  
2 retirement.

3 It's always extremely gratifying to  
4 announce new employees. And today, over the last  
5 committee cycle, we announced five new employees  
6 since the last quarter.

7 The newest member first, please join me  
8 in welcoming Veena Ramani as director of  
9 stewardship, who started on April 28 and will  
10 report to Dave Gurtz.

11 We're excited to welcome Veena to PRIM,  
12 where she'll head up our ESG and stewardship  
13 efforts. This is a new position at PRIM. She  
14 joins us from FCLTGlobal, a nonprofit whose  
15 mission is to focus on the long term to support a  
16 sustainable and prosperous economy.

17 As director of research there, she  
18 oversaw the research team, working with members,  
19 who included asset owners, asset managers and  
20 corporations, to develop actionable research to  
21 drive long-term value creation for investors.

22 And prior to FCLTGlobal, Veena spent  
23 15 years at Ceres, and that's a very well-known,  
24 leading sustainability nonprofit. And she held a

1       number of different roles there, including running  
2       campaigns to engage financial regulators on  
3       systematic risk of climate change. She developed  
4       an online training curriculum for corporate board  
5       members on ESG in partnership with the Berkeley  
6       School of Law and engaged with large corporations  
7       on their sustainability and climate change  
8       strategies and disclosures.

9               Veena holds a BA with honors from the  
10       National Law School of India and a master of law  
11       degree from Washington University School of Law.

12              We have lots of work to do in this area,  
13       and Veena is up to the task and very excited, off  
14       to a great start.

15              Veena, we need a valuable resource like  
16       you so welcome to PRIM. And we're trying to get a  
17       date in June for the very first ESG committee  
18       meeting.

19              Next, John Fitzpatrick started on  
20       March 1 as legal and governance analyst reporting  
21       to Renee. This is a new position also, an  
22       additional legal resource that is very much  
23       needed.

24              John comes to us from Laredo & Smith, a

1 Boston law firm, where he was an associate  
2 attorney. He has his bachelor of arts degree in  
3 philosophy and economics from St. Joseph's in  
4 Philadelphia and his juris doctorate from Boston  
5 College Law School.

6 Next, Ethan Spencer started on  
7 February 27 as a senior investment officer on Bill  
8 Li's PCS team.

9 Ethan was a managing partner at Eastern  
10 Point Capital. And prior to that, Ethan had  
11 extensive experience working at the Boston  
12 University Endowment, Cambridge Associates and  
13 Credit Suisse First Boston.

14 He holds a bachelor's degree from Colby  
15 College and an MBA from the Johnson School at  
16 Cornell.

17 Also starting on the same day as Ethan,  
18 February 27, Riya Shah joined PRIM as an  
19 investment compliance analyst reporting to Matt  
20 Liposky. This is another new position at PRIM.  
21 Riya will assist with investment manager guideline  
22 monitoring, regulatory and state filings, and  
23 operational due diligence.

24 Riya comes to us from State Street where

1 she served as enterprise technology risk analyst  
2 within the bank's compliance team. Bachelor of  
3 arts degree in actuarial science and economics  
4 from Assumption College.

5 And last, but not least, Andrew Browne  
6 started February 20 as an investment analyst on  
7 the private equity team reporting to Mike McGirr.

8 Andrew just graduated from Northeastern.  
9 I think you took your walk just a couple of weeks  
10 ago. You graduated from their D'Amore-McKim  
11 School with a bachelor of science in business.

12 During his time at Northeastern, Andrew  
13 completed a variety of investment management  
14 internships in venture capital, investment  
15 advisory, private wealth management. You also  
16 cofounded a school-wide research and consulting  
17 group to empower NGOs.

18 Welcome to PRIM. We're very pleased to  
19 have recruited this diverse and outstanding group.  
20 And we're very much looking forward to your  
21 contributions. Each of you is really off to an  
22 outstanding start. Welcome to PRIM.

23 Turning back to markets and PRIT Fund  
24 performance, we really have warned for a long time



1       that we should expect market drops and economic  
2       cycles to impact the PRIT Fund periodically.

3               Obviously we're in one of those  
4       prolonged volatile periods now. Last year in  
5       calendar 2022, stocks were down between 15 and  
6       20 percent. It wasn't a great year last year,  
7       calendar 2022. Global stocks down 15 to  
8       20 percent, while bonds were also down  
9       approximately 13 percent.

10              And normally, we would have expected  
11       bonds to offer some protection from a selloff in  
12       equities, but last year with rising interest  
13       rates, bonds and stocks were both down  
14       significantly. And the PRIT Fund fared better  
15       than both stocks and bonds in 2022. It was down  
16       11.2 percent net of fees.

17              Remember, unfortunately we are market  
18       takers. We can't control market returns because  
19       we don't control the factors which fueled last  
20       year's difficulties. Those factors still persist.  
21       They include geopolitical events, slowing economic  
22       growth worldwide, monetary policy response, wars,  
23       viruses, supply chain shortages and the volatile  
24       behavior of other investors.

1           The only thing we can really control,  
2   and I say this time and time again, is the design  
3   and composition of the fund, and we're maniacally  
4   focused on that. We've carefully engineered a  
5   diversified portfolio. We believe we have  
6   components that will perform well in a variety of  
7   market conditions. And we are also laser-focused  
8   on controlling our costs, as you well know.

9           Our history of strong performance in  
10   both strong markets and weaker markets is an  
11   indication, a validation really, that our  
12   portfolio is well-constructed in terms of risk,  
13   return and cost. Those are PRIM's three  
14   philosophical pillars of investment. We believe  
15   that no investment decision is complete without  
16   evaluating equally these three equally important  
17   parameters: risk, return and cost.

18           And last year, our alternative  
19   investments really helped anchor the fund in the  
20   very stormy environment. And thankfully now, the  
21   markets have provided two consecutive quarters of  
22   gains.

23           We also note that the month of April and  
24   now into this quarter has continued the trend of

1 positive market returns, and we hope it continues.

2 Additionally, there is a silver lining.

3 Market downturns create good buying opportunities.

4 The PRIM team has been very busy evaluating  
5 opportunities, and we deployed nearly \$6 billion  
6 in new investments across all asset classes in the  
7 past 12 to 14 months.

8 The March quarter again was positive,  
9 and we have noticed a reversal of some of the  
10 trends that we witnessed last year. In March,  
11 growth stocks outperformed value stocks,  
12 technology stocks outperformed the S&P, as well as  
13 financials, healthcare and energy stocks. That  
14 was for the first time in a long time, a reversal  
15 in leadership.

16 But to recap, it was a very strong March  
17 quarter with the S&P up 7.5 percent. Developed  
18 international markets, that's primarily Europe and  
19 Japan, those are up even more than the U.S. They  
20 were up 8 and a half percent. Emerging markets,  
21 that's primarily China, southeast Asia, Latin  
22 America, up a little less, 4 percent. And bonds  
23 were up 3 percent.

24 Now the performance slides, please,

1 Tony. I'll start with the PRIT Fund balance.

2 MR. FALZONE: While I'm putting those  
3 slides up, I just want to mention we have some  
4 updates in terms of recordings.

5 P&I Online, Douglas Appell, is going to  
6 be with us and recording. PEI media reporter Greg  
7 Gethard is with us. And State House News Service  
8 editor Michael Norton is with us, just so the  
9 board is aware.

10 MR. TROTSKY: Welcome to the call.

11 So do you -- okay. There it is.

12 PRIT Fund market value ended March at  
13 nearly \$95 billion. We've recaptured losses since  
14 the end of fiscal year 2021 so we're happy about  
15 that.

16 Remember, net outflows. We do pay  
17 benefits out of this pool of assets. And net  
18 outflows to pay benefits were \$816 million for the  
19 12-month period.

20 Remember, we're funding a large unfunded  
21 liability still. Our pension valuation at its  
22 latest valuation said that the fund is 64 percent  
23 funded. And that means we have \$40 billion left  
24 to gain to be fully funded.

1                   We're on track to do that. Five years  
2                   ago, we were 57 percent funded, but we're trying  
3                   to fill this bucket to pay benefits. And the  
4                   bucket, because we pay benefits, has a hole in it,  
5                   so it makes our job a little more difficult. Very  
6                   important mission to close that unfunded liability  
7                   gap to ensure that our 300,000 beneficiaries have  
8                   a secure retirement.

9                   TREASURER GOLDBERG: Michael, this is  
10                  where I typically jump in and add to this part of  
11                  the discussion in that we have been closing the  
12                  gap, even with us reducing our anticipated rate of  
13                  return, which increases the liability so that you  
14                  don't -- it's not apples to apples today.

15                 We are actually filling the gap more  
16                 quickly because we're increasing the liability as  
17                 we're filling it. That's sort of a layperson's  
18                 explanation, for those who would not quite -- how  
19                 are you filling and then you're reducing your  
20                 return? So I wanted to just explain that because  
21                 the achievement is actually better than it even  
22                 looks in terms of the increase in --

23                 MR. TROTSKY: That's right. And this  
24                 was one of the very good questions that Catherine

1       asked me about when we met on Tuesday.

2               We've basically had two headwinds, not  
3       counting the market selloff. Two headwinds being  
4       the steady decline in the actuarial rate of return  
5       from 8 and a quarter percent just a few years ago  
6       to 7 percent now.

7               TREASURER GOLDBERG: Which, by the way,  
8       is a good thing to do.

9               MR. TROTSKY: It's more conservative.  
10      It's more --

11              TREASURER GOLDBERG: Closer to reality.

12              MR. TROTSKY: Closer to reality. Good  
13      way to put it.

14              But for every 25 basis points that the  
15      actuarial rate of return declines, we're  
16      increasing the unfunded liability by about  
17      \$2 billion. So that's a huge headwind.

18              The other headwind is actually good  
19      news, in that during the last few years, the  
20      mortality tables have changed. And that has been  
21      a headwind for a good reason. The good reason is  
22      that people are living longer. But they're  
23      collecting their pensions longer so the liability  
24      goes up when the mortality goes down.

1                   So we're fighting those two headwinds as  
2   well.

3                   TREASURER GOLDBERG: So there are people  
4   who would say to me why do you keep on pushing to  
5   reduce the rate of return? It makes the liability  
6   look bigger.

7                   And I said because it is a better  
8   approach to understand the full picture of your  
9   liability.

10                  And in the markets, for example, the  
11   rating agencies, they strongly feel that some --  
12   not our fund today, but some pension funds have a  
13   unrealistic rate of return. And therefore, they  
14   frown upon that in terms of looking at the  
15   liability.

16                  MR. TROTSKY: That's right, Treasurer.  
17   It's way more realistic.

18                  If you remember, our asset forecast by  
19   our consultant NEPC is very much aligned with the  
20   7 percent. So it's more realistic, and it's also  
21   very much in line with other states across --

22                  TREASURER GOLDBERG: Right.

23                  MR. TROTSKY: -- the country.

24                  TREASURER GOLDBERG: This is something I

1 actually worked on in the Town of Brookline before  
2 I became Treasurer, so it's something I've always  
3 focused on. And I'm really happy we're aligned  
4 today.

5 MR. TROTSKY: Right. Next slide, Tony.

6 Here's the first quarter 2023. I'll go  
7 briefly through this. The PRIT Fund was up  
8 3.7 percent gross. That's the orange line in the  
9 middle. And that equates to 3.6 percent net.

10 On the left, you can see what was  
11 strong, long duration Treasuries. As interest  
12 rates fell, Treasury prices go up. Developed  
13 international markets, U.S. equities, emerging  
14 market equities rebounded from the selloff last  
15 year. That was welcome news.

16 But on the right, you can see that the  
17 asset classes that held up so well last year  
18 lagged a little bit, and we would expect that in  
19 this kind of reversal.

20 Next slide.

21 For the one period, you can see a  
22 slightly different picture. This indicates the  
23 volatility in the markets over the last 12 months  
24 really.



1                   On the left, you can see timberland, by  
2                   far the best performing asset class, up 7 percent.  
3                   We're one of the world's largest owners of  
4                   timberland across the world. Very interesting and  
5                   attractive asset class right now.

6                   Then you can see that real estate and  
7                   portfolio of completion strategies including hedge  
8                   funds provided stability in the really volatile 12-  
9                   month period.

10                  And then in the middle, you can see the  
11                  PRIT Fund was down 5.5 percent gross. That's  
12                  5.9 percent net. And that's versus a 60/40 mix of  
13                  stocks and bonds, which was down more,  
14                  6.4 percent.

15                  On the right, you can see what was  
16                  weaker. Interest-sensitive securities such as  
17                  long bonds and equities of all types are weaker on  
18                  the right over the 12-month period.

19                  Next slide.

20                  A little more detail. Timber was up  
21                  very strongly at 7 percent, but it did lag its  
22                  benchmark. We had a big discussion about this.  
23                  All other asset classes were negative for the one-  
24                  year period, so timber really did a great job,

1 absolute return-wise.

2           Timberland lagged its benchmark for  
3 three main reasons. This is a very liquid asset  
4 class. Appraisals and benchmarks lag for long  
5 duration asset classes.

6           We are underweight southern properties,  
7 southern U.S. properties, versus the benchmark.  
8 So that hurt us as the south did well, I think  
9 because people are moving to the south, but we're  
10 investigating that.

11           And we also have an overweight  
12 international timber portfolio in New Zealand and  
13 Australia. Those properties serve China. And  
14 with China being closed for COVID, they had a more  
15 difficult 12-month period. But we hope all of  
16 those things reverse over time.

17           You can see in the middle, real estate,  
18 very stable, but lagged the benchmark. This is  
19 another liquid asset class. The benchmark is  
20 lagged by one quarter. And we already know right  
21 now that without the lag, we would have shown a  
22 positive 5 percent relative performance with the  
23 unlagged benchmark that comes in after these  
24 performance summary slides and our performance is

1 reported. So this, we believe, will catch up over  
2 time too.

3 Next slide.

4 This puts our one-year absolute  
5 performance at negative 5.5 percent. That really  
6 is a big improvement of what we reported to you  
7 last year, last quarter at this time.

8 We understand the reasons for all the  
9 underperformance or the relative underperformance.  
10 I highlighted two aspects of that just in the last  
11 slide. And we believe that the timing effects are  
12 temporary.

13 Importantly, very importantly, the  
14 three-, five- and ten-year numbers are very strong  
15 and above benchmark and above that actuarial rate  
16 of return that we just described, which is  
17 currently 7 percent.

18 So we're filling the bucket as quickly  
19 as can be expected.

20 And I end on the last quilt chart --  
21 Tony, thank you.

22 Timber had a great period, as I  
23 mentioned, and over a longer period of time, you  
24 can see that private equity, real estate are our

1 best performing asset classes.

2 Private equity has nearly, you know, two  
3 times the return of other -- the nearest asset  
4 class. It really does help us close that unfunded  
5 gap.

6 And you can also see that global  
7 equities are quite volatile.

8 So you can take those down, Tony. Thank  
9 you.

10 And just a little commentary to discuss  
11 what we highlighted at the Investment Committee.  
12 If you remember last summer, bond yields and  
13 inflation really had begun to moderate. And we  
14 said that at that time, that created a better  
15 outlook for the equity markets. And recently  
16 we've seen that.

17 We've also seen some encouraging signals  
18 in the economy. The U.S. GDP growth rate did  
19 decline as expected, but GDP growth did not turn  
20 negative. U.S. GDP growth for Q1 was 1.1 percent  
21 for the March quarter. That's better than people  
22 thought and not in recession territory, at least  
23 not yet.

24 What's more, with March quarterly --

1 corporate earnings reports in, 462 of the S&P 500  
2 companies have reported. Revenue growth there was  
3 stronger than expected. It was positive  
4 4.3 percent. And earnings, though earnings were  
5 negative year-over-year, negative 2.5 percent,  
6 those earnings were better than expected.

7 Inflation as measured by the Consumer  
8 Price Index slowed for the 10th consecutive period  
9 now in April to 4.9 percent. That's the lowest  
10 reading since April of 2021.

11 The unemployment rate fell to  
12 3.4 percent in April. And that matches a 50-year  
13 low of 3.4 percent that was seen in January, and  
14 that report was below market expectations of  
15 3.6 percent. So pretty healthy employment  
16 picture.

17 At its May meeting, as you know, the  
18 Federal Reserve raised the target rate for its  
19 federal funds rate by 25 basis point. That was as  
20 expected. The range is now 5 to 5 and a quarter.  
21 That's in line, again, with expectations.

22 But policymakers there did note that in  
23 determining the extent to which additional policy  
24 firming may be appropriate, they will consider all

1 cumulative effects to the economy and inflation  
2 and also any economic and financial developments.

3 Everyone parses these statements, and  
4 these were different signals that may generally be  
5 interpreted as a signal that the Fed is closer to  
6 the end of interest rate hikes, and that's good  
7 news for the markets.

8 Additionally officials also noted that  
9 the U.S. banking system is still sound and  
10 resilient, despite some of the regional bank  
11 problems that I'll talk about in a minute.

12 The consensus of investors and  
13 economists is really still for a mild recession.  
14 That's no change from what we were talking about  
15 last quarter.

16 At the Investment Committee meeting a  
17 couple weeks ago, members expressed a generally  
18 positive outlook that was consistent with last  
19 quarter. In summary, a positive view for equity  
20 markets.

21 Credit conditions have slowed but not  
22 stopped. Credit standards are tightening.  
23 Inflation, importantly, has eased very decisively.  
24 Bond yields have peaked, and the employment

1 picture, as I've just discussed, is positive.

2 Also the rent index, a big component of  
3 inflation, is in decline. GDP growth, as I  
4 mentioned, is positive. And while it is slowing,  
5 we seem to be avoiding a very sharp decline. So  
6 fingers crossed there.

7 But the March quarter was somewhat  
8 chaotic in the markets and not as really docile as  
9 I just may have described. It really hasn't been  
10 a straight line upwards, and volatility remains  
11 very stubbornly high.

12 Remember, in mid-March, we witnessed the  
13 failure of Silicon Valley Bank and Signature Bank.  
14 At the time, U.S. authorities took extraordinary  
15 steps really to prevent a contagion from  
16 developing.

17 Secretary Yellen instructed the FDIC to  
18 make whole all depositors regardless of their  
19 size, and all depositors had access to their funds  
20 immediately. That was very important.

21 And I should note that PRIM's exposure  
22 to Silicon Valley Bank -- which is an S&P 500  
23 component; it's in the indexes. Our exposure is  
24 very low. In fact, it's immaterial.

1                   But we realize that Silicon Valley Bank  
2     played a very important role in the financial  
3     plumbing of the private equity and venture capital  
4     ecosystem.

5                   I should also note that our exposure to  
6     venture capital -- which is the industry that was  
7     most affected by the failure of Silicon Valley  
8     Bank. Our exposure is quite low compared to many  
9     of our peers in the pension, foundation and  
10    endowment space.

11                  We're closely monitoring several ongoing  
12    concerns, obviously including the possibility that  
13    other banks will develop similar problems.

14                  Still, Wall Street analysts say  
15    widespread contagion is unlikely. But smaller  
16    regional banks that are disproportionately tied to  
17    cash-strapped industries like technology and  
18    cryptocurrencies, or those who have loans to  
19    underperforming commercial real estate, those may  
20    be in for more volatility.

21                  As you know, recently, First Republic  
22    Bank failed. It was seized and then sold to  
23    JPMorgan. PRIM's net exposure to both First  
24    Republic and really Signature Bank was, similar to



1 Silicon Valley Bank, very low. In fact,  
2 immaterial.

3 But more broadly, the risks going  
4 forward are very similar. The risks are that  
5 inflation spikes again or remains too high.

6 After all, we read about in the papers  
7 every day geopolitical situations that could  
8 disrupt things, could disrupt, for example, the  
9 supply chain again.

10 Consumer and business spending, along  
11 with corporate earnings, could weaken more than  
12 anticipated. And unemployment or wages could  
13 spike.

14 Any of these conditions could result in  
15 an economic slowdown that turns into a severe  
16 recession. That would be bad for markets.

17 Add to this uncertainty the talk of the  
18 debt ceiling negotiations and the possibility of  
19 that causing a U.S. debt default, and you can see  
20 that there are many moving pieces in the global  
21 economy and in the world's geopolitical situation.

22 We can't control any of that. We're  
23 market takers, again, but we do believe that the  
24 PRIT Fund is well-diversified. It's carefully

1       engineered with components that will protect us,  
2       with components that will perform well in any  
3       future environment.

4               So those are my comments. Thanks for  
5       your attention. We're celebrating really two  
6       consecutive quarters of growth and a decent  
7       outlook. We hope it continues.

8               I'll take any questions.

9               TREASURER GOLDBERG: Are there any  
10      questions for Michael at all?

11              I think that was pretty clear, and the  
12      only comment that I want to make is that what a  
13      difference a day makes. I know I was quoted being  
14      concerned about the debt ceiling last week.  
15      Certainly until a deal is struck, I will continue  
16      in my concern, particularly when I hear people  
17      interviewed on the chat -- the talk shows on the  
18      weekend. Some people saying, "Oh, it wouldn't be  
19      such a catastrophe." I guess they don't have a  
20      clear definition of what I think catastrophe is.

21              However, it's becoming -- more and more  
22      people are being quoted that a debt ceiling crisis  
23      should not be occurring on both sides of the  
24      aisle. So I'm feeling a little bit better about

1       that. But until it's signed on the dotted line, I  
2       think we need to watch that.

3               I completely agree with you, Michael,  
4       that whatever happens, this portfolio and this  
5       management is built for both up and down markets,  
6       which we've now shown throughout my tenure.

7               When we've had down markets, we are  
8       performing better than like-size funds, and when  
9       we've had great markets, we've done better than  
10      like-size funds. So I want to compliment everyone  
11      on their work.

12              Are there any other questions? I saw  
13      Catherine. Yes, you raised your hand.

14              MS. D'AMATO: Yes. Just my question is  
15      to you, Michael, just in terms of the exposure of  
16      those small, medium-sized banks and any  
17      investments we might have in them, although I  
18      don't know exactly what you have.

19              But that's going to be a potential risk  
20      as this moves forward because in terms of the big  
21      banks have proven they're fine, they're full of  
22      cash or any of the mediums that are full of cash,  
23      but I think you're going to see much more chomping  
24      in closure or acquisition of banks buying banks

1        buying banks.

2                    And so I don't know that we have  
3        exposure and could take it offline if we do, but  
4        I'm sure you're watching that. So that's what I  
5        just would be concerned about. I think it would  
6        be small, given already your comment.

7                    So just want to make sure that it's  
8        limited, reasonable. Or get out of it, if we can.

9                    MR. TROTSKY: Right. We are monitoring  
10       that. Our managers are monitoring that. And we  
11       can get back to you with the exact holdings and  
12       positioning, but I know Shannon and Jay Leu on the  
13       risk team are spending a lot of time there.

14                    You know, this is the point in time when  
15       we're communicating more with our managers to see  
16       what they own and what they believe. You might be  
17       happy to know that going into the Silicon Valley  
18       Bank debacle, we did own some in the index funds  
19       by nature of what an index fund is, but other  
20       managers were actually short the position.

21                    So again, each of those was immaterial  
22       to the fund, very small positions in both cases.

23                    But we are keeping an eye on it.

24                    MS. D'AMATO: Yes. I think the follow-

1 up there is there's going to be much more  
2 compliance onto those littles, into those mediums  
3 than there has been and putting much more  
4 regulation in there, which could be very difficult  
5 for them in terms of their ability to regulate the  
6 regulators along in their own systems.

7 So just it's sitting out there, and  
8 there's more to come, especially on the compliance  
9 with them.

10 TREASURER GOLDBERG: And I've actually  
11 been hearing that, just to tag onto that, from the  
12 treasurer side, the national treasurers side,  
13 there's a grave concern about the cost associated  
14 with a lot of the new regulations that are coming  
15 down and including the amount that some small  
16 banks will need to collat -- to collat -- you know  
17 what I mean. I'm having trouble saying the word.

18 And we've already been given a heads-up  
19 on this in terms of the treasurers nationally. So  
20 yes, a lot to be watching in the banking space.

21 Thank you for -- see, Catherine  
22 D'Amato's already adding to our quality of  
23 conversation.

24 And that actually takes me to the next

1 voting item.

2 Michael, you're ready for me to go on to  
3 the next item, correct?

4 MR. TROTSKY: Yes.

5 TREASURER GOLDBERG: So the next item on  
6 the agenda is I seek a motion that the chair  
7 recommends to the PRIM Board that the board  
8 appoint Catherine D'Amato to the following PRIM  
9 Board committees: the Investment Committee, the  
10 Administration and Audit Committee and the  
11 Compensation Committee.

12 Is there a motion?

13 Everybody's muted.

14 MS. McGOLDRICK: So moved.

15 MS. FITCH: So moved.

16 TREASURER GOLDBERG: That was a chorus.

17 MS. McGOLDRICK: Sorry. I couldn't  
18 unmute for some reason. It wouldn't let me.

19 TREASURER GOLDBERG: All right. So we  
20 have a motion from Theresa McGoldrick, and we have  
21 a second from Ruth Ellen Fitch.

22 I heard you, Ruth Ellen, also.

23 MS. FITCH: Thank you.

24 TREASURER GOLDBERG: This is a roll

1       call, and so I will begin with Bob.

2               MR. BROUSSEAU:  Yes.

3               TREASURER GOLDBERG:  Ruth Ellen?

4               MS. FITCH:  Yes.

5               TREASURER GOLDBERG:  Theresa?

6               MS. McGOLDRICK:  Yes.

7               TREASURER GOLDBERG:  Peter?

8               MR. MONACO:  Yes.

9               TREASURER GOLDBERG:  Dennis?

10              I see Dennis's phone.

11              Carly?

12              MS. ROSE:  Yes.

13              TREASURER GOLDBERG:  Paul Shanley is a

14       yes.  He has already notified us as so.

15              Should Catherine vote for --

16              MR. NAUGHTON:  Yes.

17              TREASURER GOLDBERG:  -- herself?  Renee?

18              MR. NAUGHTON:  That was Dennis.

19              TREASURER GOLDBERG:  Oh, good, Dennis.

20       Thank you.

21              Renee?

22              She should not vote for herself.  I see

23       your head --

24              MS. LeFEVRE:  No need to.

1                   TREASURER GOLDBERG: And myself, yes.

2           The motion carries.

3                   Okay. I think I got everybody. We were  
4           a little out of order.

5                   Okay, then. Congratulations.

6                   Next item on the agenda is the  
7           investment report, and we will start with public  
8           markets.

9                   And, Mike, I believe -- Mike or Michael?  
10          Which is your preference?

11                  MR. McELROY: Either one.

12                  TREASURER GOLDBERG: I'm very sensitive  
13          to these things.

14                  MR. McELROY: Either one is fine.

15                  So I guess everyone can hear me. So  
16          good morning.

17                  And I guess before kicking off, to  
18          Catherine's question, we can certainly get back  
19          with detail, but just looking at public equities  
20          exposure, we've been asking our managers about  
21          exposure, particularly where we're active in small  
22          and mid-cap portfolios. And we're generally  
23          underweight financials, and the financials profile  
24          we tend to have is more financial services, not



1 banks per se, more insurance or asset management  
2 or other areas.

3 So it's definitely the question we're  
4 talking to all our managers about.

5 There is some exposure, but it's  
6 certainly an underweight exposure in aggregate.  
7 So it is something that all the managers are  
8 paying attention to and the impact on their  
9 portfolio.

10 MS. D'AMATO: I would just offer,  
11 though, that insurance owns a great deal of real  
12 estate and a great deal of -- what I want to say --  
13 downtown business real estate across the country.  
14 And so lots of office space.

15 And so again, that's that harbinger that  
16 we don't know about yet, what's going to happen  
17 with that.

18 So again, that's where they put a lot of  
19 their money, as you well know.

20 MR. McELROY: Definitely. And just  
21 there's a lot of caution certainly among our  
22 managers, and they express it as an aggregate  
23 underweight to the sector, but it's a large sector  
24 still to have investment in.

1 MS. D'AMATO: Well, thank you.

2 MR. McELROY: So good morning. Again,  
3 this is Michael McElroy.

4 Given that we have spent a lot of time  
5 already covering the market environments and  
6 performance, I'll try to move through this pretty  
7 quickly, but I'll review both the first quarter as  
8 well as the one-year results.

9 So as noted, you know, the first quarter  
10 was a continuation of the positive market action  
11 that we saw in the fourth quarter of last year.  
12 We had saw positive global equity returns in all  
13 geographies of around 7 to 8 percent in the  
14 developed markets. The emerging markets were also  
15 positive, but only about 4 percent positive.

16 Growth outperformed value in the first  
17 quarter, and larger stocks outperformed smaller  
18 stocks. Growth outperforming value is certainly  
19 different than we've seen over the last year, but  
20 I do think it's showing the kind of volatility  
21 that was mentioned earlier, that different styles  
22 are competing, different size stocks are kind of  
23 competing for leadership in this environment.

24

1                   Over the last 12 months, global equity's  
2                   down between 4 to 8 percent, very broad-based  
3                   across geographies and sectors. Only energy and  
4                   consumer staple stocks were able to deliver  
5                   positive returns over the last 12 months.

6                   And as I mentioned, value has  
7                   outperformed growth over that last 12-month  
8                   period.

9                   As noted, bond returns were also  
10                  positive in the first quarter, both in our core  
11                  fixed income, as well as the more credit-sensitive  
12                  sectors that we invest in. Returns were between  
13                  3 to 4 percent positive in the quarter.

14                 Over the last year, core fixed income,  
15                 which is more sensitive to the direction of  
16                 interest rates, was down about  
17                 9 percent, and the value-added fixed income, which  
18                 has less sensitivity to those interest rate  
19                 movements and more to credit, did provide some  
20                 downside cushion with those strategies only being  
21                 down about a percent over the last 12 months.

22                 U.S. and other developed markets yield  
23                 curves remained inverted. As noted, the Fed funds  
24                 rate did increase over the quarter, but

1 expectations from this point forward are for  
2 smaller and few, if any, additional increases and  
3 the potential for some easing, depending on the  
4 market reaction to these measures.

5 Results were strong for the PRIT Fund.  
6 All regions of our global equity portfolio  
7 outperformed in the first quarter, strongest  
8 results coming from our emerging markets managers.

9 For the year, our U.S. and emerging  
10 markets managers outperformed, but we did see some  
11 underperformance in the developed international  
12 exposure that we have - particularly the growth-  
13 style managers within that bucket. So that lagged  
14 its benchmark over the one-year.

15 Fixed income results were mixed in the  
16 first quarter. Our core slightly outperformed;  
17 our value-added slightly underperformed. And then  
18 over the last year, our core fixed income was in  
19 line with its benchmark, and our value-added fixed  
20 income did underperform due to credit conditions  
21 weakening over that one-year period.

22 Certainly two of the most prominent  
23 macroeconomic topics that are impacting the  
24 markets remain inflation and this potential for

1 recession.

2 Goods inflation fortunately continues to  
3 moderate, if not decline, in most geographies.

4 Supply chains are balancing out, and demand is  
5 softening a bit relative really heightened demands  
6 we saw kind of post-pandemic.

7 Labor inflation does remain sticky, and  
8 that's really due to both labor shortages and  
9 wages increasing. There's really no immediate  
10 respite in sight for that labor inflation to ease.

11 Something that could ease the labor  
12 inflation would be a recession. And so recession  
13 watch continues to be a focus for us. We'll  
14 continue to monitor ongoing market conditions as  
15 each central bank is moving or pausing here. And  
16 it's certainly a topic discussed with all our  
17 managers to get their views and positioning around  
18 these two key topics.

19 Our managers point to a couple of  
20 positives which have supported markets recently.  
21 The Chinese economic activity increasing, and  
22 that's really been spurred by the reopening post  
23 COVID there, which continues to drive domestic  
24 Chinese demand, as well as overseas demand for  
overseas demand for Chinese goods.

1                   And government policies in China have  
2                   also been supportive of the Chinese information  
3                   technology sector, and we feel that this has  
4                   helped lift global sentiment within the IT sector,  
5                   which has been very strong since the beginning of  
6                   2023.

7                   Global companies, as noted, are still  
8                   reporting decent fundamentals, both in terms of  
9                   the top-line revenues, as well as the earnings  
10                  relative to those expectations. Consumers remain  
11                  healthy. Companies are adapting their operations  
12                  in the event of prolonged inflation or recession.

13                  Risk management continues to be a focus  
14                  of what we're doing, working in conjunction with  
15                  our manager. In addition to the frequently-  
16                  mentioned topics as the ongoing Russia-Ukraine  
17                  war and its potential political and geopolitical  
18                  effects, we are also watching the potential for global  
19                  housing price declines and its impact on consumer  
20                  behavior.

21                  Newer areas of focus relate to the  
22                  health of the U.S. and non-U.S. banking and  
23                  nonbank financial sectors, as well as the debt  
24

1 ceiling that was previously mentioned and the  
2 potential impact for that on global bond markets.  
3 Bond spreads have been reasonably tight and well-  
4 behaved, but we do continue to monitor for signs  
5 of a credit crunch due to decreasing deposit  
6 levels and the suppressed loan activity that could  
7 come from that, which would then lead to  
8 suppressed economic activity.

9           So in closing, as we've said earlier in  
10 the call, we expect near-term market volatility  
11 to be high. The public markets portfolio is well-  
12 diversified across geographies, styles and  
13 sectors. And our managers have performed well as  
14 a group through this recent market action and very  
15 well over longer periods. Through several layers  
16 of diversification, the aggregate excess risk of  
17 this overall equity and fixed income portfolio  
18 remains low.

19           And so with that, I'll be happy to take  
20 any questions that arise.

21           TREASURER GOLDBERG: Are there questions  
22 for Mike?

23           Okay. I think -- I don't see any hands.

24 All right then.

1 Thank you.

2 And next item on the agenda is portfolio  
3 completion strategies, Michael? Yes.

4 MR. TROTSKY: No. We have one voting  
5 item, global equities benchmark --

6 TREASURER GOLDBERG: Oh. Wait, wait.

7 MR. TROTSKY: Shannon will be presenting  
8 that.

9 TREASURER GOLDBERG: Hang on. Hang on.  
10 Don't forget, I get these things on different  
11 sheets of paper.

12 Okay. Hang on.

13 My next voting item on the agenda is the  
14 global equities benchmark recommendation.

15 MS. ERICSON: That's it.

16 TREASURER GOLDBERG: Okay then. Thank  
17 you, Shannon. It's really good to have seen you  
18 the other day and now.

19 MS. ERICSON: I know.

20 TREASURER GOLDBERG: It really makes a  
21 difference.

22 MS. ERICSON: That was the first time  
23 I've seen you in person. It was very nice.

24 TREASURER GOLDBERG: Right, right.



1       That's what I mean. I'm looking at you and the  
2       whole --

3               MS. ERICSON: And my office, you saw my  
4       office.

5               TREASURER GOLDBERG: In a very neat  
6       office.

7               MS. ERICSON: Did you want to read the  
8       voting items first or at the end?

9               TREASURER GOLDBERG: Why don't you go  
10      ahead and do your presentation? Then we will seek  
11      a motion and a second and then you --

12              Or which is easier for you?

13              MS. ERICSON: That's fine. That's fine.  
14      Yes.

15              TREASURER GOLDBERG: Okay. Thank you.

16              MS. ERICSON: I'm Shannon Ericson, a  
17      member of PRIM's risk team.

18              As part of the benchmark review that Jay  
19      Leu and I have been working on with Verus, our  
20      benchmark consultant, we have two benchmark  
21      recommendations for PRIM's public markets  
22      portfolio today, which are both voting items.

23              The two recommendations were discussed  
24      and vetted at the Investment Committee meeting, so

1 I'll just provide a brief summary.

2 PRIM staff and the Investment Committee  
3 recommend unanimously to the PRIM Board that the  
4 board approve changing the domestic equity and  
5 global equity benchmarks to the MSCI USA IMI Gross  
6 and the MSCI ACWI IMI with USA Gross indices,  
7 respectively, both with an anticipated effective  
8 date of July 1, 2023.

9 Both of the recommended benchmarks will  
10 be customized to exclude prohibited tobacco,  
11 Sudan, Iran and Russian securities. These new  
12 benchmarks move from fixed weight subasset class  
13 benchmarks to cap-weighted benchmarks. This is  
14 considered best practice and reflective of PRIM's  
15 current strategic asset allocation.

16 Additionally, changing to cap-weighted  
17 from fix-weighted benchmarks reduces trading costs  
18 that are associated with rebalancing back to those  
19 fixed weights. For the global equity portfolio,  
20 employing a well-known single benchmark also  
21 reduces operational complexity.

22 With that, I'm happy to take any  
23 questions.

24 TREASURER GOLDBERG: So I'm going to

1 seek a motion that the PRIM Board approve the  
2 Investment Committee's recommendation to approve  
3 changing the domestic equity and global equity  
4 benchmark to the MCSI USA IMI Gross and the MSCI  
5 ACWI IMI with USA Gross indices, respectively,  
6 effective July 1, 2023, as described in the  
7 expanded agenda, and further to authorize the  
8 executive director to take all actions necessary  
9 to effectuate this vote.

10 Is there a motion?

11 MS. D'AMATO: So move.

12 TREASURER GOLDBERG: Is there a second?

13 MS. MCGOLDRICK: Second.

14 MS. FITCH: Second.

15 TREASURER GOLDBERG: Are there questions  
16 for Shannon on this? Any?

17 I want to remind people, if they only  
18 attend our board meetings, everything that we vote  
19 on in the board meeting has been vetted through  
20 the committee process, and so there's a lot of  
21 crossover.

22 And the Investment Committee meeting  
23 actually was quite a lengthy one the other day,  
24 where we discussed much of these issues and

1       commented and questioned.

2               So I want to remind people of that, if  
3       they have not attended our subcommittee meetings.

4               Hearing no questions, though, I will  
5       proceed with a roll call vote.

6               And I also want to mention that members  
7       of the board serve on the subcommittees.

8               Bob?

9               Bob Brousseau?

10              MS. McGOLDRICK: He's muted.

11              TREASURER GOLDBERG: I'll move on.

12       Okay. We will let you work on that, and I'll move  
13       on to Catherine D'Amato and come back to you.

14              MS. D'AMATO: I approve.

15              TREASURER GOLDBERG: Bob's on.

16              Bob, do you --

17              MR. BROUSSEAU: I vote yes.

18              TREASURER GOLDBERG: Thank you.

19              Ruth Ellen?

20              MS. FITCH: Yes.

21              TREASURER GOLDBERG: Theresa?

22              MS. McGOLDRICK: Yes.

23              TREASURER GOLDBERG: Peter? Peter

24       Monaco?

1 MR. MONACO: Yes.

2 TREASURER GOLDBERG: Thank you.

3 Dennis?

4 MR. NAUGHTON: Yes.

5 TREASURER GOLDBERG: Carly?

6 MS. ROSE: Yes.

7 TREASURER GOLDBERG: Paul votes yes.

8 And I vote yes, Deb Goldberg.

9 The motion carries.

10 MS. ERICSON: Thank you.

11 TREASURER GOLDBERG: Thank you. So --

12 MR. TROTSKY: Now portfolio completion

13 strategies, just an update from Bill.

14 TREASURER GOLDBERG: Okay. Thank you,

15 Bill. Give us an update.

16 Thanks for your assistance, Michael.

17 It's very helpful when I'm navigating all these

18 things in front of me.

19 MR. LI: All right. Thank you, Madam

20 Treasurer, and good morning, everyone.

21 MR. NAUGHTON: My wife, Claire Naughton.

22 Is she already in?

23 TREASURER GOLDBERG: Dennis -- yes.

24 Thank you.

1                   He needed to be on mute.

2                   Thank you.

3                   Go ahead, Bill. Sorry.

4                   MR. LI: Right. No worries, no worries.

5                   My name is Bill Li. I am senior  
6           investment officer and a director of portfolio  
7           completion strategies or PCS.

8                   Firstly, I want to extend a welcome  
9           message to Ethan Spencer again. Welcome to the  
10          team, and we're very lucky to have your energy and  
11          experience filling the third floor here.

12                  And now switch to performance update.  
13          The hedge fund industry in general had a chaotic  
14          quarter. In aggregate, industry experience was  
15          flat, but under the surface, we saw considerable  
16          dispersion.

17                  Specifically, equity hedge funds  
18          performed well with the market rebound on the  
19          back. Event-driven and relative strategies  
20          registered positive results as well.

21                  On the other hand, systematic macros and  
22          CTAs were caught in the interest rate sharp  
23          reversals and ended with mid-single-digit losses  
24          in March. This is the area we have been

1       underweighting actually, as the preference is for  
2       our hedge fund partners to develop a fundamental  
3       understanding of the investment thesis rather than  
4       trading price actions.

5               With that backdrop, PRIT portfolio  
6       completion strategies, or PCS, delivered another  
7       steady quarter, returning 1.34 percent. PRIT  
8       hedge funds, the majority of PCS, delivered  
9       1.7 percent, which was significantly better than  
10      our industry peers.

11             Our hedge fund program follows our open-  
12      minded philosophy, working with investment  
13      talents, who tend to view the world through an  
14      absolute return lens. By putting together a  
15      reasonable portfolio of such talents, we aim to  
16      deliver a diversifying return stream hardly  
17      captured by traditional long-only strategies. And  
18      we grouped hedge funds based on their  
19      characteristics into stable value versus  
20      directional. In the March quarter, the two  
21      sleeves delivered 1.2 percent and 2.8 percent,  
22      respectively, just as expected.

23             And here, we would also like to spend  
24      some time on relative performance. At the last

1 board meeting, you approved the risk group's  
2 recommendation to switch hedge fund benchmark from  
3 a peer-based approach to a market index-based  
4 approach, which measures the opportunity cost of  
5 investing in alternative assets. We believe this  
6 new benchmark offers improved clarity, guiding the  
7 team in sourcing and in portfolio construction.

8 The switch, however, was effectuated on  
9 March 1. As a result, the benchmark captured  
10 hedge fund industry's better experience in January  
11 and February, as well as public market's strong  
12 performance in March, blending into an artificial  
13 number of 3 percent for the quarter, which is  
14 noticeably higher than each component.

15 Consequently, despite a decent  
16 1.7 percent absolute return, PRIT hedge fund  
17 reported a 130 bps underperformance. The impact  
18 on relative performance attributable to this  
19 mechanical reason is estimated to be as meaningful  
20 as 70 bps over a three-year time horizon. We will  
21 continue to be mindful of that in future  
22 communications.

23 And, Tony, would you mind pulling the  
24 charts, the reference charts, to the screen, where



1 we will look at performance from risk-adjusted  
2 return angles.

3 Trailing three-year, on the above chart,  
4 PRIT hedge fund annualized 6.6 percent -- that's  
5 corresponding to the y-axis -- with a mere  
6 4.4 percent volatility on the x-axis. That was a  
7 lower volatility than both bonds and stocks as you  
8 can see in that blue dot.

9 That blue dot had a 1.5 times Sharpe  
10 ratio, meaning for each unit of volatility risk  
11 taken, PRIT hedge fund delivered one and a half  
12 units of return. This was considerably better  
13 than other dots, including the stocks and bonds,  
14 which are the triangles on the chart.

15 Another important metric we track is  
16 beta profile in the lower chart. The lower the  
17 beta, the less co-movement with the corresponding  
18 index, and thus the better diversifying benefit.  
19 PRIT hedge fund realized 0.1 beta versus bond  
20 index and 0.2 beta versus equity index.

21 In summary, a higher risk-adjusted  
22 return with a low beta to PRIT Fund's largest  
23 exposures means that hedge fund continues to be a  
24 valuable diversifying asset class for the PRIT

1 platform.

2 And those are the updates I want to  
3 bring to today's meeting. And with that, I'm  
4 happy to answer any questions regarding our  
5 portfolio or the industry.

6 TREASURER GOLDBERG: Are there questions  
7 for Bill?

8 Okay. Thank you very much, Bill.

9 And welcome, Ethan, again.

10 Okay. Mike, private equity. It's been  
11 a tough year, a challenging year for you.

12 MR. MCGIRR: That's right. Thank you,  
13 Treasurer Goldberg.

14 Michael McGirr, the director of private  
15 equity.

16 I'm going to start with some comments on  
17 performance. Private equity, as everybody knows,  
18 is a long-term asset class so I'm encouraged that  
19 our 3-, our 5-, our 10-year numbers, our long-term  
20 private equity performance, still remains quite  
21 strong. As Michael mentioned, up 24, 22 and  
22 21 percent, respectively. Those are all gross  
23 figures.

24 And some good news, in Q1 of '23, our

1 cash flows flipped positive. And I'll provide  
2 some more details on this later in my remarks.

3 Turning to the quarter, and I know it's  
4 middle of May, but the lagged nature of private  
5 equity, we're talking about Q4. That is the  
6 October through December 2022 quarter. So during  
7 that quarter, private equity was up 81 basis  
8 points gross or 53 basis points net.

9 On a relative basis for the quarter, we  
10 gave up some ground to the public markets. And as  
11 a reminder, in the public markets, Q4 was quite  
12 strong, a bit of a snapback, with the Russell 3000  
13 up 7 percent and the MSCI Europe up 20 percent.  
14 Sous giving up ground is expected, given PE's  
15 smoothed nature. We didn't capture the snapback  
16 and upside.

17 On a trailing one-year basis for PE, we  
18 were down 7.8 percent gross or 8.8 percent net.  
19 However, that looks fairly strong on a relative  
20 basis. And again, with our quarter lag, this is  
21 the calendar year 2022, which, as everybody knows,  
22 was a very difficult year. The Russell 3000 was  
23 down 19 percent, and the MSCI Europe was down  
24 almost 17 percent, where PE was down less, but

1 still 8.8 percent.

2           Some additional color for the quarter  
3 and the trailing one-year, venture capital and  
4 growth equity continued to decline over the  
5 quarter. And for the trailing one-year, the  
6 calendar year 2022, growth equity was down  
7 19 percent, and venture capital was down  
8 22 percent, giving up some gains from prior years.

9           Buyouts have been more resilient. SMID  
10 buyouts, in particular, were up 3.7 percent for  
11 this last quarter. And we're about flat for the  
12 calendar year '22. Many of our SMID buyout  
13 managers had very strong years.

14           The larger buyout managers didn't  
15 perform quite as well. These portfolios were up  
16 2 percent for the quarter, but were down about  
17 9 percent for the trailing one-year.

18           Cash flows; as I mentioned, distributions  
19 outpaced contributions, but only slightly. Overall  
20 activity on both fronts remains muted, given the  
21 environment.

22           And as I mentioned last quarter, our  
23 team is going to have an increased focus on  
24 distributions in the quarters to come, as it is a

1 key performance indicator, as well as an important  
2 measure of portfolio health and quality.

3 The entire PE assets grew slightly over  
4 the quarter to \$16.4 billion and decreased  
5 slightly as a percent of PRIT, 17.4 percent, given  
6 the strong PRIT Fund Q1 performance.

7 And just a few comments on the market  
8 before moved to our voting items.

9 I think as everybody knows, calendar  
10 year '22 was really a tale of two cities for  
11 private equity. A strong first half of the year  
12 in private markets were really a continuation of  
13 2021. And that all changed in the second half.

14 And really that trend continues in Q1 of  
15 '23, where dealmaking is off to its slowest start  
16 in over a decade. M&A has dropped 45 percent year-  
17 over-year in terms of volume.

18 The limited numbers of deals that are  
19 getting done, we're seeing a few deal types more  
20 often, more frequently, than we have in prior  
21 years, including carve-out transactions, as well  
22 as GP-led and cross-fund transactions.

23 Venture capital, as we've talked about  
24 earlier, given the Silicon Valley Bank discussion,

1 venture capital has struggled. And although  
2 venture capitalists are encouraged by the year-to-  
3 date performance of the Nasdaq 100 or the S&P  
4 information technology index, which are up almost  
5 25 percent year to date, and there continues to be  
6 a lot of excitement, especially regarding new  
7 technologies like AI, venture and growth assets  
8 were hit hard in 2022, and that trend continues. On  
9 the exit front, venture capital exits dropped over  
10 90 percent, which is just such a sharp reversal  
11 from the boom years of '20 and  
12 '21.

13 Over the course of '22, calendar year  
14 '22 and into '23, financing got materially more  
15 expensive for private equity buyers. And a  
16 little bit of a silver lining, valuations are  
17 starting to change, and we're starting to see  
18 those average EV to EBITDA multiples tick down.

19 And with the overall activity in M&A  
20 and private equity declining, we're also seeing  
21 that trickle into fundraising. Fundraising is  
22 slowing. Our team is seeing delays, timeline  
23 extensions for some PE funds and some groups not  
24 hitting their fund targets.

1                    Persistent denominator effects and lack  
2                    in distributions from GPs have left many LPs  
3                    constrained. '22 was a difficult year for private  
4                    equity, but private equity is a long-term asset  
5                    class, and I remain encouraged by our long-term  
6                    numbers. Again, our 3-, our 5- and our 10-year  
7                    numbers, all north of 20 percent.

8                    So those are my remarks on performance  
9                    and the market. I'm happy to take any questions  
10                   before we move into our follow-on investment  
11                   recommendations today.

12                   TREASURER GOLDBERG: Are there questions  
13                   for Michael?

14                   Scanning the boxes. Okay. I don't see  
15                   any.

16                   So I'm going to seek a motion and a  
17                   second. And for these follow-ons, I just want to  
18                   remind people that we group them together, but  
19                   clearly if you have individual questions on any of  
20                   them, feel free to ask. So we'll do the motion,  
21                   we'll do the second, and then if there are any  
22                   questions.

23                   So I seek a motion that the PRIM Board  
24                   approve the Investment Committee's recommendation

1 to approve the following follow-on commitments as  
2 described in the expanded agenda.

3 Up to 250 million euro to CVC Capital  
4 Partners IX LP, up to \$150 million to PSG VI LP,  
5 up to \$150 million to American Industrial Partners  
6 Capital Fund VIII LP, up to \$75 million to KPS  
7 Special Situations Mid-Cap Fund II, LP, and  
8 further to authorize the executive director to  
9 take all actions necessary to effectuate this  
10 vote.

11 Is there a motion?

12 MR. BROUSSEAU: So moved.

13 TREASURER GOLDBERG: Second?

14 MS. FITCH: Second.

15 MS. D'AMATO: Second.

16 TREASURER GOLDBERG: There were several.

17 Okay then. Are there questions for Mike  
18 on this?

19 MR. McGIRR: Well, we're going to go  
20 through a bit of a presentation, and my  
21 colleague Helen Huang is going to...

22 TREASURER GOLDBERG: Wonderful.

23 MR. McGIRR: -- present the  
24 opportunities.



1                   TREASURER GOLDBERG:   Okay, Helen.

2                   MS. HUANG:   Thank you, Madam Treasurer.

3                   It was great to meet you in person the other day.

4                   Can everybody hear me okay?

5                   TREASURER GOLDBERG:   Yes, we can.

6                   MS. FITCH:   Yes.

7                   MS. HUANG:   Great.   My name is Helen  
8                   Huang.   I'm a senior investment officer on the PE  
9                   team.

10                   I'm sure you can hear in my voice, I'm  
11                   nursing a cold.   So I don't sound great, even  
12                   though I feel just fine.

13                   But I'm going to keep my comments  
14                   relatively short by providing a quick summary on  
15                   these four high conviction re-up recommendations.

16                   And my colleagues, Michael, Eliza, Tim,  
17                   and I would be happy to answer questions  
18                   afterwards and hear your comments.

19                   I will start with CVC.   CVC is a global  
20                   PE firm that leads the marketplace with a  
21                   geographically diverse presence and network.   PRIM  
22                   has been an investor since the start, supported  
23                   their past eight flagship funds and made three co-  
24                   investments.

1                   CVC has built a powerful brand with deep  
2                   connections in their core countries and four  
3                   sector areas. It remains a strong partnership for  
4                   PRIM and compares favorably to other opportunities  
5                   in the large buyout segment.

6                   We're recommending a flat commitment of  
7                   250 million euro to Fund IX.

8                   Next is PSG. Providence Strategic  
9                   Growth is a Boston-based growth equity firm that  
10                  invests in small, mission-critical software and  
11                  tech companies.

12                  PRIM has invested with PSG since  
13                  Fund III in 2017, and we have co-invested in two  
14                  companies.

15                  PSG is raising Fund VI, looking to  
16                  maintain their focus on a lower middle market  
17                  where they are active in driving companies'  
18                  organic and inorganic growth.

19                  We recommend a commitment of up to  
20                  150 million to Fund VI.

21                  Next, American Industrial Partners, or  
22                  AIP, is an experienced operating and engineering-  
23                  focused PE firm based in New York. It is a deep  
24                  value manager, and Fund VIII will continue to

1 execute an operationally intensive strategy  
2 through a variety of transactions. It mainly  
3 targets industrial companies that are  
4 underperforming their profit potential.

5 PRIM made our first investment with AIP  
6 in 2019 in Fund VII, which is performing very  
7 well.

8 And we're recommending a 150 million  
9 commitment to Fund VIII.

10 And lastly, KPS is another deep value PE  
11 manager focused on industrial and manufacturing  
12 business, headquartered in New York.

13 PRIM has committed to four funds and  
14 completed one co-investment, including a  
15 commitment to Mid-Cap Fund I in 2019. Mid-Cap  
16 Fund II is led by two experienced investors who  
17 have each been with the firm for over 14 years,  
18 while leveraging broader organization's resources.

19 We recommend a 75 million commitment to  
20 Mid-Cap Fund II.

21 With that, the team is happy to take  
22 questions or hear your comments.

23 TREASURER GOLDBERG: Questions?

24 Comments?

1 All right then. I will move to the  
2 vote.  
3 Bob?  
4 MR. BROUSSEAU: Yes.  
5 TREASURER GOLDBERG: Catherine?  
6 MS. D'AMATO: Yes.  
7 TREASURER GOLDBERG: Ruth Ellen?  
8 MS. FITCH: 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 is a yes, and  
18 I am a yes.  
19 Thank you. The motion carries.  
20 Okay.  
21 MR. TROTSKY: Tim Schlitzer, real estate  
22 and timberland. Just an update. No voting item.  
23 MR. SCHLITZER: Good morning, everyone.  
24 TREASURER GOLDBERG: Good morning, Tim.

1 MR. SCHLITZER: As Michael said, I'll  
2 just make a few comments on both real estate and  
3 timber, and happy to answer any questions.

4                   So just starting with real estate  
5           performance. So total real estate returned  
6           negative 1.6 percent for the one-year ending March  
7           and, again, as Michael said, indicating  
8           underperformance versus the benchmark.

9 But when we do unlag the benchmark -- so  
10 that just means actually using the March 31  
11 benchmark, which gets reported late -- private  
12 real estate outperforms by about 580 basis points.  
13 And given that private represents about 85 percent  
14 of the portfolio, and REITs outperformed as well,  
15 that indicates very strong outperformance in real  
16 estate. So good to see that.

17 We're obviously monitoring very closely  
18 some of the major themes in commercial real estate  
19 currently. So, you know, you're all aware of  
20 these, but the decreasing availability and  
21 increasing cost of debt capital, questions about  
22 the future of office and overall tenant demand  
23 based on economic conditions.

24 And I do want to assure you that PRIM's

1 portfolio does continue to be resilient in these  
2 conditions. You know, I mentioned that private  
3 real estate, which is less volatile, represents  
4 the majority of the portfolio. The private book  
5 is currently 93 percent occupied. 65 percent of  
6 that portfolio is invested in multifamily and  
7 industrial assets, where fundamentals are slowing  
8 but still fairly strong.

9 Catherine, actually just sort of  
10 speaking to your good comments earlier in the  
11 meeting, I thought I'd point out that traditional  
12 office is 16 percent of the private portfolio,  
13 which is underweight to the market index, you  
14 know, sort of the commercial real estate universe  
15 as we define it.

16 These office assets that PRIM owns are  
17 just under 90 percent occupied with a 17 percent  
18 loan-to-value ratio so very low leverage. We only  
19 have one debt maturity in the office portfolio in  
20 the next five years. So a good capital structure  
21 profile and good occupancy as well in office for  
22 PRIM.

23 Overall leverage in the real estate  
24 portfolio is below 20 percent. Also underweight

1 the market index, over 90 percent of that is fixed  
2 rate debt.

3 So, you know, we really have managed  
4 kind of the floating rate exposure well. And my  
5 compliments to John La Cara, who heads up those  
6 efforts within the portfolio.

7 We're well within the asset allocation  
8 range. We're at about 11 percent of the PRIT  
9 Fund. And the team has been continuing to invest  
10 through a number of our vehicles. As you'd  
11 assume, capital-constrained environments are more  
12 favorable, and market pricing has come down.

13 Obviously the "back the truck up" sign,  
14 so to speak, never flashes for us, but I'd say the  
15 approach right now is really to look for somewhat  
16 unique situations, better pricing, chances to add  
17 new exposures to the overall diversification and  
18 quality of the portfolio.

19 So I might point out data storage where  
20 we're seeing great -- more secular drivers, self-  
21 storage or certain industrial markets that have  
22 been historically more challenging for us to  
23 enter. And we're seeing more opportunity flow  
24 there. So I think a positive thing.

1                   We're also looking for opportunities in  
2           real estate debt, and we're working on a couple of  
3           compelling opportunities now.

4                   As you know, this opportunity set really  
5           lives more in the other credit opportunities  
6           bucket. And Chuck and Christina Macarelli of  
7           course doing some great work there, but we're able  
8           to complement those efforts to a certain degree  
9           with some of our existing relationships and add  
10          some additional irons to the fire, so to speak.

11                  And lastly, I'd say that what's very  
12          important right now as well is to maintain some  
13          dry powder for opportunities over the next 12 to 18  
14          months. And I received some good analysis from  
15          Minching Kao on the team this week that I think  
16          indicates that we have plenty of liquidity and will  
17          be able to invest, I think, hopefully quite well  
18          over the next couple of years.

19                  So that's real estate. And happy to  
20          answer any questions.

21                  I'll move into timber. So the total  
22          one-year timberland return, as Michael pointed  
23          out, was 7 percent, a great absolute return, and  
24          the



1       only positive performing asset class for the year.

2               You know, I think timberland, which has  
3       always been the design in this asset class, has  
4       been a great diversifier and a great inflation  
5       hedge over the last couple of years.

6               And I've spoken to this a little bit. I  
7       mean 2022, really the previous year, was unique in  
8       timberland. We had very heavy interest from  
9       industrial buyers and public timber companies with  
10      a lot of cash from lumber gains within their  
11      businesses.

12              There was also a desire from these  
13      producers to manage their supply chain better than  
14      maybe they had or perceived that they had through  
15      COVID. So a desire to own more of the inputs to  
16      their business.

17              Timberland tends to have less  
18      sensitivity to interest rate increases because  
19      it's effectively an unlevered asset class. You  
20      never want to be forced to cut trees while they're  
21      in the midst of their prime growing years to pay  
22      debt service so that's always a consideration.

23              And then lastly, we have seen a pickup  
24      in climate mitigation strategies and more capital

1 from a whole new class of buyers, and those groups  
2 were active in timberland as well.

3 2023 is beginning to be or is starting  
4 off sort of as more of a different environment,  
5 I'd say. Expectations for housing starts and  
6 renovations, which really drive the asset class,  
7 are more tepid right now. And capital, I think,  
8 has been more cautious to reflect that.

9 I'll just more or less reiterate what  
10 Michael said. I don't want to overdo it, but we  
11 did underperform on the one-year number. I'll  
12 point out that on the three-year number,  
13 particularly what is, you know, probably PRIM's  
14 longest duration asset class, so more an area of  
15 focus than the 3-, the 5- and the 10-year numbers,  
16 but on a three-year basis, we did outperform at  
17 roughly 8 and a quarter percent.

18 In terms of the short-term  
19 underperformance, Michael mentioned appraisal  
20 rotation.

21 So the appraisers come in, and they  
22 really apply a whole different set of discount  
23 rates. New assumptions on harvesting, new  
24 assumptions on what logs will sell for and the

1 cost inputs. So we typically do see noise there.

2 We also saw in the index, and I'll point  
3 out, for example, the largest timberland  
4 transaction that occurred in the United States  
5 last year was effectively a climate buyer, it was  
6 a climate mitigation strategy, that bought an  
7 almost \$2 billion portfolio that ended up in the  
8 benchmark at a price that the appraisers were  
9 probably not going to quite reach to when they  
10 marked properties overall because there was such a  
11 premium paid. And I think that there's an  
12 understanding that's being developed by the  
13 appraisers right now. So sort of a benchmark  
14 appraiser mismatch there.

15 And then lastly, the portfolio  
16 construction, which is always something that we're  
17 monitoring, but the Australian dollar did lose  
18 10 percent, so that created some underperformance  
19 in our out-of-benchmark position in Australasia.

20 Also China slowing. Michael mentioned  
21 that. And a weather event in New Zealand, which  
22 was sort of an idiosyncratic event that did hit  
23 cash flow for the year.

24 The Australian investment, I'll point

1 out, is by far our top-performing investment over  
2 the past five years. So to a certain degree, this  
3 is what I would consider to be volatility.

4 And then lastly, the southern  
5 underweight. The south was the top regional  
6 performer for the year in the benchmark. We do  
7 have an underweight there. Clearly there is some  
8 sentiment related to growth in the southern U.S.  
9 regarding population growth that I think is being  
10 recognized by buyers.

11 But I will also say that we actually  
12 didn't see a ton of price growth year-over-year.  
13 I think it was really more sentiment-driven, that  
14 regional outperformance.

15 So as I said, we're always monitoring  
16 our portfolio construction, monitoring markets.  
17 That gives you a little bit of color on  
18 performance.

19 And I'm happy to answer any questions.

20 TREASURER GOLDBERG: Questions for Tim?

21 Tim, you must have been very complete.

22 MS. D'AMATO: I have a question because  
23 I'm the new kid. Is this part of the strategy of  
24 being an ESG? I mean is the timberlands -- that's

1       where the investments are occurring, on the E of  
2       ESG, for this board?

3               TREASURER GOLDBERG: Real estate and  
4       timberland have been around for how long, Michael?

5               MS. D'AMATO: No. I meant the  
6       investments, more investments in this area. Would  
7       it be part of portfolio strategy?

8               MR. TROTSKY: It has the benefit of, as  
9       Tim mentioned, attracting those buyers. But our  
10      initial underwriting was decades ago when it was  
11      not really a factor in investments. It obviously  
12      has an attractive value for carbon recapture, and  
13      it's being priced that way now.

14              So yes, it qualifies for an ESG  
15      investment today.

16              MS. D'AMATO: I mean no surprise that  
17      the Treasurer and others have been ahead of the  
18      curve on this.

19              But I think it's a terrific investment  
20      area. It's always been good.

21              So thanks, Tim. Appreciate just knowing  
22      a little bit more about that investment.

23              MR. SCHLITZER: Thanks for the  
24      questions.

1                   MR. TROTSKY: It's definitely a tailwind  
2                   to the asset class right now.

3                   MR. SCHLITZER: I think I might have  
4                   heard Peter?

5                   MR. MONACO: Yes. Hey, Tim. How are  
6                   you?

7                   MR. SCHLITZER: Good. How are you?

8                   MR. MONACO: You know, notwithstanding  
9                   your longstanding and astute office underweight, I  
10                  am curious what your thoughts are and what  
11                  analysis you're seeing about where occupancy might  
12                  trough in the major office markets.

13                  From where I sit, there's a ton of  
14                  crosscurrents. I think with the benefit of  
15                  hindsight, the work-from-home pendulum may have  
16                  swung too far to the extreme, and you see a lot of  
17                  major companies calling people back to work. At  
18                  the same time, there is an understandable and  
19                  laudable effort to help people achieve work-life,  
20                  work from home versus the office balance.

21                  Employment remains generally strong, but  
22                  a lot of big companies, particularly in tech, are  
23                  shedding workers. And notwithstanding that folks  
24                  are going back to the office, I think it might be

1 fair to say that COVID convinced a lot of  
2 companies that they could be more efficient with  
3 their space.

4 So where's it all going to shake out  
5 ultimately, you know, with respect to where  
6 occupancy might trough? Understanding it will  
7 vary market to market.

8 MR. SCHLITZER: Yes. Great question,  
9 and candidly, I don't know for sure. I don't know  
10 the answer.

11 I mean I agree with everything that you  
12 just said. I mean employment levels are at or  
13 maybe above sort of pre-COVID levels. I believe  
14 that office vacancy looks a lot like it did sort  
15 of during the GFC or maybe even the tech bubble  
16 period, which was I think even more severe. So  
17 that has a little bit of a cyclical feel to it.

18 And right now, we're balancing secular  
19 and economic issues. Clearly there's a bias to  
20 quality. I think we're all well-aware of that.  
21 But that is also a cyclical dynamic. There's  
22 always a flight to quality when vacancy increases.  
23 I think it's more pronounced right now.

24 I personally think that hybrid of some

1 kind is probably here to say, but I agree with you  
2 that the momentum is pushing more toward filling  
3 some of that open office capacity.

4 Right now, what we're doing is really  
5 just trying to take it more from a bottoms-up  
6 perspective. We own maybe a dozen office assets  
7 at PRIM. And what we're beginning to do is really  
8 manage that rent roll very closely.

9 This is going to take time to play out,  
10 but I think our feeling is the best thing that we  
11 can do is pay close attention to the leases, the  
12 individual leases that are in PRIM's portfolio,  
13 and try to perform as well as we can and also use  
14 those data points to probably influence how we're  
15 thinking about the market overall.

16 So that may be a little bit of a  
17 nonanswer, Peter, but that's probably the best I  
18 can do. This is a very complex problem to figure  
19 out.

20 MR. MONACO: Much appreciated.

21 TREASURER GOLDBERG: Any other questions  
22 for Tim?

23 Okay. We do not have any voting items  
24 on real estate and timberland. And so thank you,



1 Tim, for the update.

2 And we are moving on to the finance and  
3 administration report.

4 MR. FALZONE: Thank you, Treasurer.

5 TREASURER GOLDBERG: We will have voting  
6 items in this section. In fact, one --

7 MR. FALZONE: Two, I believe.

8 TREASURER GOLDBERG: Will you be leading  
9 the charge on this, Tony?

10 MR. FALZONE: I will be. I'm not sure  
11 if you want to read the first motion or seek a  
12 motion before I start.

13 TREASURER GOLDBERG: I will on the  
14 information technology consulting and support  
15 services request for proposals.

16 And the vote is I seek a motion that the  
17 PRIM Board approve the Administration and Audit  
18 Committee's recommendation to approve retaining  
19 the incumbent EdgeTech Consulting for IT  
20 consulting and support services and the approval  
21 of RSM US, LLP as a vendor to be engaged for  
22 additional backup and project work as described in  
23 the expanded agenda, and further to authorize the  
24 executive director to take all actions necessary

1 to effectuate this vote.

2 Is there a motion?

3 MR. BROUSSEAU: So moved.

4 TREASURER GOLDBERG: Second?

5 MS. D'AMATO: Second.

6 TREASURER GOLDBERG: Okay. Go for it.

7 MR. FALZONE: Thank you very much.

8 And I'm going to handle this while Dave  
9 is the man behind the curtain on the Zoom meeting.  
10 So he is here to answer any questions. That's  
11 Dave Griswold, PRIM's IT director. He presented  
12 at the Administration and Audit Committee.

13 The evaluation committee report is at  
14 Appendix F. I'm not going to speak to it  
15 directly, but I'll say some summary comments.

16 This recommendation is basically a  
17 result of the RFP for IT consulting and support  
18 services that we issued back in October where we  
19 received four responses by the November 21  
20 deadline. All these responses were thoroughly  
21 reviewed, with three of the firms being invited to  
22 interview with PRIM.

23 I think our objective here was to  
24 identify which firm has the appropriate resources

1 and expertise to support PRIM's existing  
2 infrastructure, as well as the appropriate skills  
3 to provide application development and support  
4 services for PRIM, our business systems moving  
5 forward.

6 Dave and his team also considered which  
7 of these firms could help PRIM best navigate the  
8 changing technology. We all know technology is  
9 constantly changing, especially in the areas of  
10 cloud technology, system integration, and also  
11 helping us continually improve our overall  
12 security posture and adjust to many of today's  
13 constantly changing security threats. We're  
14 maniacal about IT security here.

15 So after careful analysis and  
16 interviews, the unanimous recommendation was to  
17 continue working with the incumbent, EdgeTech  
18 Consulting, for a five-year period with two  
19 optional one-year extensions.

20 Additionally, to add RSM be approved as  
21 a vendor to be engaged for backup and additional  
22 project work and initiatives that require specific  
23 areas of expertise.

24 I've always felt IT is very wide and

1       very deep. And you can't be an expert in  
2       everything, so it's good to have some bench  
3       strength.

4                So that's our recommendation, and Dave  
5       and I are happy to answer any questions.

6                TREASURER GOLDBERG: Are there  
7       questions?

8                Do I see any hands? I do not.

9                I just want to reconfirm there are no  
10       questions.

11               Okay then. We will proceed with the  
12       vote.

13               Bob?

14               MR. BROUSSEAU: Yes.

15               TREASURER GOLDBERG: Catherine?

16               MS. D'AMATO: Yes.

17               TREASURER GOLDBERG: Ruth Ellen?

18               MS. FITCH: Yes.

19               TREASURER GOLDBERG: Theresa?

20               MS. McGOLDRICK: Yes.

21               TREASURER GOLDBERG: Peter?

22               MR. MONACO: Yes.

23               TREASURER GOLDBERG: Dennis?

24               MR. NAUGHTON: Yes.

1                   TREASURER GOLDBERG: Carly?

2                   MS. ROSE: Yes.

3                   TREASURER GOLDBERG: Paul is a yes. And

4                   myself is -- I am a yes.

5                   Somebody's talking in the background.

6                   Dennis? Okay. You're muted.

7                   All right then. The motion carries.

8                   All right. The next item on the agenda

9                   is the draft fiscal year 2024 operating budget.

10                  It too is a voting item.

11                  So I seek a motion that the PRIM Board

12                  approve the Administration and Audit Committee's

13                  recommendation to approve the draft fiscal year

14                  2024 PRIM operating budget as attached as

15                  Appendix G of the expanded agenda, and further to

16                  authorize the executive director to take all

17                  actions necessary to effectuate this vote.

18                  Is there a motion?

19                  MR. BROUSSEAU: I so move.

20                  TREASURER GOLDBERG: Is there a second?

21                  MS. FITCH: Second.

22                  MS. McGOLDRICK: Second.

23                  TREASURER GOLDBERG: Okay. Tony.

24                  MR. FALZONE: Thank you.

1                   So our plan here was to provide you with  
2                   a summary of the presentation we gave at the  
3                   Administration and Audit Committee. I was going  
4                   to kick things off and then pass it off to Deb  
5                   Coulter, PRIM's chief financial officer and chief  
6                   administration officer, to provide more detail.

7                   I'm very fortunate that I have  
8                   significant board representation on our  
9                   Administration and Audit Committee, but I know  
10                  there are a few that aren't so I want to make sure  
11                  that we get to the details.

12                 So the operating budget touches all  
13                 areas of the organization, and I want to thank the  
14                 finance team for their hard work creating the  
15                 budget, along with the many other contributors  
16                 that helped along the way. This touches every  
17                 area so it is truly an organization-wide  
18                 collaboration.

19                 So PRIM's annual budget is designed to  
20                 provide an estimate of our expenses and costs for  
21                 fiscal year 2024. As a reminder, PRIM operates  
22                 outside of the state budget, and we rely on  
23                 investment returns to support our operations. We  
24                 are not a line item on the state budget.

1                   The budget document is Appendix G in  
2                   your packet.

3                   So the total fiscal year 2024 budget is  
4                   projected to be 520.3 million or 52.6 basis points  
5                   of the projected average PRIT Fund assets, which  
6                   is at 99 billion. This calculates out to a modest  
7                   increase of 2.3 million or .4 percent from the  
8                   prior year.

9                   We continue to carefully increase  
10                  allocation to higher performing, higher cost asset  
11                  classes, but while we're doing that, we're also  
12                  managing to keep costs in a way where the expense  
13                  ratio has remained consistent year-over-year.

14                  On page 4 of the budget, looking at  
15                  Chart 2, 94.3 percent of the budget covers  
16                  investment management fees or investment-related  
17                  third-party service providers or consultants.  
18                  That means about 95 percent of our total budget  
19                  pays for managers and consultants outside of our  
20                  four walls. We continue to look for ways to add  
21                  transparency and detail to help us communicate the  
22                  budget and show where we're spending our money.

23                  Michael reminded us at the  
24                  Administration and Audit Committee meeting that

1 PRIM's budget is not always intuitive. So if we  
2 go over budget, that normally means that our  
3 portfolio is performing well, as most of the  
4 budget is made up of asset management fees based  
5 on valuations or committed capital.

6           So before handing over to Deb, I'll  
7 repeat what I say every year when I go through  
8 this exercise. The size of any particular asset  
9 allocation or asset class does not directly relate  
10 to the size of the expense. High-performing  
11 private alternatives will have higher fee  
12 structures than say the public markets will. But  
13 historically that has been money well spent,  
14 specifically in the case of private equity.

15           As Michael mentioned earlier and I think  
16 the Treasurer mentioned earlier as well, we have  
17 to meet a 7 percent actuarial rate of return. And  
18 the private equity portfolio is a big part of  
19 helping us achieve that.

20           And today we're discussing the costs of  
21 these strategies, but remember PRIM's investment  
22 belief that no investment decision is complete  
23 without evaluating three equally important  
24 parameters: risk, return and cost. And I don't



1 think anyone here would disagree that the cost of  
2 our alternatives is money well spent.

3 So the budget's based on continued asset  
4 growth using NEPC's 10-year growth assumption of  
5 7 percent. I think that might have been mentioned  
6 earlier as well.

7 And there's no performance fees --  
8 performance is not predictable, and our actual  
9 fees will vary. I think this budget gives a very  
10 good approximation of our projected expenses.

11 There are three sections: investment  
12 management fees, third-party service providers  
13 and operations. And I'm going to hand it over to  
14 Deb to provide some more detail on those three  
15 sections.

16

17 Thanks.

18 TREASURER GOLDBERG: Thank you, Tony.

19 Welcome, Deb.

20 MS. COULTER: Thank you. And thanks,  
21 Tony. Good morning, everyone.

22 As Tony mentioned, the fiscal '24 budget  
23 reflects a modest increase of 2.3 million or  
24 .4 percent this year.

1                   Costs remain well-controlled, and our  
2                   expense ratio has remained consistent, even with  
3                   our increased allocation to alternative  
4                   investments and the addition of new staff and  
5                   resources to support PRIM's many new investment  
6                   and non-investment initiatives.

7                   We're continually looking for ways to  
8                   save money, and the budget reflects many of these  
9                   cost-saving measures that have been put into place  
10                  over the last few years as part of Project SAVE.

11                  The first section of the budget is  
12                  investment management fees, which are variable  
13                  costs. These fees are paid to our investment  
14                  managers to manage the assets of the PRIT Fund and  
15                  are typically based on the value or complexity of  
16                  the investments. As our investment values or  
17                  commitments increase or decrease or are  
18                  transitioned between passive and active  
19                  strategies, our actual costs may increase or  
20                  decrease.

21                  Investment management fees make up  
22                  approximately 90 percent of the total budget. And  
23                  for fiscal '24, we're budgeting a slight increase  
24                  of approximately 1.9 million or .4 percent, based

1 on projected net asset values, commitments and  
2 acquisitions.

3 The second section of the budget is  
4 third-party service providers. These are the  
5 projected fees we pay to all of our investment  
6 consultants, our custodian, auditors, tax, legal  
7 and IT consultants and for our risk and investment  
8 analytic tools. These fees total 23.9 million or  
9 4.6 percent of the total budget.

10 This represents a slight actual decrease  
11 in this category of approximately \$564,000 or  
12 2 percent. Some categories in this section are  
13 up, but ultimately, they were offset by the  
14 categories that went down, in order to better  
15 align the budget to actual fees and to reflect  
16 cost savings that have been identified.

17 Now the last section, that's PRIM's  
18 operations expenses. This includes PRIM staff  
19 compensation benefits, rent, insurance, computers  
20 and technology, and other expenses necessary to  
21 run PRIM.

22 Total budgeted operations fees are  
23 approximately 28 million and represent 5.4 percent  
24 of the total budget.

1                   And this section is increasing  
2       approximately \$1 million mainly due to an increase  
3       in compensation expense to account for the  
4       projected growth in staff. As you heard in  
5       Michael's comments at the beginning of the  
6       meeting, we've just added five new full-time staff  
7       members in just the past few months, and we  
8       anticipate this growth to continue into the next  
9       fiscal year.

10                  So that was just a quick overview of the  
11       different sections of the budget and the changes  
12       for fiscal '24, which again in total equate to a  
13       .4 percent increase year-over-year.

14                  So with that, Tony and I would be happy  
15       to answer any questions you might have.

16                  TREASURER GOLDBERG: Are there questions  
17       for Deb?

18                  Hearing none, are there -- seriously,  
19       believe it or not, this is the last item on the  
20       agenda.

21                  So, Ruth Ellen, it looks like you're  
22       going to do just fine.

23                  MS. FITCH: Thank you.

24                  MR. FALZONE: That's the benefit of

1       having so many board members on our Administration  
2       and Audit Committee.

3               TREASURER GOLDBERG: It's true.

4               MS. McGOLDRICK: I think we covered it,  
5       Madam Treasurer, in the subcommittees largely. I  
6       just wanted to say that because it seems like it's  
7       quiet, but it's that we do such extensive work  
8       leading up to the meeting.

9               TREASURER GOLDBERG: And that's why I  
10       explained it earlier because I thought we're  
11       sitting here, and there are outside people  
12       listening, and they're going, "What's going on  
13       there? Why don't they ever ask any questions?"

14              Believe me, the subcommittee meetings,  
15       if you want to attend them, are much longer than  
16       this particular meeting is today.

17              So we have --

18              MS. FITCH: This is a very clear  
19       presentation. I will say that it's a very  
20       complicated budget, well presented in relatively  
21       simple terms.

22              MR. FALZONE: Thank you, Ruth Ellen.

23              TREASURER GOLDBERG: I know you're going  
24       to think I'm crazy. Did I do the motion and the

1 second on this yet?

2 MR. BROUSSEAU: Yes, you did.

3 MS. FITCH: Yes, you did.

4 TREASURER GOLDBERG: All right. I'm  
5 always going to forget one every meeting. You can  
6 count on it.

7 You should see what goes on in the  
8 retirement board. Right? We have motions every  
9 three minutes. And then all of a sudden, I'll go,  
10 "Okay. Where was I?"

11 All right then. So --

12 MR. BROUSSEAU: Madam Treasurer, I just  
13 wanted to make a comment, you know, because of the  
14 Administration and Audit Committee's work with  
15 this, over the years, a lot of these -- as you  
16 mentioned, and I've mentioned it in the past and  
17 you have, that the board members are so involved  
18 in all of the committees, and when you attend the  
19 Investment Committee, the Real Estate Committee or  
20 the Admin Committee, the work has been done.

21 And you can't miss the fact that with  
22 the staff that we have up there and the work that  
23 they do and the information they provide to us, it  
24 is no wonder that these committee meetings go so

1 smoothly.

2           People from the outside, you're right,  
3 especially when we have been investing and going  
4 in some high cost investments like private equity,  
5 and probably people said today, we spent a lot of  
6 money or we are investing a lot of money in four  
7 private equity investments today, and there  
8 weren't any questions.

9           Well, the questions have already been  
10 answered. And also that private equity, we know  
11 is our more -- the most expensive asset that we  
12 have in terms of fees.

13           However, it's been the best returning  
14 asset class over the last three years. Michael  
15 mentioned 20 percent, 30 percent. And so many  
16 times, people don't realize that.

17           But the board members are doing their  
18 due diligence with all of these through their  
19 attendance at committee meetings and asking the  
20 hard questions that have to be asked at that  
21 point. So --

22           TREASURER GOLDBERG: That's right.  
23 Thank you, Bob.

24           MR. BROUSSEAU: I know you do it all the

1 time, but it's worthy of repeating.

2 TREASURER GOLDBERG: Yes. And I want to  
3 comment that all those meetings are open meetings  
4 and anyone can attend them.

5 So thank you for that comment.

6 And we do have a motion, and we do have  
7 a second. And I'm going to proceed with the vote.

8 So, Bob, would you like to vote yes?

9 MR. BROUSSEAU: Yes, I would.

10 TREASURER GOLDBERG: Catherine?

11 MS. D'AMATO: Yes.

12 TREASURER GOLDBERG: Ruth Ellen?

13 MS. FITCH: 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 is voting yes,  
23 as am I. And the motion carries.

24 Now we have a legislative update from



1 Emily Kowtoniuk from my office. Is she -- there  
2 she is.

3 MS. KOWTONIUK: I'm here, and I'll be  
4 quick, I promise.

5 We are tracking a number of bills  
6 relative to PRIM that are active in the  
7 legislature right now. As a reminder, they  
8 probably fall into three buckets so one being  
9 divestment legislation, one being legislation  
10 related to PRIM's administration and oversight,  
11 and then one relative to board composition.

12 The joint committee chairs have been  
13 named. The public service committee, which is  
14 where the PRIM-related bills have been referred,  
15 are carried over from last session, so we have Rep  
16 Gordon and Senator Brady that we'll continue to be  
17 working with.

18 They're working through scheduling  
19 hybrid hearings right now. There is a requirement  
20 that hearings be accessible both in person and  
21 virtually. So we expect the hearing schedule to  
22 sort of pick up as the year goes on.

23 We're also tracking the FY '24 budget  
24 process right now. So the house has passed their

1 budget, and as a reminder, an amendment was added  
2 to the house budget relative to the PRIM Board  
3 composition. The senate will tackle their budget  
4 next week, and there has been a mirror amendment  
5 filed in the senate to alter PRIM's board  
6 composition, and that was filed by Senator Rush  
7 and Senator Keenan.

8 MS. McGOLDRICK: Can I ask a question,  
9 Emily?

10 MS. KOWTONIUK: Yes.

11 MS. McGOLDRICK: Can you send me that  
12 information via email, if that's possible?

13 MS. KOWTONIUK: Absolutely.

14 MS. McGOLDRICK: Thank you very much.

15 TREASURER GOLDBERG: Now, that was the  
16 legislate --

17 MR. BROUSSEAU: Madam, could I ask --  
18 that's a good point that Theresa made.

19 Emily, could you also email me on that?

20 MS. KOWTONIUK: Yes, I can.

21 MR. BROUSSEAU: Okay. Thank you.

22 TREASURER GOLDBERG: Okay. And any  
23 other matters?

24 MR. FALZONE: I do have Francesco

1       Daniele here to provide a very brief client  
2       service update. And that should be it.

3               TREASURER GOLDBERG: Thank you.

4               MR. FALZONE: If that's okay with you.

5               TREASURER GOLDBERG: Yes. Absolutely.

6               MR. DANIELE: Great. Good morning,  
7       everyone. Thanks, Tony.

8               Can everyone hear me?

9               TREASURER GOLDBERG: Yes, we can.

10              MS. FITCH: Yes.

11              MR. DANIELE: My name is Francesco  
12       Daniele, director of client services.

13              Treasurer, I heard you had a great  
14       visithere at PRIM. Sorry I missed you.

15              TREASURER GOLDBERG: I missed you.

16              MR. DANIELE: We'll have to have another  
17       cake, I guess.

18              TREASURER GOLDBERG: You're on.

19              MR. DANIELE: Good deal.

20              I also want to congratulate Bob and Paul  
21       on their reelections and welcome Catherine to the  
22       PRIM Board.

23              I want to thank the clients that are  
24       participating remotely in this meeting. Thank you

1 for your attendance.

2 The client services team is very busy.  
3 We currently have a large number of meetings as  
4 typical for this time of year, both in person and  
5 virtual. I'd like to thank and acknowledge Laura  
6 Strickland and Emily Green for their efforts.

7 The client service team will be  
8 attending the upcoming MACRIS conference in June.  
9 Please note Michael Trotsky will provide the  
10 keynote address on the second day.

11 Also and last, we are planning our  
12 client conference for the fall with more details  
13 to follow with the save the date. And as a  
14 reference, our most recent client conference was  
15 held on June 9 in 2021.

16 That's it for the client service update.  
17 Back to you, Tony.

18 MR. FALZONE: Thank you.

19 MS. FITCH: Thanks.

20 TREASURER GOLDBERG: I believe that  
21 would be all for today's meeting.

22 I do need to -- is there anything else  
23 anyone else wants to say before I seek a motion to  
24 adjourn?

1 I seek a motion to adjourn.

2 MR. BROUSSEAU: So moved.

3 MS. D'AMATO: Second.

4 MS. FITCH: Second.

5 TREASURER GOLDBERG: Roll call vote.

6 Bob?

7 MR. BROUSSEAU: Yes.

8 TREASURER GOLDBERG: Catherine?

9 MS. D'AMATO: Yes.

10 TREASURER GOLDBERG: Ruth Ellen?

11 MS. FITCH: 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 says yes, and

21 I say yes.

22 Again, I want to thank everyone from the

23 staff to our board members for all your good work,

24 and I look forward to seeing you all again soon.

1                   Thank you.

2                   MR. TROTSKY: Thanks, everybody.

3                   (Meeting adjourned at 11:32 a.m.)

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