

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

Minutes of the Board Meeting  
Thursday, February 15, 2024  
commencing at 9:30 a.m.

(CONDUCTED REMOTELY)

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

## A T T E N D E E S

(Via Zoom)

### **Board Members**

- Treasurer Deborah B. Goldberg, Chair
- Robert L. Brousseau
- Catherine D'Amato
- Ruth Ellen Fitch
- Theresa F. McGoldrick, Esq.
- Dennis J. Naughton
- Carly Rose
- Paul E. Shanley, Esq.

### Other Attendees (partial list):

- Kevin Conroy
- Tim Doyle
- Anthony Falzone
- Maria Garrahan
- Dave Griswold
- David Gurtz
- Emily Kowtoniuk
- Renee LeFevre
- Bill Li
- Matt Liposky
- Michael McElroy
- Michael McGirr
- Veena Ramani
- Tim Schlitzer
- Joy Seth
- Ethan Spencer
- Michael Trotsky
- Raluca Zelinschi

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

2 A meeting of the Pension Reserves  
3 Investment Management Board (PRIM Board) was held  
4 remotely on February 24, 2024. The meeting was  
5 called to order and convened at 9:30 a.m.  
6 Treasurer and Receiver-General Deborah Goldberg  
7 chaired the meeting.

8  
9 TREASURER GOLDBERG: Good morning,  
10 everybody, and welcome to the Thursday,  
11 February 15, 2024 meeting of the MassPRIM Board.

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

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

1           All persons speaking at today's meeting  
2       are asked first to identify themselves.

3           Also the Open Meeting Law requires  
4       anyone wishing to record a meeting to first notify  
5       the chair so the chair can inform other attendees.

6           Tony, please announce who is recording  
7       the meeting.

8           MR. FALZONE: Yes. So we have Matthew  
9       Toledo from CIO Magazine. We have Doug Appell  
10      from P&I Magazine. Matthew Scheffler, a  
11      schoolteacher, from Tribute Products. And  
12      obviously I think you may have mentioned Virginia  
13      Dodge, who is our minutes taker.

14           So thank you.

15           TREASURER GOLDBERG: Okay. Thank you.

16           I hadn't mentioned her yet, but you just  
17      took care of that, so I will move on to the next  
18      thing.

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

22           Additionally, the Attorney General's  
23      guidance on holding remote meetings reads as  
24      follows.

1                   At the start of the meeting, the chair  
2                   must announce the name of the member or members  
3                   who are participating remotely. I will now  
4                   announce the names of all PRIM Board members who  
5                   are participating remotely in today's meeting.

6                   Myself, Treasurer Deb Goldberg, chair.  
7                   Robert Brousseau, Catherine D'Amato, Ruth Ellen  
8                   Fitch, Theresa McGoldrick. Peter Monaco will come  
9                   in in 45 minutes. Dennis Naughton, Carly Rose and  
10                  Paul Shanley.

11                  Okay. With that, the first tough vote  
12                  of the morning.

13                  I seek a motion of approval of the  
14                  Board minutes of November 30, 2023, attached as  
15                  Appendix A of the expanded agenda, and further to  
16                  authorize the executive director to take all  
17                  actions necessary to effectuate this vote.

18                  Is there a motion?

19                  MR. BROUSSEAU: So moved.

20                  MR. SHANLEY: So moved.

21                  TREASURER GOLDBERG: Is there a second?

22                  MS. D'AMATO: Second.

23                  MS. FITCH: Second.

24                  TREASURER GOLDBERG: Did anyone find any

1       need for alterations or questions before we move  
2       the vote?

3               Okay then.   Bob?

4               MR. BROUSSEAU:   Yes.

5               TREASURER GOLDBERG:   Catherine?

6               MS. D'AMATO:   Yes.

7               TREASURER GOLDBERG:   Ruth Ellen?

8               MS. FITCH:   Yes.

9               TREASURER GOLDBERG:   Theresa?

10              MS. McGOLDRICK:   Yes.

11              TREASURER GOLDBERG:   Dennis?

12              MR. NAUGHTON:   Yes.

13              TREASURER GOLDBERG:   Carly?

14              MS. ROSE:   Yes.

15              TREASURER GOLDBERG:   Paul?

16              MR. SHANLEY:   Yes.

17              TREASURER GOLDBERG:   Myself, yes.

18              The motion carries.

19              Next item on the agenda, the executive  
20       director report.   Take it away, Michael.

21              MR. TROTSKY:   Thank you very much,  
22       Treasurer.   And good morning, everybody.

23              Before we begin today's agenda, I do  
24       think it's appropriate and very important to

1 memorialize at this meeting and to also enter into  
2 PRIM's official record the passing of Ralph White,  
3 who was a legendary PRIM Board member, serving for  
4 24 years from 1984 to 2008.

5           Ralph was a founding Board member of  
6 PRIM. Founding. And also served as a long-time  
7 elected member of the State Retirement Board. He  
8 is widely remembered for his unwavering and vocal  
9 advocacy for the retirees of Massachusetts. Ralph  
10 founded Mass. Retirees in 1968 at the age of 37.  
11 He served as association president until his  
12 retirement in 2013, and he is credited with having  
13 had a direct impact on the creation of nearly  
14 every public retirement law and policy over a span  
15 of more than four decades.

16           As many of us know, Ralph was a colorful  
17 and vibrant man, who had a long and dedicated  
18 lifetime of public service. For example, Ralph  
19 saw significant combat as a U.S. Marine during the  
20 Korean War, receiving a Bronze Star and a Purple  
21 Heart.

22           Following his military service, he  
23 entered state service as a corrections officer and  
24 later was among the very first officers to staff

1 Walpole State Prison.

2               Ralph went on to become a state parole  
3 officer. He was forced to retire after surviving  
4 an on-the-job shooting in Boston's South End, an  
5 attack that nearly took his life.

6               We pause this morning to remember Ralph  
7 and his great contributions to our country, to our  
8 Commonwealth and to PRIM and the more than 300,000  
9 beneficiaries on whose behalf he worked tirelessly  
10 for more than four decades.

11              Our condolences extend to his family and  
12 the countless individuals who were touched by his  
13 lifetime of hard work and dedication.

14              Thank you, Ralph. Rest in peace.

15              Now on to better news. Today we'll  
16 discuss the very strong calendar year 2023  
17 returns, which we announced at the committee  
18 meetings two weeks ago. You will hear from staff  
19 and vote on the 2024 asset allocation  
20 recommendations and several new investment  
21 opportunities.

22              Additionally, our newly created  
23 Stewardship and Sustainability Committee has also  
24 had a very productive few months. And later in



1       our agenda, you will review and vote on the work  
2       they have completed with staff to develop a  
3       stewardship policy statement and to update our  
4       proxy voting guidelines.

5               The work we do on stewardship starting  
6       with the priorities we pick are based on risk,  
7       opportunity and long-term value creation potential  
8       for the PRIT Fund.

9               An exciting agenda ahead of us this  
10       morning, but first, a few organizational updates,  
11       including a very new employee, who joined PRIM  
12       just after the committee meetings this time  
13       around. So she joined last week.

14              And I hope she's on. I think she is.

15              Please join me in welcoming Raluca  
16       Zelinschi. Raluca joined the real estate and  
17       timberland team as an investment officer and will  
18       report to John La Cara. She will help the team  
19       cover the private and public real estate  
20       portfolios, as well as the timberland investments.

21              Before joining PRIM, Raluca was an  
22       associate director of portfolio management at  
23       Intercontinental Real Estate, where she worked on  
24       a \$3 billion private real estate portfolio

1       invested across various sectors and geographies.

2               And prior to that, she held positions at  
3       STAG Industrial, a publicly traded real estate  
4       company, and AEW Capital Management, a firm we  
5       know very well. They are one of our managers.

6               In addition to holding a CFA, she earned  
7       a master's degree in international economics and  
8       finance from the International Business School at  
9       Brandeis and a bachelor's degree in economics and  
10      political science from Whittier College.

11              So, Raluca, welcome to PRIM, and we're  
12      delighted to have you.

13              Next, we're pleased to report that  
14      Theresa McGoldrick and Dennis Naughton were both  
15      reelected to their seats on the PRIM Board.

16              As you know, Theresa and Dennis have  
17      been very thoughtful and engaged Board members,  
18      very supportive of PRIM and, more personally, they  
19      have both been very supportive of me. And I very  
20      much appreciate that.

21              Thank you for your continued service on  
22      the PRIM Board, and we look forward to working  
23      with you for another term.

24              Theresa of course represents the State

1 Employees Retirement System, and her term is three  
2 years. Dennis represents the State Teachers  
3 Retirement System, and his term is four years.

4 Congratulations to both of you.

5 Next, we're happy to announce four  
6 promotions. It's the best part of the year.

7 First, Tim Doyle was promoted to  
8 investment officer on the private equity team. He  
9 joined the team as an investment analyst in  
10 February of 2022. Prior to that, he spent three  
11 years at Cambridge Associates, first as an  
12 investment associate and then he was promoted to  
13 team leader and eventually to senior investment  
14 associate on their pension practice.

15 Prior to joining PRIM, Tim was an  
16 investment analyst at Mass General Brigham  
17 Investment Office.

18 Tim has made significant contributions  
19 to new manager underwritings and has taken over  
20 leading manager coverage responsibilities at PRIM.  
21 Tim's contribution to the team's market mapping  
22 and proactive sourcing efforts have really been  
23 outstanding.

24 Eliza Haynes was promoted to investment

1 officer on the PE team. I know she's not on the  
2 call today because she's taking a CFA test, the  
3 third part of it. So she's missing today and is  
4 probably very, very busy right now.

5           Anyhow, she joined PRIM as an investment  
6 analyst on the team in September of 2020. Eliza  
7 graduated from Holy Cross and had interned in  
8 their investment office. And upon graduation, she  
9 was hired there as an investment fellow at the  
10 investment office and worked there for more than  
11 two years.

12           During her three-plus years here at  
13 PRIM, Eliza's contributions have been very  
14 impactful. She's contributed to and led the  
15 evaluation of many private equity funds and co-  
16 investment opportunities. And last year, Eliza  
17 received the Treasurer's citation for outstanding  
18 performance.

19           Thank you, Treasurer, for acknowledging  
20 that.

21           Eliza is also leading the design and  
22 implementation of PRIM's GP-led secondary  
23 investment strategy and process.

24           Next, John La Cara, senior investment

1 officer on the real estate and timberland team,  
2 was promoted to senior investment officer role and  
3 now the new title of director of listed real  
4 estate and debt capital markets.

5 John joined the real estate and  
6 timberland team as an investment officer in 2008  
7 and was promoted to senior investment officer in  
8 2016. His contributions are extensive. His  
9 responsibilities include oversight of the private  
10 real estate and private timberland investments  
11 across various regions, property types and  
12 investment vehicles.

13 Additionally, he manages the listed real  
14 estate mandates, publicly listed -- those are the  
15 REITs -- and the private real estate leverage  
16 program, which, as you know, has issued more than  
17 \$2 billion in innovative and low cost debt  
18 facilities. Most of those debt facilities are  
19 fixed rate, so that's been great. And he's been  
20 doing that since 2013.

21 Prior to PRIM, John held positions at  
22 Fidelity, New England Securities and at Citizens  
23 Financial Group. He holds a master of science in  
24 investment management from Boston University and

1 is a graduate of Lesley University in Cambridge.

2 And last, but not least, Joy Seth was  
3 promoted to senior investment officer on the  
4 portfolio completion strategies team. He joined  
5 PRIM in March of 2020 as an investment officer,  
6 and he pursued his undergraduate degree from the  
7 University of Texas in Austin and a graduate  
8 degree from the University of Washington.

9 He actually started his career as a  
10 software engineer at Microsoft. He then worked  
11 for the Employee Retirement System of Texas as a  
12 senior investment analyst and was there for almost  
13 seven years before joining PRIM. He's also a CFA  
14 charter holder.

15 During the past four years, Joy has  
16 grown to be a really vital member of the team. He  
17 has become a key strategist, covering stable value  
18 hedge funds. He developed PRIM's industry-leading  
19 digital platform by automating the analytics and  
20 designing our internally designed back-testing  
21 tools.

22 And he has emerged as a thought leader  
23 in technology topics, hosting seminars to  
24 demystify complex concepts for PRIM colleagues.

1       He actively contributes to the FUTURE Initiative  
2       by searching and vetting emerging-diverse fund  
3       managers. And he also dedicates a significant  
4       effort to recruiting and mentoring interns from  
5       diverse backgrounds.

6               Please join me in congratulating Tim,  
7       Eliza, John and Joy. Obviously, we're delighted  
8       to celebrate your past contributions to PRIM and  
9       equally eager to promote each of you into your new  
10      roles. We're very confident that the best is  
11      still to come. Your contributions and importance  
12      will only grow here at PRIM. Congratulations.

13             And last, I do want to acknowledge that  
14      Colleen Nulty on the accounting team has passed  
15      the CFA Investment Foundations test. So  
16      congratulations on that accomplishment.

17             Now moving on to markets and PRIT Fund  
18      performance. Despite many worldwide challenges,  
19      the markets have remained very strong, and the  
20      U.S. economy continues to grow. The PRIT Fund  
21      returns were very strong during the December 2023  
22      quarter -- those are the results we report today --  
23      and for the full calendar year 2023.

24             For the December quarter, the PRIT Fund

1 was up 6.2 percent gross; that's 6.1 percent net.  
2 And for the calendar year 2023, the PRIT Fund was  
3 up 11.4 percent gross or 11 percent net. This  
4 return equates to a net investment gain of  
5 \$10 billion for the year, and the PRIT Fund hit an  
6 important milestone, reaching \$101 billion.

7           You may all remember that at this time  
8 last year, markets were just beginning to rebound  
9 from a double-digit downturn in the financial  
10 markets. The consensus view of economists and  
11 market pundits last year at this time was that the  
12 economy would dip into a mild recession in  
13 calendar 2023.

14           Thankfully, that did not happen.  
15 Instead, the economy continued to grow, inflation  
16 fell, bond yields peaked, and the markets really  
17 took off. The S&P 500, for example, returned more  
18 than 26 percent in calendar 2023, astoundingly  
19 strong returns that nobody would have predicted a  
20 year ago at this time.

21           Last year's decisions on asset  
22 allocation at this meeting were instructive. Last  
23 year, as is typical, we made very small tweaks to  
24 our long-term strategic asset allocation. We



1        stayed the course.

2                Moreover, last year, we discussed the  
3        fact that the silver lining of market downturns,  
4        like we had in calendar 2022, is that they often  
5        create good buying opportunities. And during  
6        calendar 2022, the PRIM team deployed  
7        approximately \$5.7 billion in new investment,  
8        which was enabled by our carefully planned  
9        commitment pacing models.

10               We were investing steadily in 2022 and  
11        again last year, in 2023, while other peers were  
12        pulling back. Obviously, with a strong market  
13        return, that turned out to be a winning strategy.

14               And notably and giving credit to where  
15        it is due, I'll remind you that at the Investment  
16        Committee meeting last year, and also bucking  
17        consensus at the time, Investment Committee member  
18        Connie Everson, who I like to call our resident  
19        economist and strategist, pointed out factors that  
20        supported a positive environment for equities.

21               She was really ahead of the curve. For  
22        example, she recognized early that inflation was  
23        declining and interest rates were peaking. It is  
24        often Connie's astute observations like that and

1     also her calm wisdom that gives us extra  
2     confidence to stay the course when it is not so  
3     intuitive, when the market pundits and economists  
4     are projecting difficult times ahead.

5             The strong unpredicted market rebound  
6     last year confirms one of our most important  
7     investment tenets. That is, it is very difficult  
8     to predict the direction of the economy and the  
9     financial markets. And remember, at PRIM, we  
10    don't alter our allocation based on any  
11    predictions. Instead, we construct a well-  
12    diversified long-term portfolio with components  
13    that will perform well in a variety of market  
14    conditions. And we also are laser focused on  
15    controlling our costs.

16            In other words, we stay the course, and  
17    we make only very small changes, all designed to  
18    improve the probability of achieving our mandate  
19    of funding the unfunded pension liability.

20            Again, who would have thought that last  
21    year's markets would have turned out so strong?  
22    The numbers are staggering. For example, I  
23    already mentioned the S&P last year was up  
24    26.3 percent. Developed international markets

1       were also up strongly. They were up 15.6 percent.  
2       Emerging markets were also up, up almost  
3       10 percent last year, while bonds were up  
4       5.5 percent.

5               Tony, the performance slides, please.  
6       I'll go through them quickly.

7               Let me know when they're up.

8               MR. FALZONE: All set.

9               MR. TROTSKY: Thank you.

10              You can see from this slide that we did  
11      cross a milestone, and the PRIT Fund ended at  
12      101 billion, a net gain of \$10 billion for the  
13      calendar year. Return of 11.4 percent gross,  
14      11 percent net.

15              And we do pay benefits out of this pool  
16      of assets. Last year, net outflows to pay  
17      benefits were approximately \$1 billion.

18              Next slide.

19              The last quarter of calendar 2023, here  
20      the fourth quarter, ended -- December was very  
21      strong with all asset classes up except for real  
22      estate. Long-duration bonds led the way as  
23      interest rates fell, followed by U.S. equities.  
24      Both large and small cap were very strong on the

1 left-hand side of the chart. International  
2 equities also very strong.

3 Alternatives often lag. A sharp upturn  
4 in public equities, that happened last year and  
5 obviously was the case in the December quarter.

6 Next slide.

7 For the year, equity markets led the way  
8 for the whole year. U.S. large cap, again up  
9 26.5 percent. That's our own experience.  
10 Emerging managers up 18.2 percent. Developed  
11 international up 17.7 percent.

12 PCS, very strong. That's Portfolio  
13 Completion Strategies. You can see up  
14 8.7 percent, driven by good results from our hedge  
15 fund portfolio.

16 Core fixed income and long-duration  
17 bonds weaker, but still positive. Up 6.2 percent  
18 and 3.2 percent, respectively.

19 Private equity up 6.2 percent for the  
20 year. It often lags public markets in sharp  
21 upturns, just as it doesn't fall as much in sharp  
22 downturns. It is also lagged by one quarter, as  
23 you know. So these results actually don't reflect  
24 performance through December.

1                   Real estate was the weakest, down  
2     5.8 percent for the year, which I'll describe in a  
3     moment.

4                   Next slide.

5                   This chart shows the one-, three-, five-  
6     and ten-year returns of the PRIT Fund. Calendar  
7     year 2023 was outstanding, again with a return of  
8     11.4 percent gross, 11 percent net, a \$10 billion  
9     gain.

10                  The one-year relative underperformance,  
11     which you can see on the left, continues to  
12     narrow. This again is a hundred percent due to  
13     the private equity benchmark mismatch, which we  
14     have described previously.

15                  Remember, we compare the one-year actual  
16     private equity returns, which were 6.8 percent, to  
17     a seven-year smooth public markets index plus  
18     3 percent, seven-year index plus 3 percent. And  
19     that number happened to be 14.6 percent. So  
20     that's a difficult comparison, a one-year number  
21     versus a seven-year number. Private equity again  
22     is also lagged.

23                  And then last, you can see that all  
24     other time periods, very strong and above

1 benchmark.

2               Next slide. The one-year performance by  
3 asset class, you can see on the left that global  
4 equities rebounded strongly after the 2022  
5 selloff. Value-added fixed income, timberland and  
6 PCS, which is hedge funds primarily, also very  
7 strong. Private equity continues its rebound, up  
8 6.8 percent gross, which is 5.5 percent net.

9               But real estate continues to be  
10 challenged, mainly due to the market adjustment to  
11 higher interest rates and the softness in some  
12 sectors, namely the central business district  
13 office marketplace.

14              Note, however, that there is significant  
15 outperformance versus the benchmark in real  
16 estate. And that's attributable really to two  
17 things.

18              Number 1, our portfolio has lower  
19 leverage at mostly fixed rates, thanks to John La  
20 Cara and the work he does there.

21              And number 2, we have higher industrial  
22 weights and lower traditional office sector  
23 weights. So those two things really led to the  
24 significant outperformance in a down market.

1                   Next slide and I'll end with the quilt  
2   chart.

3                   For the one-year period, again, you can  
4   see that global equity led the way, followed by  
5   value-added fixed income and timber. Real estate  
6   on the bottom was the weakest for the one-year  
7   period.

8                   Longer term, you can see that private  
9   equity leads the way for all time periods and is  
10   two times really the return of the next best asset  
11   class, which is real estate.

12                  Global equity, as you can see on this  
13   chart very plainly that they're more volatile.  
14   The returns are more volatile over the time  
15   periods, one, three, five and 10 years. It's all  
16   over the chart.

17                  You can take those down, Tony.

18                  Turning now to markets and the economy.  
19   Obviously the world is full of difficult  
20   challenges, but the markets have been very strong,  
21   mainly because of several factors. Bond yields  
22   peaked, inflation is trending downward, and the  
23   economy has avoided a recession. Employment  
24   remains very strong. The Fed has stopped raising

1 rates, and corporate earnings have remained  
2 healthy.

3 Real GDP growth in the U.S. was  
4 3.3 percent annualized in the fourth quarter, well  
5 above consensus expectations of 2 percent. And  
6 again, nobody would have predicted 3.3 percent at  
7 this time last year.

8 Inflation, as measured by the Fed's  
9 preferred core PCE price index, dropped to  
10 2.9 percent, its lowest level since the beginning  
11 of 2021.

12 However, CPI was reported this week at  
13 3.1 percent, down from 3.4 percent in December, a  
14 good result, but still slightly above  
15 expectations. This week, that spooked the  
16 markets, at least temporarily, on Tuesday because  
17 it indicated to some that the Fed may wait a  
18 little longer to cut rates in order to ensure that  
19 inflation continues its downward trend.

20 January's flash PMI surveys of business  
21 activity suggest that the GDP growth among  
22 advanced economies ticked up, albeit it from very  
23 low levels. The U.S., UK and Japan saw readings  
24 above 50 in January, which implies expansion, but



1 the Eurozone is still below that 50 threshold.

2 We remain cautiously optimistic on the  
3 markets. There was a discussion at the Investment  
4 Committee suggesting that we have essentially been  
5 in a soft landing for the last 18 months and that  
6 the data is beginning to make the case for the end  
7 of that soft landing and perhaps the next stage of  
8 a bull market.

9 For example, mortgage activity is up.  
10 December home sales were up 8.3 percent.  
11 Manufacturing sales are up, while wage growth and  
12 consumer confidence are improving.

13 Moreover, corporate earnings for the  
14 December quarter have been very strong and above  
15 expectations. With 362 of the S&P 500 companies  
16 reporting so far, sales growth has been  
17 4.4 percent, and earnings growth has been  
18 1.7 percent. Both readings were better than  
19 expected.

20 In the end, we all recognize that many  
21 significant risks could derail things. We don't  
22 alter our allocations based on any predictions.  
23 Instead, we construct a well-diversified long-term  
24 portfolio with components that will perform well

1 in a variety of market environments.

2 We just always hope for a vibrant  
3 economy with strong markets, and we stay the  
4 course.

5 And with that, I'm happy to take any  
6 questions before moving on to the annual plans.

7 TREASURER GOLDBERG: Any questions at  
8 all for Michael?

9 Not hearing any, Michael.

10 MR. TROTSKY: Yes. Well, we went over  
11 this in quite a lot of detail during the committee  
12 meetings two weeks ago.

13 TREASURER GOLDBERG: Am I allowed to say  
14 this is only my fourth time hearing it?

15 MR. TROTSKY: Sure.

16 TREASURER GOLDBERG: So yes.

17 MR. TROTSKY: But this is our official  
18 record. These get translated into our minutes.

19 TREASURER GOLDBERG: Absolutely. I  
20 totally --

21 MR. TROTSKY: Verbatim.

22 TREASURER GOLDBERG: No. I totally  
23 understand that. But I think that's also why  
24 there aren't any questions. I just want to make

1       that clear. It's not because it wasn't totally  
2       informational and very important.

3               MR. TROTSKY: Thank you.

4               TREASURER GOLDBERG: So then in that  
5       case, we will move on to the next item on the  
6       agenda, which is performance.

7               MR. TROTSKY: Well, annual plans first.

8               TREASURER GOLDBERG: Yes. I always do  
9       that, don't I?

10              MR. TROTSKY: That's okay. You've heard  
11      it four times. I understand.

12              TREASURER GOLDBERG: Annual plans.  
13      Okay.

14              MR. TROTSKY: I'll be quick. And again,  
15      we reviewed this at each of the committee  
16      meetings.

17              Our governance documents do require that  
18      I approve divisional business plans. And  
19      accordingly, as we do each year, we share those  
20      plans with you for your review and input. These  
21      plans are very detailed, multiple pages. And I  
22      invite you to review them and contact me directly  
23      with any feedback you might have.

24              They're in Appendix D and also

1 summarized in the expanded agenda. And  
2 importantly really, these plans are essentially a  
3 continuation of the work we've been doing, but I  
4 will highlight just a few new initiatives this  
5 year.

6 And first, it's very exciting. I think  
7 you will see a common goal in all areas of our  
8 organization to explore applications of artificial  
9 intelligence, AI. In particular, we're focused on  
10 large language models to begin. And we're focused  
11 on this because we know AI will impact our  
12 industry, and we need to be ready for it.

13 We've been spending more time studying  
14 the potential impacts of AI on our business  
15 processes and the processes of our suppliers and  
16 partners, many of whom are already using AI in  
17 organizations.

18 Like everything we do at PRIM, our  
19 approach will be thoughtful and deliberate, taking  
20 care to safeguard our data in everything we do.

21 Many of you attended the first  
22 educational session we hosted with Dr. Hod Lipson.  
23 He's a professor of engineering and data science  
24 at Columbia University. It was outstanding, and

1 we hope to have him back.

2 I hope you found it informative, those  
3 of you who attended.

4 TREASURER GOLDBERG: I've actually --  
5 you need to hear him more than once.

6 MR. TROTSKY: Yes, you're right.

7 TREASURER GOLDBERG: I heard him twice.  
8 Because understanding the complexity of AI, it  
9 requires to hear it over and over. The first  
10 time, you kind of step back, and you get the big  
11 picture. But it is so complicated, and he does  
12 such a great job.

13 And we're going to be confronting a lot  
14 of that as we move forward. We already saw that  
15 some black -- what do they call it? -- the dark  
16 money groups did a robocall with Joe Biden's voice  
17 into New Hampshire a few weeks ago. And these are  
18 all the negative sides of AI.

19 But one of the things he talks about,  
20 which is really critical, is the positive sides of  
21 AI and how that will change invasive medical care.  
22 It's really amazing.

23 So I think that we are embracing a brave  
24 new world on all this, but it's something that we

1       need to understand very well from a security point  
2       of view for ourselves and our operations and from  
3       a potential investment point of view as medicine  
4       and the like are developed over time using the  
5       positive sides of AI.

6               It's fascinating. I just gave you a  
7       quick summary.

8               MR. TROTSKY: That's great, Treasurer.

9               And I know that AI is invoking a lot of  
10      fear out there, but I'm very optimistic --

11              TREASURER GOLDBERG: Me. I was very  
12      fearful till I heard his first lecture.

13              MR. TROTSKY: Right. And I think  
14      everyone's coming along.

15              I was trained as an engineer. I worked  
16      for Intel for seven years. I'm naturally disposed  
17      to like new technologies and be supportive of  
18      them, knowing that all of them come with some  
19      risks.

20              And I'm very excited that the first PRIM  
21      AI project is already under way. Tony and his  
22      group are pursuing it. There's no one better than  
23      Tony and his group to pursue our first project.

24              It leverages the power of generative AI

1       in large language models to create a unique  
2       PRIMcentric knowledge source. The initial  
3       implementation will combine a very limited,  
4       nonfinancial PRIM dataset with the capabilities of  
5       large language models, allowing PRIM to search,  
6       aggregate and report on various historical data.

7               Essentially we hope to make our large  
8       dataset of historical documents more searchable  
9       and useful through AI. For example, we can ask  
10      the model in simple language to search through  
11      decades of Board materials when we're trying to  
12      remember important history or the reasons behind  
13      the decision-making a very long time ago.

14             And we hope to see the results of this  
15      project by the end of this calendar year. This is  
16      considered really a baby step in the possibilities  
17      that AI may bring. Longer term, we see the  
18      potential for AI to impact our investment  
19      analysis, decision-making and monitoring, and  
20      we'll keep you posted on the progress of these  
21      projects and hopefully bring some learning  
22      opportunities along the way for all of us.

23             Next, there are several new --

24             MR. BROUSSEAU: Michael, could I ask one

1 question, Madam Chair?

2 TREASURER GOLDBERG: Absolutely.

3 MR. BROUSSEAU: AI of course being  
4 something we're all becoming indoctrinated with,  
5 how is this going to impact staff in terms of  
6 preparing for this, preparation in-house in terms  
7 of impacting what we do here at PRIM, and staff of  
8 course is going to be dealing with this on a daily  
9 basis?

10 MR. TROTSKY: Yes. It's a good  
11 question, Bob. We're at the very beginning stages  
12 of this. And the annual plans contemplate really  
13 an educational environment where all employees in  
14 all asset class groups and functional areas of  
15 PRIM are really required this year to take an  
16 inventory of how AI is impacting their areas, both  
17 externally and potentially internally.

18 We're moving very slowly. I would say  
19 that it's a key focus and generating a lot of  
20 interest here at PRIM, as well as everywhere else  
21 in the world, really. And we just want to be  
22 ready for it, understand it, and really roll it  
23 out very slowly and carefully.

24 So I'd characterize it mostly as early



1       innings and a learning phase, Bob.

2               MR. BROUSSEAU: Thank you.

3               MR. TROTSKY: You're welcome.

4               Next on the annual plans, there are  
5       several new plans outlined around stewardship and  
6       sustainability. And the committee is our newest  
7       committee, and it impacts all asset classes. The  
8       focus is on finding new areas of focus, which will  
9       be additive, as I've mentioned before, and Veena  
10      will talk about that.

11              And then across the investment  
12      portfolios, we're always searching for additive  
13      investments. In risk, the team is focused on  
14      embedding with each asset class to identify key  
15      risks and to provide enhanced risk analytics for  
16      decision-making.

17              Additionally, the risk team will perform  
18      a liquidity study this year across all PRIM  
19      portfolios and also conduct an internal review of  
20      sizing positions. This is a normal thing to  
21      review periodically. We consider it best practice  
22      to periodically look at liquidity and sizing of  
23      positions for consistency.

24              In operations, we continue to carefully

1       build a deeper bench of talent by promoting our  
2       high-performing stars and selectively hiring. We  
3       will also develop and offer more training  
4       opportunities for all our employees.

5               And we are adding this year management  
6       training to our curriculum, given the growth of  
7       our management ranks. Again, we're growing, we  
8       have more managers, and management training is  
9       essential.

10              So those are a few of the new items. I  
11       hope you've had a chance to review the plans.  
12       Please feel free to reach out to me with any  
13       comments or questions, or, Treasurer, I could take  
14       a few questions here on the annual plans.  
15       Whatever your pleasure.

16              TREASURER GOLDBERG: Why don't I just  
17       ask, anybody have any questions right off the top  
18       of your head right now?

19              So there you go, Michael.

20              MR. TROTSKY: A few have already reached  
21       out to me, so I appreciate that.

22              TREASURER GOLDBERG: All right. Great.

23              So next we are going into our investment  
24       report. Right?

1 MR. TROTSKY: That's correct.

2 TREASURER GOLDBERG: And the first item  
3 on the agenda for that is an asset allocation  
4 recommendation, which is a voting item.

5 MR. TROTSKY: That's correct. And Maria  
6 of course will be presenting it.

7 TREASURER GOLDBERG: So why don't we  
8 have -- Maria, why don't you do your presentation,  
9 and then I'll do the motions after you have  
10 finished your presentation. Thank you, Maria.

11 MS. GARRAHAN: Perfect. Thank you,  
12 Madam Treasurer.

13 Good morning, everyone. I am Maria  
14 Garrahan, PRIM's director of research.

15 The 2024 asset allocation recommendation  
16 represents only minor changes to our previous  
17 recommendation. I am here today to bring forward  
18 the proposed asset allocation 2024 recommendation  
19 to the board, which was unanimously approved by  
20 the Investment Committee on January 30, 2024.

21 Our 2024 recommendation includes a  
22 1 percent increase in the value-added fixed income  
23 range now to 6 to 12 percent and subsequently a  
24 1 percent decrease in the global equities range to

1 31 to 41 percent.

2           Within value-added fixed income, the  
3 focus will be on other credit opportunities, which  
4 will be highlighted later in the deck, as well as  
5 a decrease pro rata from developed market  
6 equities.

7           Just a reminder, PRIM's asset allocation  
8 consultant is NEPC. Phil Nelson shared their  
9 remarks and capital market assumptions at the  
10 Investment Committee meeting. I would like to  
11 thank Phil and Jen for all the work they have done  
12 on asset allocation.

13           Now, Tony, would you mind sharing the  
14 research team's presentation within Appendix E of  
15 the board expanded agenda?

16           Thank you.

17           Please refer to slide 2.

18           I stand before you today after another  
19 interesting year of financial market movement.  
20 This past year, we experienced strong equity  
21 performance, heightened stock-bond correlation and  
22 further interest rate hikes. Most notably, the  
23 Fed Funds rate hasn't been at this level since the  
24 mid-2000s.

1                   The asset allocation recommendation and  
2     research program blend both quantitative and  
3     qualitative insights into the analysis, while  
4     focusing on a dual objective. The core framework  
5     uses a probabilistic-based approach to maximize  
6     the likelihood of achieving our dual objective.

7                   On slide 3, you can see the dual  
8     objective. The left-hand side shows the  
9     probability of achieving the actuarial rate of  
10    return of 7 percent over the next 10 years,  
11    whereas the right-hand side focuses on a measure  
12    of downside protection, which is defined as the  
13    probability of achieving no cumulative drawdown  
14    greater than 20 percent over the next three years.

15                  Please turn to slide 4.

16                  Thank you.

17                  Over the last few years, I have  
18    mentioned that we have been building out further  
19    enhancements within the strategic asset allocation  
20    research. I'm proud to share that our proactive  
21    approach to creating a robust set of tools and  
22    analysis has been especially useful, given this  
23    higher interest rate environment.

24                  Forward-looking analysis is very

1 dependent on forward expectations, which is why it  
2 is only one component of the strategic asset  
3 allocation program here at PRIM.

4 Likewise, the core framework driven by  
5 historical performance has its own set of  
6 limitations. A holistic and comprehensive program  
7 is vital to effectively addressing the  
8 complexities around strategic asset allocation.

9 As you can see here on slide 4, there  
10 are multiple components within the asset  
11 allocation research program. The core framework  
12 uses the principal component analysis to identify  
13 areas of diversification through PRIM's actual  
14 historical experience. The middle section depicts  
15 additional tools, including a survey of the  
16 capital market assumption providers, an assessment  
17 of return expectations, and historical case  
18 studies through mean variance optimization.

19 Finally, feasibility discussions were  
20 conducted with the asset classes and risk team  
21 throughout the entire process. All these  
22 components, in addition to collaboration with  
23 NEPC, helped create the proposed recommendation.

24 Turning to slide 5, this is a flow chart

1 of the core framework, which seeks to identify  
2 areas of pure diversification through a  
3 probabilistic-based lens.

4 On slide 6, the asset allocation 2024  
5 recommendation is shown on the right column. Once  
6 again, the proposed 1 percent increase in the  
7 range of value-added fixed income will focus on  
8 the other credit opportunities subasset class,  
9 whereas the decrease in global equities target  
10 range will come from developed markets.

11 Moving to slide 7, here is a deeper dive  
12 into the value-added fixed income asset class. It  
13 is comprised of high-yield bank loans, EM debt,  
14 other credit opportunities, also known as OCO.  
15 OCO includes the following strategies: consumer  
16 credit, corporate credit, real estate debt.

17 The OCO subasset class seeks to identify  
18 unique exposures to credit sectors. Therefore, it  
19 tends to have higher credit sensitivity, lower  
20 interest rate risk and less liquidity.

21 Please turn to slide 8.

22 Thank you, Tony.

23 Vivian Liang led this exploration to  
24 better understand potential implications of a

1 higher interest rate environment with respect to  
2 strategic asset allocation.

3 Tianyi Shi, also from the research team,  
4 in collaboration with the real estate team, worked  
5 on the Research Refresher: Public and Private  
6 Real Estate. This work reaffirmed our prior  
7 decision with regards to the role both public and  
8 private real estate play within the PRIT Fund.

9 Additionally, the work identified U.S.  
10 REITs have more appealing characteristics than  
11 international ex-U.S. REITs, using the following  
12 metrics: diversification benefits, risk-return  
13 profile, correlation with the equity markets, and  
14 the appraisal ratio test.

15 On slide 9, I would like to highlight  
16 some key findings from our core framework and the  
17 systematic test.

18 On the left depicts the most additive to  
19 the PRIT Fund. And on the right depicts the most  
20 subtractive to the PRIT Fund.

21 As you can see, other credit  
22 opportunities and private equity are among the  
23 most additive to the PRIT Fund with respect to the  
24 probability of achieving our dual objective.



1                   Finally, I would like to wrap up this  
2                   presentation with once again the proposed 2024  
3                   recommendation, which is a 1 percent upward shift  
4                   in the target range of value-added fixed income, 6  
5                   to 12 percent, and a 1 percent downward shift in  
6                   the global equities target range to 31 to  
7                   41 percent.

8                   Now I would like to open up the floor  
9                   for any questions and comments.

10                  TREASURER GOLDBERG: Are there questions  
11                  for Maria?

12                  You must have done a superlative job.

13                  MS. GARRAHAN: Thank you.

14                  TREASURER GOLDBERG: First of all,  
15                  number one, you do. Let's start with that, which  
16                  you know I'm completely all in, that I love the  
17                  way you explain things.

18                  And secondly, I think that everyone on  
19                  the call was on at least one subcommittee meeting.  
20                  So this is the second review of this.

21                  If there are no questions at all, I will  
22                  seek a motion of approval of the asset allocation  
23                  recommendation.

24                  MR. SHANLEY: So moved.

1                   TREASURER GOLDBERG: There's a second.  
2                   MS. FITCH: Second.  
3                   TREASURER GOLDBERG: Again, any  
4                   questions?  
5                   Hearing none, we will move on to the  
6                   roll call vote.  
7                   Bob?  
8                   MR. BROUSSEAU: I'm muted.  
9                   TREASURER GOLDBERG: You are not muted.  
10                  We can --  
11                  MR. BROUSSEAU: Vote is yes.  
12                  TREASURER GOLDBERG: Catherine?  
13                  MS. D'AMATO: Yes.  
14                  TREASURER GOLDBERG: Ruth Ellen?  
15                  MS. FITCH: Yes.  
16                  TREASURER GOLDBERG: Theresa?  
17                  MS. MCGOLDRICK: Yes.  
18                  TREASURER GOLDBERG: Is Peter on yet?  
19                  Okay. Dennis?  
20                  MR. NAUGHTON: Yes.  
21                  TREASURER GOLDBERG: Carly?  
22                  MS. ROSE: Yes.  
23                  TREASURER GOLDBERG: Paul?  
24                  MR. SHANLEY: Yes.

1                   TREASURER GOLDBERG:   Myself, yes.

2                   The motion carries.

3                   Thank you, Maria.

4                   MS. GARRAHAN:   Thank you, Madam  
5   Treasurer.

6                   TREASURER GOLDBERG:   Okay.   The next  
7   item on the agenda is public markets, a  
8   performance summary, and then we will move on to a  
9   new investment recommendation.

10                  MR. McELROY:   Great.   I'll take that.  
11   In fact, I'll take both of them, but to start with  
12   the performance summaries, this is Michael  
13   McElroy, the head of public markets.

14                  I'll cover the environment in the  
15   fourthquarter and the one-year period, try to not  
16   be too redundant on things that Michael Trotsky  
17   had mentioned, and then also talk about our  
18   results in this environment.

19                  So as noted, the fourth quarter, very  
20   positive absolute returns across the public market  
21   asset classes and really capping an overall strong  
22   year and really a strong rebound relative to what  
23   we saw last calendar year in 2022.

24                  Global equity returns positive in all

1 major geographies. U.S. market was the highest,  
2 primarily driven by U.S. large cap stocks. The  
3 returns ranged from 8 percent in emerging markets  
4 to about 12 percent in U.S. stocks for the  
5 quarter. Value outperformed growth except outside  
6 of the U.S. developed, where growth outperformed.

7 And even though it may not have seemed  
8 like it, smaller stocks actually did slightly  
9 better than larger stocks in the quarter across  
10 the globe.

11 For the one-year period, equity returns  
12 were also strong, ranging between 12 and  
13 25 percent, again with the U.S. large cap  
14 exhibiting the strongest returns.

15 U.S. market strength really in 2023 was  
16 driven by a handful of stocks, which have been  
17 given the name The Magnificent Seven, all really  
18 in the technology sector. And within the S&P 500,  
19 these seven stocks were up 76 percent last year,  
20 and the other 493 stocks in the index were up  
21 12 percent, which is certainly respectable, but  
22 quite a gap between those top seven stocks.

23 In bonds, returns were also positive in  
24 the fourth quarter. Core fixed income was up

1 almost 9 percent, and the more credit-sensitive  
2 mandates were up about 4 percent. Rates did  
3 decline across the yield curve in the quarter, and  
4 we did see a narrowing of credit spreads as well.

5 Over the 12 months, core fixed income  
6 was up about 5 percent, and value-added fixed  
7 income, those more credit-sensitive areas, were up  
8 about 11 percent.

9 The 10-year note finished the year about  
10 where it started, though we did see some  
11 meaningful upward and downward moves in interest  
12 rates over that 12-month period to kind of finish  
13 where we started. There was a lot of action.

14 So for the PRIT Fund, the results in the  
15 fourth quarter were in line with our benchmark.  
16 Global equities lagged slightly as the developed  
17 markets equity managers struggled to meet our  
18 benchmarks in such a strong up market, though our  
19 emerging markets managers were able to outperform  
20 in the quarter.

21 For the one-year period, the active  
22 managers delivered strong relative performance.  
23 Our emerging markets managers in aggregate  
24 outperformed our benchmarks by over 6 percent,

1 really helped in part by their underweight  
2 positions in Asia.

3 Overall, global equity performance for  
4 the year was ahead of benchmark. And for our bond  
5 investments in the fourth quarter, core fixed  
6 income slightly underperformed, whereas our value-  
7 added fixed income delivered good outperformance  
8 mostly from our emerging markets debt and credit-  
9 related managers. Results for the one-year period  
10 were good, with our core and value-added managers  
11 delivering relative outperformance.

12 In the discussions we have with our  
13 managers, we focus on the impacts of the  
14 macroeconomic environment on how the companies are  
15 operating in that environment. And the companies  
16 are performing well and appear to have adjusted to  
17 many of the headwinds that they've faced, whether  
18 it be higher labor costs, inflation, supply chain  
19 disruptions. The consumer seems to be holding up  
20 well, and the labor market certainly is strong but  
21 not overheated.

22 Inflation does seem to be moderating  
23 across developed markets, which should lead to a  
24 more predictable operating market in the next few

1       quarters, barring any impacts from recent supply  
2       chain disruptions, which we continue to monitor.

3               Stock market volatilities declined  
4       meaningfully over the past quarter and year, but  
5       we haven't seen that same commensurate decline in  
6       fixed income volatility.

7               Risk management is and always will be a  
8       key focus for staff and for our managers. In  
9       terms of potential geopolitical hotspots, our  
10      aggregate emerging market equity portfolio  
11      continues to remain underweight both north Asia --  
12      this would be China and Taiwan -- as well as in  
13      the Middle East.

14              Across the aggregate equity and fixed  
15      income holdings within the PRIM portfolio, we have  
16      very muted relative exposures to regions, sectors,  
17      industries and countries, as well as interest rate  
18      and credit risks.

19              So in closing, the public markets  
20      surprised very positively for the quarter and the  
21      year, which benefited the PRIT Fund. It really  
22      remains to be seen whether central bankers have  
23      engineered a stable recovery, though signs are  
24      pointing in that direction.

1                   We continue to be cautious and mindful  
2                   of catalysts which could lead to market volatility  
3                   spikes. We believe the public markets portfolio  
4                   remains very well-diversified across geographies,  
5                   styles and sectors, and is really built to  
6                   withstand periods of market stress.

7                   The aggregate risk of the overall equity  
8                   and fixed income portfolios remain low, and our  
9                   managers have delivered good relative value-added  
10                  in recent periods and certainly over longer  
11                  periods.

12                  So with that, happy to take any  
13                  questions.

14                  TREASURER GOLDBERG: Any questions for  
15                  Mike?

16                  Not hearing any, Mike.

17                  MR. McELROY: Okay. Well, great.

18                  So now we have a voting item. So I  
19                  should maybe do the presentation and then the  
20                  vote?

21                  TREASURER GOLDBERG: I'll tell you what.  
22                  I'm going to mix it up a little.

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



1 to approve an initial investment of up to  
2 \$500 million to the Economic Index Associates  
3 IFED-LG Index through RhumbLine Advisers as  
4 described in 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. SHANLEY: So moved.

9 MR. NAUGHTON: So moved.

10 TREASURER GOLDBERG: Is there a second?

11 MS. FITCH: Second.

12 TREASURER GOLDBERG: Okay. Then go  
13 ahead, Mike.

14 MR. McELROY: Thank you.

15 Tony, could you share the Appendix G  
16 slides? I'll use a few of these pages. Maybe if  
17 we could go to page 2. Just to --

18 Yes. Great. Thank you.

19 So just to reiterate the recommendation.  
20 So this is a recommendation for an allocation of  
21 up to \$500 million in a separately managed  
22 account, which will be managed by RhumbLine, an  
23 existing manager of ours, to implement a custom  
24 active U.S. equity index strategy, provided by

1 Economic Index Associates, also known as EIA.

2 We intend to source the funds for this  
3 allocation from our existing nearly \$21 billion of  
4 S&P 500 index assets.

5 RhumbLine, as mentioned, is an existing  
6 manager. They currently manage about 3 billion  
7 for PRIM, and they have about \$108 billion of  
8 total assets under management. They're also a  
9 diverse equity management firm.

10 Economic Index Associates, I'll talk  
11 more about them in a couple of pages, but it's a  
12 firm that really provides the intellectual  
13 property. It's very research-driven. They  
14 provide a very replicable, transparent, rules-  
15 based index strategy that combines a  
16 macroeconomic, a monetary policy indicator with a  
17 stock selection model.

18 We believe this will really complement  
19 and enhance our existing S&P 500 exposure, and the  
20 cost will be substantially below the fees that we  
21 pay for our active U.S. equity managers.

22 So the next page.

23 Just a little bit about this  
24 opportunity. So as I noted, we have about

1       \$21 billion in S&P 500 passive index funds. This  
2       is certainly the most substantial subasset class  
3       in the PRIT Fund in terms of size and the key  
4       component of our domestic equity portfolio.

5               This portion of the PRIT Fund certainly  
6       provides market returns at a very low cost, but  
7       it really doesn't contribute any excess return  
8       above and beyond the benchmark.

9               So in my nearly three years here, I've  
10       really been thinking about are there ways that we  
11       can improve the productivity of this pool of  
12       assets, while preserving the low cost and the  
13       efficiency that a passive strategy can deliver?

14               It's a challenging area. Median active  
15       managers struggle to add a lot of value here.

16               We believe that we've found something  
17       that will be very enhancing to our program, and  
18       we think that there are some select strategies in  
19       this space that stand out relative to most of the  
20       universe, and so we think this is fairly  
21       innovative in identifying a U.S. large cap  
22       strategy that's high-performing, fits very well  
23       with what we do, and has very attractive risk-

24

1 adjusted returns.

2 Tony, next page.

3 So EIA, as I mentioned, they're an index  
4 creator. So you can think of them a little bit  
5 like S&P or MSCI, rather than a traditional asset  
6 manager. So they believe that their structure and  
7 rules for how they build an index is superior to  
8 more traditional market cap-weighted index.

9 It has very strong academic foundations.  
10 It was founded in 2018 by three academics, two  
11 based out of Creighton University, one at Florida  
12 Atlantic University.

13 This group has written about the process  
14 that they use for this index creation for really  
15 many decades now. They published back in 2000 a  
16 paper on the role of monetary policy in investment  
17 management. They wrote a book in 2015 called  
18 Invest with the Fed that describes in detail kind  
19 of how this process works.

20 And it's been very extensively tested  
21 with data from 1960 to 2013 when they wrote this  
22 book. And so it's been tested through many  
23 different market cycles, market regimes. This is  
24 not just kind of reacting to the last few years.

1 And I think that's very important in terms of our  
2 validating this, that it's really shown to be very  
3 effective across times of high inflation, market  
4 drawdowns, strong up markets.

5 And the basics of this strategy are that  
6 it's very dynamic. It employs, at the starting  
7 point, a top-down macroeconomic regime indicator  
8 around monetary policy, identifying whether the  
9 environment is expansionary, restrictive or  
10 indeterminate. And then based on that indicator,  
11 the stocks are selected.

12 It is a two-part process that adapts to  
13 the monetary regime and then picks what they  
14 believe are the best stocks to capture the effects  
15 that are best performing within those different  
16 regimes historically. So they really hope to  
17 capture significant gains in normal markets, but  
18 yet protect on the downside during very volatile  
19 periods.

20 The strategy has been back-tested for  
21 many years, over two decades, and has a live track  
22 record since 2020 to help us validate live results  
23 against what they had done in simulation.

24 A couple more pages, Tony, page 5.

1                   So a little bit about performance. So  
2 we show a few different things on this page. On  
3 the top, we have a scatter plot that shows the S&P  
4 returns across the horizontal and the index, the  
5 EIA index, returns on the vertical. So the orange  
6 line across the middle of it would be equal and  
7 just adding the same value as the index.

8                   Above the line means outperformance, and  
9 below the line means a time where the strategy  
10 underperformed. And these are rolling three-year  
11 periods. So this represents about 22 years of  
12 monthly data.

13                  So there are periods when it  
14 underperforms, but they tend to be few, and you  
15 can also see that the data tends to congregate in  
16 a couple of areas, around that 10 to 15 percent  
17 positive level. That's been the average kind of  
18 three-year return of the S&P.

19                  But there are these drawdown periods,  
20 and I really point you to the left side, which is  
21 very valuable. When the S&P is negative, there  
22 are very few dots that are below the line at all.  
23 And that's that downside protection that we're  
24 very excited about.

1 The bottom left gives a performance  
2 table of some performance statistics, both for  
3 the full period, from 1999 to 2023, in terms of  
4 return, risk, efficiency, what we call the  
5 information ratio, how much return do we get  
6 relative to the risk we're taking? The number of  
7 up and down months, as well as how the strategy  
8 does in up markets and down markets.

9 And I think very encouraging is the  
10 column to the right of that, the 2020 to present  
11 results. While it's only three and a half years,  
12 we see pretty consistent results in live, real  
13 money investing. So we're encouraged by those  
14 results certainly.

15           And just the last page I'll present,  
16       page 6 is just the structure of how this is going  
17       to work. I think it should be pretty clear, but a  
18       picture is often better than all the words.

19                   On the left side, Economic Index  
20       Associates provides their view of the regime and  
21       the particular stocks that they feel are going to  
22       outperform. They hand those to RhumbLine.

23

24 RhumbLine as the investment manager will

1       then implement in the market on behalf of PRIM to  
2       buy and sell stocks in order to conform to that  
3       portfolio that they give us.

4               And then as the macroeconomic regime  
5       changes, that portfolio will adjust, and RhumbLine  
6       will adjust the portfolio accordingly.

7               The portfolio is about 75 stocks. It's  
8       within the range of the S&P 500 from a market  
9       capitalization perspective. No individual  
10      position greater than 5 percent. Most of the  
11      holdings are in the S&P 500, but not all of them.

12              And it doesn't trade every month. It  
13      tends to trade only when the macroeconomic  
14      environment changes. So when it trades and  
15      changes, it will trade a lot, but it's not trading  
16      that often day to day.

17              And we expect, as I mentioned, overall  
18      cost to be far below our median manager cost  
19      across global equities.

20              So I'll stop there and take any  
21      questions from anyone on this recommendation.

22              TREASURER GOLDBERG: Are there any  
23      further questions for Mike?

24              Hearing none, we're going to proceed



1 with the vote.

2 Bob?

3 Bob Brousseau, are you on here?

4 MR. FALZONE: Bob, you're muted, Bob.

5 TREASURER GOLDBERG: Catherine?

6 MS. D'AMATO: Yes.

7 TREASURER GOLDBERG: Ruth Ellen?

8 MS. FITCH: Yes.

9 TREASURER GOLDBERG: Theresa?

10 MS. McGOLDRICK: Yes.

11 TREASURER GOLDBERG: Dennis?

12 MR. NAUGHTON: Yes.

13 TREASURER GOLDBERG: Carly?

14 MS. ROSE: Yes.

15 TREASURER GOLDBERG: Paul?

16 MR. SHANLEY: Yes.

17 TREASURER GOLDBERG: Bob, are you

18 unmuted now?

19 MR. SHANLEY: No.

20 TREASURER GOLDBERG: No, no. Bob.

21 Bob is not unmuted.

22 Okay. Bob, you think you can get it

23 unmuted?

24 Tony, by the way, has Peter joined us

1       yet?

2                   MR. FALZONE: I do not see him yet.

3                   TREASURER GOLDBERG: All right.

4                   MR. FALZONE: I'll try to work with Bob  
5       and see if we can get him unmuted.

6                   TREASURER GOLDBERG: Okay. Should we  
7       proceed?

8                   MR. FALZONE: I would. Yes.

9                   TREASURER GOLDBERG: Myself, yes.

10                  The motion carries.

11                  Okay then. Next item on the agenda is  
12       portfolio completion strategies. I'm assuming it  
13       will be Bill.

14                  MR. LI: That's right, Madam Treasurer.  
15       This is Bill Li.

16                  TREASURER GOLDBERG: Thank you, Bill.

17                  We will have a performance summary, and  
18       we will follow that with a new investment  
19       recommendation, which will be a voting item.

20                  So go ahead and do the performance  
21       summary, Bill. And who will be presenting the  
22       voting item?

23                  MR. LI: My colleague Ethan Spencer will  
24       present the investment recommendation.

1                   TREASURER GOLDBERG:   Okay.

2                   MR. LI:   But I will start with the  
3                   performance update first.

4                   MR. FALZONE:   I apologize for  
5                   interrupting.   Bob, I think is --

6                   Bob, do you want to cast your vote for  
7                   that previous --

8                   MR. BROUSSEAU:   Yes.   I vote yes for the  
9                   recommendation.

10                  MR. FALZONE:   Thank you.   Sorry for the  
11                  interruption.

12                  TREASURER GOLDBERG:   Thank you.

13                  Okay.   Go ahead, Bill.

14                  MR. LI:   Thank you, Madam Treasurer.

15                  And good morning, everyone.   This is  
16                  Bill Li, director of portfolio completion  
17                  strategies or PCS.

18                  PCS is largely comprised of absolute  
19                  return strategies or hedge funds.   While hedge  
20                  funds may fish in the traditional ponds of stocks  
21                  and ponds, their eyes are more on alpha than on  
22                  market beta.   So when things in the market diverge  
23                  and move in different directions, it's usually  
24                  conducive to good alpha.

1           As mentioned at the last board meeting,  
2     we like the ongoing divergence, which has created  
3     notable valuation gaps. This divergence makes the  
4     global market a more attractive fishing pond, we  
5     think. And hedge funds have the flexibility  
6     indeed to cast their investment both long and  
7     short, thus more effectively seizing the gapped  
8     opportunities.

9           Against this backdrop, I am happy to  
10    report that PRIT hedge fund had a very good  
11    calendar year. The hedge fund book returned  
12    10.6 percent, outpacing the strategic benchmark by  
13    83 basis points.

14           The sturdy performance had been actually  
15    across the board. Stable value funds delivered a  
16    positive 8.7 percent, and directional funds was up  
17    by 16.3 percent. And those figures are net of  
18    fees and expenses.

19           Trailing three-year return-risk ratio  
20    was 1.4, meaning for each unit volatility risk we  
21    take, there had been 1.4 unit of return. This  
22    continued to compare favorably versus the .2  
23    return-risk ratio exhibited by a 60/40 market  
24    portfolio.

1                   Despite the excellent result at the  
2     portfolio level, each manager contributed  
3     differently. We cannot emphasize enough the  
4     importance of manager selection and that there has  
5     been a lot of blocking and tackling going on  
6     behind the scenes, for the PCS team to water the  
7     flowers and take out the weeds. And this effort  
8     has also paid off.

9                   Relative to a peer-based benchmark, PRIT  
10    hedge funds' outperformance has been even  
11    stronger. The outperformance figure was 344  
12    basispoints, which attests to our manager  
13    selection alpha.

14                  Outside hedge fund, there is a small  
15    real assets sleeve, now roughly 8 percent of PCS  
16    or 70 basis points of the total PRIT Fund. While  
17    the real assets sleeve is not large and while  
18    most investments there are performing, certain  
19    line items face challenges and have skewed the  
20    return there to the downside.

21                  Since I inherited that legacy sleeve,  
22    my team, together with the real estate team, have  
23    been spending much time rationalizing, and we do  
24    have a plan to give further update at the next

1 board meeting.

2 Looking ahead, we don't have a crystal  
3 ball on where the market will be going, given  
4 there's so much macro noise. But again, PRIM PCS  
5 tends to thrive here, as long as we partner with  
6 the right risk takers to capture the opportunity  
7 gaps.

8 Looking ahead, we plan to continue  
9 managing challenges in a handful of legacy  
10 accounts. We plan to continue growing alliance  
11 with existing partners. And as importantly, we  
12 will continue sourcing new partners who can engage  
13 with opportunities, especially those off the  
14 beaten path.

15 And that concludes my PCS performance  
16 update. I'm happy to take any questions.

17 TREASURER GOLDBERG: Are there questions  
18 for Bill?

19 All right. Why don't we move on to  
20 Ethan? Ethan, I will seek a motion and a second,  
21 and then you can make the presentation.

22 I seek a motion that the PRIM Board  
23 approve the Investment Committee's recommendation  
24 to approve an initial investment of up to

1       \$175 million to FourSixThree separately managed  
2       account as described in the expanded agenda, and  
3       further to authorize the executive director to  
4       take all actions necessary to effectuate this  
5       vote.

6                   Is there a motion?

7                   MR. SHANLEY:   So moved.

8                   TREASURER GOLDBERG:   Is there a second?

9                   MS. FITCH:   Second.

10                  MS. McGOLDRICK:   Second.

11                  TREASURER GOLDBERG:   Okay.   Go ahead,  
12       Ethan.

13                  MR. SPENCER:   Great.   Thank you, Madam  
14       Treasurer.

15                  And it's a good segue from Bill's  
16       comments.   Again, I'm Ethan Spencer and  
17       recommending a new investment in FourSixThree  
18       Capital Fund with an initial investment of up to  
19       175 million within a separately managed account.

20                  Just as a bit of background,  
21       FourSixThree Capital was founded in 2021 and is  
22       based in New York City, and they manage  
23       approximately 750 million today.

24                  Scott Balkan is a cofounder and the

1 principal portfolio manager for the strategy. He  
2 has over 25 years of experience in both the sell  
3 side and buy side at some notable Wall Street  
4 firms and hedge funds and importantly has a very  
5 broad experience ranging from investment grade to  
6 distressed in the credit world.

7 The FourSixThree Fund strategy is best  
8 classified as an opportunistic all-weather, across-  
9 the-cap structure, importantly long/short fund  
10 with a strong emphasis on both capital  
11 preservation and risk management.

12 While the focus is on stressed and  
13 distressed credits, they will migrate from  
14 performing investment grade to high yield to  
15 nonperforming bankrupt and deeply distressed  
16 companies, again both long and short, depending on  
17 the opportunity set.

18 As such, FourSixThree Capital should be  
19 a very good complement to both the hedge fund and  
20 PRIT portfolios, given their opportunistic long/  
21 short approach.

22 There are three key differentiators that  
23 I'll touch on. The first is the senior team.  
24 There are four cofounders, so three in addition to



1 Scott Balkan, who I mentioned. All have over  
2 20 years of experience, and all have a broad  
3 network across Wall Street and the hedge fund  
4 world.

5 The second is the deep proprietary  
6 research process that the firm performs across the  
7 credit spectrum. FourSixThree specifically will  
8 seek out very complex situations that others tend  
9 to avoid, whether that's from a legal standpoint  
10 or a structuring complexity standpoint. And their  
11 size allows them to look at smaller situations  
12 across the credit universe that most large hedge  
13 funds will avoid.

14 And the third is the very strong risk  
15 management philosophy and approach. Every trade  
16 at FourSixThree is first assessed by the mentality  
17 of what can they lose? And that downside becomes  
18 a limiting factor in how they will size positions.

19 And as mentioned, this is an active long/  
20 short approach where they start their due  
21 diligence with the mindset that any position can  
22 be either long or a short. And notably,  
23 FourSixThree has generated positive performance  
24 from both longs and alpha shorts since inception.

1                   So as mentioned at the outset, this  
2           investment will be made through a separately  
3           managed account, which provides PRIM with full  
4           transparency and control and with steeply  
5           discounted fees.

6                   So with that overview, I'm happy to take  
7           any questions, if there are any.

8                   TREASURER GOLDBERG: Are there any  
9           questions?

10                   Hearing none, we will proceed with the  
11           vote.

12                   Bob?

13                   MR. BROUSSEAU: Yes.

14                   TREASURER GOLDBERG: Catherine?

15                   MS. D'AMATO: Yes.

16                   TREASURER GOLDBERG: Ruth Ellen?

17                   MS. FITCH: Yes.

18                   TREASURER GOLDBERG: Theresa?

19                   Theresa?

20                   All right. We'll come back to you,  
21           Theresa.

22                   Is Peter here?

23                   MR. FALZONE: I don't see Peter yet.

24                   TREASURER GOLDBERG: Okay. Dennis?

1 MR. NAUGHTON: Yes.

2 TREASURER GOLDBERG: Carly?

3 MS. ROSE: Yes.

4 TREASURER GOLDBERG: Paul?

5 MR. SHANLEY: Yes.

6 TREASURER GOLDBERG: Trying you again,  
7 Theresa.

8 She must have had to step to one side.

9 Myself, yes.

10 The motion carries.

11 All right. Thank you, Ethan.

12 Next item on the agenda is private  
13 equity, and performance summary and cash flows  
14 will be Mike McGirr.

15 MR. McGIRR: Thank you, Madam Treasurer.

16 I'm Michael McGirr, director of private  
17 equity.

18 Can you hear me okay?

19 TREASURER GOLDBERG: Yes.

20 MR. McGIRR: Great.

21 As Michael Trotsky had mentioned  
22 earlier, our long-term performance in private  
23 equity remains strong. Our three-, our five-, our  
24 10-year numbers of 19 percent, respectively, all

1 remain healthy.

2 And we've continued our rebound. We've  
3 had our fourth straight quarter of positive  
4 performance.

5 And turning to this quarter and as a  
6 reminder, with our lag, we're talking about the  
7 July through September time period, which seems  
8 like a long time ago because it is. And if you  
9 rewind the clock, during that period, the public  
10 markets were down. The Russell 3000 was down over  
11 3 percent; the Russell 2000, down 5 percent, and  
12 the MSCI Europe down 5 percent.

13 For the quarter, private equity was up  
14 1.3 percent gross or 1 percent net. For the one-  
15 year, as Michael Trotsky had mentioned, PE  
16 generated 6.8 percent gross return or 5.5 percent  
17 net.

18 And some additional color, as we've  
19 discussed, venture capital over that trailing one-  
20 year period was down almost 13 percent. Growth  
21 was up modestly. And buyouts were strong  
22 performers with SMID buyouts up 8 percent for the  
23 one-year period and large buyouts up 12 and a half  
24 percent.

1                   Cash flows, for the quarter in Q4,  
2           distributions outpaced contributions. So we were  
3           net cash flow positive for the quarter. And for  
4           the entire calendar year '23, we received  
5           \$1.7 billion in cash back from our managers. And  
6           that flipped us to a net cash flow positive for  
7           the calendar year, which is an important sign of  
8           health.

9                   With our positive performance, our  
10          modest cash inflow, our assets stayed roughly the  
11          same at 17.2 billion, but decreased as a percent  
12          of PRIT with that strong performance across the  
13          other asset classes, hedge funds as Bill had  
14          mentioned and certainly public markets as Michael  
15          McElroy had mentioned.

16                  In our annual plans for the calendar  
17          year '24, we're targeting about the same in  
18          terms of commitments to funds, co-investments and  
19          secondary opportunities.

20                  And I will pause my comments on  
21          performance. Happy to take any questions before  
22          we move into our voting items.

23                  TREASURER GOLDBERG: Are there any  
24          questions for Mike on performance?

1           Hearing none, Mike, who will be  
2       presenting on the voting items? Well, the first --  
3       and the first group gets moved together, correct?

4 MR. McGIRR: That's right. So  
5 consistent with our prior practice for re-ups --

6 TREASURER GOLDBERG: I do remember this.

7 MR. McGIRR: We have two re-up  
8 opportunities. These are high-conviction existing  
9 managers, and Tim Doyle is going to be presenting  
10 these opportunities.

11 TREASURER GOLDBERG: Okay then. So I  
12 will seek a motion that the PRIM Board approve the  
13 Investment Committee's recommendation to approve  
14 the following follow-ons -- I always find that an  
15 amusing expression -- the following follow-on  
16 commitments: Up to \$77 million with Spark Capital  
17 VIII, up to \$34 million with Spark Capital  
18 Growth V, up to \$60 million to Flagship Pioneering  
19 Fund VIII --

20                   Flagship was the one with -- that did

21   Moderna; am I correct?

22 MR. DOYLE: That's right.

23 TREASURER GOLDBERG: Yes.

24 As described in the expanded agenda, and

1 further to authorize the executive director to  
2 take all actions necessary to effectuate this  
3 vote.

4 Is there a motion?

5 MR. SHANLEY: So moved.

6 TREASURER GOLDBERG: Is there a second?

7 Anybody?

8 MS. FITCH: Second.

9 MS. MCGOLDRICK: Second.

10 TREASURER GOLDBERG: Okay. Thank you.

11 Go ahead, Tim.

12 MR. DOYLE: Thank you, Madam Treasurer.

13 As Michael mentioned, I will be  
14 presenting two high-conviction re-up  
15 opportunities, each of whom PRIM has been invested  
16 with for two decades.

17 I will start with Spark Capital. Spark  
18 Capital is a Boston-based venture capital firm  
19 where PRIM has been an investor since its  
20 founding. PRIM has committed to Spark's past  
21 11 funds, including seven early stage venture  
22 funds and four growth stage funds.

23 Spark is raising two funds with an  
24 aggregate \$2.1 billion in commitments to make a

1 number of early stage to growth stage investments  
2 in North America.

3 Over two decades, Spark has backed a  
4 number of high quality tech-enabled businesses in  
5 different sectors, and they continue to score  
6 differentiated deal flow with its strong brand.

7 While we have preferred the early stage  
8 venture strategy, Spark has also demonstrated  
9 early successes in its growth funds, generating  
10 venture-like returns at low loss ratios.

11 We're recommending a total commitment of  
12 \$51 million, split \$17 million to Spark Capital  
13 VIII and \$34 million to Growth Fund V.

14 Next I'll move on to another high-  
15 conviction re-up with Flagship Pioneering.  
16 Flagship is also a Boston-based venture capital  
17 firm where PRIM has been an investor since 2004,  
18 committing to the firm's past eight funds.

19 The firm is raising up to \$3.5 billion  
20 for its latest venture capital fund, where it will  
21 continue to make early stage venture capital  
22 investments in companies focused on biotechnology,  
23 health technology and agricultural technology.

24 We're excited to continue our



1 partnership with Flagship as they continue to  
2 incubate companies that are on the precipice of  
3 critical breakthroughs in science and medicine,  
4 including in exciting new areas like programmable  
5 medicines, AI-enabled drug discovery and gene  
6 writing.

7 Over the last two decades, Flagship has  
8 launched and developed several high quality  
9 businesses in its core sectors and continues to  
10 attract and partner with top scientists and  
11 organizations due to its strong brand.

12 We are recommending a commitment of  
13 \$60 million to Flagship Pioneering Fund VIII.

14 Michael, Helen and I are happy to answer  
15 any questions that you might have.

16 TREASURER GOLDBERG: Any questions?

17 MR. BROUSSEAU: Yes, Madam Chair. Could  
18 I please ask one question?

19 TREASURER GOLDBERG: Yes.

20 MR. BROUSSEAU: Tim, I've been here long  
21 enough to know that both Spark and Flagship have  
22 been two of our very, very fine, very highly  
23 producing private equity investments.

24 The question that I have, do you think

1       you could probably go into a little bit of the due  
2       diligence process, either you, Michael or anybody  
3       on the team in presenting these?

4               Because again, as I said, they've been  
5       very high-performing products that we've had, and  
6       the Treasurer mentioned of course Moderna came out  
7       of the Flagship investment many years ago.

8               And reading some of the things raised  
9       some general concerns in my -- not concerns, but  
10      just questions like referred to, like in due  
11      diligence and the results that we saw with them.  
12      Okay?

13              MR. MCGIRR: Yes, Bob. Thanks for  
14      asking that. Due diligence is certainly near and  
15      dear to my heart. So it's a great question.

16              Firstly, I'd say with both of these  
17      groups, as you rightly point out, we've been  
18      investing with these groups for 20 years. And  
19      these are managers who have delivered for us,  
20      which has been fantastic.

21              Over the regular course of business, we  
22      conduct a variety of regular portfolio monitoring  
23      meetings. And these are re-ups. These are  
24      opportunities to continue investing with the

1 investment manager.

2 So as Bill Li just mentioned, this is  
3 watering the flowers. And these re-up  
4 opportunities, they provide us the opportunity to  
5 look and evaluate the managers with fresh eyes, to  
6 challenge our prior beliefs and conviction levels.

7 And finally, as you know, we work with  
8 some of the best firms with regards to investment  
9 due diligence, operational due diligence and legal  
10 due diligence. When evaluating a manager, we  
11 understand that there's no perfect manager.  
12 Understanding an organization's areas for  
13 improvement, it provides us with the opportunity  
14 to engage in a constructive manner and have a  
15 conversation with the manager about how to  
16 improve.

17 And that's good for us. So if the  
18 manager is improving, it helps them, which helps  
19 us. So we try to engage in that constructive  
20 dialogue.

21 Hopefully that helps.

22 MR. BROUSSEAU: And this management has  
23 remained relatively stable over the years, over  
24 the last 20 years?

1 MR. MCGIRR: With both of these firms?

2 MR. BROUSSEAU: Yes.

3 MR. MCGIRR: Certainly these  
4 organizations have evolved and changed. But  
5 definitely in terms of the leadership, what we see  
6 is a lot of stability, a lot of continuity in key  
7 leaders and importantly in the culture.

8 MR. BROUSSEAU: Thank you.

9 MR. TROTSKY: And, Bob, I think -- and  
10 Michael, please confirm, and Matt, I see, is on  
11 the call too.

12 But in terms of operational due  
13 diligence, I think we've been pioneers in using an  
14 outside consultant who is really expert in  
15 operational due diligence to help us evaluate  
16 managers. And I think it's important to note that  
17 we're one of the very few in the country probably  
18 that do that level of operational due diligence.

19 Can Mike and Matt please chime in on  
20 that?

21 MR. LIPOSKY: Yes, you're exactly right.  
22 That's a lot of the feedback and sentiment we get  
23 when we have these conversations with the GPs is  
24 appreciate the work on this in terms of the firm

1       that you partnered with. Feedback is great. It  
2       helps us identify areas that we can improve as a  
3       firm and organization.

4               And that's the type of messaging and  
5       partnership that we are looking for when we're  
6       looking out for managers like this.

7               TREASURER GOLDBERG: Any other  
8       questions?

9               Hearing none, we will proceed with the  
10      vote.

11              Bob?

12              MR. BROUSSEAU: Yes.

13              TREASURER GOLDBERG: Catherine?

14              MS. D'AMATO: Yes.

15              TREASURER GOLDBERG: Ruth Ellen?

16              MS. FITCH: Yes.

17              TREASURER GOLDBERG: Theresa?

18              MS. McGOLDRICK: Yes.

19              TREASURER GOLDBERG: Dennis?

20              MR. NAUGHTON: Yes.

21              TREASURER GOLDBERG: Carly?

22              MS. ROSE: Yes.

23              TREASURER GOLDBERG: Paul?

24              MR. SHANLEY: Yes.

1                   TREASURER GOLDBERG: Myself, yes.

2                   The motion carries.

3                   Thank you. That's it for private

4 equity, if I'm correct. Yes.

5                   Real estate and timberland will be a

6 performance summary; no voting items.

7                   Go ahead, Tim.

8                   MR. SCHLITZER: That's right. Good

9 morning, everyone. Good to see you.

10                  So for the record, I'm Tim Schlitzer,

11 director of real estate and timberland. I'm just

12 going to provide a brief update on the portfolio

13 but won't be referring to any materials

14 specifically.

15                  I also did want to just quickly

16 congratulate John. I think you all know John well

17 and know what a great contributor he is to our

18 efforts on the team. And this is a very well-

19 deserved promotion for him. So I'm very excited.

20                  And also related to that because she's

21 going to be reporting to John, we are very excited

22 to have Raluca here. She's going to be really

23 additive, not just to our investment process but

24 to our culture as well. So another exciting

1 development there.

2           So just moving on to some portfolio  
3 comments, just quickly on our allocation. We  
4 ended the year exactly where we want to be, within  
5 a point of the range midpoints of 10 percent and  
6 4 percent for real estate and timberland,  
7 respectively.

8           In terms of new investment activity for  
9 the year, we did make a number of new real estate  
10 investments, which of course occurred in an  
11 environment of more attractive pricing.

12           And we increased the current yield of  
13 the portfolio. And we also improved the longer  
14 term prospects for return of the portfolio.

15           Areas of new investment included  
16 construction lending, where we're benefiting from  
17 the current rate environment and the pullback  
18 that we've seen from traditional lenders. I do  
19 want to thank Christina Marcarelli for her efforts  
20 there. We really like this investment idea, and  
21 her expertise has been huge in making these  
22 investments happen.

23

24           We added to our industrial and apartment

1 exposure, sectors that we know well and believe  
2 will continue to have strong long-term  
3 fundamentals. We added some data center exposure,  
4 benefiting from e-commerce and cloud computing and  
5 now, as you know, themes in AI.

6           On the timberland side, we completed a  
7 creative transaction in one of our separate  
8 accounts with one of the public timber companies  
9 to both buy and sell property in multiple states,  
10 realizing a nice gain for PRIM and improving the  
11 risk profile of the southern portfolio overall,  
12 specifically our exposure to wind risk, which  
13 we're thinking more about as related to  
14 sustainability within the portfolio. So a good  
15 improvement to the timber portfolio overall.

16           In terms of performance in real estate,  
17 we're obviously disappointed by the negative  
18 absolute return number at negative 5.8 percent,  
19 but pleased that PRIM's program was able to  
20 outperform in the way that it has through a cycle  
21 that has lasted about 12 years.

22           And as Michael mentioned, the primary  
23 driver of performance has really been the impact  
24 of the changing interest rate environment, which



1 is affecting the entire market.

2 It's probably worth pointing out that  
3 PRIM's private portfolio does remain at 92 percent  
4 leased, and our same-store income actually  
5 increased slightly during 2023, so good operating  
6 performance during the year.

7 We did outperform by 505 basis points.  
8 Drivers of the relative performance result were --  
9 and Michael mentioned this as well -- a more  
10 attractive leverage profile and overall asset  
11 quality. We do have fairly large underweights to  
12 some of the major West Coast markets, which have  
13 underperformed recently. We also have an  
14 underweight to suburban office buildings and the  
15 sector as a whole, which was helpful.

16 Just speaking to timberland performance.  
17 So timber had a strong year on both an absolute  
18 and relative basis, returning 11.4 percent or  
19 about 140 basis points above benchmark. That  
20 relative performance result actually goes up to  
21 200 basis points when we use the unlagged  
22 December 31 index number.

23 We've talked previously about the  
24 information lag in the appraisal process, and I

1 think we caught up to a certain degree during this  
2 past year-end appraisal cycle.

3 The asset class continues to see a lot  
4 of interest from a diverse group of buyers. And  
5 there were several transactions during the year  
6 that were supportive of higher values in PRIM's  
7 portfolio and were recognized. So good to see  
8 there.

9 I'll also note that returns were  
10 remarkably consistent across all segments of  
11 PRIM's portfolio, really just meaning the  
12 geographies and then the managers themselves. So  
13 I think this is reflective of the broad interest  
14 from the capital markets in this asset class.

15 Generally, just speaking to  
16 fundamentals, fundamentals are expected to be  
17 fairly flat this year. We're through the  
18 building and renovation activity that occurred  
19 during the pandemic. But demand has been fairly  
20 resilient and should continue to support  
21 construction, given demographic demand and  
22 underbuilding since 2010, which are themes that I  
23 know that we've discussed previously.

24

1                   So I'm going to leave it at that. Of  
2                   course I'm happy to answer any questions, but  
3                   that's my report on the portfolio.

4                   TREASURER GOLDBERG: Any questions for  
5                   Tim?

6                   MR. SCHLITZER: Thank you, everyone.

7                   TREASURER GOLDBERG: Thank you, Tim.

8                   Okay then. We are moving on to  
9                   stewardship and sustainability. And we do have  
10                  two voting items, but Veena, are you going to make  
11                  a presentation prior to the voting items?

12                  MS. RAMANI: Yes, I am, Madam Treasurer.

13                  TREASURER GOLDBERG: Thank you.

14                  MS. RAMANI: Okay. So hi, everyone. My  
15                  name is Veena Ramani. I'm the director of  
16                  stewardship.

17                  So as Michael said, we've had a pretty  
18                  productive Stewardship and Sustainability  
19                  Committee meeting a few weeks ago. The committee  
20                  reviewed the stewardship policy statement. We dug  
21                  into the proxy voting policy in a good amount of  
22                  depth. And we also had a chance to discuss our  
23                  ongoing efforts to identify stewardship  
24                  priorities.

1                   Two of these are of course voting items.  
2       And Madam Treasurer, with your permission, that's  
3       where I'm going to focus most of my remarks. Is  
4       that okay?

5                   Okay. So the first item is the  
6       stewardship policy statement, which can be found  
7       on --

8                   TREASURER GOLDBERG: Hold on one second.  
9       I was on mute.

10                  What I was going to say is I am going to  
11       seek a motion and a second on the policy  
12       statement, but I was saying it to a mute so that  
13       didn't help.

14                  So I would like to seek a motion that  
15       the PRIM Board approve the Stewardship and  
16       Sustainability Committee's recommendation to  
17       approve the draft stewardship policy statement  
18       attached as Appendix I of the expanded agenda, and  
19       further to authorize the executive director to  
20       take all actions necessary to effectuate this  
21       vote.

22                  Is there a motion?

23                  MR. NAUGHTON: So moved.

24                  MR. SHANLEY: So moved.

1                   TREASURER GOLDBERG: And second?

2                   MS. McGOLDRICK: Second.

3                   TREASURER GOLDBERG: Okay. Go ahead,

4                   Veena. Sorry for that confusion.

5                   MS. RAMANI: No problem, Madam

6                   Treasurer.

7                   So again, I am happy to keep this short.

8                   The stewardship policy statement is  
9                   intend to do four things. It's intended to define  
10                  what stewardship means to MassPRIM. It's intended  
11                  to underscore that the rationale for everything  
12                  that we do is anchored in materiality and  
13                  fiduciary duty. It includes illustrations of  
14                  actions that we would take as a part of our  
15                  stewardship efforts and lays out the principles  
16                  that will guide these actions. And finally, it  
17                  identifies objectives or standards of success that  
18                  we intend to hold ourselves to.

19                  So I'm happy to stop here and take any  
20                  questions.

21                  TREASURER GOLDBERG: Are there questions  
22                  for Veena?

23                  Not hearing any.

24                  Okay then. If there are no further

1       questions or comments --

2               Are there any comments?

3               All right. Then we will proceed with

4       the vote.

5               Bob?

6               Catherine?

7               MS. D'AMATO: Yes.

8               TREASURER GOLDBERG: Ruth Ellen?

9               MS. FITCH: Yes.

10              TREASURER GOLDBERG: Theresa?

11              MS. McGOLDRICK: Yes.

12              TREASURER GOLDBERG: Dennis?

13              MR. NAUGHTON: Yes.

14              TREASURER GOLDBERG: Carly?

15              MS. ROSE: Yes.

16              TREASURER GOLDBERG: Paul.

17              MR. SHANLEY: Yes.

18              TREASURER GOLDBERG: Tony, do we still

19       not have Bob?

20              MR. BROUSSEAU: Yes.

21              MR. FALZONE: We do.

22              TREASURER GOLDBERG: Oh, we have you.

23       Good. Okay. Thank you.

24              Myself, yes.

1                   The motion carries.

2                   All right then. For the next item, we  
3 will seek a motion that the PRIM Board approve the  
4 Stewardship and Sustainability Committee's  
5 recommendation to approve the draft custom proxy  
6 voting guidelines attached as Appendix G of the  
7 expanded agenda, and further to authorize the  
8 executive director to take all actions necessary  
9 to effectuate this vote.

10                  Is there a motion?

11                  MR. BROUSSEAU: So moved.

12                  MR. SHANLEY: So moved.

13                  TREASURER GOLDBERG: Is there a second?

14                  MS. MCGOLDRICK: Second.

15                  TREASURER GOLDBERG: Okay. Go ahead,  
16 Veena.

17                  MS. RAMANI: Thank you very much.

18                  So as the Board knows, our proxy voting  
19 policy lays out our guidelines on how we intend to  
20 vote our proxies this coming proxy season. So we  
21 update these guidelines annually to reflect new  
22 priorities, updated research on issues that are  
23 already included in the guidelines.

24                  This year, we're looking to make two

1 major categories of updates to the guidelines.  
2 First, we are adding rationale language across the  
3 guidelines that clarify not only how we intend to  
4 vote in a particular way, but also why. In  
5 particular, we are explicitly making the link back  
6 to positioning our companies for long-term value  
7 creation, again harkening back to the stewardship  
8 policy statement.

9           Second, we are looking to add or change  
10 guidelines in a few areas, and those major areas  
11 are laid out in Appendix J. Our goal in doing  
12 this is twofold. One is we want to reflect the  
13 latest research on how to look at certain issues,  
14 and we also want to start to capture evolving  
15 resolutions that we're starting to see.

16           The major areas here that we've added or  
17 change significantly include our approach to vote  
18 diversity, to vote accountability for climate  
19 change, and we're adding a new set of policy  
20 languages on biodiversity.

21           All of these changes are intended to  
22 maintain the leadership position that we've staked  
23 out on these topics, but also focus our attention  
24 either on companies or on decision-makers within



1 companies for whom these are financially relevant  
2 topics.

3 So again, let me stop there. I'm happy  
4 to take questions.

5 TREASURER GOLDBERG: Are there any  
6 questions?

7 MR. NAUGHTON: Madam Treasurer, if I  
8 may, just a comment as a member of this committee,  
9 that is the Stewardship and Sustainability  
10 Committee.

11 I just want to comment as to what an  
12 asset Veena has been to the quick building of the  
13 committee and the substance of what the committee  
14 is going to do. And I just want to take this  
15 opportunity to thank her for that.

16 TREASURER GOLDBERG: You took the words  
17 right out of my mind. I was sitting here thinking  
18 that as you said it.

19 MS. McGOLDRICK: I want to just echo  
20 that as well. Very excited to have Veena.

21 MS. FITCH: I agree. I agree. I'm  
22 excited.

23 TREASURER GOLDBERG: Okay then.

24 MS. FITCH: Yes.

1                   TREASURER GOLDBERG: So why don't we do  
2       Veena a big favor and vote the item. All right.

3                   If there are no questions, then we will  
4       proceed with the vote.

5                   Bob?

6                   MR. BROUSSEAU: Yes.

7                   TREASURER GOLDBERG: Catherine?

8                   MS. D'AMATO: Yes.

9                   TREASURER GOLDBERG: Ruth Ellen?

10                  MS. FITCH: Yes.

11                  TREASURER GOLDBERG: Theresa?

12                  MS. McGOLDRICK: Yes.

13                  TREASURER GOLDBERG: Dennis?

14                  MR. NAUGHTON: Yes.

15                  TREASURER GOLDBERG: Carly?

16                  MS. ROSE: Yes.

17                  TREASURER GOLDBERG: Paul?

18                  MR. SHANLEY: Yes.

19                  TREASURER GOLDBERG: Myself, yes.

20                  The motion carries.

21                  Thank you very much.

22                  Now we have the finance and  
23       administration report.

24                  MR. FALZONE: Yes. Thank you, Madam

1       Treasurer.

2               I don't have any voting items today. We  
3       do have Kevin Conroy with us. I'm going to have  
4       Dave Griswold promote him.

5               His firm, Foley Hoag, administered the  
6       board self-evaluation, and he's here to provide a  
7       summary of those findings. So I will turn it over  
8       to him.

9               Kevin. Thank you.

10              MR. CONROY: Hey. Good morning,  
11       everybody. I am Kevin Conroy. I'm a partner at  
12       the law firm of Foley Hoag. It's good to see all  
13       of you.

14              We were hired and worked --

15              Tony, you're going to put up some  
16       slides?

17              Thank you.

18              MR. FALZONE: They're up.

19              MR. CONROY: Thank you. And you can go  
20       to the next slide, Tony.

21              Foley Hoag is a law firm here in Boston,  
22       and we were hired to administer a self-evaluation  
23       survey on behalf of the Board. And we worked  
24       specifically with the Administrative Committee to

1 prepare our report.

2 And, Tony, you can go to the next slide.

3 We asked Board members -- and I'm going  
4 to be very brief on these slides today. We made a  
5 presentation to the Administration and Audit  
6 Committee that was a little more detailed. And  
7 one of the feedback that we got in the survey  
8 that we'll talk about is that Board members did  
9 not want to be hearing a lot from presentations  
10 that were already made at a committee.

11 So I'm going to follow your advice, and  
12 I'm going to be very brief today because I've  
13 already presented much of this to the  
14 Administration and Audit Committee.

15 As you know, Board members were asked  
16 to complete a survey on SurveyMonkey. The survey  
17 that you filled out was similar to what was done  
18 in 2019 and 2020.

19 And thank you. All Board members  
20 completed the survey. And we analyzed the  
21 results.

22 Tony, you can go to the next slide.

23 So there were some open-ended questions.

24 And in general, from the open-ended responses,

1       this was a very positive survey. And this is not  
2       surprising. There was a very positive survey in  
3       2020, as well as 2019.

4               The Board is high-functioning. It  
5       performs effectively and performs effectively even  
6       in this volatile market that we're dealing with.

7               Several Board members highlighted the  
8       Board's progress and development. Board members  
9       praised creation -- and I heard it again -- of the  
10      Stewardship and Sustainability Committee and the  
11      work that's being done there. Board members  
12      talked about the importance of diversity and  
13      promoting advancement through the FUTURE  
14      Initiative.

15              Board members praised the leadership and  
16      support staff of PRIM and its ability to retain  
17      and grow this impressive group.

18              Next slide, Tony, please.

19              So we also had some just general, not  
20      open questions but close-ended questions that led  
21      to some specific findings.

22              First, the Board is collaborative in  
23      decision-making. That came out in your surveys.  
24      The relationship with management creates a very

1 supportive environment.

2           The Board evaluates the ED, the  
3       executive director, Michael Trotsky, as very  
4       effective. The Board communicates and sets goals  
5       effectively.

6 And the number and duration of the  
7 Board meetings, according to Board members, is  
8 optimal. And the focus at that meeting is optimal.

9 You can go to the next slide.

10 So in general, here's the conclusions,  
11 and we're going to talk a little bit more about  
12 the comparisons and some areas of improvement. But  
13 in general, Board members' interactions are viewed  
14 very positively. The Board's interactions with  
15 management are viewed favorably by the Board. And  
16 the Board adequately accomplished its  
17 communication and goal-setting function. And  
18 Board meeting logistics are ideal. And the  
19 Board's distribution of how it allocates its time  
20 is optimal.

21               So let's talk -- next slide, Tony,  
22     please -- the comparisons to the 2020  
23     survey.  
24     So good for you. We saw a slight improvement  
                        in how the Board viewed its

1 performance from 2020. In this survey, 95 percent  
2 of the questions were answered positively. And in  
3 2020, 91 percent were.

4 And so we saw some improvement. And  
5 you seemed more satisfied, the Board seems more  
6 satisfied with the operations, slightly more  
7 satisfied with the operations.

8 The Board interactions with management  
9 and communication and goal setting remain topics  
10 where the Board provided very positive responses.

11 The Board meetings showed improvement.  
12 In 2020, some members indicated there were too  
13 few meetings or that they were too long. And that  
14 did not come out in the survey.

15 And there was also improvement in the  
16 Board's allocation of time to identify topics.

17 So let's move to the next slide, Tony.

18 Suggestions for improvement. And  
19 again, I want to emphasize here, right, the Board  
20 was very satisfied with where it is right now.  
21 But there were a few areas where the Board  
22 suggested there could be improvement. And we  
23 would suggest that you have some discussions among  
24 Board members, not today -- or you can today --  
but at

1 future meetings about this.

2 One Board member suggested an annual  
3 retreat or strategy day to enhance Board member  
4 understanding of PRIM's growth strategy.

5 This was a topic. The second one, I  
6 want to talk for a second about. There was a lot  
7 of feedback in the survey about whether the board  
8 should continue its virtual meetings, move to in-  
9 person meetings, or provide a hybrid option, or  
10 have some virtual meetings and some in-person  
11 meetings.

12 And then what we would recommend is once  
13 you make that decision, that you have some  
14 discussion about the best practices for how to do  
15 that, where you're meeting, when you're meeting,  
16 things of that sort.

17 And I do think that there was some  
18 enthusiasm for coming back to at least having  
19 some in-person meetings. And so the Board may  
20 want to consider having some discussion about  
21 that.

22 As I mentioned before, one Board member  
23 recommended the Board committees provide  
24 prereads, that Board members focus on what had  
occurred at the committees, and so we're not doing  
the same



1        thing at committee meetings and at the Board  
2        meeting.

3                One Board member suggested that it's  
4        not best practice for the Board chair to be also  
5        the chair of each committee.

6                First of all, I don't think that's  
7        accurate. The Board chair is not the chair of  
8        each committee. For example, Bob is the chair of  
9        the Administration and Audit Committee.

10               Second, there may be reasons that the  
11        Board chair should be the chair of a number of  
12        committees. The Board chair here is an elected  
13        official that's beholden to the voters. And so  
14        that is a topic you may or may not want to  
15        discuss.

16               And then I do think that the Board  
17        should consider Board members' preferences on  
18        education topics. And we put this in the report.  
19        The Board had pretty strong feelings about  
20        education topics that the Board should be  
21        considering.

22               A clear majority of Board members  
23        indicate that governance and fiduciary duty and  
24        investment performance should be prioritized for

1 Board education. And the Board should also  
2 consider whether to enhance education around  
3 topics the Board members indicated the Board  
4 devotes too little time to.

5 Capital markets, history and securities  
6 lending are topics that a majority of Board  
7 members believe should be a low priority for  
8 Board education.

9 So I do think the Board should give  
10 some thoughts about what it wants to have for  
11 education. And that came out in the survey, the  
12 areas that the Board wants to highlight.

13 TREASURER GOLDBERG: Kevin, I might add  
14 that I also do not chair real estate and  
15 timberland.

16 MR. CONROY: Thank you, Treasurer.

17 TREASURER GOLDBERG: Or the chair does  
18 not chair real estate and timberland.

19 MR. CONROY: Understood, Treasurer.  
20 Thank you.

21 So those were our findings. I'm happy  
22 to take questions. But in general, I really do  
23 want to emphasize this is a very well-  
24 functioning Board. We don't usually see surveys  
of Board

1 members being so satisfied with the Board. This  
2 is a Board that works very well with management,  
3 according to your Board surveys.

4 And there are some slight areas that I  
5 think you may want to consider as you go forward,  
6 as any Board should consider about improving  
7 functions, but this is a very satisfied Board,  
8 and that came out in the survey.

9 TREASURER GOLDBERG: The other thing I  
10 want to mention is that we were scheduling annual  
11 retreats. And I will tell you that I remember the  
12 last one we did, we were challenged with  
13 attendance, even though it was on the schedule.

14 And the last two retreats focused a  
15 great deal on fiduciary duty, which definitions of  
16 are always complicated, and I thought that was  
17 really terrific, and also questions around ESG.  
18 Some of those issues have been really resolved a  
19 great deal over time.

20 But I think that if we're going to have  
21 Board retreats, and this is a further discussion  
22 obviously among Board members, then candidly, we  
23 would want, unless obviously an emergency arises,  
24 to have full participation because staff puts an

1        awful lot of work into it, and often we bring in  
2        outside speakers.

3                So I just wanted to comment upon that  
4        too, which I did not say at the Admin and Audit  
5        Committee.

6                MR. FALZONE: Thank you.

7                MR. CONROY: Yes. I think on the  
8        retreat, one, you've got to remember the history,  
9        as you pointed out, Treasurer.

10               Some Boards like having retreats because  
11        it gives a real common bond. You bring people  
12        together, and they can spend some time together.

13               If the retreat has not been successful  
14        in the past, though, I think that's a reason to  
15        question whether you want to do it.

16               TREASURER GOLDBERG: Well, the topics  
17        were very successful. The first one, I think had  
18        better participation than the second.

19               But they are, I think -- I think it's  
20        excellent use of time. I'm glad it came up again,  
21        and I think that we will continue to discuss it,  
22        along with hybrid and in-person because Board  
23        participation, we've seen all across all the  
24        Boards that I am involved in or chair, has gone  
up

1       tremendously since either remote or hybrid have  
2       come into being.

3               And actually, in the governor's budget  
4       this year, continuing permanently with remote  
5       participation I believe is included in this year's  
6       budget, rather than having a deadline.

7               However, I do think it would be great to  
8       have a Board meeting in person. We haven't seen  
9       the new offices, for example.

10              So maybe, Tony, we could send out a  
11       survey and maybe look at -- springtime is a lot  
12       easier for people or early fall than summer or  
13       winter.

14              MR. FALZONE: Will do.

15              TREASURER GOLDBERG: I have a big  
16       birthday coming up. We could do it in May. Just  
17       saying.

18              Kevin, is that your entire presentation?

19              MR. CONROY: That's my presentation.

20       Thank you for this opportunity.

21              TREASURER GOLDBERG: And I want to thank  
22       all the Board members for participating. We  
23       know that when I first arrived, we were lucky if  
24       three participated. So I'm glad that we have  
full

1 participation in the Board evaluation.

2 So thank you, Board members, for doing  
3 so.

4 MR. CONROY: Yes. Thank you.

5 TREASURER GOLDBERG: Are there any  
6 questions for Kevin besides the one that I  
7 addressed?

8 Okay. Hearing none.

9 Oh, Emily. Are you on?

10 MS. KOWTONIUK: I am here.

11 TREASURER GOLDBERG: Hello there.

12 Legislative update.

13 MS. KOWTONIUK: So we are well into the  
14 second year of the legislative session. We just  
15 passed Joint Rule 10 Day, which is the day by  
16 which almost all legislative committees need to  
17 report on the bills that were timely filed before  
18 them.

19 So just as a reminder for PRIM, we tend  
20 to track sort of three buckets of bills.

21 Divestment bills, all of which were sent to study.

22 As we saw in past sessions, there's sort of a  
23 bright line to opening the door to divestment.

24 The second bucket is oversight bills,

1       and that was a little bit of a mixed bag in terms  
2       of committee reports. We did see one bill that  
3       would add an additional layer of oversight  
4       specific to climate that was extended, and another  
5       bill that was sent to study.

6               And then the third bucket is those  
7       composition bills that would alter the board  
8       composition. Those bills were reported favorably  
9       in both chambers.

10              We're also watching a few bigger ticket  
11       items, as the Treasurer alluded to. So the  
12       governor has filed a municipal bill that makes  
13       permanent a lot of those COVID special policies,  
14       including the Open Meeting Law. That bill also  
15       includes a commission to study retiree healthcare  
16       and non-pension benefits.

17              And we're in budget season, so we're  
18       watching the FY '25 budget sort of make its way  
19       through the legislature. Included in the  
20       governor's budget was that 3 percent COLA that  
21       we've seen in past years, along with a COLA  
22       commission, so a commission specific to study  
23       COLAs.

24              And she also proposed increasing the

1 amount transferred to the State Retirees Benefit  
2 Trust Fund and the PRIT Fund from the standard  
3 5 percent of excess capital gains to 10 percent.

4 So those are the items that we're  
5 watching, and I'm happy to answer any questions.

6 TREASURER GOLDBERG: Any questions for  
7 Emily?

8 MR. BROUSSEAU: Emily, Bob Brousseau.

9 Are any bills filed dealing with the  
10 composition of the PRIM Board? I've seen  
11 something recently on an email.

12 MS. KOWTONIUK: Yes. So there were two  
13 bills filed. One in the House by Rep Cusack, and  
14 one in the Senate by Senator Rush. And those were  
15 both reported favorably from the Public Service  
16 Committee.

17 MR. BROUSSEAU: For everybody's  
18 information, could you just -- what would they do?

19 MS. KOWTONIUK: So it alters the  
20 governor's public safety appointee for future  
21 appointments from a list of three potential  
22 appointees that's chosen by MACRS. And that's the  
23 same language that we've seen both in prior  
24 sessions and filed as amendments to the budget.



1                   MR. NAUGHTON: Emily, could you remind  
2                   us who generates the list of three?

3                   MS. KOWTONIUK: MACRS. I may be saying  
4                   that wrong, but --

5                   TREASURER GOLDBERG: MACRS.

6                   MS. KOWTONIUK: MACRS.

7                   So it's the same entity as in prior  
8                   sessions.

9                   TREASURER GOLDBERG: That's kind of  
10                  interesting. None of our appointees are directed  
11                  from a specific list that an outside entity  
12                  recommends. So that would really vary from what  
13                  is traditionally done.

14                  I mean all of the designated seats,  
15                  which Theresa or Dennis or Bob have, do not --  
16                  also submitted along with a list. So I think  
17                  that's an interesting aside on that.

18                  So with that, are there any other  
19                  questions for Emily?

20                  Thank you, Emily.

21                  MR. FALZONE: Thank you.

22                  TREASURER GOLDBERG: We have been very  
23                  efficient with our time today, and we are at other  
24                  matters.

1                   And so unless there are any other  
2       questions, we have reached the end of the meeting  
3       today.

4                   MS. FITCH:   Wow.

5                   TREASURER GOLDBERG:   So if there are no  
6       further questions, I would seek a motion to  
7       adjourn.

8                   MR. BROUSSEAU:   So moved.

9                   TREASURER GOLDBERG:   Is there a second?

10                  MS. FITCH:   Second.

11                  TREASURER GOLDBERG:   That is a roll call  
12       vote.

13                  Bob?

14                  MR. BROUSSEAU:   Yes.

15                  TREASURER GOLDBERG:   Catherine?

16                  MS. D'AMATO:   Yes.

17                  TREASURER GOLDBERG:   Ruth Ellen?

18                  MS. FITCH:   Yes.

19                  TREASURER GOLDBERG:   Theresa.

20                  MS. McGOLDRICK:   Yes.

21                  TREASURER GOLDBERG:   Dennis?

22                  MR. NAUGHTON:   Yes.

23                  TREASURER GOLDBERG:   Carly?

24                  MS. ROSE:   Yes.

1           TREASURER GOLDBERG:   Paul?

2           MR. SHANLEY:   Yes.

3           TREASURER GOLDBERG:   Myself, yes.

4           The motion carries.

5           Thank you very, very much.

6           (Meeting adjourned at 11:28 a.m.)

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