

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

Minutes of the Board Meeting

Tuesday, August 15, 2023

commencing at 9:30 a.m.

(CONDUCTED REMOTELY)

**PRIM Board Offices
53 State Street, Suite 600
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.
- Peter Monaco
- Dennis J. Naughton
- Carly Rose

Other Attendees (partial list):

- Anthony Falzone
- Eliza Haynes
- David Gurtz
- Sarah Kim
- Emily Kowtoniuk
- Renee LeFevre
- Chuck LaPosta
- Jay Leu
- Bill Li
- Michael McElroy
- Michael McGirr
- Veena Ramani
- Tim Schlitzer
- Ethan Spencer
- Michael Trotsky

1 are asked first to identify themselves. Also the
2 Open Meeting Law requires anyone wishing to record
3 a meeting to first notify the chair so the chair
4 can inform the other attendees.

5 Tony, would you please inform us who is
6 recording the meeting today.

7 MR. FALZONE: Justin Mitchell from
8 FundFire and Virginia Dodge, our stenographer,
9 will be recording the meeting.

10 TREASURER GOLDBERG: Thank you.

11 Accordingly I am informing you -- oh,
12 that was already said.

13 If anyone else does intend to record
14 today's meeting, please first notify Seth Gitell
15 by email at sgitell@mapension.com.

16 Additionally, the Attorney General's
17 guidance on holding remote meetings reads as
18 follows. At the start of the meeting, the chair
19 must announce the name of the member or members
20 who are participating remotely. I will now
21 announce the names of all PRIM Board members are
22 participating remotely in today's meeting.

23 Bob Brousseau, Catherine D'Amato, Ruth
24 Ellen Fitch, Theresa McGoldrick, Peter Monaco,

1 Dennis Naughton, Carly Rose and Paul Shanley.

2 The first item on the agenda will be --

3 MR. BROUSSEAU: Consent.

4 TREASURER GOLDBERG: Yes. Give me a
5 minute. I have to switch pieces of paper.

6 Is the consent agenda.

7 With that, I would seek a motion to
8 approve the consent agenda. Is there a motion?

9 MR. NAUGHTON: So moved.

10 MR. BROUSSEAU: Second.

11 TREASURER GOLDBERG: Okay. I will --
12 now, let me just see.

13 I am not seeing some of the members of
14 the board here yet.

15 So if I -- I'm going to start with Bob.

16 MR. BROUSSEAU: Yes.

17 TREASURER GOLDBERG: Catherine?

18 MS. D'AMATO: Yes.

19 TREASURER GOLDBERG: Ruth Ellen?

20 MS. FITCH: Yes.

21 TREASURER GOLDBERG: Theresa?

22 MS. McGOLDRICK: Yes.

23 TREASURER GOLDBERG: I don't see Peter's
24 phone. Is he here?

1 MR. FALZONE: He's going to be a tad
2 late.

3 TREASURER GOLDBERG: All right.

4 Dennis?

5 MR. NAUGHTON: Yes.

6 TREASURER GOLDBERG: Carly?

7 MS. ROSE: Yes.

8 TREASURER GOLDBERG: Is Paul here? I
9 don't see him on my screen.

10 MR. FALZONE: I don't see Paul quite
11 yet. I'll let you know when both of those pop in.

12 TREASURER GOLDBERG: All right. Myself,
13 yes.

14 The motion carries.

15 Next item on the agenda is the executive
16 director/chief investment officer report.

17 Michael.

18 Michael, I think you're on mute.

19 MR. TROTSKY: How's that?

20 MS. FITCH: Okay. There you go.

21 TREASURER GOLDBERG: There's one of two
22 ways to look at that, when you ask us that. But
23 we'll --

24 Go ahead, Michael.

1 MR. TROTSKY: All right. Thank you very
2 much, Treasurer, and thank you, everyone, for
3 taking time out of your summer and out of your day
4 to be with us today. I can't believe it's already
5 mid-August.

6 Before we begin today's agenda, I do
7 want to thank Investment Committee member and MIT
8 treasurer emeritus Glenn Strehle -- maybe he's on
9 the call; I'm not sure -- who, along with David
10 Gurtz, our deputy CIO, arranged a visit last week
11 to the MIT Plasma Science and Fusion Center in
12 Cambridge. And several board, committee and staff
13 members were in attendance last week.

14 It was really a unique opportunity to
15 learn about and witness firsthand the cutting edge
16 research and innovation happening right here in
17 our own backyard just over the river.

18 In fact, Cambridge is really now the
19 epicenter of advanced fusion research. We were
20 lucky to have Dennis Whyte, the center's director
21 and professor in the MIT department of nuclear
22 science and engineering. He provided a quick
23 lecture, followed by a tour of the facility.

24 And incidentally, that facility, that

1 building, was a building that Glenn was able to
2 secure for MIT from the Nabisco company several
3 decades ago while Glenn was treasurer of MIT. So
4 it was a return, so to speak.

5 Awe-inspiring and hopeful, we learned
6 about the new technology which may enable
7 scientists to harness the power of fusion. That's
8 the reaction which powers the stars, including our
9 own sun, in a safe and effective way. Harnessing
10 fusion may be the breakthrough to provide
11 limitless electricity with no harmful emissions or
12 byproducts.

13 This is no less than a world-changing,
14 planet-saving possibility. And the science is
15 receiving funding from a combination of government
16 and private sources, mainly venture capital
17 sources. Later today, I'll forward a video of a
18 recent interview with Dr. Whyte, if you want to
19 learn more about it.

20 And I must admit, and I know that
21 several on this call share my view, that the visit
22 was the highlight of the summer. It was the
23 highlight of the summer for many of us in
24 attendance. It was uplifting, hopeful and very,

1 very powerful. No pun intended.

2 And I haven't been able to stop thinking
3 about it, so I hope you'll enjoy the video.

4 Thanks again, Glenn, if you're on the
5 call, and Dave, I know you're on the call, for
6 arranging that very special visit.

7 And please watch your in-box for that.

8 Now on to today's agenda. At the
9 Investment Committee meeting earlier this month,
10 we reviewed the fiscal results that ended on
11 June 30. Fiscal 2023 was a very successful and
12 productive year in a very volatile and complex
13 investment environment. We're extremely pleased
14 that the PRIT Fund ended with a record balance of
15 96.6 billion for the fiscal year, and that
16 surpasses the previous record of 95.7 billion set
17 in fiscal year 2021.

18 The 96.6 billion ending balance includes
19 of course net outflows to pay benefits. We do pay
20 benefits from this fund. Last year, we paid
21 approximately \$1 billion in benefits to
22 beneficiaries.

23 The PRIT Fund returned 6 percent gross.
24 That equates to 5.6 percent net for the fiscal

1 year and posted strong positive gains in each of
2 the last consecutive three quarters. Three
3 quarters of gains this year, which of course
4 follow the challenging year last year in which we
5 had three consecutive quarters of losses.

6 Fiscal 2023 was also very productive.
7 We measure that sometimes by new dollars put to
8 work. And last year, the investment team
9 researched and deployed \$5.4 billion to new
10 opportunities.

11 Global markets rebounded strongly in the
12 year. Equities were up 19.7 percent in the U.S.,
13 developed international equities up 17 and a half
14 percent, and emerging market equities were up
15 9 percent, while diversified bonds were down less
16 than 1 percent.

17 The highest returning PRIT Fund asset
18 classes included global equities, up 17 and a half
19 percent; value-added fixed income, up 7.7 percent;
20 and timberland, strong positive gains of almost
21 6 percent.

22 Core fixed income was weaker, down
23 2.7 percent, while real estate and private equity
24 are lagged as is typical. The results presented

1 for the June quarter don't reflect up-to-date
2 valuations and/or benchmarks for those asset
3 classes. They catch up this quarter.

4 Real estate was down 2.8 percent, and
5 private equity was down 3.5 percent.

6 Today, each asset class head will go
7 through more detail on performance. That's later
8 in the agenda.

9 Of course the solid gain in fiscal year
10 2023 followed a very turbulent fiscal year 2022 in
11 which U.S. equities were down 10.6 percent,
12 developed international equities were down
13 17.7 percent, emerging market equities were down
14 more than 25 percent in fiscal 2022 last year, and
15 diversified bonds were down 10.3 percent.

16 Even with very significant global market
17 sell-offs in fiscal 2022 as I've just described,
18 when both equities and bonds were down, the PRIT
19 Fund return of negative 3 percent, 3.4 percent
20 net, was a strong result last year in a very, very
21 weak market.

22 And while we can't control market
23 returns or the factors that have fueled the recent
24 volatility in the markets, we're very proud of

1 what we can control. We carefully control the
2 construction of the PRIT Fund by using our
3 internally developed investment tools for both
4 asset allocation and manager selection decisions.
5 And this has really allowed us to perform well in
6 both strong markets like we had in fiscal '23 and
7 in weaker markets like we had last year.

8 Importantly, the last three fiscal years
9 have provided an extraordinary test, and we remain
10 pleased and confident in the resilience of the
11 fund and its performance over all time periods and
12 throughout several different market environments.

13 The PRIT Fund's trailing three-, five-
14 and ten-year returns remain strong and
15 consistently above benchmarks and also well above
16 the required actuarial rate of return.

17 Beside performance, organizationally,
18 we're very strong. We've assembled a group of
19 highly trained, experienced and dedicated
20 employees. And after adding eight new full-time
21 employees and nine seasonal interns in fiscal year
22 2023, we're now 68 people strong. Six of the
23 eight new employees are diverse in terms of race
24 and/or gender, and all the interns are diverse.

1 Today, 62 percent of PRIM's workforce is diverse,
2 and 52 percent of our workforce identify as
3 female.

4 The work of our staff, of course,
5 continues to receive local and national
6 recognition. For example, PRIM private equity
7 ranked third, number three, out of 176 U.S.
8 pension plans based on 10-year performance, and
9 PRIM ranked eighth in the U.S. for assets managed
10 by diverse managers. And that's according to
11 *Pensions and Investments*.

12 PRIM received the Commonwealth's Equity
13 in Governance Award for the FUTURE Initiative. We
14 received *Institutional Investor's* Partnership of
15 the Year Award for our role in the Aggregate
16 Confusion Project, our ESG project. And for the
17 17th consecutive year, PRIM earned the Certificate
18 of Achievement for Excellence in Financial
19 Reporting from the GFOA.

20 PRIM also successfully completed GIPS
21 performance compliance. This is the CFA
22 Institute's global performance standard of
23 integrity and transparency. This really is the
24 gold standard of performance reporting, and only a

1 very small handful of other pension funds in the
2 world comply with it.

3 Complying with the GFOA and the CFA
4 Institute standards are really an acknowledgement
5 of the completeness, accuracy, transparency and
6 timeliness of PRIM's financial reporting.

7 What's more, aside from all of this, is
8 the fact that PRIM completed 36 -- let me
9 repeat -- 36 separate audits during fiscal year
10 2023, our accounts, the PRIT Fund, PRIM, the
11 entity itself. And this included unexpected
12 surprise audits from PERAC, the regulator, and
13 from the Office of the State Auditor.

14 These audits take an extraordinary
15 amount of time and effort to support. And we're
16 pleased to report that every single one of the 36
17 separate audits resulted in clean findings. No
18 findings, a clean bill of health.

19 The FUTURE Initiative, the program to
20 increase the diversity of PRIM's investment
21 managers and vendors to at least 20 percent by
22 increasing access for minorities, female and
23 disabled investment managers and business
24 partners, had a very successful year, investing

1 approximately 2.2 billion with diverse managers
2 over five different asset classes.

3 And now, the PRIT Fund currently invests
4 more than \$9.9 billion with diverse investment
5 managers. That's more than 10 percent of the PRIT
6 Fund. And with a ranking of eighth, as I just
7 mentioned, among the largest 200 funds in the
8 U.S., we are above our ranking in total assets
9 under management. In other words, we're punching
10 above our weight class in this category.

11 Additionally, in fiscal 2022, you may
12 remember that PRIM established a program designed
13 to identify and deploy \$1 billion over time to
14 emerging-diverse managers. These are the managers
15 who are smaller and less well-established. And in
16 fiscal 2023, PRIM doubled its total deployment to
17 that space to more than \$470 million. We're
18 almost halfway to our goal.

19 PRIM also of course filed its second
20 annual progress report to the legislature, which
21 is required under the law.

22 On ESG, PRIM developed and approved the
23 ESG committee charter, members were appointed, and
24 the committee held its inaugural meeting. PRIM

1 recruited and hired its first ever director of
2 stewardship to support that committee and our work
3 in the space.

4 And PRIM voted 8,979 proxy ballots.
5 That's how many different public companies we own.
6 8,979 proxy ballots. And those were voted aligned
7 with PRIM's progressive proxy voting guidelines on
8 areas such as board diversity requirements,
9 overboarded directors, gender pay gaps, labor and
10 human rights, climate change and also executive
11 compensation.

12 PRIM also adopted new proxy voting
13 guidelines to vote for shareholder resolutions
14 that require companies to provide access to the
15 full range of reproductive healthcare and also
16 comprehensive parental leave.

17 And we also have a new proxy voting
18 guideline for shareholder resolutions that request
19 companies to provide greater disclosure of
20 corporate campaign financing.

21 We continue to support the MIT Sloan
22 School of Management's Aggregate Confusion Project
23 as its first founding member. Remember, the goal
24 of the Aggregate Confusion Project is to develop

1 tools to address the inconsistency in the
2 measurement of ESG data, which has really become
3 widely recognized as an obstacle in ESG investing.

4 So fiscal 2023, as I just outlined some
5 of the highlights, was a successful and very busy
6 year. And as always, I'd like to acknowledge the
7 focus and effort of our team. It was nothing
8 short of remarkable under the unique circumstances
9 of last year. And like last year, PRIM is
10 currently resource-constrained because really we
11 have a very high number of ongoing investment and
12 non-investment projects.

13 We'll continue to recruit talent and
14 grow the team as quickly as possible. Really, as
15 I like to say, as quickly as practical. It takes
16 time to on-board employees successfully. And of
17 course all that hiring will be consistent with the
18 board-approved plans to do so.

19 I'm extremely proud of this team at
20 PRIM, how we have responded during the difficult
21 and volatile environment of the last several
22 years. This team is very hardworking and
23 dedicated, delivering not only strong investment
24 performance, but also extraordinary non-investment

1 innovation, transparency and responsiveness.

2 So I'm thankful to you, every staff
3 member listening in today. I'm thankful to the
4 board and committee members for your support,
5 dedication and hard work. It was a great year.

6 Now, more near-term organizational
7 updates. First, Sara Coelho, manager of finance,
8 recently graduated from the UMass/Amherst Isenberg
9 School of Management with a master's degree in
10 accounting. She graduated this past May after
11 studying nights and weekends for two years, all
12 while working full-time at PRIM. She's a rising
13 star and a hard worker on the finance team.

14 Next, I just mentioned a little bit
15 about GIPS compliance. And last month, Matt
16 Liposky, our chief investment operating officer,
17 was appointed by the CFA Institute to chair the
18 GIPS standards asset owner subcommittee. That is
19 a great acknowledgement of Matt's and PRIM's
20 leadership position as one of the only pension
21 funds in the world to comply with GIPS performance
22 reporting standards. And that again is the most
23 accepted and rigorous performance reporting
24 standard in the world.

1 I'm also proud to announce three very
2 recent recognitions that happened after the end of
3 the fiscal year of the outstanding work of our
4 team.

5 First, regarding private equity. In
6 less than a week's time in late July, our private
7 equity team received two notable awards. The
8 first was from PEWIN, that's the Private Equity
9 Women Investor Network, which is the preeminent
10 organization for senior level women investment
11 professionals in private equity. PEWIN recognized
12 PRIM as Limited Partner of the Year for, and I
13 quote, "empowering women in private equity."

14 The award reflected both PRIM's work on
15 investing with women and diverse managers via our
16 FUTURE project initiative and also the strong
17 leadership presence of women on our own internal
18 private equity team.

19 And I thank you, Treasurer Goldberg, for
20 providing your video congratulating. Alyssa Acker
21 and Helen Huang, who were in Chicago accepting the
22 award on behalf of PRIM. Thank you very much. It
23 was very well-accepted, and I know it comes from
24 deep within your heart, Treasurer Goldberg, to

1 acknowledge that.

2 TREASURER GOLDBERG: Absolutely.

3 MR. TROTSKY: And second, PRIM's private
4 equity team also won Alpha Edge recognition for
5 alpha generation from *Institutional Investor*.
6 *Institutional Investor* cited PRIM's strong
7 leadership culture, collaboration and
8 thesis-driven approach to manager selection, as
9 well as our annual commitment modeling process and
10 of course our strong long-term performance in
11 private equity.

12 So congratulations to Michael McGirr and
13 the whole team for earning both of those very
14 prestigious awards. Well-deserved.

15 And finally, we talked about the GFOA
16 17th Certificate for Achievement in Excellence for
17 Financial Reporting. We got word just a little
18 while ago, a couple weeks ago, that we earned the
19 certificate for the 18th consecutive year. And
20 again, this represents the highest form of
21 recognition in government accounting and financial
22 reporting.

23 Congratulations to Deb Coulter and
24 Qingmei Li for this achievement yet again. It's a

1 great, big, important accomplishment.

2 That's a highlight of some of the things
3 that went on during the fiscal year 2023 and more
4 recently.

5 Now I'll quickly turn on to markets and
6 PRIT Fund performance. I'll start by recapping
7 really the June quarter.

8 And, Tony, you can pull up the
9 performance slides.

10 But in June, the S&P was up 8.7 percent.
11 Developed international markets were up 3 percent,
12 emerging markets were up just under 1 percent, and
13 diversified bonds were flat.

14 Are they up? Okay. They are up.

15 You can see here that the PRIT Fund
16 reached a new fiscal year record that I mentioned
17 of 96.6 billion, and we paid benefits of
18 986 million in the fiscal year. It's nice to see
19 a new record high.

20 Next slide.

21 The PRIT Fund was up in the second --
22 well, it's actually our fiscal fourth quarter,
23 which is the calendar second quarter. The PRIT
24 Fund was up 2.8 percent gross or 2.7 percent net

1 of all fees.

2 On the left, you can see that public
3 equities led the way, continuing to reverse the
4 sell-off of last year when alternatives were
5 stronger than public markets.

6 U.S. stocks were very strong, you can
7 see. Emerging markets strong also in the quarter.

8 Private equity, it is noteworthy,
9 recorded its second consecutive quarterly gain.
10 Remember, the June quarter really reports the
11 March valuation since PE, private equity, is
12 lagged. That quarter was up 2.1 percent.

13 And then you can see in the chart that
14 real estate was down fractionally. Then on the
15 right, you can see fixed income was weaker as
16 interest rates were slightly up during the
17 quarter.

18 Next slide shows the one-year picture,
19 and it's a very similar story. On the left,
20 public equities were very strong. U.S. large caps
21 up the most, up 19.7. Developed international up
22 17 and a half. U.S. small cap stocks up 15 and a
23 half percent. Emerging market up 9 percent.

24 On the right, interest rate-sensitive

1 securities down the most as interest rates did
2 rise for the year, and bonds decline in value when
3 that happens.

4 The PRIT Fund in the middle in orange
5 was up 6 percent. That's 5.6 percent net. And
6 that is below a 60/40 mix of stocks and bonds as
7 alternatives. As I mentioned, private equity and
8 real estate were weaker than public markets in
9 this period. Remember, though, they held up very
10 well. They did far better than public markets
11 during the downturn of last year.

12 Private equity down 3.5 percent, but we
13 believe that is primarily because of the
14 one-quarter lag. And again, these numbers report
15 March valuations.

16 Next slide.

17 A little more detail on asset class
18 performance. And again, each asset class head
19 will describe performance in greater detail later.
20 Global equities posted strong returns well above
21 benchmark. You can see that on the left.

22 Value-added fixed income strong this
23 quarter, as these securities are more
24 credit-sensitive than interest-sensitive. And

1 with a moderately improved economic outlook, these
2 securities did well in the period.

3 Private equity and real estate, you can
4 see, weaker. This is a typical reversal. Asset
5 classes hit hardest, like equities, rebounded
6 strongest. And those that did better in the
7 downturn lagged.

8 In the middle, you can also see
9 timberland lagged but was still up almost
10 6 percent. We discussed that timberland lagged
11 for the same reasons as last quarter. Again,
12 appraisals in this very liquid asset class take
13 time to catch up. Appraisals lag.

14 And we were underweight and we are still
15 underweight in U.S. South exposure to timberland.
16 We're overweight international, and we're
17 overweight the Pacific Northwest. Our
18 international portfolio comprises tracts in New
19 Zealand and Australia.

20 Both the Pacific Northwest and those
21 international timberland properties really serve
22 China. And of course with China slow, that's
23 impacted our timber valuations.

24 And then you can see also portfolio

1 completion strategies, that's primarily hedge
2 funds, up, but lagged due to a benchmark change
3 that was approved last quarter. We made the
4 hurdle harder for hedge funds. We now compare our
5 stable value hedge fund managers to cash, a cash
6 return, plus a 2 percent liquidity premium.
7 That's about 7 percent in total now, since cash is
8 now returning about 5 percent.

9 Next slide.

10 You can see that the strong
11 three-quarter rebound puts the one-year return at
12 6 percent gross. That's 5.6 percent net.

13 And incidentally, that's a very
14 different picture than what I reported only three
15 months ago where I reported a negative 5.5 percent
16 one-year result last quarter. So a sharp
17 reversal. From negative 5.5 percent last quarter,
18 we're now able to drop a quarter and add a strong
19 quarter. And we're now up 6 percent for the
20 trailing 12 months.

21 The entire performance lag in that
22 one-year column is attributable to private equity,
23 all of it. And we believe those factors will
24 normalize in time.

1 I have to remind you once again that
2 private equity is lagged in its valuations, and
3 there's also a benchmark mismatch for the one-year
4 period. We compared the one-year actual private
5 equity return, and again, that was negative
6 3.5 percent, to a seven-year annualized return
7 benchmark plus a 3 percent liquidity premium.

8 So a seven-year smooth public markets
9 equivalent plus 3 percent for that time period was
10 a positive 14.4 percent. That's a tough
11 benchmark. And we believe over time, that anomaly
12 will shrink.

13 And importantly, if you look at the
14 right-hand three bar graphs, the absolute numbers
15 are very strong for the 3-, 5- and 10-year results
16 and all above benchmark and all above the
17 actuarial rate of return, which is now 7 percent.

18 And I'll end with the quilt chart, Tony.

19 Global equities rebounded strongly. You
20 can see that for the one-year, followed by
21 credit-sensitive value-added fixed income. Over
22 longer periods of time, real estate and private
23 equity are still our best-performing asset
24 classes. They performed very well in last year's

1 downturn. But other classes that sold off, namely
2 global equities and fixed income, have bounced
3 back, snapped back really, for the one-year
4 period.

5 That's my performance update. And I'll
6 just quickly recap a little outlook that we
7 discussed at the Investment Committee.

8 As we indicated over the last several
9 board and committee meeting cycles, the main
10 concerns around the globe, around the world,
11 include inflation, economic growth and
12 geopolitical tensions.

13 The primary risks to the market going
14 forward are that inflation reaccelerates, consumer
15 and business spending falters and corporate
16 earnings weaken more than anticipated. This could
17 cause economic growth to stall or even decline.

18 However, I would say the main new news
19 of the June quarter and perhaps what has propelled
20 the recent strength in the financial markets is
21 the prospect of achieving a soft landing in the
22 economy seems to be much higher today.

23 The Federal Reserve raised rates
24 25 basis points in July as expected, but Chair

1 Powell refused to specifically hint at further
2 rate hikes to come. Instead, he said, and I'll
3 quote, "This is not an environment where we want
4 to provide a lot of forward guidance." This
5 indicates that we are very near to the end of the
6 Federal Reserve tightening cycle.

7 In the U.S., growth has been steady.
8 The U.S. GDP expanded 2.4 percent in the second
9 quarter. That was an acceleration from Q1 and
10 well above consensus.

11 And with interest rates now at a range
12 of 5.25 to 5 and a half, it doesn't really seem
13 like the aggregate 5 percent rise in the federal
14 funds rate since the beginning has harmed the
15 economy significantly.

16 But there still are some mixed signals.
17 Of course manufacturing activity has been in
18 contraction for nine months. Industrial
19 production has fallen. Retail sales came in below
20 expectations but still marginally positive. And
21 U.S. housing weakened substantially.

22 Inflation is falling very swiftly. CPI
23 slowed to 3 percent in June but rose slightly to
24 3.2 percent in July. And while the consensus is

1 still for the economy to contract later this year,
2 conviction around that prediction is faltering.

3 In summary, really there is much more
4 talk of achieving a soft landing in recent weeks,
5 and that would be great.

6 Internationally, the Eurozone and Japan
7 are beating economic expectations, while China's
8 reopening has not yet led to the strong rebound
9 that was expected initially. Eurozone GDP just
10 grew fractionally up in Q2. That was a slight
11 increase from the initial contraction reported in
12 Q1.

13 The unemployment rate in the Eurozone
14 was steady at 6.5 percent. Inflation was 5 and a
15 half percent. That was its lowest level since
16 January of 2022.

17 Japan's GDP growth of 2.7 percent beat
18 market expectations. They have an unemployment
19 rate of 2.6 percent in Japan. That was steady.
20 And the inflation rate in Japan held steady at
21 3.3 percent.

22 China. China reported an expansion of
23 GDP growth of 6.3 percent versus 4.5 percent in Q1
24 and a steady unemployment rate of 5.2 percent.

1 That was for Q1. But more recently, China's
2 recovery shows signs of stalling. We read about
3 that a lot.

4 At the Investment Committee, we
5 discussed the possibility of achieving that soft
6 landing in the U.S. economy. Connie Everson, our
7 economics and strategy expert, highlighted three
8 important trends to follow. First, she believes
9 that headline inflation here in the U.S. still has
10 room to decline.

11 Housing costs, she pointed out, which
12 represent a third of the Consumer Price Index,
13 continue to fall as its measurement methodology
14 really lags the real world declines that we've
15 seen in rents.

16 And second, while manufacturing has been
17 weak, spending and employment remain strong. And
18 this could support a potential rebound in
19 manufacturing.

20 Last, the third thing she pointed out
21 that she is watching is for something different in
22 the U.S. dollar. There has been a consistent
23 scramble to secure U.S. dollar credit around the
24 globe, and interest rates are high.

1 The key for growth is better lending
2 around the world, and a more neutral dollar could
3 create better flows of U.S. dollar credit. In
4 other words, a neutral dollar might actually
5 alleviate a headwind for international markets.

6 Overall, really the discussion
7 underscored the positive trends in the economies
8 around the globe and the fact that several
9 markets, several economies, including our own, are
10 trending more positive than expected.

11 Of course, we hope these positive trends
12 continue. It would be great for the financial
13 markets and great for the PRIT Fund.

14 So I'll end my comments there and take
15 any questions, but I know many of you were in
16 attendance during the several committee meetings
17 we had.

18 TREASURER GOLDBERG: Are there questions
19 for Michael? Any at all?

20 I think that was, Michael, a really
21 excellent summary of all the meetings we had a few
22 weeks ago and certainly covered many of the issues
23 that we brought up.

24 Congratulations to everyone on all the

1 exciting things going on and the accolades that
2 you so deserve.

3 If there are no --

4 MR. TROTSKY: Thank you.

5 TREASURER GOLDBERG: If there are no
6 questions, we can move on to one of two of
7 Michael's favorite meetings of the year. The
8 first one is this one with the performance
9 evaluation, which I am sure all of the members of
10 the board got back to Bob on, including me. And
11 the second is when we discuss salary increases in
12 the fall. The two most favorite meetings of the
13 year, correct, Michael?

14 There is a voting item during this, but
15 Bob, do you want to take over discussing the
16 fiscal year 2023 performance evaluation?

17 MR. BROUSSEAU: Yes, Madam Treasurer. I
18 would be very pleased to do that.

19 As you have said, of course one of
20 Michael's favorite days of the year, probably less
21 of a challenge than the Pan-Mass Challenge. I
22 don't know. Maybe more. But he can sit back and
23 relax. Okay.

24 Just to let everybody know, Michael has

1 been with us as executive director since August of
2 2010, so he's been with us 13 years. We do his
3 evaluation every year, and it is a board
4 evaluation.

5 And the last five or six years has gone
6 very well, and Michael's evaluations have been
7 stellar. And I don't know how they can improve
8 year after year, but Michael's evaluation by board
9 and committee members has done just that.

10 First of all, Madam Treasurer, I would
11 like to start by thanking you and the board and
12 the committee members who participated in this
13 evaluation. Your comments and observations are
14 very important in this process, and I use some of
15 them, of course, when I give you some commentary
16 on what was said about Michael during the past
17 year.

18 14 of you participated in this process.
19 That includes committee members, as well as
20 members of the board, who participated and made
21 their feelings known to me.

22 As you probably know, and I know,
23 Catherine, you're new on the board, and to remind
24 all of us, this evaluation is conducted in open

1 session, and it is conducted in open session by
2 law. In other words, we have to conduct this
3 session in open session when we evaluate the
4 performance of the executive director.

5 Now, if you note in the memo that I sent
6 out to you, it also included a discussion guide.
7 And the discussion guide was simply provided to
8 assist you in the process. You didn't have to
9 evaluate him on those 20 points made in the
10 discussion guide, but they were there to help you
11 gather your thoughts together on this.

12 And I can say that you may also use the
13 discussion guide when we complete this this
14 morning, and later down the road, if you would
15 like to call Michael and make an appointment to
16 either speak with him or to go in and see him,
17 he's always very happy to discuss PRIM and our
18 accomplishments with any members of the board and
19 also committee members for that fact.

20 My role in this process is a
21 coordinator. Our governance documents say that
22 the chair of the Administration and Audit
23 Committee will coordinate this process. So that's
24 all I do. I'm not giving -- I'm not evaluating

1 him. I'm evaluating him like all the rest of you
2 based on what my observations have been during the
3 year. So this has been a pleasure for me to
4 coordinate this process.

5 And I might add in finishing this before
6 I go into the evaluation that the evaluations, as
7 we know, are important for both Michael and PRIM
8 because we only see what we are doing right,
9 probably things that we want to change, maybe
10 things that we should not change. And an
11 evaluation of the executive director helps both
12 the executive director and the organization.

13 First of all, the evaluation result. I
14 am going to go right to the heart of the matter.
15 Michael's evaluation was the same as it has been
16 for the last previous years. And there was one
17 word that was used to describe it, and it was
18 "outstanding." And I found this term used in I
19 believe all of the evaluations of the 14 that I
20 received this year.

21 One of the most common comments that I
22 saw was that people felt that we were very
23 fortunate to have him at the helm running this
24 organization. The past year, as we know, has been

1 a big challenge, as many of you mentioned, the
2 volatility in the markets that we've been dealing
3 with, and also another big plus that they
4 mentioned not only for Michael but for the staff
5 was the move recently of our offices to 53 State
6 Street, which I probably know some of you have had
7 the opportunity to visit.

8 From this, tell you what are some of the
9 attributes that you people gave to Michael in your
10 evaluations. And as I went through these, I found
11 certain key terms and words that probably describe
12 Michael better than a lot of writing can do.

13 But here are some of the attributes that
14 people gave him in this evaluation. And I'll use
15 adjectives or nouns. First of all, integrity,
16 energy, enthusiasm, collaboration, thoughtful,
17 decisive, vision, dedication, leadership,
18 discipline and excellent communication skills.

19 And I know that these sound familiar to
20 you because we've seen these in the past years,
21 okay.

22 I would just simply like for a little
23 while here to just give you a few of the comments
24 to give you a flavor for some of the things that

1 were said about Michael. And I'm going to try and
2 move through these. I hope -- I think we can do
3 this relatively briefly, probably in less than
4 10 minutes, Madam Treasurer.

5 This person said that Michael exceeded
6 all of his goals and objectives for the 2023
7 fiscal year. His leadership has created a great
8 team, and it shows every year with their results.
9 And it's an honor to work with Michael and his
10 team.

11 Another stated, I see Michael in a very
12 good light, and I continue to be very impressed
13 with his general leadership, charisma and
14 strategic thought process. I think Mike continues
15 to position PRIM very successfully as an industry
16 leader and innovator. He continues to present
17 PRIM as the focused and transparent steward of the
18 retirees' assets that clearly is, and he manages
19 all that while making it clear that PRIM is a
20 great place to work and grow.

21 Internally and strategically, Mike
22 continues to drive PRIM forward with new ideas,
23 better processes, great people and a great
24 culture. And people who have been involved with

1 him have stated this also.

2 This year, of course, this comment said,
3 was marked not only with huge market volatility,
4 but also with some political ups and downs,
5 especially around the areas of DEI and ESG, which
6 as we know have been two very controversial
7 topics, especially in the press.

8 This person states, I still feel that
9 parts of PRIM are understaffed. I know that lack
10 of office space created a bottleneck, and I hope
11 we can do a bit more with that with the new
12 offices that we have.

13 Another evaluation stated, Bob, his work
14 has been outstanding. He's smart, thoughtful and
15 comprehensive. A great leader. And finally the
16 last comment this person made was "Simply the
17 best."

18 Another person stated -- here is a
19 summary. We are lucky to have Michael as our CIO.
20 He continues to excel at many aspects of the job,
21 hire and motivate a strong team who have helped
22 deliver good long-term returns, smoothly
23 integrated many of the legislature's priorities in
24 proxy voting, hiring of diverse managers and the

1 ESG committee and developed innovative research
2 strategies.

3 Here's another evaluation that stated --

4 MS. KIM: Bob, you're on mute.

5 MR. FALZONE: You're on mute, Bob.

6 TREASURER GOLDBERG: Bob, you've been on
7 mute for a little bit. Can you hear us?

8 I don't think he hears us.

9 MR. BROUSSEAU: Is it okay now?

10 TREASURER GOLDBERG: Yes.

11 MR. FALZONE: Yes.

12 MR. BROUSSEAU: Okay. Then the last
13 sentence -- I'll just repeat the last sentence.

14 I would unequivocally rank Michael
15 Trotsky's overall fiscal year 2023 performance as
16 outstanding in all areas noted in your performance
17 evaluation discussion guide. Michael's leadership
18 of the PRIM team and overall strategic management
19 of the PRIT Fund are consistently at the highest
20 level. In addition to assembling, overseeing and
21 developing a best-in-class investment team, he
22 consistently demonstrates excellent judgment and
23 investment acumen that he articulates through his
24 team to produce exceptional results, even in the

1 face of extraordinary challenges from multiple
2 fronts.

3 More comments stated Michael continues
4 to demonstrate excellent communication skills. I
5 continue to be impressed with Michael's success in
6 attracting and retaining high quality staff.
7 Michael is a thought leader in the industry as
8 exemplified by his numerous presentations, awards
9 and accomplishments as outlined in his assessment.

10 Michael's investment philosophy is
11 consistent and regularly articulated. Returns,
12 risks and costs are all key pillars in PRIM's
13 investment decisions. He is clear, decisive and
14 consistent, which contribute to a positive work
15 environment. And these new initiatives flow
16 through all areas of the portfolio.

17 I'd like to say also another evaluation
18 stated we have reams of evidence of Michael's
19 performance. We would all agree that PRIM's
20 performance has been outstanding over a long time
21 period. To be third out of 176 U.S. public
22 pension plans based on a 10-year performance
23 record really says it all. But almost all of our
24 performance metrics indicate PRIM's and Michael's

1 outstanding success. And this holds true for
2 fiscal year '23 as well.

3 Another statement said Michael has shown
4 in many ways that he is the perfect leader for the
5 PRIM organization. I start out with the team of
6 people that surround Michael, board members, his
7 immediate staff, outside vendors, close
8 confidantes in the industry who want to be near
9 Michael.

10 The best indication of a good leader is
11 the stickiness of the boss. By "stickiness,"
12 PRIM's low turnover rate combined with the dozens
13 of résumés we get every day from folks who want to
14 join the PRIM team.

15 Michael also shows significant knowledge
16 in the --

17 MR. FALZONE: Bob, you --

18 TREASURER GOLDBERG: Bob, you're on mute
19 again, Bob.

20 Bob, can you hear us? You're on mute
21 again.

22 MR. BROUSSEAU: Yes, I can. Am I back?

23 TREASURER GOLDBERG: Yes, you're back.

24 MR. FALZONE: You're back.

1 MR. BROUSSEAU: Okay. Another
2 evaluation, Michael is perhaps PRIM's most
3 valuable asset class. He sets clear and
4 consistent objectives and expectations and
5 constantly works to optimize for achievement of
6 them. He hires strong team members. He
7 encourages them to explore and innovate, and he
8 supports them in their roles. He cares immensely
9 about everyone in and every aspect of PRIM's
10 ecosystem.

11 This person states, I hope that Michael
12 will remain in this role for many years still. It
13 is not obvious to me that when it is needed, there
14 is a succession plan.

15 This was a mild criticism that felt that
16 one thing the board should be working on is for
17 long-term planning and also to have a succession
18 plan for the organization.

19 Of course, Michael, you're not going
20 anywhere in the near future, more than likely.
21 Right?

22 MR. TROTSKY: Right.

23 MR. BROUSSEAU: Okay. Fine.

24 Also here, another evaluator stated that

1 Michael's performance has been strong. I continue
2 to be impressed with his leadership. He is
3 thoughtful and decisive. It is not easy
4 navigating the markets with a large pool of assets
5 to generate strong long-term returns.
6 Consequently, overall, I would rate Michael's
7 performance as outstanding.

8 Another one says we are so lucky to have
9 Michael Trotsky at the helm of our pension fund.
10 He and his talented staff have yet again completed
11 another tremendously successful and productive
12 year. He has also added further diversity to the
13 staff and is now over 50 percent female,
14 reflecting the diversity of the beneficiaries they
15 represent.

16 Michael's vision, dedication and hard
17 work has paid off again with another record year,
18 ending with the highest balance on record of
19 \$96.6 billion.

20 And finally, the last one I'm going to
21 mention, that while Michael has always
22 correctly -- already -- correctly corrects his
23 staff of PRIM's successes, his leadership of that
24 staff has continued to be critical to its success.

1 And some of the areas that this person
2 highlighted, Michael, for shepherding a huge
3 growth of the PRIT Fund in fiscal year 2023 to
4 over 96 billion. Continuing in a very
5 collaborative relationship with Treasurer
6 Goldberg. Further developing PRIM's research
7 relationship with MIT Sloan on ESG investing.
8 Continuing the expansion of diversity of our PRIM
9 staff. Continuing successful retention of PRIM
10 staff. Once more presiding over national
11 recognition of PRIM and PRIM staff. And continued
12 success of Phase II of Project SAVE.

13 That completes my comments that
14 people --

15 TREASURER GOLDBERG: Bob, you are on
16 mute again.

17 Bob, you're on mute.

18 Bob.

19 MR. BROUSSEAU: Am I?

20 TREASURER GOLDBERG: Can you hear us?

21 MR. BROUSSEAU: Yes, I can hear you now.

22 Yes.

23 TREASURER GOLDBERG: You were on mute
24 again.

1 MR. BROUSSEAU: I'm open, according to
2 my computer. Can you hear me?

3 MR. FALZONE: We can hear you now. You
4 may have hit something on your keyboard, Bob.

5 MR. BROUSSEAU: Could be because I had a
6 whole pack of sheets here with me. Okay. And
7 that could be that that is what has happened. But
8 I've moved them off of the lap --

9 TREASURER GOLDBERG: We did hear you
10 say, "That will conclude," so I'll --

11 MR. BROUSSEAU: But one last thing here,
12 that in summary, I would like to say that this has
13 been one of the strongest evaluations as we have
14 had in the last five years.

15 And at this point, Madam Treasurer, to
16 turn back to you, usually we ask if any members of
17 the board or people who are participating would
18 like to further add to the comments or to the
19 evaluation in any way. We usually do that.

20 And then after that, I guess Michael has
21 a chance to respond, if he so pleases.

22 Treasurer, I turn it back to you.

23 TREASURER GOLDBERG: One thing I do want
24 to comment on, for those who are not aware, I know

1 that you made a little, quote/unquote,
2 comment/joke about a lack of succession planning
3 and that Michael will not be leaving.

4 But I want to assure everyone that there
5 are thoughts and ideas. I mean let's remember
6 Michael might not be leaving voluntarily, but
7 anyone can be hit by a bus. And so I want to
8 assure anyone who's attending this meeting that
9 there are clearly plans and ideas of how we would
10 proceed in any kind of circumstance and that the
11 fund is very secure in that regard. We have
12 tremendous people who work at PRIM and who are
13 knowledgable and engage and part of Michael's
14 team. So I think that's important to say.

15 With that --

16 MR. BROUSSEAU: And that was the only
17 comment regarding succession and long-term
18 planning of all of the 14 evaluations. It was on
19 this one.

20 So I thought I would include it. If
21 there was going to be a sort of a mild -- it's not
22 a criticism of Michael or PRIM. It's just a
23 matter of fact.

24 TREASURER GOLDBERG: But, Bob, I want to

1 assure the public who is watching this that the
2 fund is extremely secure and that we have plans in
3 place should, God forbid, something extraordinary
4 happen.

5 So with that, I will say that everything
6 that has been said, I concur with, and I would
7 rather turn it over. I know that a broad group of
8 members of the board have all been in touch with
9 Bob. I don't think that there's much more
10 positive that we could say.

11 But I see that Dennis's hand is up. So
12 I think that he definitely want to say something,
13 and I'm sure it will be positive.

14 MR. NAUGHTON: Yes. Thank you, Madam
15 Treasurer. And good morning, Michael, and you
16 deserve everything that was said.

17 And I just want to add one thing that I
18 didn't hear said, and maybe I missed it. But I've
19 always felt that your nature and your
20 approachability make you the kind of administrator
21 that you are in being accessible to your staff and
22 being accessible to all of us as board members and
23 indeed, when asked, to be accessible to the
24 general public on behalf of PRIM.

1 So thank you. And I'll end with what I
2 always say: Don't go.

3 TREASURER GOLDBERG: Okay. Are there
4 any other members of the board who want to make
5 any comments, or should we just let Michael do a
6 quick response? This is -- our voting item is the
7 2024 goals and objectives. This is not a voting
8 item.

9 MR. BROUSSEAU: It is a voting item on
10 the goals and objectives.

11 TREASURER GOLDBERG: Right. The
12 evaluation is not a voting item.

13 MR. BROUSSEAU: Right.

14 TREASURER GOLDBERG: Michael, do you
15 want to say anything?

16 MR. TROTSKY: Yes. Well, the first
17 thing is thank you. Thank you for your confidence
18 and your support. It's been really a great job.
19 I've had lots of powerful great jobs in my career,
20 my long career, but this has been the most
21 enjoyable, to work with you, the board and
22 committee members, and also to have assembled a
23 staff that I would put up against any in the
24 world. They're simply the best. Someone else

1 said that, but it's the staff that's simply the
2 best.

3 And, Bob, I can't thank you enough year
4 after year. You make this process very
5 embarrassing for me, but also in reflection very
6 pleasurable and heartwarming. So it's nice to
7 know when your work is appreciated, and I very
8 much feel that today. So thank you.

9 And thank you, Dennis. I'm glad that
10 you feel I'm approachable. I try to be. And I'm
11 generally a social person that likes to be with
12 people. And that's the kind of people we've
13 assembled here at PRIM. We have a very good time
14 together. We work hard, and we also like each
15 other here, which makes the work very productive
16 and enjoyable. So thank you.

17 Just one thing, just to respond, it is a
18 valid point to think on succession planning. And
19 I don't intend to go anywhere. I'm still quite
20 young with a lot of energy, and this has been a
21 great, great pleasure to do this job and work with
22 this staff that we've assembled.

23 But it is important to think about that.
24 I'm going to try to really watch out for buses,

1 Treasurer, but --

2 TREASURER GOLDBERG: You were on that
3 bicycle. At that point, we were like, "Okay. We
4 have a plan."

5 MR. TROTSKY: I will say that one of the
6 greatest pleasures of my job is to not only hire
7 people, but to promote people. And I do think in
8 every asset class and in every department in
9 finance, I think about the rising stars. And we,
10 as you know, promote people very quickly who show
11 promise.

12 So I think succession planning in each
13 and every department at PRIM is talked about,
14 thought about. And I feel really good about where
15 we are.

16 And we do have a fantastic deputy chief
17 investment officer in David Gurtz, and as you
18 know, we have an outstanding deputy executive
19 director in Anthony Falzone, who is one of the
20 hardest working, most caring people I've ever met
21 in my life. So they're two candidates.

22 But we think about these things. I've
23 tried to prepare for any sort of eventuality. But
24 I'm healthy. I'm strong. I have a lot of energy.

1 I'm knocking on wood. And I have a lot of passion
2 for this organization and this job.

3 So thank you again. And if any of you
4 would like to talk more about that sort of
5 succession planning, it's probably best to do that
6 in private. I think Renee can coach us how to do
7 that and still adhere to the Open Meeting Laws.

8 But I assure you that this team is
9 strong and getting stronger every day.

10 Thank you so much.

11 TREASURER GOLDBERG: Thank you, Michael.

12 So any other comments from members of
13 the board?

14 Hearing none, we could move on to the
15 goals and objectives.

16 MR. TROTSKY: Right. And this is a
17 voting item.

18 TREASURER GOLDBERG: Right. So I guess
19 what I'll do is I'll get the motion and the
20 second, and then we can have any conversation.

21 How does that sound?

22 MR. TROTSKY: That sounds terrific.

23 TREASURER GOLDBERG: So I would seek a
24 motion that the PRIM Board approve the

1 Administration and Audit Committee's
2 recommendation to approve the executive director's
3 fiscal year 2024 goals and objectives attached as
4 Appendix E of the expanded agenda, and further to
5 authorize the executive director to take all
6 actions necessary to effectuate this vote.

7 Is there a motion?

8 MR. BROUSSEAU: So moved.

9 TREASURER GOLDBERG: Is there a second?
10 Anyone?

11 MS. D'AMATO: Second.

12 TREASURER GOLDBERG: Thank you,
13 Catherine.

14 Okay then. I'm hoping and assuming
15 everyone has read the goals and objectives.

16 But, Michael, do you want to make
17 some --

18 MR. TROTSKY: Yes. Just two seconds
19 here.

20 The goals and objectives naturally are
21 very consistent with last year. They include the
22 completion of the annual plans, which were
23 reviewed with each committee and the board earlier
24 in the year.

1 And the goals and objectives really
2 reflect a continuation of the work we're already
3 doing. There are two notable additions to this
4 year's goals and objectives. I'll highlight those
5 alone, but the rest are in your packet.

6 The first addition is that you will see
7 a goal to support the work of the newly formed ESG
8 committee. Our new director of stewardship, Veena
9 Ramani, outlined a detailed work plan at the
10 meeting of the ESG committee earlier in the year.
11 And that work plan was very well-received.

12 Our work is to implement that plan and
13 also to administer the ESG committee's calendar of
14 board educational topics on ESG.

15 The second notable addition to the main
16 goals is that in fiscal 2024, we will have an
17 in-depth investor conference for our clients. The
18 investor conference will be held in person at
19 Babson College in October. So please mark your
20 calendars for October 25.

21 And I'm happy to take any questions or
22 comments on any of the goals. Of course, my door
23 is always open to talk about them. And I have
24 heard some comments, so I thank you for that.

1 TREASURER GOLDBERG: Are there any
2 questions or comments with respect to the fiscal
3 year 2024 goals and objectives?

4 Okay. Then we actually have a motion,
5 and we have a second. This is a voting item. So
6 I will proceed with the roll call vote.

7 Bob?

8 MR. BROUSSEAU: Yes.

9 TREASURER GOLDBERG: Catherine?

10 MS. D'AMATO: Yes.

11 TREASURER GOLDBERG: Ruth Ellen?

12 Ruth Ellen?

13 Ruth Ellen, you're on mute.

14 MS. FITCH: There it is. Yes. Sorry.

15 TREASURER GOLDBERG: Thank you.

16 Theresa?

17 MS. MCGOLDRICK: Yes.

18 TREASURER GOLDBERG: I believe Peter
19 Monaco did come in by phone.

20 Peter, are you there?

21 I don't hear him.

22 I was -- okay. I don't --

23 Dennis?

24 MR. NAUGHTON: Yes.

1 TREASURER GOLDBERG: Carly?

2 Carly?

3 MR. FALZONE: She had to step away for a
4 few seconds.

5 TREASURER GOLDBERG: All right.

6 And I don't think Paul joined us today,
7 did he?

8 MR. FALZONE: I have not seen him.

9 TREASURER GOLDBERG: All right. I'm a
10 yes.

11 And the motion carries.

12 Thank you.

13 Next item on the agenda is our
14 investment report, and we will begin with public
15 markets. There are two voting items on public
16 markets. So we'll start with the performance
17 summary, and then we will do the two voting items.

18 MR. McELROY: Thank you, Madam
19 Treasurer.

20 This is Michael McElroy. I'll give the
21 summary of the public markets environment for the
22 second quarter, as well as for fiscal year '23,
23 and then discuss the fund results in this
24 environment.

1 So as noted, the second quarter was
2 another positive quarter with global equity
3 returns positive in all major geographies.
4 Developed market returns were stronger than the
5 emerging markets. U.S. was up almost 9 percent in
6 the quarter. Emerging markets were up, but only
7 about 1 percent. Growth led in the U.S., and
8 value was stronger outside the U.S.

9 Bonds were mixed in the second quarter.
10 As noted, the core fixed income was down about a
11 percent, and the more credit-sensitive mandates
12 were up about 2 percent.

13 And over the last 12 months, core fixed
14 income was down 3 percent, really because of that
15 rapid rise in the interest rates, whereas the
16 value-added fixed income was up 9 percent, really
17 because of the bank loan portfolios and the
18 high-yield portfolios gaining because of their
19 floating rate characteristics and from a narrowing
20 in credit spreads.

21 So results for the PRIT Fund were
22 strong. All regions of the global equity
23 portfolio outperformed in the second quarter. The
24 best results came from our international and

1 emerging markets managers.

2 For the full fiscal year, all regions
3 delivered positive absolute and risk-adjusted
4 relative returns with particularly impressive results
5 from our active domestic equity and emerging
6 markets managers.

7 Fixed income results were mixed in the
8 second quarter and for the full fiscal year. Core
9 slightly outperformed and value-added slightly
10 underperformed relative to benchmarks.

11 Our managers point to a few positives
12 which have helped support markets recently. The
13 labor market's calmer. Immigration's helped to
14 fill some shortfalls, and employers aren't cutting
15 back staff aggressively due to worries about
16 filling those vacancies in the event of a rapid
17 upturn. So those fewer vacancies have slowed the
18 pace of wage growth.

19 Additionally, the housing industry and
20 housing demand have been in a bit of a mini
21 rebound, which is helping to boost consumer
22 confidence. And I think there were some very good
23 consumer numbers this morning as well on the
24 retail side.

1 Global companies continue to report
2 decent fundamentals relative to expectations in
3 this difficult environment, both for revenues, as
4 well as earnings. And finally, consumer activity
5 remains healthy.

6 So Risk management continues to be a
7 focus for us, both for the staff, as well as for
8 our managers. While some of the risks that we've
9 been monitoring have dissipated a bit, others
10 still persist.

11 Many of these risks are geopolitical, as
12 noted earlier. And though we can't predict the
13 timing or the outcomes of these events, for
14 example, war, elections in different countries,
15 the economic recovery in China, we've built a
16 resilient portfolio that really should be able to
17 withstand any market stresses that come from these
18 events.

19 The U.S. and many developed markets'
20 yield curves remain inverted. But increases in
21 the fed funds rates have slowed. This has given
22 investors a chance to assess the impact of these
23 interest rate increases on the economy, as well as
24 company performance.

1 Expectations from this point forward are
2 for few, if any, additional increases, and the
3 potential for easing, depending on the market
4 absorption and behavior.

5 Bond spreads, as noted, have narrowed
6 and have remained well-behaved in this
7 environment. We continue to monitor for
8 indications for any sort of credit crunch because
9 suppressed loan activity could certainly slow down
10 economic activity.

11 So in closing, conditions have improved,
12 though we expect some market volatility spikes.
13 The public markets portfolio remains
14 well-diversified across geographies, styles and
15 sectors. And our managers performed well as a
16 group through recent market action, and as noted
17 earlier, very well over longer periods. Through
18 several layers of diversification, the aggregate
19 risk of the overall equity and fixed income
20 portfolios remains low.

21 So with that, I'm happy to take any
22 questions from anyone.

23 TREASURER GOLDBERG: Questions for Mike
24 at all?

1 I want to remind everyone that of course
2 we have these conversations in all the
3 subcommittee meetings. So this is not the first
4 time we are hearing about these topics, and we
5 have very robust conversations.

6 Thank you, Mike.

7 If there are no further questions, who
8 will be presenting on the two voting items,
9 beginning with the other credit opportunities
10 benchmark?

11 MR. McELROY: That will be Jay.

12 TREASURER GOLDBERG: Will be Jay?

13 Okay then. If there are no further
14 comments, I will actually read the motion for Jay,
15 and then Jay can go into the --

16 Is he doing both --

17 Jay, are you doing both, or is someone
18 else --

19 MR. LEU: No. Chuck will be doing the
20 second one.

21 TREASURER GOLDBERG: Okay. Thank you.

22 So I will seek a motion that the PRIM
23 Board approve the Investment Committee's
24 recommendation to change the other credit

1 opportunities benchmark as described in the
2 expanded agenda, and further to authorize the
3 executive director to take all actions necessary
4 to effectuate this vote.

5 Is there a motion?

6 MS. FITCH: So moved.

7 TREASURER GOLDBERG: Is there a second?

8 MS. D'AMATO: Second.

9 TREASURER GOLDBERG: Okay. Jay, go
10 ahead.

11 MR. LEU: Thank you, Treasurer. Thank
12 you, everyone.

13 Hi. I'm Jay Leu, director of risk.

14 Tony, could you please turn to page 2?

15 MR. FALZONE: All set.

16 MR. LEU: Thank you.

17 Today, I'll be talking about the
18 benchmark recommendation to PRIM's other credit
19 opportunities or OCO subasset class. I'm going to
20 spend a little more time on OCO because it might
21 be an area of the portfolio people might be less
22 familiar with.

23 As most of you know, Shannon Ericson and
24 I have been working on a benchmark project, along

1 with Verus and also with input from the asset
2 class teams, in this case, the public markets
3 fixed income team for today's recommendation.

4 We hired Verus as our benchmark
5 consultant in January 2021. One of the objectives
6 for Verus was to help us do a comprehensive review
7 of all the benchmarks we use at PRIM. To date, we
8 have reviewed and recommended changes for PRIM's
9 private equity, international equity, core fixed
10 income, value-added fixed income, private debt,
11 real estate, hedge funds, domestic equity and
12 global equity benchmarks.

13 Today's recommendation is for the other
14 credit opportunities or OCO portion of our
15 value-added fixed income portfolio. This
16 recommendation will complete our comprehensive
17 benchmark review. It is anticipated that a
18 comprehensive benchmark review will be conducted
19 every three to five years.

20 Just to review our philosophy quickly of
21 choosing a benchmark, a benchmark should be,
22 number 1, representative of the opportunity set.
23 Two, it should be reflective of the return and
24 risk of the asset class or subasset class.

1 Some other features which are nice to
2 have are a benchmark should be investable and
3 known before the fact, and it should be
4 measurable, transparent and unambiguous.

5 Tony, can you turn to page 3?

6 PRIM's approach to benchmarking private
7 assets -- and I'll emphasize that's private
8 assets. So PRIM's approach to benchmarking
9 private assets has been to use a strategic
10 benchmark or public markets-plus benchmark as the
11 core or primary benchmark and a peer benchmark as
12 the implementation or secondary benchmark.

13 When using a strategic or public
14 markets-plus benchmark, it's important to focus on
15 longer term results such as three years and five
16 years to gauge private asset success.

17 In the short term, there can be
18 mismatches between the public markets, which are
19 priced daily, versus less frequent and often
20 lagged valuations for private assets. This is
21 particularly important to remember during volatile
22 market environments.

23 Now, strategic or primary benchmarks are
24 used to measure the efficacy of the allocation

1 decision. In other words, would we have been
2 better off in the public markets rather than the
3 private asset? For example, for private equity,
4 we use a blended Russell 3000-Europe IMI benchmark
5 to gauge how our private equity investments are
6 doing versus the public market alternative.

7 The key question when choosing a
8 strategic benchmark is what public market
9 exposures do you expect with a particular
10 investment? And in terms of the three major
11 risks specifically, equity risk, credit risk and
12 interest rates.

13 And then the implementation benchmark or
14 secondary benchmark is a measure of manager
15 selection. So strategic is the allocation
16 decision. The implementation benchmark serves the
17 implementation or manager selection decision. And
18 it helps us evaluate how PRIM's private assets
19 have performed versus their asset class peers. In
20 other words, are we picking good managers compared
21 to peers?

22 In the case of private assets, and I
23 just want to mention one of the shortcomings with
24 benchmarking private assets, it is difficult or

1 not possible to achieve all the desired benchmark
2 qualities, given the heterogeneity of the
3 underlying manager strategies and the lack of a
4 passive option.

5 In private asset classes, we focus on
6 the opportunity costs of the subasset class as a
7 whole and their return characteristics when
8 selecting the strategic benchmark. In working
9 with Verus, they shared our belief that strategic
10 benchmarks should provide a link between
11 expectations and success.

12 It is worth noting, however, and you see
13 this at the bottom of the slide, that the public
14 markets-plus benchmarks are not investable. For
15 example, you cannot directly or passively achieve,
16 say, the Russell 3000 plus 300 basis points.

17 Tony, can you turn to page 4?

18 This slide shows the value-added fixed
19 income portfolio, PRIM's value-added fixed income.
20 PRIM's value-added fixed income program includes,
21 one, public value-added fixed income; two, private
22 debt, and three, other credit opportunities.

23 The benchmark recommendations today are
24 being made for the other credit opportunities

1 substrategy in the light blue box. And Chuck's
2 manager recommendation to follow this will also be
3 in that other credit opportunities box.

4 Tony, can you turn to page 4?

5 For background, just I'm talking about the
6 other credit opportunities. This provides an
7 overview. So the other credit opportunities
8 sleeve is about a 2 percent allocation within the
9 PRIT Fund. It is part of the allocation to the
10 value-added fixed income overall asset class,
11 which is now about 7 percent so a 7 percent
12 allocation of the PRIT Fund.

13 The primary objectives of the OCO
14 program are, number 1, to have a comparable
15 risk-adjusted return to PRIM's value-added fixed
16 income, and that the program utilizes sectors that
17 are either underallocated or maybe uses different
18 approaches to credit investing, and three, credit
19 investments that don't otherwise fit into an
20 existing bucket.

21 And finally, the current benchmark, not
22 the one we're recommending, is a roll-up of the
23 underlying benchmarks weighted by portfolio market
24 values.

1 Next slide.

2 I'm not going to go into the details of
3 this slide, and the Treasurer mentioned that we
4 had fulsome discussions at the committee levels,
5 but this is just the highlights and the details of
6 the OCO program as it stands currently. I'll just
7 mention it's about 1.5 billion invested in
8 11 strategies, including, one, a healthcare
9 specialist, four commercial real estate
10 specialists, two structured banking specialists, a
11 structured credit specialist, a multi-strategy and
12 then some real estate and then stressed investing.

13 Next slide.

14 This table shows PRIM's benchmarking for
15 private asset classes, again private asset
16 classes. The core or primary benchmark, as I
17 said, uses a strategic or public markets-plus
18 benchmark. The implementation or secondary
19 benchmark uses a peer benchmark. And the bottom
20 line shows the recommendation for the OCO segment.

21 I'm going to make an overly broad
22 simplification of the OCO portfolio. You can
23 think of it as a portfolio of loans and bonds with
24 three to seven years -- number 1, three to seven

1 years maturity; two, half are fixed rate and half
2 are floating rate interest rates on those
3 instruments; and three, a credit quality lower
4 than the high-yield benchmark; and four, seeking a
5 return in the 10 to 12 percent range.

6 The core benchmark that we're
7 recommending will be a 50/50 blend of two public
8 benchmarks, number 1, a loan index and, two, the
9 high-yield bond index. These are the benchmarks
10 that we are currently using in the public
11 value-added fixed income, very well-recognized
12 benchmarks.

13 The loan index is the Morningstar LSTA
14 U.S. Leveraged Loan Index, and the high-yield bond
15 index is the ICE BofA U.S. High-Yield Master II
16 Constrained Index. These are the common, widely
17 used benchmarks in both of these areas.

18 The most important aspect of the public
19 markets-plus benchmark is to accurately capture
20 the expected risks of the strategy, as I mentioned
21 before. Specifically in terms of, one, equity
22 risk; two, interest rate risk and, three, credit
23 risk.

24 So first, interest rate risk. Floating

1 rate risk is represented by PRIM's current
2 leveraged loan index, that Morningstar index, and
3 the fixed rate risk is represented by PRIM's
4 high-yield bond index, the ICE BofA high-yield
5 index.

6 The benchmark weights assume a 50/50 mix
7 of fixed and floating with similar average
8 maturities as the portfolio.

9 Second, on credit risk. So this,
10 dealing with credit risk and liquidity premium,
11 that plus part, the credit quality of the typical
12 OCO manager is less than the credit quality of
13 either the high yield or the loan index, which are
14 both high yield or below investment grade indices.

15 A 2 percent premium is added to capture
16 the higher credit risk and higher credit spread of
17 the underlying strategy.

18 And then last on the main benchmark, a
19 lag. So the benchmark will be lagged one month to
20 reflect timing of the finalization of month-end
21 data. So the managers aren't lagging the data.
22 It's just the manager valuations aren't available
23 in time. They're more available towards the end
24 of the month, but --

1 So the managers don't lag the
2 valuations. They're just not ready in time for
3 our Mellon processing and finalization of data.
4 So in that, because of this timing of the
5 finalization of the month-end data, we'll be
6 lagging the benchmark one month.

7 And then secondly, the secondary
8 benchmark will be the Burgiss mezzanine debt
9 universe, which best reflects the OCO strategy.
10 So it's a peer universe.

11 And, Tony, can you turn to page 8?

12 Here are the two benchmark
13 recommendations. So for the PRIM total core or
14 our primary benchmark, we recommend to is to
15 change the benchmark for other credit
16 opportunities subcomponent from value-weighted
17 benchmarks to --

18 MR. TROTSKY: Jay, I think we're good.
19 I think we talked about it at IC, and it's in the
20 package. You don't have to --

21 MR. LEU: Okay. No. I was doing that
22 for the record, but we can skip that.

23 MR. TROTSKY: Okay. Yes. As described
24 in the package and discussed at length at the

1 Investment Committee.

2 MR. LEU: Yes.

3 MR. TROTSKY: You just went over it

4 anyway.

5 MR. LEU: Yes. Sometimes the
6 recommendations, they want read into the record,
7 but we'll skip it.

8 MS. KIM: Okay. So for the record --

9 Oh, Treasurer, you're back. Okay.

10 Great.

11 TREASURER GOLDBERG: Actually, my
12 computer was dying. So I had to move locations
13 for a plug.

14 We have a motion. We have a second. We
15 just need a roll call vote.

16 And so Bob?

17 Bob Brousseau?

18 MR. FALZONE: You're on mute, Bob.

19 TREASURER GOLDBERG: I'll come back to
20 you, Bob.

21 Catherine?

22 MS. D'AMATO: Yes.

23 TREASURER GOLDBERG: Ruth Ellen?

24 MS. FITCH: Yes.

1 TREASURER GOLDBERG: Theresa?

2 MS. McGOLDRICK: Yes.

3 TREASURER GOLDBERG: I see Peter.

4 Peter?

5 MR. MONACO: I am here. Yes.

6 TREASURER GOLDBERG: Dennis?

7 MR. NAUGHTON: Yes.

8 TREASURER GOLDBERG: Carly?

9 MS. ROSE: Yes.

10 TREASURER GOLDBERG: And, Bob, I'm going

11 to try you again.

12 MR. BROUSSEAU: Yes.

13 TREASURER GOLDBERG: And myself, yes.

14 The motion carries.

15 MR. LEU: Thank you.

16 TREASURER GOLDBERG: All right. The

17 next item on the agenda is also a voting item,

18 other credit opportunities.

19 I seek a motion that the PRIM Board

20 approve the Investment Committee's recommendation

21 to approve an initial investment of \$200 million

22 to Blue Owl Technology Fund - SMA 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 MS. FITCH: So moved.

5 TREASURER GOLDBERG: Second?

6 MS. FITCH: Second.

7 TREASURER GOLDBERG: Mike, who will be
8 presenting on this?

9 Oh, you already told me. Chuck.

10 MR. LaPOSTA: Yes.

11 TREASURER GOLDBERG: Chuck, where are
12 you? I'm looking --

13 MR. LaPOSTA: I'm here. Can everybody
14 hear me?

15 MS. FITCH: Yes.

16 TREASURER GOLDBERG: I see you, and I
17 hear you.

18 MR. LaPOSTA: Perfect. Great. Thank
19 you.

20 Good morning, Madam Treasurer. Good
21 morning, everyone. It is Chuck LaPosta, director
22 of fixed income, and I am here to discuss a
23 recommendation for a \$200 million investment in a
24 customized fund that will invest alongside Blue

1 Owl's Technology Finance Corp. Fund II.

2 And as Jay mentioned, this will fit
3 within our other credit opportunities bucket and
4 be benchmarked against the recently approved
5 benchmark change.

6 Blue Owl is a public company with
7 140 billion in assets under management formed from
8 the merger of Owl Rock and Dyal Capital in 2021.

9 Today, Blue Owl has three main lines of
10 business: real estate through its acquisition of
11 Oak Street Real Estate Capital in 2022, GP
12 Strategic Capital through its Dyal business, which
13 began in 2010, and credit through the Owl Rock
14 business, which began in 2016.

15 Blue Owl has a leading direct lending
16 platform with over 70 billion in assets under
17 management. Investing in technology companies is
18 an integral part of Blue Owl's strategy. They
19 created a stand-alone investment vehicle focused
20 on technology lending in 2018. And today, they
21 manage over 17 billion and have over
22 30 professionals dedicated to technology lending.

23 With your approval, PRIM will form a
24 custom account which will invest alongside Blue

1 Owl's flagship technology fund, a private BDC,
2 with certain customizations. The main fund
3 predominantly makes floating rate, senior secured
4 loans to sponsor-backed software companies.
5 Senior secured lending against cash flows or
6 revenues of software companies will be the focus
7 of PRIM's account. The main fund may also make
8 growth capital investments to late-stage venture
9 companies in the form of equity like capital.
10 Additionally, the main fund targets around two
11 turns of leverage. PRIM's account will preclude
12 growth capital investments and at the onset not
13 employ leverage.

14 Blue Owl sources from its network of
15 over 600 sponsors and intermediaries. They see
16 up to 2500 deals per year, and invest in a small
17 minority of them.

18 Blue Owl has a well-defined scope of
19 industry verticals and company characteristics to
20 which they will lend.

21 Their selectivity has not come at the
22 cost of diversification. Funds I and II are
23 well-diversified across issuer and industry.

24 These well-defined standards also allow

1 deal teams to act quickly and decisively, which
2 gives them an edge when engaging with prospective
3 borrowers. Deal teams also stay with the loans
4 from its origination throughout its entire life.
5 They contribute to the quarterly monitoring of
6 each loan to be sure it is performing on plan.

7 Although not a loan-to-own strategy,
8 Blue Owl has a dedicated workout team who also
9 monitors loan performance and gets involved with
10 any problems early. They take a common sense
11 approach to addressing problems with loans, trying
12 to find solutions that work well for both parties.

13 To date, they have only experienced
14 annualized losses in the single digits of basis
15 points, less than .1 percent from their tech
16 lending business. This measure is well below
17 peers, industry standards and public market
18 comparables.

19 Performance of prior funds has been on
20 the lower end of our target range for our other
21 credit opportunities allocation, but today's
22 market conditions project returns that may be in
23 the low to mid double digits.

24 With that, I will open it up to any

1 questions.

2 TREASURER GOLDBERG: Are there questions
3 for Chuck?

4 Hearing none, I will proceed with the
5 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 Did we lose Theresa?

14 Theresa, you're on mute.

15 All right. I'll come back to you.

16 Peter?

17 MS. McGOLDRICK: Sorry. It wouldn't let
18 me unmute. I kept pressing the button.

19 Yes.

20 TREASURER GOLDBERG: Okay. Peter?

21 MR. MONACO: Yes.

22 TREASURER GOLDBERG: Dennis?

23 MR. NAUGHTON: Yes.

24 TREASURER GOLDBERG: Carly?

1 Carly, you're on mute.

2 MS. ROSE: Yes.

3 TREASURER GOLDBERG: Myself, yes.

4 The motion carries.

5 Thank you, everyone.

6 Okay. Moving on from public markets, we
7 will go to portfolio completion strategies. We do
8 have one voting item. We'll hear from Bill on the
9 performance summary.

10 And, Bill, who will be making the
11 recommendation for Oaktree?

12 MR. LI: Thank you, Madam Treasurer.
13 I'm going to start with the PCS performance
14 update, and then my colleague Ethan Spencer will
15 make recommendation for the Oaktree mandate.

16 TREASURER GOLDBERG: So when Bill is
17 finished, Ethan, I will seek a motion and a
18 second, and then you'll take it up after that.
19 Thank you.

20 MR. LI: Thank you, Madam Treasurer.

21 Hi, everyone. Good morning. My name is
22 Bill Li. I am director of portfolio completion
23 strategies or PCS.

24 I'm going to start with sharing some

1 industry observations. During the past one year,
2 hedge fund industry itself have been trying to
3 navigate a chaotic market. Despite a flat
4 industry return, measured by HFRI asset-weighted
5 composite, underneath the surface, dispersion was
6 tremendous.

7 To put that into a context, year to date
8 alone, the gap between the average top decile
9 performer and the average bottom decile performer
10 had been as high as 36 percent. Against this
11 highly dispersed reality, for hedge fund investors
12 like us, manager selection is absolutely critical.

13 At PRIM, we take a different approach,
14 emphasizing hedge fund talents via strategic
15 partnerships. Aside from the benefits such as
16 transparency and flexible customization in
17 connection with a partnership approach, fee
18 savings have been over 60 million a year. That's
19 six zero million.

20 And this wouldn't be possible without a
21 well-oiled machine involving PRIM's legal and
22 operations. So here, many thanks to Renee
23 LeFevre's team and Matt Liposky's operations team.
24 Thanks for your diligence and tenacity.

1 Now turning to performance. During the
2 last fiscal year, PCS was up by 3.5 percent.
3 Hedge funds, which is the majority of PCS, was up
4 by 4.5 percent, outpacing industry peers
5 handsomely.

6 From risk-adjusted return angles, our
7 hedge fund program continues to be a valuable
8 diversifier. Trailing three-year, PRIT hedge
9 fund's .2 equity beta remained better than
10 reasonable. The program annualized 6.5 percent
11 return with a 4.3 percent volatility.

12 6.5 percent return divided by
13 4.3 percent risk, that ratio is 1.5, meaning for
14 each unit of volatility risk taken, PRIT hedge
15 funds delivered 1.5 units of return. The 1.5
16 ratio compared very favorably versus market
17 portfolio's .4 ratio.

18 In terms of hedge fund category
19 contributions, event-driven strategy and relative
20 value strategy continued to be the biggest return
21 drivers. And this is in line with our desire for
22 unique returns, which are innately the nature of
23 event-driven and relative value. And we continue
24 to embrace both as reliable sources of

1 diversifying return streams.

2 In conclusion, we're happy with the PRIT
3 hedge fund's continued steady performance. And
4 looking ahead, the team's sourcing focus continues
5 to be on special situations, slash, distressed
6 managers, which fall under the event-driven
7 category, which is also the nature of the mandate
8 you will be hearing from my colleague Ethan
9 Spencer.

10 With that, now I'd like to open the
11 floor for questions.

12 TREASURER GOLDBERG: Are there questions
13 for Bill? Any at all?

14 Okay. Hearing none, Ethan, I will move
15 on to the voting item. So I'd seek a motion that
16 the PRIM Board approve the Investment Committee's
17 recommendation to approve an initial investment of
18 \$175 million to Oaktree Value Opportunity Fund -
19 SMA as described in the expanded agenda, and
20 further to authorize the executive director to
21 take all actions necessary to effectuate this
22 vote.

23 Is there a motion?

24 MS. FITCH: So moved.

1 TREASURER GOLDBERG: Is there a second?

2 MR. BROUSSEAU: Second.

3 TREASURER GOLDBERG: Thank you.

4 Okay, Ethan.

5 MR. SPENCER: Great. Thank you, Madam
6 Treasurer. Thanks, Bill.

7 This is Ethan Spencer. I am part of the
8 portfolio completion strategies team.

9 We are recommending a new investment in
10 the Oaktree Value Opportunity Fund, or VOF for
11 short, with an initial investment of 175 million
12 within a separate account structure.

13 As a bit of background, Oaktree was
14 founded in 1995 and is a global alternative
15 investment firm that focuses on credit-related
16 strategies. Oaktree has approximately 175 billion
17 under management across various products,
18 including distressed opportunities, high yield,
19 real estate and equities. And in general, the
20 firm uses a deep value approach to investing in
21 less efficient markets.

22 Specifically, the VOF strategy we're
23 recommending is an event-driven hedge fund
24 investment pursuing an opportunistic, all-weather,

1 cross-capital structure mandate.

2 The strategy is led by PM Steve
3 Tesoriere, who has over 20 years of experience
4 investing in equity and credit markets, and his
5 co-PM Bruce Karsh, who is one of the cofounders of
6 Oaktree and has over 40 years of similar
7 experience. They have a dedicated team of three
8 senior analysts, as well as access to an
9 additional 100-plus investment professionals
10 through the broader Oaktree platform.

11 The investment has four key components
12 that I'll touch on. The first is, as I just
13 mentioned, a very talented and experienced team
14 that has invested billions of dollars and really
15 tens of billions of dollars across a wide range of
16 market environments, giving them a perspective
17 that very few can match.

18 The second is the unique structure of
19 investing in a relatively small and nimble
20 strategy, while also being able to leverage a
21 global \$175 billion organization.

22 VOF manages \$1.2 billion today, and as
23 such, the fund can invest in smaller companies and
24 take advantage of smaller capital structures and

1 opportunities that the very large investment firms
2 cannot.

3 But importantly, this strategy has the
4 ability to co-invest in deals sourced by the
5 larger Oaktree Opportunity Funds, thus giving them
6 the ability to invest in small deals, as well as
7 deals that require significantly larger AUM.

8 The third component is a highly flexible
9 and opportunistic mandate. The fund will invest
10 both long and short in everything from senior
11 secured credit to common equity and in high
12 quality investment grade companies, as well as
13 deeply distressed and/or bankrupt companies, and
14 in both performing and nonperforming securities.
15 While the focus is North America, it will invest
16 opportunistically outside the U.S., mostly in
17 Europe.

18 This flexibility provides a means to
19 generate meaningful returns throughout a market
20 cycle, and the hedge nature results in fairly low
21 correlation to broader equity markets.

22 And lastly, the investment should make a
23 great complementary piece to the PCS as well as
24 the broader PRIT portfolios, as we currently have

1 little invested in similar securities with a
2 similar approach.

3 The mandate falls within the directional
4 hedge fund bucket, given the idiosyncratic
5 security selection approach and event-driven
6 nature of the mandate.

7 As mentioned at the outset, the
8 investment will be made through a separately
9 managed account, which provides PRIM with full
10 transparency and control and with discounted fees.

11 So with that, I will be happy to take
12 any questions.

13 TREASURER GOLDBERG: Are there questions
14 for Ethan?

15 MR. MONACO: Madam Treasurer, it's
16 Peter. I have one quick question for Ethan.

17 TREASURER GOLDBERG: Go ahead.

18 MR. MONACO: Hey, Ethan. Good morning.

19 MR. SPENCER: Good morning.

20 MR. MONACO: I totally get it. Strategy
21 seems a great fit with PCS, and Steve has a great
22 track record.

23 I noted from reading the due diligence
24 report that unlike most Oaktree funds, VOF appears

1 not to have a key man clause as it pertains to
2 Steve. Do we have one in our SMA agreement?

3 MR. SPENCER: We do. Yes.

4 So that agreement is still being
5 negotiated back and forth, but we have included
6 one, and they have at least verbally said they're
7 okay with it.

8 MR. MONACO: Cool. Thanks.

9 TREASURER GOLDBERG: Any other
10 questions, Peter, or any other questions from any
11 other members of the board?

12 Hearing none, we will proceed with the
13 vote.

14 Bob?

15 MR. BROUSSEAU: Yes.

16 TREASURER GOLDBERG: Catherine?

17 MS. D'AMATO: Yes.

18 TREASURER GOLDBERG: Ruth Ellen?

19 MS. FITCH: Yes.

20 TREASURER GOLDBERG: Theresa?

21 MS. MCGOLDRICK: Yes.

22 TREASURER GOLDBERG: Peter?

23 MR. MONACO: Yes.

24 TREASURER GOLDBERG: Dennis?

1 MR. NAUGHTON: Yes.

2 TREASURER GOLDBERG: Carly?

3 MS. ROSE: Yes.

4 TREASURER GOLDBERG: Myself, yes.

5 The motion carries.

6 Okay. Thank you.

7 And with that, we are done with
8 portfolio completion strategies, and we're moving
9 on to private equity. Mike McGirr will do the
10 performance summary and commitment summary.

11 And then, Mike, you will let us know
12 who's going to do the recommendation for the
13 voting item.

14 MR. MCGIRR: Absolutely. Thank you,
15 Madam Treasurer.

16 This is Michael McGirr, director of
17 private equity. Good morning.

18 Starting with performance, PRIM's
19 long-term private equity performance remains
20 strong. Our 3-, our 5- and our 10-year numbers of
21 29, 21 and 20 percent, respectively, all gross,
22 remain healthy. And as Michael mentioned, we had
23 the second straight positive quarter of
24 performance, which is welcome after three negative

1 quarters.

2 Now turning to this quarter and as a
3 reminder, with the lag, we're talking about the
4 June through March '23 time period. Private
5 equity was up 2.1 percent gross or 1.7 percent
6 net. Now, the first half of '23 has been quite
7 strong for public equities, especially technology,
8 with the Nasdaq up almost 40 percent in the first
9 half of '23.

10 Given the smooth nature of private
11 equity, we hope to capture some of this
12 performance in the coming quarters.

13 The trailing one-year return for private
14 equity was negative 3.5 percent gross or
15 4.6 percent net. Now, that compares favorably to
16 the Russell 3 over the same time period but was
17 less than the MSCI Europe.

18 Some additional color for the quarter
19 and for the trailing one-year, venture capital
20 continued to decline in the quarter, while growth
21 equity stabilized. Our VC portfolio was down
22 another 2.7 percent for the quarter. It is down
23 19 percent for the trailing one-year time period.

24 Growth equity returned 2 percent for the

1 quarter, but was also down 14 percent for the
2 trailing one-year period.

3 Buyouts had a positive quarter. Small
4 and middle market buyouts were up 2.3 percent for
5 the quarter and were about flat for the one-year
6 time period. And mega large buyouts performed the
7 best for this quarter, up almost 4 percent. And
8 we think that makes some sense as these larger
9 businesses are typically more tied to the public
10 markets.

11 Cash flows. In Q2, distributions were
12 slower than in Q1. We flipped back to cash
13 outflow of \$69 million. The overall volume of
14 activity remains muted as there still remains a
15 bid-ask spread in the market, which has resulted
16 in less overall market activity.

17 Liquidity continues to be a focus for
18 GPs and LPs alike in this market. Our entire PE,
19 assets grew slightly to \$16.8 billion and remain
20 steady as a percent of PRIT, 17.4 percent.

21 Taking a step back and for the year,
22 including our recommendation today, we'll have
23 committed roughly \$2.1 billion to funds and
24 co-investments. And that pace is down compared to

1 last year.

2 Our slower commitment pace is the
3 function of the slowdown in market activity and
4 our diligent approach to commitment modeling.
5 We'll continue to search for attractive investment
6 opportunities for the remainder of the year and
7 aim to finish the year within our commitment range
8 we outlined to start the calendar year.

9 With that, I will pause and take any
10 questions on performance or the portfolio before
11 moving to our voting item.

12 TREASURER GOLDBERG: Are there any
13 questions for Michael?

14 All right. Hearing none, Michael, who
15 will present?

16 MR. McGIRR: Great. Eliza Haynes is
17 going to present the recommendation.

18 TREASURER GOLDBERG: All right. I will
19 seek a motion. This is for Insight?

20 MR. McGIRR: That's correct.

21 TREASURER GOLDBERG: I will seek a
22 motion that the PRIM Board approve the Investment
23 Committee's recommendation to approve the
24 following follow-on -- I always find that phrase

1 funny -- the following follow-on commitments up to
2 \$150 million to Insight Partners XIII, L.P. and up
3 to \$50 million to Insight Partners XIII Growth
4 Buyout Fund, L.P. as described in the expanded
5 agenda, and further to authorize the executive
6 director to take all actions necessary to
7 effectuate this vote.

8 And is there a motion?

9 MS. FITCH: So moved.

10 TREASURER GOLDBERG: Is there a second?

11 MS. MCGOLDRICK: Second.

12 TREASURER GOLDBERG: Eliza, take it
13 away.

14 MS. HAYNES: Thank you, Madam Treasurer.

15 Today we're recommending two funds with
16 Insight Partners. Insight is a leading software
17 investor in a large growth equity position for
18 PRIM. Insight has invested in over 650 companies
19 since inception and generated strong performance
20 for PRIM since 2005.

21 Insight is raising Fund XIII to continue
22 its strategy of investing in early and growth
23 stage software companies. Similar to their last
24 fundraise, Insight is also raising a growth buyout

1 fund, which will invest alongside Fund XIII in
2 buyout transactions.

3 We are recommending a \$150 million
4 commitment to Insight Fund XIII and a \$50 million
5 commitment to the Growth Buyout Fund.

6 Michael McGirr and I are happy to answer
7 any questions on these recommendations with
8 Insight.

9 TREASURER GOLDBERG: Any questions?

10 MR. BROUSSEAU: Yes. Madam Treasurer,
11 may I? I have a question, please.

12 I try to read as much literature as I
13 can find on private equity investing. And I know
14 that this is one of the items that we have here
15 that is in our protected investment category.
16 However, reading in *Pensions and Investments* and a
17 lot of the negativity that has surrounded some of
18 these investments and some of the actions that
19 have been taken by other public pension funds, I
20 am interested in those.

21 I guess I would ask the question --
22 probably Michael McGirr could handle this. I know
23 that we've had 16 previous investments going back
24 to 2005 with this firm. Could you somehow help

1 clarify, I think me and probably for the board,
2 what has been our experiences over the years that
3 you are aware of that you have worked with with
4 Insight, please?

5 MR. McGIRR: Yes. Happy to take that,
6 Bob.

7 Yes. I would describe Insight as a
8 large position in our portfolio, a high conviction
9 existing manager for PRIM.

10 And as you mentioned, we've been
11 investing with them since Fund V, which I think
12 is -- it's a 2005 vintage. So you're talking
13 almost 20 years. We've grown considerably with
14 them, and they have compounded capital for us at
15 very high rates of return, achieving our
16 objectives.

17 So Insight has also grown considerably
18 as an organization. And it's always helpful to
19 reflect back and look at that growth because one
20 of the things that we really like about Insight is
21 their focus and effort on sourcing high growth
22 software companies.

23 And they actually have 80 people on
24 their sourcing team -- that's larger than the

1 entire PRIM organization -- that's focused,
2 dedicated 100 percent of their time looking for
3 attractive investments for their limited partners,
4 which I think is just -- is very strong. It's
5 differentiated, and we continue to have a lot of
6 conviction in them.

7 MR. BROUSSEAU: Okay. Do we expect to
8 have all of this money called down? It will be
9 over a number of years, I assume.

10 MR. MCGIRR: Yes. Great question.

11 I think similar to other Insight funds
12 that we've participated in, this has a 10-year
13 total fund life and a typical five-year investment
14 period.

15 Insight's pace of deployment has been
16 quicker than that historically so I think it's
17 reasonable to expect a deployment period or a
18 call-down period, Bob, of between -- call it three
19 to five years.

20 TREASURER GOLDBERG: Bob, did that
21 answer your question?

22 MR. BROUSSEAU: Yes, it does, Madam
23 Treasurer.

24 TREASURER GOLDBERG: Okay. Thank you.

1 Eliza, would you like to add anything?

2 MS. HAYNES: No. I think that covers it
3 well.

4 TREASURER GOLDBERG: All right. I just
5 wanted to make sure because I know this is your
6 investment that you're supervising.

7 So with that, I will proceed with a
8 vote.

9 Bob?

10 MR. BROUSSEAU: Yes.

11 TREASURER GOLDBERG: Catherine?

12 MS. D'AMATO: Yes.

13 TREASURER GOLDBERG: Ruth Ellen?

14 MS. FITCH: Yes.

15 TREASURER GOLDBERG: Theresa?

16 MS. McGOLDRICK: Yes.

17 TREASURER GOLDBERG: Peter?

18 Peter, I still have you here, but we
19 can't hear you.

20 MR. FALZONE: He's having some audio
21 issues. Perhaps we should go back to him.

22 TREASURER GOLDBERG: I will. Yes.

23 I'm going to come back to you, Peter.

24 Dennis?

1 MR. NAUGHTON: Yes.

2 TREASURER GOLDBERG: Carly?

3 MS. ROSE: Yes.

4 TREASURER GOLDBERG: Let me try you one
5 more time, Peter.

6 I see you bubbling, but nothing's coming
7 through. So I will --

8 Tony, should I just do my vote and we
9 will move on?

10 MR. FALZONE: Yes. I believe so.

11 TREASURER GOLDBERG: Okay. Myself, yes.

12 The motion carries.

13 Peter, I am hopeful that you will get
14 your voice back.

15 With that, next item on the agenda is
16 actually we move on to real estate and timberland
17 performance summary.

18 Tim, let me see if I can find you in
19 these little boxes. I know you're here.

20 MR. SCHLITZER: I am here. Can you hear
21 me?

22 MS. FITCH: Yes.

23 TREASURER GOLDBERG: I can see you and
24 hear you. Very good.

1 Okay. We have no voting items with real
2 estate and timberland. This will merely be a
3 performance summary. Thank you, Tim.

4 MR. SCHLITZER: That is correct.

5 So good morning. Just for the record,
6 I'm Tim Schlitzer, director of real estate and
7 timber.

8 I'll give a little update on performance
9 here for the fiscal year, and I'm not going to
10 reference any material specifically.

11 So starting with real estate, we're
12 still kind of hovering just above the midpoint of
13 our range from an allocation perspective. Assets
14 are \$10.5 billion net, 12 and a half billion
15 dollars gross.

16 In terms of performance for the year,
17 total PRIM real estate returned negative
18 2.8 percent. I do want to note that for the
19 longer term, three-year period, the asset class
20 returned 12.6 percent. That's well above the
21 long-term averages for commercial real estate, at
22 least in terms of how we do it.

23 I think we're approaching about
24 10 percent over the 10-year period, so still

1 working with strong long-term returns. In terms
2 of public real estate, REITs, for the year,
3 negative 3.2 percent. Our managers did outperform
4 by about 60 basis points.

5 The private return, which, as you know,
6 is the majority of our portfolio, returned
7 negative 2.8 percent.

8 Our managers outperformed by 117 basis
9 points against the lagged benchmark. So still
10 outperforming against the lagged benchmark.

11 When we unlag the benchmark, so just
12 comparing ourselves to June 30, outperformance
13 increases by 680 basis points. So very strong
14 outperformance there.

15 In terms of the market, I'd say we
16 really saw less dispersion at the sector level
17 over the past year. Three of the four major
18 sectors down 0 to 5 percent. So that's industrial
19 apartments and retail. And as you'd expect,
20 office a notable outlier, down almost 15 percent.

21 I will note that -- and I've pointed
22 this out before -- PRIM is underweight the market
23 benchmark in terms of office.

24 In terms of our capital allocation for

1 the year, we invested about \$1.2 billion net. We
2 really are averaging into a more attractive
3 environment right now. We're adding new exposures
4 to the portfolio. I'll call out data centers as
5 an example there. And we're also pruning,
6 dispositions where it makes sense.

7 We invested \$90 million approximately
8 through PRIM's FUTURE program in real estate this
9 year. So a pleasure to be moving that program
10 forward.

11 And we paid down \$175 million in debt,
12 also notable, I think a good prudent capital
13 allocation decision in this market.

14 Just a couple of more comments on the
15 market environment. We're actually -- I'm not
16 going to extrapolate this comment into the future,
17 but we are seeing a little bit of stability in
18 pricing in fundamentals right now. We're seeing a
19 little bit more competitive tension in terms of
20 auction processes that we're part of. More
21 bidders. We feel that there are more core buyers
22 that are returning to the market.

23 That said, transaction activity is
24 definitely down quite a bit. But seeing a few

1 green shoots here and there.

2 On the operating side, still actually
3 seeing rent growth. I'd say that's moderating a
4 bit. But operating incomes as reported are
5 actually up slightly year-over-year. So
6 fundamentals, reasonably strong, but we are sort
7 of patiently monitoring the environment, just to
8 see sort of what happens going forward.

9 Moving on to timber --

10 MS. D'AMATO: I have a question. Sorry.
11 Catherine.

12 MR. SCHLITZER: Please. Please,
13 Catherine.

14 MS. D'AMATO: "Patiently waiting." What
15 do you mean by that? Months? Years?

16 MR. SCHLITZER: You know, I don't think
17 we know. I think what we know is that
18 fundamentals, which have been so strong in areas
19 like industrial and multifamily, for example, you
20 can see that in the data is slowing. The growth is
21 slowing, you know. Instead of writing up or
22 increasing rents in multifamily apartments
23 15 percent, we're now seeing sort of three to
24 four, more traditionally would have been

1 inflationary increases in our multifamily units.

2 Probably the same in industrial as well.

3 I mean really sort of going from strong -- with
4 industrial, probably 20-plus percent rent growth
5 down to more inflationary. The market is
6 absorbing a little bit more new construction, so
7 that's hitting rents. Demand is a little bit more
8 tepid as well.

9 Timing is always really hard, but that's
10 why I say we're sort of monitoring these kind of
11 milestones as we see them, and we'll see what
12 happens.

13 MS. D'AMATO: Okay. Thank you.

14 MR. SCHLITZER: So in terms of total
15 assets in timber, we ended the fiscal year at
16 3.1 percent of the fund at \$3 billion. I
17 mentioned this to the committee. I did see some
18 published numbers recently. I know that Michael
19 has talked about this in the past. These numbers
20 would indicate that at that level at 3 billion, it
21 would make PRIM the largest U.S. public pension
22 fund investor in timber by about a factor of two.
23 So we continue to be a large investor in this
24 space with a large presence in the transaction

1 market.

2 That being said, we have not acquired
3 anything this year, but have continued to look at
4 opportunities as they have come to market.

5 Performance. So the timberland return,
6 Michael spoke to this. 5.9 percent for the year.
7 We did have some underperformance on the one-year
8 basis. I'll speak to that in a second.

9 On the three-year return, and certainly
10 longer term returns being more relevant,
11 particularly in timber, that return was about
12 8.4 percent, roughly in line with the benchmark.
13 So a little bit more comfortable in terms of the
14 relative return.

15 I think Michael did a great job of
16 speaking to kind of what's happening with
17 portfolio construction and then the change of
18 appraiser so I won't sort of restate all of that.

19 I will just add that our Australian
20 investment, which we've owned for over 10 years,
21 has produced an annual return of about 16 percent.
22 So that overweight has been a really good
23 overweight, a good kind of portfolio bias for a
24 long time now.

1 The Southern underweight has also worked
2 quite well. We are in a period right now -- and
3 this is not a bad thing. We have a lot of
4 Southern exposure as well, and we'll probably add
5 to that. But we've seen a lot of population
6 growth in the South.

7 We're seeing a lot of mill capacity that
8 is expected to come online, which I think is
9 improving sentiment in the region.

10 And we've also seen -- and I've
11 mentioned this -- but some climate-driven
12 purchases that have driven comparable sales
13 numbers up.

14 So that's sort of what's happening
15 there. We'll continue to monitor portfolio
16 construction, but I don't know that we think that
17 the long-term drivers that have driven our
18 decision to have some of these biases in the
19 portfolio construction have changed meaningfully.

20 Lastly, just a couple of points on the
21 market environment. And I think you're all aware
22 of this, but the housing demand story is clearly
23 harder right now. There's a dearth of inventory
24 in the U.S., and we're all aware of mortgage rate

1 levels and where they have been and where they are
2 now, which is hitting negatively the housing
3 market.

4 I will say that the positive for timber
5 is that to the extent that inventory is so low,
6 transaction levels are so low, this does create
7 incentives for new construction, and that should
8 ultimately benefit our portfolio.

9 Michael referenced housing issues in
10 China. That clearly is creating a shorter term
11 issue for our Australian investment. This goes
12 back to portfolio construction. We very much feel
13 that that's cyclical. China is definitely going
14 to be a fairly large long-term net importer going
15 forward.

16 So dealing with some cyclical issues,
17 but I think very comfortable still with how this
18 portfolio is positioned.

19 I am going to leave it at that and happy
20 to answer any questions.

21 TREASURER GOLDBERG: Any more questions
22 for Tim?

23 Thank you for the summary, Tim.

24 MR. SCHLITZER: Thank you, Treasurer.

1 TREASURER GOLDBERG: With that, we move
2 on to PRIM's stewardship program goals and
3 objectives and work plan and welcome Veena Ramani
4 to present on behalf of this wonderful new area
5 that we are working on here at PRIM.

6 MS. RAMANI: Thank you, Treasurer.

7 And hello, everyone. My name is Veena
8 Ramani, and I am PRIM's new director of
9 stewardship, and I'm really, really pleased to be
10 here with all of you today.

11 My position as the director of
12 stewardship is new, but PRIM's work on stewardship
13 is not. As a part of his overview, Michael talked
14 about us holding our inaugural ESG committee
15 meeting this past June. And in that meeting, my
16 colleagues presented a detailed overview of the
17 work that the organization has been doing on
18 stewardship issues, including through efforts like
19 the FUTURE Initiative, our participation in the
20 Aggregate Confusion Project, our efforts on proxy
21 voting and our progress on staff diversity. We're
22 starting from a strong foundation.

23 We understand our mandate is building on
24 this foundation to develop an infrastructure with

1 stewardship at PRIM that does three things.

2 One, that translates the organic efforts
3 that exist across the fund already into something
4 that's more specific, systematic, intentional and
5 outcome-oriented.

6 Second, that informs and provides value
7 to the investment process at PRIM.

8 And third, is a core part of PRIM's
9 mission to deliver strong risk-adjusted returns to
10 the PRIT Fund.

11 Now, these are big ambitions. And
12 slide 2 of Appendix I shows how they play out in
13 terms of action steps.

14 Tony, could you pull up that slide,
15 please?

16 There was some reference earlier in the
17 meeting today to the stewardship work plan,
18 essentially what we hope to accomplish in the
19 coming 12 to 18 months, and this slide pretty much
20 lays out those details.

21 We see our first order of business, to
22 be honest, as really articulating a rationale for
23 the stewardship efforts at PRIM. Our hope is to
24 do this through a policy that lays out why we are

1 engaged in stewardship activities, how we see this
2 lining up with our fiduciary duty and what we
3 intend to do in support of our stewardship
4 program.

5 Second, we hope to evolve this
6 conversation from talking about stewardship or
7 ESG, which are still somewhat broad concepts.
8 Instead, we want to focus our efforts around
9 specific environmental and social priorities where
10 we hope to make an impact.

11 So the goal here is to be able to answer
12 the question what will your stewardship efforts
13 accomplish? And the hope is to have an answer
14 that's specific, intentional and outcome-oriented.

15 As we identify priorities, we also want
16 to be able to figure out what our ambitions are
17 with those priorities so the scope of what we want
18 to take on and, again, how this translates in
19 terms of goals and metrics.

20 And as the research evolves and our own
21 understanding of our risks and impacts evolve, we
22 anticipate that the priorities that we identify
23 will evolve as well.

24 Third, we hope to develop an

1 implementation strategy that's specific and
2 actionable. Our plan here will be to take a look
3 at the systems, including the systems that exist
4 at the asset class level, and figure out how these
5 align with and support our stewardship priorities
6 and ambitions.

7 We think that there's a lot of
8 opportunity for innovation and thought leadership
9 here, including through partnerships, and we're
10 excited to explore these as we implement our
11 stewardship program.

12 Our fourth order of business will be
13 proxy voting. Technically this is a part of our
14 implementation strategy, but we thought it was
15 worth pulling out, as we anticipate that this is
16 going to be a big part of our efforts in the
17 coming few months.

18 We have done a lot here already.
19 Michael's overview mentioned the volume of proxies
20 we voted, some of the issues that we address
21 through our custom proxy voting policy.

22 And in our upcoming ESG committee
23 meeting, we hope to dive deeper into what we've
24 done so far and how we hope to again build out

1 this foundation. Our hope is to make sure that
2 our proxy voting fully reflects our stewardship
3 priorities and also to develop an engagement
4 strategy that supports our voting.

5 And finally our ambition is to create a
6 stewardship program that's transparent. We want
7 to do a better job of telling our story. So in
8 addition to putting out more information about our
9 stewardship efforts on our website, we also hope
10 to publish regular stewardship reports that
11 provide more detail about our priorities, our
12 strategy and our progress.

13 So let me stop there, and I'm happy to
14 answer any questions.

15 TREASURER GOLDBERG: Are there questions
16 or comments?

17 I, for one, am just extremely thrilled
18 with the progression that we're making and how we
19 are institutionalizing a great deal of the efforts
20 that we have put in place across the board since I
21 arrived in 2014.

22 And I really want to compliment you,
23 Michael, on finding yet another fantastic addition
24 to our group.

1 Veena, you are articulating exactly what
2 I had hoped and anticipated we would do with this
3 committee. And as everyone knows, I basically
4 call it executing common sense. Executing
5 common-sense business decision-making and
6 approaches.

7 So are there questions from other
8 members of the board?

9 MR. BROUSSEAU: Madam Treasurer, I have
10 a question for Veena. I see in the goals and
11 objectives will include regular board education
12 sessions.

13 Do you have any idea at this point how
14 often these sessions may occur in the course
15 probably let's say of the next year? Are these
16 going to be probably quarterly? That would be
17 probably board education?

18 And I am sure they would be probably
19 online through Zoom. Am I correct?

20 MS. RAMANI: I don't think we have those
21 details figured out yet, Bob, but we certainly
22 anticipate that they will be regular.

23 And let me sort of use this opportunity
24 to essentially request to the board, if you have

1 ideas on sessions or topics that you would like to
2 do a deep dive on, definitely let me know, and
3 we'll make sure to add it to our thinking as we
4 develop this program.

5 TREASURER GOLDBERG: And of course, Bob,
6 our ESG committee meetings are open sessions.

7 MS. FITCH: Right.

8 TREASURER GOLDBERG: So any other
9 questions for Veena?

10 MS. D'AMATO: This is Catherine, and I
11 have a question.

12 When you say "policy," is it a policy?
13 Is it a procedure? Is it a objective? Is it a --
14 I mean there's so many ways you could address,
15 especially if you're trying to track and report
16 progress.

17 So policy to me means mandated, must do.
18 And so I just wanted to clarify the word.

19 MS. RAMANI: Sure. And are you talking
20 about the statement of investment beliefs,
21 Catherine?

22 MS. D'AMATO: Yes. You said that we
23 would develop a statement and that it would become
24 a policy. And so that was what I was just trying

1 to clarify, just in terms of how you perceive it
2 as opposed to a vision or an objective.

3 We see this a lot with DEI work, right,
4 in terms of, like, we're trying to get somewhere
5 and how do we not set ourselves up for failure
6 here, but how do we embrace all the good things
7 that have been done under the Treasurer's
8 leadership for years and in institutionalizing it?

9 So thank you.

10 MS. RAMANI: Sure. I think my hope with
11 the statement of investment beliefs is to really
12 talk about why we're doing this and underscore and
13 articulate the fact that we see this as a core
14 part of our vision to deliver long-term returns
15 for the fund, right. So to really contextualize
16 it in fiduciary duty, materiality and long-term
17 returns.

18 MS. D'AMATO: Okay.

19 MS. RAMANI: And then -- go ahead.

20 MS. D'AMATO: No, no. Go ahead. You
21 finish, and then I'll jump in.

22 MS. RAMANI: And I was going to say I
23 think the work that we hope to do with developing
24 the stewardship work plan, including sort of

1 building on priorities, essentially lays out what
2 we hope to do, again building on the foundation of
3 where we're actually invested, what the data shows
4 and what we actually think we're able to
5 accomplish. I think our hope is not to be a mile
6 wide and an inch deep, but rather sort of be very
7 specific to the risks and the potential
8 opportunities for value creation that we have in
9 front of us.

10 MS. D'AMATO: Great.

11 I agree with you in terms of trying to
12 frame it as vision, intention, direction,
13 accountability. I mean ESG is very interesting
14 development all over in companies.

15 Just don't want to -- want to make sure
16 we're not limited either by a procedure but also
17 not restricted by a policy, should the world
18 change or want to see things differently, or make
19 progress in very good ways to be able to advance.

20 But thank you.

21 TREASURER GOLDBERG: Any other
22 questions? Or comments?

23 Okay. Next item on the agenda is
24 finance and administration. I'm assuming, Tony,

1 you are driving the bus on this.

2 MR. FALZONE: That is correct. Thank
3 you. Thank you, Madam Treasurer.

4 Hello, everyone. My name is Tony
5 Falzone. I'm PRIM's deputy executive director and
6 chief operating officer.

7 The finance and administration reports
8 starts near the bottom of page 29 on the expanded
9 agenda. We don't have any voting items in this
10 section so I'll just make a few quick comments.

11 One, obviously congratulating Deb
12 Coulter and Qingmei Li and the rest of the team
13 for the GFOA Certificate of Excellence in
14 Financial Reporting. As Michael mentioned, it's a
15 huge undertaking. It touches all the areas of the
16 organization, and I'm very proud to keep that
17 streak going.

18 Secondarily to that, I'll speak to
19 Item A, which is the PRIM Board and committee
20 meeting schedule for 2024 in draft version. I
21 normally give the committee and board a
22 one-quarter sneak preview. So we'll ultimately
23 bring a final draft to the November Administration
24 and Audit Committee and then ultimately to the

1 board for a recommendation in November.

2 So that is Item A. So that's just
3 informational.

4 I know that there is a legislative
5 update at B. Normally Emily -- I'm assuming Emily
6 is going to help us out with that, Emily Kowtoniuk
7 from the Treasurer's staff. So we'll give David
8 some time to maybe promote her.

9 Treasurer, I assume that is the plan.

10 TREASURER GOLDBERG: That is the plan.

11 MR. FALZONE: Great. So while she's
12 being promoted, just a couple on item C, other
13 matters --

14 TREASURER GOLDBERG: To clarify
15 "promoted," she's being brought onto the Zoom with
16 her wonderful self.

17 There you are, Emily.

18 MR. FALZONE: She's being promoted to
19 presenter so that she can give us an update.

20 Item C is just informational. There's
21 some client service -- Michael kind of touched on
22 the investor conference. So I don't know if
23 there's anything new to add there.

24 So I'll turn it over to Emily. Thank

1 you, Emily.

2 MS. KOWTONIUK: Hi, everyone. Good
3 morning still, just barely.

4 So the big news on our front is that the
5 governor has signed the FY '24 budget that was
6 passed by the legislature. And as a reminder,
7 that compromise did not include two items that we
8 were watching relative to PRIM, the first being a
9 supplemental transfer of 20 percent of excess
10 capital gains to the PRIT Fund, and the second
11 being a PRIM Board membership provision that was
12 proposed by the house. So those were both not
13 included.

14 The legislature is on its August recess
15 right now, and we expect them to come back in the
16 fall and wrap up committee hearings and start
17 issuing committee reports on a slate of bills that
18 we're watching relative to PRIM.

19 So with that, I'm happy to answer any
20 questions.

21 TREASURER GOLDBERG: Are there questions
22 for Emily?

23 Hearing none, thank you, Emily.

24 And I will turn it back to you, Tony.

1 MR. FALZONE: Thank you. So this next
2 item is I believe the last item on the agenda. It
3 is a voting item. And we want to just thank
4 Michele Witham for serving on the Administration
5 and Audit and Compensation Committees. She's been
6 serving on those committees since 2011.

7 The voting item here addresses the
8 vacant Compensation Committee chair seat because
9 of Michele's departure. So that is this
10 particular voting item.

11 TREASURER GOLDBERG: So I will seek a --
12 should I seek a motion, Tony?

13 MR. FALZONE: Yes.

14 TREASURER GOLDBERG: Okay. I will seek
15 a motion that the board approve the appointment of
16 Treasurer Deborah Goldberg as chair of the
17 Compensation Committee, and further to authorize
18 the executive director to take all actions
19 necessary to effectuate this vote.

20 Is there a motion?

21 MS. MCGOLDRICK: So moved.

22 MR. BROUSSEAU: So moved.

23 TREASURER GOLDBERG: That was a chorus.

24 Is there a second?

1 MS. FITCH: Second.

2 MS. D'AMATO: Second.

3 TREASURER GOLDBERG: All right. Any

4 questions or comments?

5 Hearing none, 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, are you

15 connected?

16 MR. MONACO: I am. Yes.

17 TREASURER GOLDBERG: Thank you.

18 Dennis?

19 MR. NAUGHTON: Yes.

20 TREASURER GOLDBERG: Carly?

21 MS. ROSE: Yes.

22 TREASURER GOLDBERG: And I think I will

23 vote for myself since --

24 MS. FITCH: There you go.

1 TREASURER GOLDBERG: There you go.
2 The motion carries.
3 Thank you, everybody. And that is the
4 last. Very good efficiency today, everyone.
5 And I would seek a motion to adjourn.
6 Is there a motion?
7 MR. BROUSSEAU: So moved.
8 MR. NAUGHTON: So moved.
9 TREASURER GOLDBERG: Is there a second?
10 MS. FITCH: Second.
11 TREASURER GOLDBERG: I again have to do
12 a roll call vote.
13 So 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: Myself, yes.

4 I want to thank everyone, all the board
5 members. I particularly want to thank Michael and
6 the staff. We've been through volatile times in
7 the last couple years, and I am very comfortable
8 with how our performance is and the
9 professionalism in which the staff operates.

10 So thank you, everyone. And I will see
11 you all very soon.

12 (Meeting adjourned at 11:49 a.m.)

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