

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

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Minutes of the Board Meeting
Thursday, February 27, 2025
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
- Mark Lapman
- Theresa F. McGoldrick, Esq.
- Dennis J. Naughton
- Carly Rose

Other Attendees (partial list):

- Shannon Ericson
- Anthony Falzone
- Maria Garrahan
- David Griswold
- David Gurtz
- Helen Huang
- Chuck LaPosta
- Renee LeFevre
- Jay Leu
- Matthew Marshall
- Michael McElroy
- Michael McGirr
- Veena Ramani
- Tim Schlitzer
- Joy Seth
- Ethan Spencer
- Emma Staff
- Michael Trotsky

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

2 A meeting of the Pension Reserves
3 Investment Management Board (PRIM Board) was held
4 remotely on February 27, 2025. 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: Welcome to the
10 MassPRIM Board meeting, Thursday, February 27,
11 2025, at 9:30 a.m. Well, 9:31, but pretty much
12 the same.

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

19 All members of the Board will
20 participate remotely via audio/video
21 conferencing, and public access to the
22 deliberations of the Board will likewise be
23 provided via telephone, with all documents
24 referenced at the meeting available to be viewed
on PRIM's website,

1 www.mapension.com.

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

4 Also the Open Meeting Law requires
5 anyone wishing to record a meeting to first notify
6 the chair so the chair can inform the other
7 attendees. Accordingly, I'm informing you that
8 stenographer Virginia Dodge from Lexitas is
9 transcribing and also recording this meeting.

10 I know that two other people intend to
11 record. Please share those individuals' names
12 with us, Tony.

13 MR. FALZONE: Matthew Scheffler from the
14 Framingham Public Schools will be recording. And
15 Sara Ramram from MTA will be recording.

16 TREASURER GOLDBERG: Thank you.

17 And if anyone additionally chooses to
18 record, please notify Seth Gitell by email at
19 sgitell@mapension.com.

20 Additionally, the Attorney General's
21 guidance on holding remote meetings reads as
22 follows. At the start of the meeting, the chair
23 must announce the name of the member or members
24 who are participating remotely.

1 I will now announce the names of all
2 PRIM Board members who are participating remotely
3 in today's meeting.

4 Robert Brousseau, Catherine D'Amato,
5 Ruth Ellen Fitch, Theresa McGoldrick, Mark Lapman,
6 Dennis Naughton, Carly Rose, Paul Shanley and
7 myself, Treasurer Deborah Gold berg.

8 Okay. Is Michael --

9 MR. TROTSKY: Yes. Treasurer, may I
10 take a moment?

11 TREASURER GOLDBERG: Please do.

12 MR. TROTSKY: Just about five minutes
13 ago, I received some very disturbing and sad
14 news. And I need to tell the Board that last
15 night, Paul Shanley passed away.

16 We're very emotional about it here, and
17 that's why I was late to today's meeting. Many of
18 you know that he was ill for probably more than a
19 year.

20 And I tried very briefly to pull
21 something together remembering Paul, but before I
22 go into that, I think maybe we should all just
23 take a moment of silence to remember him.

24 TREASURER GOLDBERG: I agree, Michael.

1 (Moment of silence)

2 MR. TROTSKY: All right. I pulled this
3 together quickly, so I hope you'll be patient with
4 me, but I think it requires that we remember Paul.
5 He was the elected representative of the state's
6 employee retirement system, and he joined us in
7 July of 2008, following of course on the footsteps
8 of the late great Ralph White.

9 He was a very dedicated and valuable
10 Board and investor committee member, and a
11 cherished friend to all of us here. Very valuable
12 to all of us at PRIM.

13 As an attorney and a former director of
14 professional liability at Amity Insurance, Paul
15 had more than 35 years of experience in all phases
16 of public pension plans, including employee
17 rights, benefits and pension fund investments.

18 His responsibilities over his successful
19 career included statutory interpretation, medical
20 disability appeals litigation, legislation,
21 drafting laws that affected us, and of course
22 investment manager selection. He was always
23 willing to help us there in our searches.

24 You may remember that Paul was Deputy

1 Treasurer under Bob Crane, who I believe was the
2 longest serving Treasurer in the history of
3 Massachusetts. And he was Deputy Treasurer during
4 the 1970s and '80s. And he even spent a short
5 period of time working at PRIM as a deputy
6 director in charge of real estate in the early
7 1990s.

8 We'll miss Paul's calm and reassuring
9 demeanor. He was always a willing and able
10 participant in a lot of things we did here. And
11 he always provided unique and differentiated
12 viewpoints and advice.

13 So we remember him today and thank him,
14 and of course wish his family strength and peace.

15 TREASURER GOLDBERG: Michael, you
16 couldn't have said it any better.

17 Bob Crane had a lot of great people.

18 MR. TROTSKY: Yes.

19 TREASURER GOLDBERG: And believe it or
20 not, some of them still are in my office and not
21 just because they worked for Bob Crane, but
22 because they are so talented.

23 MR. TROTSKY: I'm sorry to interrupt
24 with that sad news.

1 MR. BROUSSEAU: Madam Chair, if I could,
2 please.

3 TREASURER GOLDBERG: Absolutely. Please
4 do.

5 MR. BROUSSEAU: I was here of course on
6 the Board when Paul was here, as Michael
7 mentioned, because I believe for a couple of
8 years, he worked at PRIM in the real estate area.
9 I remember Paul especially and his wife, Gail,
10 and I certainly -- Mary and I send our condolences
11 to Gail because we became friends as we attended
12 some of the conferences, especially the summer
13 conference in Newport, for pension systems.

14 He was an exceptional person. He was a
15 very spiritual, religious person. We discussed
16 that he attended usually mass every morning. But
17 he appeared to be so calm, and he was. And he was
18 just so friendly and so --

19 I'm missing words because I'm taking
20 this by shock, like everybody else is.

21 I spoke with Paul, I believe on Monday.
22 I called him. We had a nice conversation and told
23 him that my prayers would be with him and with
24 Gail.

1 I guess that's all I can say, but I've
2 known Paul for -- as I said, I've been on the
3 Board since 1987, and I know Paul I believe came
4 on the Board in 2008, as Michael said, but for
5 two years as an employee at PRIM.

6 So he's going to be missed, and he's
7 going to be very missed by myself and also Mary
8 because we enjoyed him so much.

9 TREASURER GOLDBERG: Bob, I'm sorry for
10 your loss too.

11 MR. BROUSSEAU: Yes.

12 TREASURER GOLDBERG: It feels kind of
13 funny to just move directly into a meeting, but --

14 MR. TROTSKY: I know.

15 TREASURER GOLDBERG: -- I guess I just
16 have to.

17 MR. TROTSKY: You do.

18 TREASURER GOLDBERG: I know.

19 One question I have, though, is I don't
20 see -- Tony, aren't there any minutes that we have
21 to approve?

22 MR. FALZONE: I believe they're in the
23 consent agenda. I think the first motion --

24 TREASURER GOLDBERG: They're actually in

1 the consent agenda.

2 MR. FALZONE: Yes. That's correct.

3 TREASURER GOLDBERG: All right. I think
4 you're always trying to challenge me. All right
5 then.

6 MR. FALZONE: Keep it lively.

7 TREASURER GOLDBERG: Exactly.

8 So as we say in my tradition, may Paul's
9 memory forever be a blessing. And with that, he
10 would want us to continue because that's the kind
11 of person he was.

12 So I will seek a motion that the PRIM
13 Board approve the following consent agenda items
14 as described in the expanded agenda. One,
15 approval of the PRIM Board minutes of the
16 December 5, 2024 meeting; approval of the issuance
17 of an RFP for real estate and timberland
18 consulting services; approval of the issuance of
19 an RFP for real estate appraisal services;
20 approval of the issuance of an RFQ for timberland
21 appraisal services, and further to authorize the
22 executive director to take all actions necessary
23 to effectuate this vote.

24 Is there a motion?

1 MR. BROUSSEAU: So moved.
2 MS. FITCH: So moved.
3 TREASURER GOLDBERG: Is there a second?
4 MS. D'AMATO: Second.
5 TREASURER GOLDBERG: I will do the roll
6 call.
7 Bob?
8 MR. BROUSSEAU: Yes.
9 TREASURER GOLDBERG: Catherine?
10 MS. D'AMATO: Yes.
11 TREASURER GOLDBERG: Ruth Ellen?
12 MS. FITCH: Yes.
13 TREASURER GOLDBERG: Theresa?
14 MS. McGOLDRICK: Yes.
15 TREASURER GOLDBERG: Mark?
16 MR. LAPMAN: Yes.
17 TREASURER GOLDBERG: Dennis?
18 MR. NAUGHTON: Yes.
19 TREASURER GOLDBERG: Carly?
20 MS. ROSE: Yes.
21 TREASURER GOLDBERG: And Paul?
22 Oh, my God. Sorry, everybody.
23 Well, guess what? Paul's voting from
24 heaven.

1 MR. TROTSKY: He votes yes.

2 MR. BROUSSEAU: Yes.

3 TREASURER GOLDBERG: Of course he does.

4 I'm sorry. And I vote yes also. I
5 think we're all a little shaken right now.

6 The next item on the agenda -- and,
7 Michael, I hope you can do this because I need to
8 catch my breath -- is the executive director's
9 report and CIO report.

10 Michael, I would like you at the
11 beginning, if you would, do a formal introduction
12 of our esteemed new member. I of course know a
13 great deal about him from having heard
14 tremendously terrific things about him from
15 Governor Maura Healey.

16 But I'd like you to share with us his
17 full bio -- and believe me, it doesn't touch the
18 intuitive talents that I've heard he has.

19 MR. TROTSKY: Thank you very much,
20 Treasurer.

21 And, Mark, I'm very sorry to have to
22 welcome you at such a heavy time. And thanks for
23 your patience.

24 We actually have a couple of new people

1 to introduce today. Mark, of course, being our
2 newest member. And we also have a new employee
3 who I'll introduce after that. And two great
4 things to celebrate today.

5 So as the Treasurer mentioned, earlier
6 this month, the governor did appoint Mark Lapman
7 to the PRIM Board.

8 Welcome, Mark. We're excited to have
9 you join us.

10 MR. LAPMAN: Thank you.

11 MR. TROTSKY: Of course, he will take
12 Peter Monaco's place. And I think it is
13 appropriate to thank Peter for his nine years of
14 service on the PRIM Board. We are very pleased
15 that Peter has elected to remain with us as a
16 member of the Investment Committee. That's great.
17 As everyone knows, Peter has always been an
18 engaged and thoughtful participant in everything
19 he does.

20 But we're extremely pleased to welcome
21 Mark. He's a highly experienced investment
22 industry veteran. And of course, we're just
23 delighted and excited to begin on-boarding you,
24 teaching you about what we do here, getting your

1 thoughtful insights and all getting to know you
2 better.

3 So a little bit of background, as you
4 requested, Treasurer. Mark has been in the
5 investment management business since 1979,
6 managing equity and fixed income portfolios for
7 public plans and corporations. He started as an
8 analyst at Independence Investments, focusing
9 research on industrial, energy and financial
10 companies.

11 And later, he was instrumental in
12 building that company's client base, in
13 particular, among large public pension plans,
14 becoming CEO of the firm in 2000. And
15 Independence Investments really was an early
16 innovator in quantitatively oriented investment
17 management techniques, and it was a very, very
18 successful company.

19 In 2009, Mark left Independence and
20 cofounded Cooper Lapman Financial to provide
21 investment and financial planning services, this
22 time to individuals and families. Cooper Lapman
23 emphasized diversified passive low-cost investing
24 and also liability-driven goal-oriented planning.

1 And that company grew very steadily and
2 merged just recently in 2023 with Focus Partners,
3 where Mark now serves as a financial advisor.

4 Mark earned a Ph.D. in history from
5 Harvard University in 1982, and he is also a
6 Chartered Financial Analyst. Mark has served on
7 several boards over the years, including John
8 Hancock Mutual Funds, the Martha's Vineyard Museum
9 and the Whitehead Institute for Biomedical
10 Research, where he was also on their investment
11 committee for 15 years.

12 Now, Mark began his on-boarding process
13 really this week at PRIM. And during my initial
14 discussions with him, I learned a little bit about
15 his personal side, and I think you'll be
16 interested to know on the personal side that Mark
17 has completed nine marathons, is a licensed flight
18 instructor, and he enjoys reading and playing
19 guitar and piano in his spare time.

20 I hope you find time for us with all the
21 interests you have. And we're delighted to have
22 you join us.

23 MR. LAPMAN: Thank you. Thank you,
24 Michael, and thank you, Treasurer Goldberg. I am

1 really excited about participating in this
2 Board. I'm interested in the fund, and I hope I
3 can make a contribution. So thank you.

4 MR. TROTSKY: No doubt you will.

5 TREASURER GOLDBERG: I was about to say
6 the same. We know you will, Mark.

7 MR. TROTSKY: Next, just this week on
8 Monday, we welcomed a new employee to PRIM, and I
9 believe he's on. Matt, Matthew Marshall, joined
10 PRIM's private equity team as an investment
11 officer reporting to Alyssa Acker.

12 Is Matt on?

13 Matt has more than 10 years of portfolio
14 management experience --

15 There he is. Good morning.

16 MR. MARSHALL: Good morning.

17 MR. TROTSKY: Matt has more than
18 10 years of portfolio management experience,
19 primarily allocating to private markets on behalf
20 of endowments and local endowments, at that.

21 For the past seven years, Matt was an
22 investment director at Beth Israel Lahey
23 investment office, sourcing and leading due
24 diligence efforts for venture capital and private

1 equity. And prior to that, Matt was an investment
2 analyst at Mass. General Brigham, their investment
3 office.

4 He graduated from George Washington
5 University with a bachelor's degree in business
6 administration and finance and international
7 business.

8 Matt, we're excited to have you on the
9 team. When I walked by your office yesterday, I
10 already saw you working on getting to know some
11 managers that we have. We're delighted that
12 you're ramping up so quickly and that you'll be
13 able to hit the ground running with your
14 experience.

15 So welcome to the team.

16 Next in terms of organizational updates,
17 in the area of continuing education, Francesco
18 Daniele, who is our director of client service,
19 and Seth Gitell, our chief external affairs
20 officer, recently received the CFA Institute's
21 Private Markets and Alternative Investment
22 Certificate.

23 That's a pretty new educational program
24 from the CFA Institute. And the certificate is

1 earned through the successful completion of five
2 individual courses designed to equip learners with
3 the basic understanding and skills required for
4 investing in these fast-growing investment asset
5 classes. In particular, the certificate focuses
6 on private equity, private credit, real estate and
7 infrastructure, commodities and also hedge funds.

8 Additionally, elsewhere, George
9 Tsipakis, who's our director of investment
10 operations; Joseph Kamotho, business analyst on
11 the IT team; and Melissa Ng on the real estate and
12 timber accounting team, received the CFA
13 Institute's Investment Foundation Certificate.

14 This is something that's been around for
15 a while now, and several people -- I'd say almost
16 half the people here have taken this course.

17 The certificate earned is through
18 successful completion of six individual courses
19 designed to provide learners with an overview of
20 the essentials really of finance, ethics and
21 investment roles. It hopefully provides a clear
22 understanding of the entire global investment
23 industry, including terminology and foundational
24 concept. This is really a curriculum designed for

1 non-investment people, those people in support
2 functions and other finance and operational
3 functions.

4 So Francesco, Seth, George, Joseph and
5 Melissa, thank you for that effort. We're all
6 about continuing education here. It's a lot of
7 work. And I'm sure your new certificates will
8 benefit all of us. Congratulations.

9 And last, I think you'll be happy to
10 hear some happy news. You know, this is happy.
11 Life goes on. Just yesterday, we learned that
12 PRIM accounting assistant Morgan Burns and his
13 wife, Emily, welcomed their first baby, a baby boy
14 named Desmond Burns. So all are doing very well.
15 The PRIT family does continue to grow.

16 Congratulations to Morgan and the entire
17 Burns family.

18 Now, on to the agenda, and we do have a
19 busy agenda today. I think, Mark, you reminded
20 me that the Board materials were more than 500
21 pages. I can assure you we're not going to go
22 through every single page.

23 But today, we will be discussing markets
24 and the strong calendar year 2024 results, in

1 which, as you know by now, the PRIT Fund was up
2 9.1 percent, an investment gain of \$9.1 billion,
3 net of all fees.

4 The fund ended with a balance of
5 \$109.7 billion, and that's just slightly below the
6 record we reported at the end of September.

7 Today's busy agenda includes the 2025
8 asset allocation policy recommendation, and as
9 many of you already know, we're not making any
10 changes to our long-term strategic allocation.
11 Today, we also seek your approvals on minor
12 benchmarking updates and a new custom proxy voting
13 guideline.

14 Importantly, also in today's agenda,
15 staff has been busy identifying new attractive
16 investments. And today, we have identified and
17 seek your approval for approximately \$2 billion in
18 new investments across public markets, hedge funds
19 and private equity.

20 And as usual, all of these
21 recommendations were evaluated, discussed and
22 recommended for Board approval during our robust
23 committee meetings held two weeks ago. I believe
24 all recommendations today were unanimously

1 approved in committee.

2 Now, turning to markets and PRIT Fund
3 performance, and this is an update really. Since
4 our committee meetings only two weeks ago, equity
5 markets are down, bond yields have declined, and
6 volatility has edged up a little as investors
7 digest the unusually complex daily news flow.

8 However, for the year, market returns
9 remain in positive territory. And volatility,
10 while it may seem very volatile, volatility
11 measures are still near historical averages. For
12 example, the VIX index, which is a common measure
13 of equity volatility, is currently -- this
14 morning, I believe I checked -- is currently at
15 17.8. And that's below both the five-year average
16 of 21 and the average since the GFC of 18.4.

17 The MOVE Index, a common measure of bond
18 volatility, is currently 97, which is slightly
19 elevated from the five-year average of 94 and the
20 average of 79 since the GFC.

21 And you may have noticed that the 10-
22 year Treasury yield rose 120 basis points from
23 3.6 percent to 4.8 percent between mid-September
24 and mid-January before returning to approximately

1 4.25 percent today. That's a pretty sharp short-
2 term move for the bond market, and I believe it's
3 an indication that investors are really trying to
4 decipher the impact of new policies and
5 directives, their impact on inflation and economic
6 growth.

7 A reminder that in the December quarter,
8 equity markets were mixed. This is the December
9 quarter, the fourth quarter, with the U.S. market
10 return remaining positive, and international
11 markets in the December quarter falling.

12 For the calendar year to date through
13 yesterday, in 2025, U.S. equity and bonds have
14 posted low single-digit positive returns in the 1
15 to
16 2 percent range, while international markets are
17 up a little stronger. They're up 4 to 6 percent.

18 Naturally, we are very pleased with the
19 9.1 percent net return of the PRIT Fund over the
20 one-year period ending in December 2024. The
21 absolute return is well above our actuarial rate
22 of return requirement at 7 percent. However,
23 this was another year in which any diversification
24 away from U.S. large cap stocks and any
underweight to the Magnificent 7 components hurt
returns.

1 The Mag 7 returns, the returns of
2 Amazon, Apple, Google, Meta, Microsoft, NVIDIA and
3 Tesla, dwarfed all other equities, all other asset
4 classes and all other geographies. And this
5 narrowness in the market was challenging for a
6 diversified portfolio like the PRIT Fund as we
7 only own Mag 7 stocks in our large passive U.S.
8 equity funds, passive index funds.

9 Tony, the performance slides, please.
10 And I'm going to start with a couple of slides on
11 the Mag 7. Let me know when they're up, please.

12 MR. FALZONE: All set.

13 MR. TROTSKY: All set.

14 So hopefully you see the first chart
15 shows graphically how much the Mag 7 have
16 dominated returns in the S&P 500. And the blue
17 line is the Mag 7 since 2014, indexed for the end
18 of 2012. And the red line is the S&P 500, and of
19 course, the green line is the S&P 500 without the
20 Mag 7. It's a pretty dramatic picture, I think
21 you can see.

22 And next slide.

23 Another way to look at this is by actual
24 returns by year. You can see on the left, in

1 2024, Mag 7 stocks up 48 percent. The remaining
2 stocks up only 14.7 percent. Still healthy, 14.7,
3 but dwarfed by Mag 7.

4 And that was even more pronounced in
5 2023 with Mag 7 being up 76 percent and all the
6 others up 13 percent.

7 And you can see that this trend has
8 lasted a very long time, at least since 2019.

9 And you can also see that when the
10 market sells off, the Mag 7 does worse. So these
11 are a volatile group, both on the upside and on
12 the downside.

13 Next slide, please.

14 And then a third way to look at it
15 shows, for example, that in 2024, the Mag 7 made
16 up 56 percent of the returns of the S&P 500 and
17 has done so for several years. It's dominated the
18 returns, both in positive and negative markets.
19 And this really is a distortion of the public
20 markets.

21 And while it is true we may not
22 participate in all the upside, I do take comfort
23 in the fact that we remain diversified, and in
24 down markets, we don't have that negative

1 exposure.

2 So I thought you would find that
3 interesting because it is a distortion of markets
4 that we still monitor today.

5 So next slide, back to the normal slides
6 that I present every quarter.

7 This shows the market value at fiscal
8 year -- actually it's calendar year, and it's not
9 a fiscal year number.

10 As of December 31, the PRIT Fund assets
11 stood at 109.7, as I said, slightly below the
12 record balance of \$110 billion last quarter.

13 It is noteworthy that we had net inflows
14 of \$18 million during the entire year. That's
15 anomalous. We usually have net outflows to pay
16 benefits, but we're lucky to have had net inflows
17 as many clients are electing to invest more of
18 their plans with PRIM.

19 And, Mark, I'll explain this all to you.
20 PRIM has more than 100 clients, local towns,
21 municipalities, that can be with us or not be with
22 us. And we're pleased to report -- I think it's a
23 sign of confidence -- that last year we had a net
24 inflow.

1 Next slide.

2 This is the performance by strategy,
3 fourth quarter of 2024. You can see the PRIT Fund
4 was down fractionally, down 0.6 percent in the
5 December quarter as bonds and international
6 equities in the fourth quarter sold off sharply.
7 You can see that on the right.

8 On the left, you can see PRIM's PCS
9 portfolio. That's portfolio completion
10 strategies, mostly hedge funds. And other credit
11 opportunities, that bucket performed very
12 strongly. Private equity and large cap equities
13 were up in the low single digits, also helping.

14 Next slide, for the one-year period.

15 This is the same slide, but for the one-
16 year period. U.S. large cap stocks, as we just
17 spoke about, the Mag 7 included, large cap U.S.
18 stocks were up 25 percent. That's the bar on the
19 left.

20 You can also see that other credit
21 opportunities and hedge funds up 16 percent and
22 13 percent, respectively. Small cap domestic
23 equities up 14.4 percent.

24 And then on the right, you can see long-

1 duration bonds. Those are U.S. STRIPS, interest
2 rate-sensitive, of course, were the weakest, down
3 14 percent.

4 And real estate. Real estate, you're
5 going to hear more about that today, but real
6 estate was down 3 percent for the year. Not a
7 disaster, not unheard of. We'll talk about that
8 more later today.

9 Next slide, more detail by asset class.

10 Global equities led the way. And we had
11 slight underperformance due to the narrowness of
12 the markets I just spoke about. And also some
13 exposures to non-U.S. developed markets.

14 PCS had very strong returns. I
15 mentioned hedge funds in particular up 15 percent,
16 with very, very low volatility, I might add. PCS
17 and hedge funds had the highest risk-return
18 profile in the entire PRIM portfolio. And I must
19 say it had very strong returns, low volatility and
20 no Mag 7 exposure.

21 You can also see value-added fixed
22 income up 10.2 percent. Private equity up
23 7.8 percent. That's private equity's eighth
24 straight quarter of positive gains. As really we

1 see the market continue to improve for private
2 equity, we track things like mergers and
3 acquisition activity, and we noted during the
4 committee cycle that mergers and acquisition
5 activity in North America, which is usually a good
6 sign for private equity, was up 16.4 percent year
7 to year.

8 And also, another good positive sign,
9 during the year, we had \$2.1 billion in cash
10 distributions from our private equity portfolio,
11 resulting in a positive cash flow of 261 million,
12 net.

13 For the one-year period, real estate
14 returns, again, they are slowly improving. Real
15 estate again down 3.1 percent for the year.
16 That's caused by a rising interest rate
17 environment and slowing fundamentals in some areas
18 of real estate.

19 We're very pleased with the
20 outperformance. You can see 430 basis points of
21 outperformance. That's primarily due to a lower
22 weight towards traditional office and also a lower
23 weight in some very challenged West Coast markets.

24 Tim Schlitzer will tell you more about

1 that later in today's agenda.

2 Next slide.

3 This is the contribution to return by
4 strategy. I like this slide because it shows you
5 really what's driving returns. It shows the
6 contribution of each asset class to the
7 9.1 percent total one-year return. And not
8 surprisingly, U.S. large cap equities led the way.
9 And of course that was helped by the Mag 7
10 contribution.

11 U.S. large caps on the left contributed
12 5 percent, more than half of the total return last
13 year. And interestingly, private equity was the
14 next best contributor, followed by hedge funds.

15 And then on the right, you can see that
16 interest rate-sensitive asset classes like real
17 estate and long-duration bonds were negative, and
18 they detracted from total return.

19 Next slide.

20 One-year return of 9.1 percent, a very
21 strong result. And the underperformance improved
22 slightly from last quarter. I will note that the
23 three-year period, up 2.4 percent, includes the
24 impact of the COVID pandemic, and it also includes

1 the fact that we dropped a very strong calendar
2 year 2021 from the calculation. Calendar year
3 2021 was a year in which the PRIT Fund was up
4 20 percent, and so we did drop that from the three-
5 year calculation.

6 The underperformance -- and, Mark, we'll
7 have time to go through this again. Everyone on
8 this call has heard this from me for several
9 quarters now. But the underperformance, once
10 again, the slight underperformance for the one-
11 and three-year periods was a hundred percent due
12 to the benchmark mismatch of private equity.

13 So just as a background, I may have to
14 go through this with you a couple times. We
15 compare actual private equity returns, actual one-
16 year, three-year returns, to a seven-year smoothed
17 public markets benchmark. Seven-year smoothed
18 plus 3 percent.

19 That benchmark was 15.4 percent. So for
20 the one-year period, we compared the actual return
21 of 7.8 percent that we got over one period to a
22 seven-year smooth of 15.4 percent. It's really
23 comparing apples to oranges.

24 But we do that because we believe over

1 time, private equity should be measured on a long-
2 term basis. And you can see, I should note, that
3 the 5- and 10-year numbers have been real
4 positive, above the actuarial rate of return and
5 relative to the benchmark, also positive.

6 And I also want to note that this
7 phenomenon where private equity lags public
8 markets is not uncommon. We've looked at it, and
9 in times where private equity for three-year
10 periods lags, in fact, there have been five such
11 occurrences since 2000, it is noteworthy that in
12 the subsequent three- to five-year periods, we've
13 noticed that private equity coming out of that
14 kind of underperformance generated average
15 outperformance of anywhere between 8 and a half to
16 10 and a half percent. So we hope we're in that
17 kind of rebound today.

18 Next slide.

19 I always end with what we call the quilt
20 chart. It shows global equities and hedge funds
21 led the way for 2024. Value-added fixed income,
22 private equity also strong contributors. Real
23 estate, as I mentioned, was the weakest.

24 The long-term performance of private

1 equity, as I just mentioned, 5- and 10-year
2 performance still very strong and almost two times
3 the nearest asset class.

4 Timberland. We're one of the world's
5 largest owners of timberland. Very strong and
6 steady performer, is a nice uncorrelated asset
7 class in most years.

8 You can take those down, Tony.

9 MR. FALZONE: All set.

10 MR. TROTSKY: All right. Thank you.

11 And just to recap, last year was a very
12 strong year. The first half of course was
13 dominated by investors' fear of a hard landing.
14 Remember that, this time last year, we were
15 worried about a hard landing in the economy for
16 the first half.

17 But the second half proved that the U.S.
18 economy and the markets were resilient, and it's
19 my belief that we are still testing that
20 resilience today.

21 And through all the noise, the economic
22 environment has remained mostly positive. U.S.
23 GDP expanded at an annualized rate of 2.3 percent
24 in Q4 2024. That was the estimate, and it was

1 confirmed this morning, 2.3 percent growth. And
2 even though that's the slowest pace in three
3 years, it's still positive.

4 Inflation continues to be moderate, even
5 though the Consumer Price Index has risen
6 slightly. The recent CPI report indicated that
7 inflation did rise for the fourth consecutive
8 month to an annualized rate of 3 percent in
9 January. That was up a little from 2.9 percent,
10 was a little bit above expectation.

11 Elsewhere, U.S. unemployment declined to
12 4.0 percent in January. Unemployment at
13 4.0 percent indicates a tight labor market.

14 Manufacturing, the manufacturing PMI
15 rose to 50.9 in January. That surpassed forecast
16 and really signaled the sector's first expansion
17 after 26 consecutive months of contraction. So
18 any reading above 50 indicates an expansion. We
19 haven't had a reading over 50 until now, 26
20 consecutive months.

21 The consumer is, however, losing some
22 confidence as consumer sentiment was revised
23 sharply lower to 64.7 in February. And even
24 retail sales fell 0.9 percent in January, which

1 was significantly worse than expected.

2 And as you know, the Federal Reserve
3 held federal funds at 4.25 to 4.5, no change
4 during its January meeting.

5 And Chair Powell did indicate that the
6 Fed is in no rush to lower rates. He's opted to
7 assess further progress on inflation before
8 proceeding with any changes, any additional cuts.
9 And he has reiterated that position in recent
10 weeks.

11 The Fed also indicated at its meeting
12 that inflation remains elevated. And they did
13 remove their previous reference to ongoing
14 progress towards achieving the 2 percent inflation
15 target.

16 Importantly, something we do track here
17 is corporate earnings. You saw NVIDIA come
18 through last night. It was strong. And corporate
19 earnings in general have been strong. That's an
20 important underpinning of market strength.

21 And as of yesterday, before NVIDIA and a
22 couple others, 387 of the S&P 500 companies
23 reported their Q4 earnings and sales growth.
24 Sales growth was 11.8 percent. Earnings growth

1 5.2 percent. That's healthy.

2 And according to survey, this will put
3 sales growth on pace for 5.2 percent growth and
4 earnings growth of 12.5 percent for S&P 500
5 companies.

6 Elsewhere around the world, the eurozone
7 economy stalled in Q4 as its two largest
8 economies, Germany and France, contracted.
9 Unemployment and inflation in the eurozone did
10 edge higher. The ECB, their bank there, lowered
11 key interest rates.

12 Japan's economy grew steadily, albeit at
13 a very slow rate. And unemployment held steady at
14 2.4 percent.

15 China is strengthening. China's economy
16 expanded 5.4 percent in Q4, and that was an
17 acceleration from 4.6 percent. So 5.4 from
18 4.6 percent in Q 3.

19 That exceeded market expectations, and
20 this was the strongest annual growth rate in
21 18 months in China, driven of course by the
22 stimulus measures that were introduced in
23 September to support recovery and restore
24 confidence in their market.

1 Noteworthy is the fact that industrial
2 output, growth in China reached an eight-month
3 high. Consumer prices only increased by
4 0.2 percent in China for the full year. That
5 actually matched the low rate of inflation in
6 2023. People's Bank of China left rates
7 unchanged.

8 And also interesting, I think, is the
9 fact that China's equity markets are up
10 14.2 percent so far in the first two months of
11 calendar year 2025.

12 Now, a word about the outlook. We all
13 know that the news flow has been overwhelming, and
14 deciphering it is difficult and sometimes
15 emotional.

16 The investment philosophy we have here
17 at PRIM is predicated on a strong belief that it
18 is very difficult to consistently predict the
19 future and direction of the financial markets.

20 Mark, we say this all the time.
21 Difficult to predict the future and direction of
22 the financial markets.

23 As long-term investors, we believe it is
24 more impactful to evaluate changes that actually

1 occur rather than speculating about those changes
2 that may occur or speculating in any way about the
3 future.

4 It is difficult to predict which of the
5 many proposals will be implemented. And of course
6 it's even more difficult to predict their impact
7 on the economy or on financial markets.

8 Furthermore, I've said this for a couple
9 weeks now, the investment industry often exhibits
10 Newtonian properties -- that's borrowing from my
11 son, who's a physics major -- Newtonian properties
12 in that for every action, there is an equal and
13 opposite reaction somewhere else.

14 So in other words, no policy change
15 impacts the economy or the markets in isolation.
16 And it's very difficult to make any accurate
17 predictions.

18 At the Investment Committee, we reviewed
19 the strong economic baseline here in the U.S., and
20 we noted its resilience. We can now safely say
21 that the economy had a soft landing in 2024, but
22 we are no longer in the early stages of economic
23 recovery.

24 We also noted that the recent market

1 strength and economic resilience that we've
2 enjoyed so far will continue only if nothing
3 derails it.

4 And really, the way we look at it is the
5 current projections for strong growth and
6 corporate revenue and profit, like I just reviewed
7 with you, must come to fruition. And as always,
8 our job is to maintain a diversified portfolio
9 with components that will perform well in any
10 environment and no matter what the future holds.

11 And we think we've designed such a
12 diversified portfolio with these components that
13 will perform well, no matter what the future
14 holds.

15 So with that snapshot, I'll take any
16 questions you may have before tackling the rest of
17 the agenda.

18 TREASURER GOLDBERG: Are there questions
19 for Michael?

20 MR. TROTSKY: I thank you for -- I was a
21 little emotional at the beginning, but I think I
22 recovered.

23 TREASURER GOLDBERG: Michael, you're a
24 human being. You just got a shocking phone call.

1 You were human.

2 MR. TROTSKY: Literally five minutes
3 before we started. It was unbelievable.

4 TREASURER GOLDBERG: I'm aware because
5 you called me right away.

6 MR. TROTSKY: And, Marliese, I hope
7 you're doing okay. I know you were quite
8 emotional.

9 Marliese delivered the news to me.

10 All right. Sorry about that.

11 TREASURER GOLDBERG: That's okay.

12 So there are no questions.

13 Of course, this was my fourth time
14 hearing this. This is the same report we do here
15 in subcommittee meetings, which we just had
16 recently. But it's always good to hear it again
17 because I know that I pick up something every
18 single time.

19 MR. TROTSKY: I try to add a couple of
20 new things anyway, just to see if you're
21 listening.

22 TREASURER GOLDBERG: Okay then.

23 So let me just pull up the agenda again.

24 MR. TROTSKY: It's the annual plans.

1 TREASURER GOLDBERG: I was going to say
2 it's the annual plans.

3 MR. TROTSKY: Yes. This is not a voting
4 item, but each year, we share the plans for your
5 review and input.

6 They're attached to Appendix D and
7 summarized in the expanded agenda. These plans
8 are very detailed, and I do invite you to review
9 them and contact me over the coming weeks with any
10 feedback you might have.

11 Just in summary, you'll see a
12 continuation of the efforts to improve every
13 aspect of our business, like we do every year. In
14 public markets, we're looking to identify proven
15 and complementary active U.S. equity managers.
16 And we'll also evaluate the role of global, go-
17 anywhere sector and global managers.

18 In private equity, the commitment pacing
19 remains brisk with a goal of identifying more than
20 2 billion in new opportunities during 2025.

21 Private equity is also launching an
22 exciting new venture capital program. You're
23 going to hear about that today and vote on it.

24 In real estate, we will be closely

1 monitoring our existing managers' asset level
2 business plans. The team will continue to drive
3 improvements in performance by seeking
4 enhancements to investment manager evaluation and
5 sourcing.

6 We are particularly proud again of PCS's
7 hedge funds, PCS team's success in improving the
8 performance of the hedge fund portfolio over the
9 past few years.

10 Again, last year, the portfolio
11 delivered more than 15 percent returns with little
12 volatility and very low equity beta. And again,
13 this portfolio has the best risk-return profile in
14 the entire portfolio, net of fees. And the team
15 continues to identify attractive new investments
16 in both stable value hedge funds and directional
17 hedge funds.

18 This year, the PCS hedge fund team will
19 be exploring non-U.S. special situation and
20 distress managers and also, as usual, overseeing
21 an orderly exit from some legacy investments.

22 Risk. Jay Leu and Shannon continue to
23 be embedded within each asset class group,
24 monitoring and evaluating credit risk, liquidity

1 and portfolio construction with a keen eye always
2 towards controlling risk and improving
3 diversification.

4 The risk team, together with Maria and
5 the research team, are also planning to reevaluate
6 the use of currency hedging across PRIM investment
7 strategies. We look at this every few years.
8 Haven't done a lot of hedging in the past. We're
9 going to relook at it this year.

10 The research team continues to work on
11 methods to improve our asset allocation model.
12 You'll hear from Maria today. Each year, they
13 look with an eye towards more fully modeling
14 PRIM's liquidity profile and future needs. That
15 work continues.

16 Tony and his team in finance and
17 operations, the main goal is always to ensure that
18 our reporting and financial statements remain at
19 the highest level of transparency and
20 completeness.

21 Mark, for your benefit, we win awards
22 each and every year for our reporting. We undergo
23 more than 30 separate audits. And last year, we
24 did report that all of the audits were clean.

1 This is no small undertaking.

2 The work with the finance and reporting
3 team continues to roll out the new Solovis
4 reporting platform. It's new. That's the
5 performance -- it's in one of your appendices.
6 That's a new format. And I hope you like it.

7 In legal and communications, we are
8 responding to a very large increase in the number
9 of public records requests. Requests have more
10 than doubled over the last two years.

11 Legal is also ramping up support to the
12 Attorney General's office in their suit against
13 ExxonMobil. That's taking more time and effort.

14 In stewardship, you're going to hear
15 today from them. The team continues to execute
16 its data-driven and board-approved priorities,
17 including an exercise to assess risks to the
18 fund's risk-return profile, while pursuing
19 purposeful engagement of portfolio companies in
20 line with these priorities. You're going to have
21 new proxy voting guidelines today.

22 And really, as last year, in all
23 functional groups, we will continue to explore the
24 applications of artificial intelligence, in

1 particular, large language models in our industry.
2 We'll keep you posted on progress on these
3 projects.

4 And just this week, across my desk, Tony
5 presented -- and I haven't reviewed it yet, but I
6 will -- a new policy in how the firm engages with
7 artificial intelligence. It's important to
8 protect our data and, to do so, to use artificial
9 intelligence very carefully. We're mindful of
10 that. We're getting help from outside experts.

11 And I think in very short period of
12 time, we'll be deploying artificial intelligence
13 tools to our Microsoft Office suite of tools. So
14 that's kind of exciting.

15 I'll end there. That's just some of the
16 new highlights in the annual plans. I do
17 encourage you to look at them in more detail. Get
18 back to me with any feedback or observations you
19 might have. Once I collect all that feedback,
20 I'll make any changes, and then they become our
21 marching orders for the next year.

22 So thank you.

23 TREASURER GOLDBERG: Thank you very
24 much, Michael.

1 Before I move on to the asset
2 allocation, are there any final questions for this
3 part of the presentation?

4 Hearing none, we will move into the
5 asset allocation recommendation, which is a voting
6 item, and we will be hearing from -- Tony?

7 MR. FALZONE: Maria is joining us.

8 TREASURER GOLDBERG: Maria. Okay.

9 Problem with these multiple screens is
10 you can't see who's there. I see five people.

11 Maria, thank you.

12 MS. GARRAHAN: Good morning.

13 Paul was an incredible individual, and I
14 just wanted to say that I have some vivid memories
15 of him, that I'm going to try to channel my normal
16 upbeat self throughout this presentation, but just
17 wanted to say that.

18 So good morning, everyone. I am Maria
19 Garrahan, director of research at PRIM. I'm here
20 today to bring forward the proposed recommendation
21 for asset allocation 2025 to the board, which was
22 unanimously approved by the Investment Committee
23 on February 11.

24 The 2025 asset allocation

1 recommendation, as Michael Trotsky mentioned
2 earlier, represents no changes to our approved
3 ranges.

4 Before I jump into slides, I would like
5 to just give a quick shout-out to the research
6 team. Vivian Liang, Pengtuan Wu, Tianyi Shi have
7 been working on multiple research projects noted
8 in the annual plan section, and we look forward to
9 sharing with you in the coming months.

10 So please refer to slide 2 within
11 Appendix F of the board expanded agenda for the
12 research team's presentation on asset allocation.

13 NEPC, our asset allocation consultant's,
14 materials can be found in Appendix G in the
15 expanded agenda.

16 So once again, the 2025 asset allocation
17 recommendation makes no changes to PRIM's
18 strategic asset allocation target ranges. PRIM's
19 research team leads a robust and comprehensive
20 strategic asset allocation program, which blends
21 both quantitative and qualitative insights into
22 the analysis, while focusing on a dual objective.

23 The asset allocation program is
24 strategic in nature, which is in alignment with

1 our core belief that we do not predict the future.
2 Instead, we focus on crafting a well-diversified
3 strategic asset allocation recommendation centered
4 around the probability of achieving our dual
5 objective.

6 Because PRIM's asset allocation is
7 strategic and not tactical, we typically do not
8 make significant changes, or even in some years,
9 like this year, we make no changes at all.

10 Over the last six years, the PRIM
11 research team has continued to enhance asset
12 allocation. And this year, we did so by
13 incorporating leading edge technology to assess
14 and monitor plan level liquidity risk.

15 On slide 3, you can see the dual
16 objective. The core framework uses this
17 probabilistic-based approach to maximize the
18 likelihood of achieving our dual objective. On
19 the left hand, you can see the probability of
20 achieving the actuarial rate of return of
21 7 percent over the next 10 years, whereas on the
22 right-hand side focuses on a measure of downside
23 protection, which is defined as the probability of
24 achieving no cumulative drawdown greater than

1 20 percent over the next three years.

2 As you can see on slide 4, there are
3 multiple components within the asset allocation
4 research program that contribute to the
5 recommendation that you see today. We have been
6 building out this robust research process for the
7 last six years through the blend of quantitative
8 and qualitative components. First on the left-
9 hand side, PRIM's core asset allocation framework,
10 which once again is probabilistic-based approach,
11 focus on assessing the dual objective.

12 The framework explores areas of
13 statistical diversification. For some of you, you
14 may remember the soup analogy. By looking at the
15 nutrients or factors, rather than the ingredients
16 or asset classes, to see if it is a well-balanced
17 soup or, in our case, portfolio.

18 This internally developed core asset
19 allocation framework is data-driven and
20 systematic.

21 In addition to our core framework, NEPC
22 provides their capital market assumptions, which
23 they shared with the Investment Committee on
24 February 11. PRIM uses NEPC's capital market

1 assumptions as well as long-term assumptions from
2 other providers as a sanity check with our
3 internal data-driven process.

4 Our third step includes collaborative
5 discussions internally across all asset classes
6 and the risk team regarding feasibility to deploy
7 capital and the current opportunity set.

8 This past year, in alignment with our
9 standard practice of enhancing the robustness of
10 our strategic asset allocation program, we
11 introduced an enhancement that, while liquidity
12 has always been embedded into our analysis, now
13 this new work allows us to understand our future
14 liquidity needs through a probabilistic lens.

15 This enhancement is a product of a multi-
16 prong approach where I owe a special thanks to
17 industry peers, NEPC, PRIM's risk team and finally
18 Aiperion, an AI-based software system that we hire
19 to assist in this work, which they also help plans
20 like us understand their liquidity profile.

21 We continue to monitor and assess the
22 PRIT Fund's low liquidity needs and risks. So all
23 of these components help create the proposed
24 strategic recommendation that we have here today.

1 Moving to slide 5, a key output of our
2 core asset allocation framework is our systematic
3 experiment, which helps identify potential
4 improvements to our dual objective. Here is a
5 snapshot of the systematic experiment.

6 Private equity, other credit
7 opportunities, timberland, directional hedge funds
8 and stable value hedge funds are the most additive
9 subasset classes to the PRIT Fund with respect to
10 the dual objective.

11 These findings have been quite
12 persistent over time. Both PRIM's core framework
13 and capital market assumptions externally are in
14 alignment that adding private equity and private
15 credit would enhance the probability of achieving
16 the dual objective.

17 Additionally, our liquidity research
18 shows that the PRIT Fund has a healthy liquidity
19 profile and has potential to take on more illiquid
20 exposure.

21 Please turn to slide 6.

22 The approved asset allocation 2024
23 target range is shown on the left column.

24 Although private equity, other credit

1 opportunities and hedge funds continue to look
2 favorable through our analysis, there is plenty of
3 room within these existing ranges. Therefore, we
4 stay the course, and we make no changes to the
5 currently approved target ranges.

6 So I would like to wrap it up here and
7 offer a moment for any questions.

8 TREASURER GOLDBERG: I think what we'll
9 do is I'll seek a motion and a second, and then
10 we'll follow up with questions.

11 MS. GARRAHAN: Thank you.

12 TREASURER GOLDBERG: So I seek a motion
13 that the PRIM Board approve the Investment
14 Committee's recommendation to adopt the 2025 asset
15 allocation recommendation, as described in the
16 expanded agenda, and further to authorize the
17 executive director to take all actions necessary
18 to effectuate this vote.

19 Is there a motion?

20 MR. NAUGHTON: So moved.

21 MR. BROUSSEAU: So moved.

22 TREASURER GOLDBERG: And a second?

23 MS. FITCH: Second.

24 TREASURER GOLDBERG: I would now like to

1 have questions for Maria. Any questions?

2 I'd like to say, Maria, it's due to your
3 clarity, but I have to add the fact that we had
4 this presentation just the other day, and we had
5 plenty of questions then.

6 MS. GARRAHAN: We did.

7 TREASURER GOLDBERG: Okay then. If
8 there are no further questions, I actually will
9 move to a roll call vote.

10 Bob?

11 MR. BROUSSEAU: 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: Mark?

19 MR. LAPMAN: Yes.

20 TREASURER GOLDBERG: Dennis?

21 MR. NAUGHTON: Yes.

22 TREASURER GOLDBERG: Carly?

23 MS. ROSE: Yes.

24 TREASURER GOLDBERG: Myself, yes.

1 The motion carries.

2 Okay. Thank you.

3 Next item on the agenda will be the

4 public markets. Michael?

5 Mark, we intentionally are going to try

6 to confuse you because there are quite a number of

7 Michaels.

8 And now you're a Mark, so we have

9 another M.

10 MR. LAPMAN: Right.

11 MR. McELROY: Thank you, Madam Treasurer,

12 as noted, I'm Michael McElroy, the director of

13 public markets. What I'll do this morning is cover

14 the market environment and performance in the

15 fourth quarter and the one-year periods ending

16 December 2024 and try and elaborate a little bit

17 on some of the comments already made in the

18 introductory remarks.

19 As noted, the equity market momentum

20 did slow a bit in the fourth quarter last year.

21 We saw mixed results across geographies. U.S.

22 equities or domestic equities delivered positive

23 returns, 2 to 3 percent, really both from the

24 large cap and small cap parts of the U.S. market.

1 The non-U.S. markets and emerging
2 markets were weak in the quarter, down between 7
3 and 8 percent. And for the one-year period, risk
4 assets were strong. Global equity returns up over
5 16 percent.

6 But again, the performance was uneven
7 across regions. The U.S. up almost 24 percent,
8 driven by those really large stocks we talked
9 about; while the non-U.S. performance was a more
10 muted 4 to 7 percent.

11 In terms of just what we observed last
12 year, 26.3 -- well, 24.8 percent last year, but
13 the year before, 26.3 percent, there's only been
14 seven times in the last hundred years where we've
15 seen two consecutive years of 20 percent or higher
16 returns. So this is a fairly rare event, as I
17 think we mentioned earlier, when you see this type
18 of magnitude of returns happening kind of
19 consistently like this.

20 In 2024, as noted, the U.S. market was
21 driven by these Magnificent 7 tech stocks,
22 accounting for more than half of the return and
23 over 20 percent of the total earnings of the
24 S&P 500. They make up over 30 percent of the

1 S&P 500 weight, and that's come up from about
2 20 percent just two years ago.

3 So with this level of concentration in
4 the U.S. market, as well as just market dynamics,
5 we're really seeing historic performance
6 deviations between the capitalization-weighted
7 indices that we look at like the S&P 500 versus
8 the equal-weighted indices, as well as deviations
9 between international market valuations compared
10 to the U.S. market.

11 And in terms of style, growth
12 outperformed value almost everywhere except in the
13 non-U.S. developed markets. And larger stocks
14 were outperforming their smaller cohorts. And
15 this has been a phenomenon that we've observed now
16 for a bit of time, that the larger stocks have
17 done much better than their more risky smaller
18 peers.

19 Bond returns were mixed also in the
20 fourth quarter. Core fixed income was down almost
21 5 percent. But credit-sensitive portfolios were
22 up about 1 percent. I think as noted before,
23 rates rose across the yield curve in the fourth
24 quarter, but credit spreads narrowed. And in the

1 fourth quarter, we moved away from an inverted
2 yield curve, and that had been a situation that
3 persisted for a while, but it's no longer
4 inverted.

5 In the one-year period, returns to core
6 fixed income were just slightly negative, a little
7 less than minus 1 percent, and the value-added
8 fixed income, the more credit-related mandates
9 that we're invested in, were up about 9 percent.
10 So again, quite a spread between the interest-
11 sensitive and the credit-sensitive parts of the
12 fixed income portfolio.

13 So in terms of performance, the equity
14 results for the PRIT Fund in the fourth quarter
15 slightly lagged benchmarks, whereas our bond
16 investments slightly outperformed their
17 benchmarks.

18 Global equity underperformance was
19 really related to our non-U.S. developed
20 portfolios. Both growth and value-oriented
21 managers struggled in the fourth quarter.

22 For the one-year period, global equity
23 performance lagged as well, really related to
24 domestic manager allocations, this Mag 7 effect

1 that we talked about earlier, as did a little bit
2 of exposure to our international managers and
3 their difficulty keeping up with benchmarks.

4 For the bond investments in 2024, core
5 and value-added fixed income both outperformed
6 benchmarks. And within value-added, our emerging
7 market debt exposure and credit exposures through
8 our other credit opportunities performed very
9 well.

10 Just from a fundamentals and company
11 performance perspective, companies continue to
12 deliver good results, both on the revenue, the
13 top line, as well as the earnings growth, the
14 bottom line.

15 The consumer remains strong. Companies
16 continue to show margin improvements, and they
17 continue to be delivering better profitability.

18 This is a positive certainly for
19 equities, but also for high-yield bond holdings
20 because companies are showing that they have
21 pricing power, and their ability to generate and
22 grow the free cash flow allows them to kind of
23 service their coupons as well.

24 GDP and job growth have remained strong,

1 even as rates have increased over the last couple
2 years.

3 Even with these supportive conditions,
4 volatility did increase in the quarter, perhaps
5 expressing uncertainty that could come with some
6 of these governmental policy changes on a
7 worldwide basis really as we enter 2025 and into
8 next year as well.

9 Potential risk catalysts really have
10 centered around a few things. I'd say the impacts
11 of tariffs, tax policy, immigration reforms,
12 government employment. Because of these risk
13 catalysts, risk management remains a top priority
14 for our staff here, as well as our managers.

15 It's really nearly impossible to call
16 the timing or impact of any of these potential
17 catalysts. So we really ensure on an evergreen
18 basis that our positioning gives us a high
19 likelihood of being able to weather any volatility
20 the market would provide.

21 Just an update on a couple of portfolio
22 changes in the fourth quarter.

23 As part of our continuous monitoring of
24 our managers, we decided to terminate one of our

1 emerging markets managers, T. Rowe Price, due to
2 relative performance not meeting our expectations.

3 A second manager, Brandywine, decided to
4 wind down their U.S. microcap value portfolio in
5 the fourth quarter, and they returned our capital
6 to us upon the shutdown.

7 So in closing, the public markets
8 portfolio delivered strong absolute but mixed
9 relative results over the last quarter and one-
10 year periods. Equities lagging slightly, and
11 fixed delivering positive value-added.

12 Given the market environment we've been
13 in, these results are certainly within our range
14 of expectations for a portfolio with a low
15 tracking risk relative to the global markets.

16 The public markets portfolio remains
17 very well-diversified across geographies, styles,
18 sectors, and demonstrates this diversification
19 during market stress periods.

20 The aggregate risks of the overall
21 equity and fixed income portfolios remains low,
22 and our managers continue to deliver long-term
23 benchmark-relative value-added.

24 So with that, I'm happy to take any

1 questions that you have.

2 MR. BROUSSEAU: Madam Treasurer.

3 TREASURER GOLDBERG: Yes.

4 MR. BROUSSEAU: Just a question for
5 Michael.

6 Has your team, Michael, been able to do
7 any thinking and assessments of how the
8 implementation of tariffs could impact our asset
9 classes, the public markets to any degree? Or
10 maybe it's too early to even give that a thought,
11 but I'm sure it's somewhat uppermost in your mind.

12 MR. McELROY: Yes. Bob, it's a great
13 question.

14 Two responses to that. So number 1, the
15 tariff picture certainly seems to be coming into
16 focus that tariffs are going to happen. I think
17 the magnitude and kind of the placement of these
18 tariffs is still to be determined. So there's the
19 uncertainty of it.

20 We've been asking all our managers --
21 we're right in the season for having our quarterly
22 manager calls where we touch base with all of our
23 equity and fixed income managers, and we're asking
24 them that question. They're doing analysis

1 certainly in terms of industries and exposures
2 they have that would be most impacted.

3 But they are also saying to us that the
4 uncertainty is high right now, just in knowing
5 exactly what's going to happen, what will be
6 implemented, what might be a threat versus an
7 actual implementation.

8 So we're definitely staying on top of
9 it, but I don't have a great answer in terms of a
10 metric that we've measured the exposure to.

11 I think, as we've said, we're very
12 diversified across industries, sectors and styles,
13 but these types of things that you're asking about
14 can have broad impacts across many of those
15 different dimensions.

16 And so we're certainly staying on top of
17 it, but it's a hard question to answer at this
18 moment as to what our exposure is. But our
19 managers are very sensitized to the analysis and
20 thinking about it.

21 TREASURER GOLDBERG: Any other
22 questions?

23 Michael, who will be presenting the
24 first voting item?

1 MR. McELROY: That will be Chuck.

2 TREASURER GOLDBERG: Chuck will. Okay.

3 We can move on to that then. Chuck?

4 MR. LaPOSTA: Hello. Good morning.

5 TREASURER GOLDBERG: I think what I'll

6 do is I'll read the motion, and we'll second it,

7 and then you can do the presentation followed by

8 any questions.

9 MR. LaPOSTA: Sounds great.

10 TREASURER GOLDBERG: I seek a motion

11 that the PRIM Board approve the Investment

12 Committee's recommendation to approve initial

13 allocations of up to \$800 million to Ares

14 Management, LLC and \$400 million to Beach Point

15 Capital Management to provide active investment

16 management services in a bank loan mandate, as

17 described in the expanded agenda, and further to

18 authorize the executive director to take all

19 actions necessary to effectuate this vote.

20 Is there a motion?

21 MS. D'AMATO: So moved.

22 MR. BROUSSEAU: So moved.

23 Second.

24 TREASURER GOLDBERG: Second?

1 MS. McGOLDRICK: Second.

2 TREASURER GOLDBERG: Chuck, go ahead.

3 MR. LaPOSTA: Great. Thank you,

4 everyone. Good morning.

5 PRIM has a 1 percent allocation to
6 broadly syndicated loans, or bank loans as they
7 are called, within the public portion of the value-
8 added fixed income portfolio.

9 As a reminder, bank loans are floating
10 rate instruments, which are largely senior secured
11 loans made to below investment grade public or
12 private corporations, predominantly in the U.S.
13 As such, they offer unique characteristics, or
14 soup ingredients as Maria has called them, that
15 contribute to PRIM's overall strategic asset
16 allocation objectives.

17 I'd like to thank Richer Leung, who
18 provided much of the analysis to support this
19 recommendation, as well as my colleagues Michael
20 McElroy and Andre Abouhala on the public markets
21 team and Jay Leu and Shannon Ericson from the risk
22 team, who are embedded in every investment
23 decision we make.

24 Today we are recommending initial

1 allocations of 800 million to Ares Management and
2 400 million to Beach Point Capital Management to
3 be managed in separate account strategies against
4 a bank loan index.

5 Funding will be primarily sourced from
6 our existing bank loan managers. A writeup can be
7 found beginning on page 13 of your expanded agenda
8 with supporting information in Appendix H.

9 And, Tony, if you could pull up
10 Appendix H, page 2, that would be great.

11 Thank you.

12 MR. FALZONE: All set.

13 MR. LaPOSTA: As always, we analyzed
14 prospective managers across three dimensions of
15 return, risk and cost. Based on this, we honed in
16 on 10 candidates for introductory calls and did a
17 deeper dive on half of them. Of these, we believe
18 Ares and Beach Point offer the best combination of
19 return, risk and cost to meet our portfolio needs.

20 Ares is a publicly listed firm with over
21 \$460 billion in assets under management, including
22 64 billion in liquid credit, 36 billion of which
23 is in bank loans and 5 billion in strategies
24 similar to the one being recommended.

1 Ares' strategy is co-led by PMs Samantha
2 Milner and Russell Almeida and is supported by a
3 deep team of credit analysts and traders, as well
4 as inputs from colleagues in other parts of Ares'
5 businesses.

6 Ares uses the breadth and depth of its
7 platform to gain an information advantage in the
8 form of industry trends from its private credit
9 business, as well as company-specific info from
10 longstanding lending relationships. Additionally,
11 they leverage their trading relationships to
12 access or create deal flow.

13 Beach Point is an employee-owned asset
14 manager dedicated to credit investing, with
15 \$18 billion in assets under management, 2 billion
16 of which is in dedicated bank loan strategies.

17 Beach Point's strategy is led by co-PMs
18 Sinjin Bowron and Alan Schweitzer. Similarly,
19 they are supported by a deep team of credit
20 analysts, but Beach Point adds an extra dimension
21 of emphasis on legal aspects of credit investing
22 with eight legally trained professionals on their
23 investment staff. Additionally, Beach Point
24 focuses on smaller and more complex issues to

1 extract excess returns from credits others may be
2 ill-equipped to analyze.

3 In summary, these managers have
4 articulated a clearly defined process as to how
5 they may continue to deliver above benchmark
6 returns. They have state-of-the-art risk
7 processes that allow them to understand and
8 control risks while earning extra compensation for
9 bearing such risks and have offered to provide
10 this to PRIM in a separately managed account
11 format at a blended fee that will be about
12 10 basis points lower than our existing commingled
13 fund bank loan strategies.

14 With that, I will open it up to any
15 questions.

16 TREASURER GOLDBERG: Sorry about that.
17 I was saying questions for Chuck, but unless you
18 could read my lips, you weren't going to know what
19 I was saying.

20 Any questions at all? Okay.

21 Hearing none, we have a motion. We have
22 a second. We will proceed to the roll call vote.
23 Again, we had thorough conversation on these
24 during the Investment Committee.

1 Bob?

2 MR. BROUSSEAU: Yes.

3 TREASURER GOLDBERG: Catherine?

4 MS. D'AMATO: Yes.

5 TREASURER GOLDBERG: Ellen?

6 MS. FITCH: Yes.

7 TREASURER GOLDBERG: Theresa?

8 MS. McGOLDRICK: Yes.

9 TREASURER GOLDBERG: Mark?

10 MR. LAPMAN: Yes.

11 TREASURER GOLDBERG: Dennis?

12 MR. NAUGHTON: Yes.

13 TREASURER GOLDBERG: Carly?

14 MS. ROSE: Yes.

15 TREASURER GOLDBERG: Myself, yes.

16 The motion carries.

17 Thank you, Chuck.

18 MR. LaPOSTA: Thank you.

19 TREASURER GOLDBERG: And the next

20 presentation will be on the benchmark value-added

21 fixed income, which is also a voting item.

22 And who will we hear from on this?

23 MR. LEU: I'll be doing that.

24 TREASURER GOLDBERG: Okay. Thank you.

1 Okay.

2 MR. LEU: Thanks.

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

4 Good morning, Treasurer, board members.

5 God bless Paul.

6 Chuck just talked about hiring managers
7 for the bank loan subasset class. The bank loan
8 subasset class resides within value-added fixed
9 income as he talked about.

10 There are two benchmark recommendations
11 today for the value-added fixed income portfolio,
12 both of which are voting items. Both of these
13 benchmark recommendations are simplifications of
14 the benchmarks.

15 As most of you know, Shannon Ericson and
16 I periodically review our benchmarks, along with
17 Verus, our benchmark consultant. We also receive
18 input from the asset class teams, in this case,
19 the fixed income team.

20 Just a reminder, our philosophy for
21 choosing a benchmark is, one, it should be
22 representative of the opportunity set; and two, it
23 should be reflective of the return and risk of the
24 asset class or subasset class.

1 The materials for this presentation are
2 in your packet and can be found in Appendix K in
3 your packet.

4 Tony, can you go to slide 5 in there?

5 MR. FALZONE: All set.

6 MR. LEU: Thank you.

7 This chart will help you understand or
8 at least see visually the hierarchy of the value-
9 added fixed income asset class.

10 The value-added fixed income asset class
11 consists of three subasset classes: public value-
12 added fixed income, other credit opportunities, or
13 what we call OCO, and private debt.

14 The public value-added fixed income, the
15 far left on the second row, consists of six
16 strategies, but it really consists of these three
17 asset classes: high yield, bank loans --
18 sometimes, as Chuck mentioned, called broadly
19 syndicated loans -- and emerging market debt.

20 For the public value-added fixed income
21 benchmark, the public, that second row left, it is
22 currently a floating rate roll-up of those six
23 underlying strategy benchmarks. We're
24 recommending moving to a 40/40/20 fixed weight

1 benchmark of high yield, bank loans and emerging
2 market debt.

3 For the total value-added fixed income
4 up at the top there, it currently consists of a
5 floating rate roll-up of private debt and OCO,
6 those first two, and then the six substrategies of
7 the public value-added fixed income.

8 We're recommending moving to a
9 simplification of just a roll-up of the public
10 value-added fixed income, OCO and private debt.

11 Tony, can you turn to slide 2, which
12 just shows the recommendation in writing.

13 So first, for the public value-added
14 fixed income, move from a floating rate benchmark
15 to a fixed weight benchmark of 40 percent high
16 yield, 40 percent bank loans, or broadly
17 syndicated loans, and 20 percent emerging market
18 debt for the public value-added fixed income asset
19 class.

20 And these fixed weights reflect the
21 management of the subasset class. They also will
22 give greater visibility as to the expected return
23 and risk of the asset class, seeing those.

24 For the total value-added fixed income,

1 move to a roll-up of the three subasset class
2 benchmarks -- OCO, private debt and public value-
3 added fixed income -- from a roll-up of the six, a
4 roll-up of the benchmark of the OCO, the private
5 debt and the six subasset classes. So simplifying
6 it, just to be even with the hierarchy.

7 And we believe that a floating weight
8 benchmark is a best practice approach in an asset
9 class with both public and private asset class
10 components, as does Verus.

11 And currently -- or revising the
12 subasset class benchmark roll-ups to just be the
13 three subasset class benchmarks from the current
14 will really provide a simplification and an
15 efficiency in terms of benchmark calculation and
16 reporting.

17 The recommended benchmark also reflects
18 the shift of the public value-added fixed income
19 class from floating to a fixed weight.

20 So both benchmark recommendations are
21 simplifications.

22 And I can open it up to any questions,
23 if there are any before the vote.

24 TREASURER GOLDBERG: Are there questions

1 for Jay?

2 I don't hear any, Jay.

3 And we do have a motion and a second, so

4 I will proceed to the vote.

5 Bob? Bob Brousseau?

6 MR. FALZONE: You're muted, Bob.

7 TREASURER GOLDBERG: I'll come back to
8 you.

9 Catherine?

10 MS. D'AMATO: There we go. Just
11 unmuted. Yes.

12 TREASURER GOLDBERG: Ruth Ellen?

13 MS. FITCH: Yes.

14 TREASURER GOLDBERG: Theresa?

15 MS. McGOLDRICK: Yes.

16 TREASURER GOLDBERG: Mark?

17 MR. LAPMAN: Yes.

18 TREASURER GOLDBERG: Dennis?

19 MR. NAUGHTON: Yes.

20 TREASURER GOLDBERG: Carly?

21 MS. ROSE: Yes.

22 TREASURER GOLDBERG: Back to you, Bob.

23 MR. BROUSSEAU: Yes.

24 TREASURER GOLDBERG: Thank you.

1 Myself, yes.

2 The motion carries.

3 MR. LEU: Thank you.

4 TREASURER GOLDBERG: Okay. Next item on
5 the agenda is portfolio completion strategies. We
6 will have the performance summary, and then we
7 will have two voting items.

8 MR. TROTSKY: And you may remember that
9 Bill Li is on --

10 TREASURER GOLDBERG: I know. I was
11 going to say Bill's not here.

12 MR. TROTSKY: And Ethan will take that
13 one.

14 TREASURER GOLDBERG: Go ahead.

15 Ethan. So we'll do the performance
16 summary first. And then when that is complete, we
17 will do the motion and the second on CFM. And
18 then the other one.

19 So go ahead.

20 MR. SPENCER: Great. Thank you, Madam
21 Treasurer.

22 Again, this is Ethan Spencer, senior
23 investment officer in the PCS group.

24 And my job today is fairly easy because,

1 as was mentioned earlier, performance in the hedge
2 fund portfolio has been strong, but I hope you
3 take away from my comments two main things about
4 our returns.

5 The first is that we didn't just ride a
6 market tailwind to generate them. And second is
7 that in addition to the solid absolute returns, as
8 Michael had mentioned, the risk-adjusted returns
9 were also good, implying that we didn't have to
10 take undue risk to generate the returns.

11 So with that, looking back. Well, 2024
12 was obviously strong for most equity and fixed
13 income markets. One thing that caught our eye
14 last year was lower correlations and higher
15 dispersion both within and across some asset
16 classes.

17 And importantly, as markets and asset
18 classes diverge, gaps can be created between price
19 and value, which is usually conducive to alpha
20 generation and can make for a ripe environment for
21 many hedge fund strategies, as was the case last
22 year.

23 As such, returns in our hedge fund
24 portfolio were broad-based and, as Michael

1 mentioned, not driven from the Mag 7, with
2 outstanding returns generated from a wide range of
3 strategies, including long/short equity, long/
4 short credit, emerging market debt, structured
5 credit, event-driven, distressed debt and various
6 forms of activist investing, where managers can
7 affect their own catalysts, among other
8 strategies. So obviously good breadth and depth
9 of winners across the hedge fund book.

10 And against this backdrop, I'm happy to
11 report that the PRIT hedge fund portfolio, which
12 is the majority of PCS, returned 5.1 percent for
13 the quarter and 15 percent for the full year,
14 outperforming the strategic benchmark by 632 basis
15 points.

16 While the directional part of this led
17 performance at 24.2 percent, the stable value
18 portfolio also delivered strong returns at
19 10.2 percent.

20 And all of these figures are net of fees
21 and expenses. And both are above the strategic
22 benchmarks and the peer comparison benchmarks,
23 implying that manager selection was strong.

24 And on that last point, I can't

1 emphasize enough the importance of manager
2 selection within this area of the portfolio. It
3 takes a lot of blocking and tackling or, as Bill
4 Li has often said, watering the flowers and taking
5 out the weeds. And while I do not personally have
6 a green thumb, this gardening effort has paid off.

7 And for the year, PRIT's hedge funds
8 outperformed the peer-based benchmark by 460 basis
9 points, attesting to that manager selection alpha.

10 And importantly, in addition to the good
11 absolute returns, as mentioned at the start, the
12 risk-return metrics have also remained very
13 strong, implying that our hedge funds have not had
14 to take undue risks to achieve the returns. And
15 these returns have been generated while continuing
16 to maintain quite low equity and credit market
17 beta exposures of 0.2 and 0.3, respectively.

18 And with that, that's the end of my
19 formal remarks on the PCS book. Obviously happy
20 to take any questions.

21 TREASURER GOLDBERG: The thing that
22 always strikes me is that flash back four years or
23 so, maybe -- yes, around four -- and, Michael,
24 many -- and others, many of you will remember when

1 PCS was concerning. And the turnaround that Bill
2 and you and others on the team have done on
3 developing this area, which, to my feeling, is
4 pretty unique on value added to the total fund, I
5 think this -- I'm very pleased with the
6 performance.

7 So, Michael Trotsky, as you can
8 remember, this is really a tremendous
9 accomplishment.

10 MR. SPENCER: Thank you.

11 And truly a team effort. Joy, who
12 you're going to hear from later, Eleni, Liu.
13 Others have all contributed.

14 TREASURER GOLDBERG: Yes.

15 Are there questions from members of the
16 Board on this? If not, we can turn to the
17 voting items and the first one, which will be a
18 new investment recommendation.

19 Please remind me who will be presenting
20 that.

21 MR. SPENCER: That will be -- the CFM I
22 believe is listed first, and that will be Joy.

23 TREASURER GOLDBERG: Joy. Okay then.

24 Joy, I am going to do a motion and a

1 second. And then you can take it away.

2 MR. SETH: Thank you.

3 TREASURER GOLDBERG: I seek a motion
4 that the PRIM Board approve the Investment
5 Committee's recommendation to approve an initial
6 allocation of up to \$100 million to CFM ISTrends --

7 Is that the way you call it, Joy?

8 MR. SETH: Yes, Treasurer.

9 TREASURER GOLDBERG: Or they call it "is
10 trends"?

11 MR. SETH: "I-S trends." I call it
12 ISTrends too.

13 TREASURER GOLDBERG: -- as described in
14 the expanded agenda, and further to authorize the
15 executive director to take all actions necessary
16 to effectuate this vote.

17 Is there a motion?

18 MR. BROUSSEAU: So moved.

19 TREASURER GOLDBERG: Is there a second?

20 MS. D'AMATO: Second.

21 MS. McGOLDRICK: Second.

22 TREASURER GOLDBERG: Thank you.

23 Go ahead, Joy.

24 MR. SETH: Thank you, Madam Treasurer.

1 Good morning, everyone. This is Joy
2 Seth, senior investment officer on the PCS team.

3 Today we are recommending a new
4 investment of up to \$100 million to CFM ISTrends
5 to be invested through a PRIM-managed account.

6 CFM ISTrends is a systematic multi-
7 asset, multi-scale, trend-following strategy that
8 aims to extract returns from the tendency of
9 market prices to move in one direction over a
10 period of time. These trends typically occur due
11 to various investor behaviors such as herding and
12 slow adoption of information.

13 The strategy systematically trades a
14 broad range of liquid markets across asset classes
15 such as equities, fixed income, currency and
16 commodities.

17 Given the systematic nature of the
18 strategy, the risk management system process is
19 well-embedded in the firm's ecosystem, including
20 everything from portfolio construction and
21 optimization to execution and monitoring. The
22 research team constantly seeks to explore and add
23 new markets to the extent that new markets would
24 be additive and are supported by the liquidity and

1 the market infrastructure.

2 CFM differentiates itself from many of
3 its peers by implementing a proprietary portfolio
4 construction approach that results in a more
5 balanced portfolio.

6 As a quick background on the fund
7 itself, CFM is a pure systematic investment
8 management firm, founded in 1991 and is
9 headquartered in Paris. CFM maintains a first-
10 rate scientific research effort with strong ties
11 to academia and has published numerous research
12 papers. The research team primarily, consisting
13 of Ph.D.s, is supported by a sizable team of IT
14 engineers and data specialists.

15 The fund's systematic approach is made
16 possible by its sophisticated IT infrastructure,
17 enabling scalability and efficiency. The firm is
18 constantly investing in its quantitative
19 techniques and innovative technologies, which are
20 then applied to a range of investment processes
21 such as data collection and cleaning, signal
22 generation, portfolio construction and execution.

23 Overall, we find CFM's core focus on
24 research and systematic investing to be very

1 impressive, and the expertise they bring on the
2 execution and portfolio construction as well. We
3 like the high quality investment team that's
4 supported by the state-of-the-art infrastructure.

5 And we believe that the strategy would
6 be a great diversifying and complementary addition
7 to our portfolio and that this partnership will
8 offer a good alignment of interest.

9 And with that, I would welcome any
10 questions.

11 TREASURER GOLDBERG: Are there questions
12 for Joy?

13 Okay then. I will move for the vote.

14 Bob? Bob?

15 MR. BROUSSEAU: Yes.

16 TREASURER GOLDBERG: Thank you.

17 Catherine?

18 MS. D'AMATO: Yes.

19 TREASURER GOLDBERG: Ruth Ellen?

20 MS. FITCH: Yes.

21 TREASURER GOLDBERG: Theresa?

22 MS. McGOLDRICK: Yes.

23 TREASURER GOLDBERG: Mark?

24 MR. LAPMAN: Yes.

1 TREASURER GOLDBERG: Dennis?

2 MR. NAUGHTON: Yes.

3 TREASURER GOLDBERG: Carly?

4 MS. ROSE: Yes.

5 TREASURER GOLDBERG: Myself, yes.

6 The motion carries.

7 Okay. The next investment

8 recommendation, which is also new, is Astaris

9 Capital.

10 And who will be presenting that?

11 MR. SPENCER: I will, Madam Treasurer.

12 TREASURER GOLDBERG: I will first seek a

13 motion that the PRIM Board approve the Investment

14 Committee's recommendation to approve an initial

15 allocation of up to \$150 million to Astaris

16 Capital Management, as described in the expanded

17 agenda, and further to authorize the executive

18 director to take all actions necessary to

19 effectuate this vote.

20 Is there a motion?

21 MR. BROUSSEAU: So moved.

22 TREASURER GOLDBERG: Is there a second?

23 MS. FITCH: Second.

24 TREASURER GOLDBERG: All right then. Go

1 ahead, Ethan.

2 MR. SPENCER: Great. Thank you.

3 Again, this is Ethan Spencer, and we are
4 recommending an investment today of up to
5 150 million in Astaris to be invested through a
6 separately managed account.

7 And I'll just give a quick summary of
8 what you've read in the materials, beginning on
9 page 18 of the expanded materials.

10 Astaris was established in 2019 by
11 Martin Beck, who has over two decades of event-
12 driven investing experience in Europe. The core
13 hedge fund strategy was launched in Feb 2020, and
14 the firm today is headquartered in London.

15 The strategy is best described as an
16 opportunistic, European-focused, all-weather
17 credit and special situations strategy. It is
18 highly flexible with the ability to invest across
19 security types such as equity, senior credit,
20 junior credit, CDS, preferred equity, et cetera,
21 as well as company profile, meaning investment
22 grade companies, as well as stressed and/or
23 distressed companies, with a focus on finding
24 events and dislocations that exist both between

1 asset classes, markets and/or companies.

2 This is a fundamentally based strategy
3 where the investment team carries out extensive
4 fundamental research on every investment idea.
5 And they deploy capital, both long and short,
6 within three distinct substrategies, and that
7 being capital structure arbitrage, alpha longs and
8 distressed event shorts.

9 Astaris will migrate across these three
10 buckets depending on the opportunities available,
11 with the ability to be either long or short in any
12 part of a capital structure, which is in part what
13 gives Astaris the ability to make money throughout
14 a cycle.

15 There are three core strengths I'd
16 highlight. The first is the founding team of four
17 partners that has decades of experience investing
18 in Europe across cycles. And having a senior team
19 allows them to perform very deep proprietary due
20 diligence on all ideas.

21 The second is the opportunistic and
22 flexible mandate I mentioned to invest across
23 security type, company and geography, coupled with
24 a true long/short mindset, provides the ability to

1 both source ideas and generate returns in
2 different parts of a cycle.

3 And the third is the focus on western
4 Europe, which is a fragmented market. There is
5 many different cultures, legal systems, regulatory
6 bodies and political biases. And this creates
7 opportunities for those with experience navigating
8 across the region and having extensive local
9 networks, particularly in small and mid-cap
10 situations where Astaris likes to traffic.

11 And then lastly, as I mentioned at the
12 outset, this investment will be made through a
13 separately managed account, which will provide
14 PRIM with full transparency, ownership and control
15 of the assets.

16 And so with that, happy to take any
17 questions, if there are any.

18 TREASURER GOLDBERG: Are there questions
19 for Ethan?

20 Hearing none, I will proceed with the
21 vote.

22 TREASURER GOLDBERG: Bob? Bob?

23 It's still on mute, Bob. I'll come
24 back.

1 Catherine?
2 MS. D'AMATO: Yes.
3 TREASURER GOLDBERG: Ruth Ellen?
4 MS. FITCH: Yes.
5 TREASURER GOLDBERG: Theresa?
6 MS. McGOLDRICK: Yes.
7 TREASURER GOLDBERG: Mark?
8 MR. LAPMAN: Yes.
9 TREASURER GOLDBERG: Dennis?
10 MR. NAUGHTON: Yes.
11 TREASURER GOLDBERG: Carly?
12 MS. ROSE: Yes.
13 TREASURER GOLDBERG: Bob, I'm back to
14 you.
15 MR. BROUSSEAU: Yes.
16 TREASURER GOLDBERG: Myself, yes.
17 The motion carries.
18 Okay then. That would be Astaris.
19 Okay. Next item on the agenda is
20 private equity performance summary and cash flows
21 will be, I'm assuming, Mike -- and this is another
22 one of our Michaels, Mark.
23 MR. MCGIRR: That's right. Thank you,
24 Madam Treasurer.

1 Mark, nice to meet you. Look forward to
2 working with you.

3 Michael McGirr, director of private
4 equity.

5 Some brief comments on performance
6 before we move to our two voting items today.

7 Private equity performance for the
8 quarter was up 1.8 percent net. And as Michael
9 had mentioned, it's our eighth straight positive
10 quarter performance, which I'm very pleased about.

11 And as a reminder, this quarter, with
12 our lag, we're talking about the July 2024 through
13 September 2024 time period, which is quite a while
14 ago now.

15 Turning to the trailing one-year,
16 private equity was up 7.8 percent. And digging
17 into those numbers a little bit, we saw large and
18 small buyouts perform up 8 and 9 percent,
19 respectively, over that trailing one-year period.
20 Growth equity investments were up 9 percent, and
21 venture capital eked out a positive return of
22 about 2 percent.

23 Now, PRIM's long-term private equity
24 returns remain strong. Our 10-year at

1 16.7 percent net and our five-year returned
2 17 percent net.

3 Our three-year performance is muted at
4 2.4 percent net, reflecting the challenging
5 environment private equity has faced, notably in
6 calendar years '22 and '23. And this is against
7 the backdrop of a very strong public equity market
8 during those periods.

9 The PE portfolio is primarily comprised
10 of small companies. And as we've talked about the
11 Magnificent 7, we have no exposure to the
12 Magnificent 7. Not we're underweight. We have
13 zero exposure to those companies.

14 And as we discussed, with 30 percent of
15 the market value of the S&P 500 concentrated in
16 those Magnificent 7, in contrast, if you look at
17 the private equity portfolio on a look-through
18 basis, our top seven holdings would account for
19 about 6 percent of our market value. So much more
20 diversified across the total of almost 4,000
21 companies and much less concentrated.

22 So zooming back out, with our positive
23 performance for the quarter, our assets grew to
24 18.2 billion, 16.6 percent of the PRIT Fund,

1 within our targeted allocation range.

2 I'm going to pause my comments there.

3 Happy to take any questions on performance, the
4 portfolio, the markets, before moving to our two
5 voting items.

6 TREASURER GOLDBERG: Are there
7 questions?

8 Hearing none, Michael, who will be
9 presenting?

10 MR. McGIRR: For both of these voting
11 items, Helen Huang is going to present.

12 TREASURER GOLDBERG: Helen will. Okay.
13 Very good.

14 So the first one is a follow-on
15 investment recommendation, which is Advent. And,
16 Helen, so what I will do is I'm going to seek the
17 motion and a second. And then you can make your
18 presentation.

19 MS. HUANG: Sounds good.

20 TREASURER GOLDBERG: I seek a motion
21 that the PRIM Board approve the Investment
22 Committee's recommendation to approve a commitment
23 of up to 375 million euro to Advent International
24 GPE XI, LP, as described in the expanded agenda,

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

4 Is there a motion? Anybody?

5 MS. FITCH: So moved.

6 TREASURER GOLDBERG: Is there a second?

7 MS. D'AMATO: Second.

8 TREASURER GOLDBERG: Thank you.

9 MS. D'AMATO: It's the mute button,
10 Treasurer, off and on, because I'm not sure who
11 was controlling, but sometimes we're all put on
12 mute without our own -- then you have to take it
13 off, so --

14 TREASURER GOLDBERG: Oh, is that --
15 really?

16 MS. FITCH: Can I just ask a question?
17 You said 370. It's 375, I think.

18 TREASURER GOLDBERG: I thought I said
19 375 euro.

20 MS. FITCH: Oh, euro.

21 TREASURER GOLDBERG: Yes. Okay. All
22 right then. Getting back to Helen, we have a
23 motion. We have a second.

24 Go ahead, Helen.

1 MS. HUANG: Great. Thank you, Madam
2 Treasurer.

3 Good morning. My name is Helen Huang,
4 senior investment officer on the private equity
5 team. Pleasure to see you all today.

6 And, Mark, welcome to the PRIM Board.

7 MR. LAPMAN: Thank you.

8 MS. HUANG: I'm going to quickly walk
9 through a re-up recommendation on Advent
10 International and take questions, if there's any.

11 Advent, which is a Boston-based manager,
12 is raising 26 billion for its 11th global private
13 equity or GPE fund.

14 PRIM's relationship with Advent goes
15 back in decades. PRIM has invested in nine of the
16 prior GPE funds since 1989 and co-invested twice
17 so far.

18 Despite being a large PE platform,
19 Advent has been very differentiated in targeting
20 two ends of the barbell, doing both larger
21 transformational deals and acceleration deals on
22 smaller growthier companies with an operationally
23 intense resource model.

24 The firm has targeted five sectors for

1 over 40 years now, investing across a wide range
2 of deal sizes and delivering a strong blended
3 track record, fund after fund. Performance has
4 been really strong for PRIM on large commitment
5 amounts.

6 Advent has a large and cohesive senior
7 team that has worked together for an average of
8 13 years. It's privately owned by this group of
9 leaders. And together, they've steered the firm
10 successfully in different market environments.

11 And today, we're recommending a
12 commitment of up to 375 million euro to Advent GPE
13 XI.

14 With that, I'm happy to take questions.

15 TREASURER GOLDBERG: Are there questions
16 for Helen?

17 MR. NAUGHTON: I have a question, Madam
18 Chair.

19 TREASURER GOLDBERG: Absolutely.

20 MR. NAUGHTON: Good morning, Helen.

21 I'm just focusing on -- I'm looking at
22 the listing of elements in the investment, and I
23 note that one of them is healthcare. And I wonder
24 if you could break down to some degree for us what

1 is being invested in in the way of healthcare.

2 MS. HUANG: Sure. Thank you so much,
3 Dennis, for that question.

4 Healthcare, as we all know, it's a vast
5 space. As you think about healthcare spending,
6 it's close to 20 percent of the U.S. GDP. It
7 continues to be and has been a very fruitful
8 ground for private equity investing.

9 And you're right, Dan. Healthcare is
10 one of the five sectors that Advent invests in,
11 and they have been doing this for a long time,
12 over 40 years.

13 And thinking about the key focus areas
14 for Advent, in terms of the subsectors within
15 healthcare, they are typically in pharmaceuticals,
16 outsourcing services, life sciences tools, and
17 healthcare IT end services. So those are some of
18 the main sectors for them within healthcare.

19 MR. NAUGHTON: I don't know what IT end
20 services are, Helen. Can you help me with that?

21 MS. HUANG: Yes. So these are the, you
22 know, typically technology-enabled business, for
23 example electronic records for hospital, for
24 physicians and services that enable their day-to-
day delivery

1 of the service.

2 So these are not typically, you know,
3 clinics or facilities. So it's very much tech-
4 enabled and service-heavy.

5 MR. NAUGHTON: Thank you.

6 MS. HUANG: Sure.

7 TREASURER GOLDBERG: Dennis, any other --

8 MR. BROUSSEAU: Madam Treasurer, I just
9 have a question, just brief questions.

10 Helen, I noted here that Advent, of
11 course, has been one of our good producers for
12 many, many years now, but they operate in North
13 America, Europe, Asia.

14 Are all of these -- is this fund going
15 to be investing in Europe primarily? Or will it
16 be in North America? Throughout the spectrum? Or
17 is it just European?

18 MS. HUANG: Yes. I'd be happy to
19 address that, Bob.

20 You're right. Advent invests globally,
21 but primarily in North America and Europe. And I
22 think that has been their focus historically.
23 Over 90 percent of their GPE funds have been
24 invested in these areas.

1 And then in terms of the rest,
2 10 percent, APAC has been a consistent small
3 piece of the GPE investment scope. And as you
4 know, that's a pretty large region, right, with
5 various countries that have different
6 characteristics; these are Australia, India,
7 China, et cetera.

8 But yes. By and large, in North America
9 and Europe.

10 MR. MCGIRR: Yes. The other thing I'd
11 add, just looking at the whole private equity
12 portfolio, Bob, we have a couple true global
13 managers, but Advent, I'd put in that category.
14 As Helen mentioned, it's mostly North America and
15 western Europe, but this firm has offices all over
16 the world.

17 MR. BROUSSEAU: Okay. Thank you.

18 TREASURER GOLDBERG: Any further
19 questions for Helen on this voting item?

20 Hearing none, we will proceed with the
21 vote.

22 Bob?

23 MR. BROUSSEAU: Yes.

24 TREASURER GOLDBERG: Catherine?

1 MS. D'AMATO: Yes.

2 TREASURER GOLDBERG: Ruth Ellen?

3 MS. FITCH: Yes.

4 TREASURER GOLDBERG: Theresa?

5 MS. McGOLDRICK: Yes.

6 TREASURER GOLDBERG: Mark?

7 MR. LAPMAN: Yes.

8 TREASURER GOLDBERG: Dennis?

9 MR. NAUGHTON: Yes.

10 TREASURER GOLDBERG: Carly?

11 MS. ROSE: Yes.

12 TREASURER GOLDBERG: Myself, yes.

13 The motion carries.

14 The next item, I will seek a motion that
15 the PRIM Board approve the Investment Committee's
16 recommendation to approve a commitment of up to
17 \$125 million to Tiger Iron Bay State Fund, LP, as
18 described in the expanded agenda, and further to
19 authorize the executive director to take all
20 actions necessary to effectuate this vote.

21 Is there a motion?

22 MR. BROUSSEAU: So moved.

23 TREASURER GOLDBERG: Is there a second?

24 MS. FITCH: Second.

1 MR. LAPMAN: Second.

2 TREASURER GOLDBERG: Helen, you're
3 presenting this one again.

4 MS. HUANG: Correct.

5 Great. Thank you, Madam Treasurer.

6 This is Helen again.

7 You know, as noted, this is a new
8 recommendation. And for this part of the
9 presentation, I will be referring to the slides in
10 Appendix M in the expanded agenda.

11 And with that, Tony, would you mind
12 please pulling up the slides.

13 Great. Thank you so much.

14 Before I jump into the manager
15 recommendation, I'd like to set the stage by
16 refreshing our venture capital program design.
17 PRIM has been a long-term investor in VC, where it
18 has generated accretive returns in our PE
19 portfolio.

20 We also believe VC provides our
21 pensioners with underlying exposure to the most
22 vibrant part of the economy and some of the next
23 generational best companies.

24 So looking at this page 2, core to our

1 VC program objective is to achieve attractive risk-
2 adjusted returns and leverage PRIM's advantages in
3 finding interest-aligned opportunities.

4 To position our program for the long-
5 term success, we have approached portfolio
6 construction with a core and emerging philosophy,
7 explained in the three prongs.

8 First, continue to scale with our
9 existing core VCs, who have made strong
10 contributions to our pensioners' retirement
11 assets.

12 Second, proactively gain access to
13 highly respected new GPs, new general partners, to
14 add to our core portfolio. We have made great
15 progress in adding new VC managers in the last two
16 to three years.

17 And third, build a portfolio to provide
18 future options by investing with high quality GPs
19 at earlier entry points. And over time, the goal
20 is to grow allocation and concentrate with select
21 managers.

22 Why is this important? In our own
23 experience, some of the best performing VCs in our
24 portfolio started as small investments in their

1 first few funds, decades ago. And accessing these
2 managers today would have been very difficult.

3 Moving on to the next page, the next
4 slide, please. Thank you.

5 We talked about before that building a
6 high quality VC program requires competitive
7 access. What complicates this third prong effort
8 is that there are a high number of small VC firms.
9 So sifting through a highly dispersed playing
10 field requires a lot of resources. And this is
11 challenging to do for a small team that's managing
12 a large portfolio. And some of these VC firms or
13 funds are very small for our current check size.

14 I think these are common challenges
15 facing large institutional investors.

16 We made a lot of progress in developing
17 the first and second prong, but I think our
18 venture effort can be accelerated with additional
19 support in the form of an extension of staff
20 model.

21 We believe this is the best model to
22 align with our goals and strengthen PRIM's
23 capabilities. As a result, we are very focused on
24 finding a partner that offers the structure and

1 engagement model that best suits our need.

2 And moving on to the last slide, page 4
3 --thanks -- we would like to recommend up to
4 125 million commitment in the fund-of-one with
5 Tiger Iron, a well-respected, experienced VC firm.

6 This partnership will prioritize access
7 to high quality small and/or emerging VCs where we
8 see Tiger Iron as a staff multiplier to help us
9 source, evaluate and commit to the GPs based on
10 our directives. And PRIM will have the ultimate
11 control of commitment decisions.

12 I also want to mention this has been a
13 multi-year research effort. Tiger Iron has really
14 stood out with its innovative business model, LP-
15 friendly terms, and a unique approach that really
16 centers on transparency, collaboration and
17 knowledge sharing. Their commitment to early-
18 stage venture is also very compatible with our
19 strategic goal to expand access in this part of
20 venture capital.

21 Tiger Iron is comprised of a small team.
22 Becky Connolly will be PRIM's key contact within
23 this partnership. Becky, in fact, is based in
24 Massachusetts. She is from Massachusetts, and her

1 parents are retired teachers. We believe her and
2 her team's vision of working with a small pension
3 client base is mission-aligned.

4 Last, I'd just like to emphasize that
5 we're not outsourcing our VC portfolio. We'll
6 continue to source, invest and manage our VC
7 program on a direct basis, while having Tiger Iron
8 supplement and enhance our capability in building
9 a more robust long-term pipeline.

10 On that note, I also just want to
11 acknowledge the great support from Dave Gurtz, our
12 deputy CIO, during this very collaborative
13 process.

14 And I'd be happy to take questions or
15 comments.

16 TREASURER GOLDBERG: And are there
17 questions for Helen on this item?

18 MR. LAPMAN: I have a question.

19 TREASURER GOLDBERG: Yes.

20 MR. LAPMAN: Is there a preference for
21 VCs and enterprises that are specifically in
22 Massachusetts?

23 MS. HUANG: Thank you, Mark, for that
24 question.

1 I think the goal is to expand our access
2 to high quality proven GPs and build earlier entry
3 points into these tough-to-access managers. They
4 can be based in Massachusetts, or they can be
5 based elsewhere.

6 And then I think the key goal again is
7 building that longer term pipeline, and hopefully
8 some of these will be important contributors to
9 our pension returns in 10 to 15 to 20 years' time.

10 MR. LAPMAN: Why is it called the Bay
11 State Fund?

12 MS. HUANG: Oh, that's just because
13 this is a fund-of-one structure in which PRIM is
14 the only LP. Obviously we wanted to name it to
15 reflect our stature.

16
17 MR. LAPMAN: That's okay.

18 MS. HUANG: Yes.

19 MR. LAPMAN: Thank you.

20 MS. HUANG: Of course.

21 MS. FITCH: I think this is really an
22 important and a great program. And I think it
23 really supports PRIM in a very positive way.

24 MS. HUANG: Thank you. Thank you, Ruth

1 Ellen, for that comment. Yes. We're excited
2 about starting this program.

3 And as with any other positions in our
4 portfolio, we'll closely monitor it. This is
5 PRIM's portfolio so we'll evaluate performance per
6 the right performance benchmarks, and we'll be
7 sure to report back to the board --

8 MS. FITCH: Good, good.

9 MS. HUANG: -- on the progress.

10 MS. FITCH: Thank you.

11 MR. BROUSSEAU: Madam Treasurer, just
12 one question for Helen.

13 Not a question, just a comment. I know
14 that we can't predict what the future is going to
15 do, but in this environment in the United States
16 today, is it going to be easier or probably more
17 difficult to invest in venture capital,
18 considering what could happen?

19 I know we don't know what's going to
20 happen, but if some of these policies are put into
21 place, I wonder if it would impact venture capital
22 investing because I know it's been a difficult
23 area.

24 MS. HUANG: Yes. I think that's a

1 difficult question to answer, Bob.

2 MR. BROUSSEAU: Just a comment. That's
3 why I'm saying it. Yes.

4 MS. HUANG: Yes. I think as just we
5 were reflecting on even just the progress that
6 we've made in the last two, three years, as you
7 may remember, we came to the Board to enhance our
8 VC governance about three years ago.

9 And as part of that self-reflection, we
10 think we have made a lot of progress. During
11 these last two, three years, it has been very
12 turbulent environment for the PE market and
13 certainly for VC.

14 And I think as a team, that we have been
15 pretty effective in broadening our core GP bench
16 with these really high quality additions, thinking
17 about that second prong of our VC portfolio
18 construction. And we've added premiere VC firms
19 that we proactively pursued, whom we believe to be
20 great stewards of capital.

21 And in turn, they also value PRIM as a
22 steady and durable LP that really has strong
23 knowledge in this space.

24 So I think PRIM has been successful to

1 sort of differentiate our access in these
2 competitive situations. And we hope to continue
3 to do that in light of the uncertainties in the
4 world.

5 MR. TROTSKY: Thank you, Helen.

6 I would just add that venture remains a
7 small portion of the entire private equity
8 portfolio. We are trying to grow it.

9 This is a drawdown structure that can
10 pivot on funding based on the environment and how
11 it evolves. So if it's a good environment, you
12 might expect the commitment pacing to be quicker
13 than if it's a bad environment.

14 MS. HUANG: Right.

15 MR. TROTSKY: And we will monitor that.
16 We're not spending the commitment today. It will
17 be predicated on our ability to find attractive
18 investments, together with Tiger Iron.

19 MS. FITCH: Good. Smart.

20 MS. HUANG: Well-said.

21 TREASURER GOLDBERG: So are there
22 further questions?

23 MS. D'AMATO: Madam Treasurer, I don't
24 have further questions, but there's a lot of

1 chatter about how much cash is sitting out in the
2 world right now and how little is being invested
3 in startups or new.

4 And this is I think an element of risk,
5 and it's also very expensive for them to get into
6 some of these opportunities. So I mean I think
7 it's just something we need to monitor, and
8 whatever opportunities that we might have to, as
9 Helen noted, to vet them, grab them, see if
10 they're there because I don't think there are
11 going to be a lot down the road, just because
12 until some of the issues get settled and some of
13 the global markets get settled, people are holding
14 a lot of cash unto themselves, where they would
15 normally be investing them in various businesses
16 and being able to see a return.

17 So it's something that I've been talking
18 about on a different board a lot in terms of
19 watching how much cash is in the world right now.

20 TREASURER GOLDBERG: Any other comments
21 or questions?

22 Hearing none, we will proceed with the
23 vote.

24 Bob?

1 MR. BROUSSEAU: Yes.

2 TREASURER GOLDBERG: Catherine?

3 MS. D'AMATO: Yes.

4 TREASURER GOLDBERG: Ruth Ellen?

5 MS. FITCH: Yes.

6 TREASURER GOLDBERG: Theresa?

7 MS. McGOLDRICK: Yes.

8 TREASURER GOLDBERG: Mark?

9 MR. LAPMAN: Yes.

10 TREASURER GOLDBERG: Dennis?

11 MR. NAUGHTON: Yes.

12 TREASURER GOLDBERG: Carly?

13 MS. ROSE: Yes.

14 TREASURER GOLDBERG: Myself, yes.

15 The motion carries.

16 Thank you, Helen.

17 MS. HUANG: Thank you.

18 TREASURER GOLDBERG: And we move on to

19 real estate and timberland. We'll have a

20 performance summary by Tim.

21 And then, Tim, you'll let me know who's

22 going to present for the real estate voting item.

23 MR. SCHLITZER: That will be Shannon, I

24 believe.

1 TREASURER GOLDBERG: Okay. We'll double-
2 check that when we get there.

3 MR. SCHLITZER: Good point.

4 So good morning. I'm Tim Schlitzer,
5 director of real estate and timberland.

6 I also want to welcome Mark. Mark,
7 we're looking forward to working with you.

8 And I also want to say on behalf of the
9 team, we send our condolences to Paul's family as
10 well. We always felt like we had sort of a
11 special connection to Paul because of his history
12 with PRIM's real estate. He was a gentleman, and
13 we're going to miss him a lot. So I just wanted
14 to say that.

15 And on to business, which I know Paul
16 would want, let me just provide an update on year-
17 end results. There's information in the package,
18 but I'm not going to directly be referencing
19 anything in the package.

20 So just starting with positioning, we've
21 had virtually no change to our position within
22 PRIM's asset allocation. We ended the year at
23 9 percent of PRIM in real estate and 2.9 percent
24 in timberland. Both are below the target midpoint

1 but well within the target range. This is a
2 result of negative returns in real estate, which
3 I'll touch on in a moment, and positive but more
4 muted timberland returns against a backdrop of
5 double-digit public market returns for the year,
6 which we've talked about.

7 Our risk bucket weightings remain
8 consistent with prior periods. Low leverage, high
9 quality core real estate continues to drive our
10 portfolio risk and return profile.

11 I will note that the REIT segment of our
12 portfolio will increase by 3 to 4 percent over the
13 next couple of months as the new REIT managers get
14 up and running. We'll still be well below where
15 we were four or five years ago in REITs. As you
16 know, that's been our plan. But we're excited to
17 get the new managers up and running.

18 Just turning to real estate performance
19 for a moment, returns were negative 3.1 percent in
20 2024. I'll note that the three-year number as
21 well was down slightly less than 1 percent on an
22 annualized basis.

23 From the market peak in 2022, on a
24 cumulative basis through the downturn to year-end

1 2024, I think it's important to note that PRIM's
2 private portfolio has outperformed the market by
3 710 basis points.

4 So while we're disappointed with the
5 negative returns in an industry, as you know,
6 that's driven so much by interest rates and
7 supply, both of which have elevated significantly
8 over the past two to three years, but just
9 thinking about past cycles as a guide, we do
10 continue to feel like the portfolio is weathering
11 the storm pretty well and are cautiously
12 optimistic, I would say, as we begin to see some
13 slow signs of recovery in capital flows, slowing
14 construction and absorption of new supply.

15 And I think that's a testament to the
16 efficacy of our quality bias, the resilience of
17 the U.S. economy overall, and then space demand
18 broadly, which is beginning to come back.

19 I'll note that the public REIT market
20 was positive for the year, despite a difficult
21 fourth quarter, as the 10-year Treasury did rise
22 about 80 basis points. PRIM's portfolio
23 outperformed the benchmark by 256 basis points for
24 the year, returning 4.4 percent.

1 On the private side, our return for the
2 year was negative 3.6 percent, in excess of our
3 benchmark by 444 basis points.

4 In terms of the private market
5 backdrop, all of the major index sectors, so
6 really being apartments, industrial and retail,
7 except office, provided positive returns in 2024,
8 indicating the stirrings of a broad market
9 recovery. This contrasts with 2023, where all
10 major sectors had negative returns.

11 PRIM's overweights to industrial and
12 apartments, in-line weight to retail and
13 underweight to traditional office, which Michael
14 mentioned, as well as underweights to some of the
15 primary gateway markets in the west, offset by
16 overweights to southern markets such as Atlanta,
17 Miami and Dallas, continue to work and have been
18 accretive to our returns.

19 Those are my real estate comments.
20 Please feel free to ask questions as I go along.
21 I'll transition into timber.

22 Just focusing on the one-year return in
23 timber, timber returned 3 percent for the year,
24 underperforming PRIM's benchmark by 700 basis

1 points. I'll note that over the past three years,
2 the annual return for the asset class has been
3 7.3 percent. That makes it the highest-performing
4 asset class at PRIM, and I know we saw that on the
5 quilt chart.

6 So I did provide some color at the Real
7 Estate and Timberland Committee on the 2024
8 underperformance in timber. I went through some
9 of the challenges with the market index. I'm not
10 going to go through those today, but we did talk a
11 little bit about the index.

12 Jack Lutz on the committee, who is our
13 resident forestry expert, provided some comments
14 on the market and performance as well, which was
15 well-received by the group.

16 I did want to remind everybody, and I
17 think everybody is aware of this, but as compared
18 to the asset class benchmark, we are
19 underallocated by approximately 20 percent to the
20 U.S. South with offsetting active exposure to
21 Australia and New Zealand, which has been our top-
22 performing segment for the past 10 years.

23 There are a few factors worth mentioning
24 related to the benchmark underperformance in 2024.

1 First, the reported index number is as of
2 September 30. So there's a lag there, as we know.
3 Against the December index return for the year,
4 underperformance decreases to 400 basis points.
5 So that's a big swing there.

6 And I'd say the remainder of the
7 underperformance is tied really to the China
8 housing crisis. So let me make a few points on
9 that.

10 First, as I stated, we have the
11 overweight to that region through one of our
12 separate account managers. With those countries
13 really being the primary wood suppliers to China,
14 this segment underperformed the U.S. South, where
15 we are underweight.

16 Second, the Australian dollar was down
17 about 9 percent for the year. This segment's
18 return in local currency was flat, but the FX
19 change dragged U.S. dollar returns down about
20 550 basis points. So significant FX impact.

21 And then lastly, one of our separate
22 account managers has a large asset in the United
23 States Pacific Northwest region that has a high
24 exposure in the export markets. So we've seen

1 some log price impact there and experienced a
2 large appraisal write-down during the year, which
3 also had impact.

4 So I wanted to make those points. Let
5 me just wrap up on this topic with maybe some more
6 general comments on China and that factor within
7 our portfolio, which will definitely be an area of
8 focus throughout the year. It has been, and it
9 will continue to be.

10 We don't want to overreact to the story
11 there. I'd say in contrast to log prices in the
12 U.S. South, which have barely moved in years,
13 prices for timber going to Asia have increased
14 substantially over the past five years and really
15 are now coming back to earth, I think.

16 There's precedent for this type of
17 correction going back to the Asian debt crisis,
18 and export markets are historically always very
19 volatile, as we know. China has about 1.5 billion
20 people. They don't have enough domestic timber,
21 and that is a challenge that will not be easy to
22 correct. We do understand that there are
23 questions, good questions, surrounding Chinese
24 growth, urbanization and demographics going

1 forward.

2 So like I said, we're going to really
3 continue to focus on this at the asset level and
4 then at the macro level as well. And we'll
5 continue to report back on timber, the portfolio
6 and performance.

7 MR. TROTSKY: Tim, can you just remind
8 the group how big Australia and New Zealand are to
9 the total timberland portfolio?

10 MR. SCHLITZER: About 20 percent. So
11 it's a 20 percent active weight over the
12 benchmark. It's about 20 percent of the
13 portfolio. So think about that as roughly
14 \$600 million.

15 TREASURER GOLDBERG: So are there
16 questions for Tim?

17 All right. Thank you, Tim.

18 MR. SCHLITZER: Thank you.

19 TREASURER GOLDBERG: And so we will be
20 doing one real estate, and this is the benchmark
21 recommendation.

22 And so did you say that Shannon is going
23 to be presenting that?

24 MS. ERICSON: Yes, I will be presenting.

1 TREASURER GOLDBERG: All right. Thank
2 you Shannon. Before you do, I am going to seek a
3 motion and a second.

4 I seek a motion that the PRIM Board
5 approve the Real Estate and Timberland Committee's
6 recommendations to approval the real estate
7 benchmark recommendations as described in the
8 expanded agenda, and further to authorize the
9 executive director to take all actions necessary
10 to effectuate this vote.

11 Is there a motion?

12 MR. NAUGHTON: So moved.

13 MS. McGOLDRICK: Second.

14 MR. BROUSSEAU: Second.

15 TREASURER GOLDBERG: All right. Thank
16 you.

17 Shannon, take it away.

18 MS. ERICSON: Thank you.

19 Good morning, Treasurer. Good morning,
20 committee members. I am Shannon Ericson, senior
21 investment officer on PRIM's risk team.

22 As Jay mentioned earlier, we
23 periodically review our benchmarks along with
24 Verus, our benchmark consultant, and input from

1 the asset class teams, in this case, the real
2 estate team.

3 Tony, could you please go to the second
4 page of our presentation in Appendix O?

5 MR. FALZONE: All set.

6 MS. ERICSON: Thank you.

7 Today we have three recommendations for
8 the real estate portfolio, which are all voting
9 items.

10 The first recommendation is to change
11 the REITs primary benchmark to the FTSE Nareit
12 Equity REITs index to reflect the change from a
13 global to a U.S.-only mandate.

14 This benchmark contains all U.S. equity
15 REITs not designated as timberland or
16 telecommunications REITs. This universe is
17 consistent with the new REIT mandate approved in
18 the November board meeting.

19 As a reminder, our existing global
20 manager, CenterSquare, will transition from a
21 global to a U.S. REIT mandate, and the two new
22 REIT managers, DWS and PGIM, will focus on
23 investing in U.S.-only REITs.

24 As part of the benchmark selection

1 process, Verus reviewed five REIT index vendors
2 and preferred the Nareit benchmark for its focus
3 on real estate versus being a carve-out of a
4 broader diversified benchmark. The benchmark's
5 construction is transparent, and it is broadly
6 diversified across sectors. It is also commonly
7 used as a REIT benchmark among allocators and
8 consultants.

9 The other two benchmark recommendations
10 are for the FUTURE Initiative real estate program
11 managed by Cambridge Associates. The first
12 recommendation is to change the primary benchmark
13 to the NCREIF Open-End Diversified Core Index.
14 This benchmark is in line with the goal of the
15 program to outperform the private real estate
16 universe and is the stated benchmark in Cambridge
17 Associates' investment management agreement.

18 The second recommendation is to
19 establish a secondary benchmark for the program to
20 be a roll-up of the underlying strategy
21 benchmarks. This benchmark will allow the real
22 estate team to analyze manager skill versus their
23 stated benchmark.

24 And with that, I'm happy to take any

1 questions.

2 TREASURER GOLDBERG: Are there questions
3 for Shannon?

4 Okay. Hearing none, we will proceed
5 with the vote.

6 MS. ERICSON: Thank you.

7 TREASURER GOLDBERG: Bob?

8 MR. BROUSSEAU: Yes.

9 TREASURER GOLDBERG: Catherine?

10 MS. D'AMATO: Yes.

11 TREASURER GOLDBERG: Ruth Ellen?

12 MS. FITCH: Yes.

13 TREASURER GOLDBERG: Theresa?

14 MS. McGOLDRICK: Yes.

15 TREASURER GOLDBERG: Mark?

16 MR. LAPMAN: Yes.

17 TREASURER GOLDBERG: Dennis?

18 MR. NAUGHTON: Yes.

19 TREASURER GOLDBERG: Carly?

20 MS. ROSE: Yes.

21 TREASURER GOLDBERG: Myself, yes.

22 The motion carries.

23 All right. That's real estate and
24 timberland. And we're moving on to stewardship

1 and sustainability. We have two voting items, and
2 we will be hearing from Veena.

3 MS. RAMANI: Here I am. Good morning,
4 everyone. I am Veena Ramani. I'm the director of
5 stewardship.

6 And, Mark, let me join everyone in
7 welcoming you to the PRIM Board.

8 Madam Treasurer, both my items are
9 voting items. Did you want me to present first,
10 or do you want to take a motion?

11 TREASURER GOLDBERG: I didn't know if
12 you wanted to make any introductory remarks so
13 what I will do is I will first seek a motion for
14 the custom proxy voting guidelines, which we went
15 over in the Administration and Audit Committee
16 previously.

17 So I seek a motion that the PRIM Board
18 approve the Stewardship and Sustainability
19 Committee's recommendations to approve the draft
20 Custom Proxy Voting Guidelines attached as
21 Appendix S of the expanded agenda, and further to
22 authorize the executive director to take all
23 actions necessary to effectuate this vote.

24 Is there a motion?

1 MS. McGOLDRICK: So moved.

2 MS. FITCH: So moved.

3 TREASURER GOLDBERG: And second?

4 MR. BROUSSEAU: Second.

5 MR. LAPMAN: Second.

6 TREASURER GOLDBERG: Okay then. Go
7 ahead, Veena.

8 MS. RAMANI: Thank you very much.

9 So as Madam Treasurer alluded to, we
10 will be referring to a few appendices during this
11 portion of the presentation so those are
12 Appendices Q, R and S.

13 And let me start by apologizing that
14 these appendices collectively reflect around
15 200 pages of the 500 you had to read. So to make
16 up for that, I am going to keep my remarks really
17 succinct.

18 So Appendix R is the redlined version of
19 the guidelines. Appendix S is the clean version
20 on which we're looking for you to vote. And
21 Appendix Q is a presentation that summarizes the
22 changes that we're looking to make.

23 So, Tony, if you could pull up slide 3
24 of Appendix Q, please.

1 So two minutes of context as the slides
2 are being pulled up. So as you may recall, our
3 proxy voting guidelines lay out our expectations
4 for the kind of behaviors that we expect to see to
5 set up companies for long-term value creation.

6 And as our understanding and the
7 research on what these behaviors are evolves, our
8 best practice has been to regularly review and
9 update the guidelines. Our practice has been to
10 do this annually.

11 So this slide and the next slide
12 summarize the changes that we're looking to make
13 in the proxy voting guidelines this year. The
14 changes come from three sources. Some of these
15 changes have been recommended by ISS, our proxy
16 voting advisor. Most of these are technical
17 governance tweaks reflecting the way that they
18 have been interpreting our shareholder
19 resolutions.

20 But many of these recommendations come
21 from staff, keeping in mind resolution trends and
22 how we're looking to position ourselves for
23 engagement this coming year.

24 And the most extensive changes that we

1 are proposing come from work that we did with a
2 consultant to update our guidelines on the
3 specific issue of executive compensation.

4 I won't go through these in detail. As
5 the Treasurer alluded to, we actually discussed
6 them in a good amount of detail in the last
7 Stewardship and Sustainability Committee meeting.

8 So as you will have seen, we're looking
9 to add language to further enhance our approach to
10 board diversity. We're looking to add language
11 supporting the rights of shareholders to file
12 resolutions. And we're looking to adjust the way
13 we vote on international proxies to better mirror
14 the principles that we consider when voting on
15 domestic securities so that there's more
16 consistency in the way that we vote across the
17 fund.

18 Tony, can you move on to the next slide,
19 please.

20 But as you will have also seen, the most
21 extensive changes that we're looking to make
22 relate to how we vote on resolutions on the
23 executive pay packages at U.S. companies. So
24 these are called management say-on-pay proposals.

1 So a lot of the changes we're looking to
2 make are cosmetic. They just make the guidelines
3 tighter.

4 But the substantive changes that we're
5 hoping to make are threefold. First, we're
6 looking to adopt a simpler, more long-term
7 performance-oriented approach to voting on
8 management say-on-pay proposals.

9 Second, we're looking to broaden the
10 definition of what we consider problematic pay
11 practices, to include practices like the overuse
12 of time-based incentive awards and hedging and
13 pledging of shares by executives. These are
14 practices that could result in the misalignment
15 between the interest of company insiders with our
16 interests as long-term shareholders for long-term
17 performance.

18 And finally, we've added in a section
19 identifying positive practices we're looking to
20 see in compensation plans. Things like clawback
21 policies, considering share dilution when awarding
22 equity compensation and stock redemption
23 requirements, all of which are about protecting
24 our interest as shareholders.

1 So let me stop here. Happy to answer
2 any questions.

3 TREASURER GOLDBERG: Are there questions
4 for Veena?

5 Hearing none, Veena.

6 So on this first item, we can proceed
7 then with a roll call vote.

8 Bob?

9 MR. BROUSSEAU: Yes.

10 TREASURER GOLDBERG: Catherine?

11 MS. D'AMATO: Yes.

12 TREASURER GOLDBERG: Ruth Ellen?

13 MS. FITCH: Yes.

14 TREASURER GOLDBERG: Theresa?

15 MS. MCGOLDRICK: Yes.

16 TREASURER GOLDBERG: Mark?

17 MR. LAPMAN: Yes.

18 TREASURER GOLDBERG: Dennis?

19 MR. NAUGHTON: Yes.

20 TREASURER GOLDBERG: Carly?

21 MS. ROSE: Yes.

22 TREASURER GOLDBERG: Myself, yes.

23 The motion carries.

24 The next item --

1 MS. FITCH: Can I just -- I'm sorry.
2 One comment on voting guidelines, the clean
3 version we got, the pages aren't numbered.

4 MS. RAMANI: I apologize. We'll fix
5 that.

6 MS. FITCH: Okay.

7 TREASURER GOLDBERG: Is it stapled
8 together, though?

9 MS. FITCH: Yes, it is.

10 TREASURER GOLDBERG: I actually always
11 take these proxy voting guidelines and our
12 discussions on the committee work with me to
13 reread over and over because I think that
14 absorbing them all is so well-done.

15 MS. FITCH: I absolutely agree. And
16 there are 41 pages. And without numbers, it's
17 like "ah."

18 TREASURER GOLDBERG: That's okay, Ruth
19 Ellen. We will number the pages for you.

20 MS. FITCH: Thank you.

21 TREASURER GOLDBERG: Okay then.

22 Getting back to the next voting item, I
23 would seek a motion that the PRIM Board approve
24 the Stewardship and Sustainability Committee's

1 recommendation to approve the draft Proxy Voting
2 Decision-Making Policy attached as Appendix T of
3 the expanded agenda, and further to authorize the
4 executive director to take all actions necessary
5 to effectuate this vote.

6 Is there a motion?

7 MS. D'AMATO: So move.

8 TREASURER GOLDBERG: Second?

9 MR. NAUGHTON: Second.

10 MR. BROUSSEAU: Second.

11 TREASURER GOLDBERG: Okay then. Veena.

12 MS. RAMANI: Thank you very much.

13 So as the name suggests, the proxy
14 voting decision-making policy looks to codify how
15 we approach decision-making on proxy voting. This
16 sort of falls on the heels of a number of policies
17 we've adopted as a part of the stewardship work
18 over the past year and a half to really codify how
19 we approach decision-making on stewardship writ
20 large and everything that we do on materiality and
21 long-term value creation.

22 So this policy specifically looks to do
23 two things. First, it formalizes the current
24 practice of the Board to regularly review and, as

1 needed, update the proxy voting guidelines. And
2 the second thing the policy does is lay out a
3 process on how we will vote on areas not currently
4 envisioned by the guidelines.

5 So as a reminder, the custom proxy
6 voting guidelines are a rules-based document that
7 lay out a range of ballot scenarios and specify
8 how we will vote on each scenario. And ISS does
9 the back-end work of translating our guidelines
10 into voting recommendations, which we as staff
11 then review and implement.

12 But every year, and this is happening
13 more and more, we see efforts by issuers and by
14 shareholders that go outside the scope of the
15 guidelines. And our typical approach in these
16 scenarios is to abstain from voting.

17 But we wanted to create the space in
18 extraordinary circumstances for staff to generate
19 voting recommendations and for both the
20 Stewardship and Sustainability Committee and the
21 board to review such recommendations.

22 Our approach in these circumstances will
23 be to do our research, consult with a range of
24 sources and generate a written recommendation.

1 And the policy lays out a process by which the
2 committee and the board could review and provide
3 input to our recommendations.

4 So we anticipate that this will work
5 very similarly to the process we have in place
6 with the review of co-investments, particularly
7 outside the scope of the Board meeting cycle.

8 I want to be clear that we expect this
9 policy to be used very rarely, if at all, but the
10 impetus for the policy is that we are entering a
11 new period of stewardship where some of the
12 traditional ways in which stewardship has
13 operated, things like filing resolutions, engaging
14 issuers and partnering with other investors, is
15 being called into question.

16 We're also seeing fast-moving risks,
17 things like the COVID pandemic and AI, evolve from
18 the category of emerging risks to affecting
19 corporate performance in some very real ways in
20 very short periods of time. And given that we
21 have very strict rules-based guidelines right now,
22 the goal of this policy is to allow for what we
23 cannot anticipate and create a process for those
24 circumstances where we believe that it's truly

1 important to have a voice on a scenario that the
2 guidelines don't anticipate.

3 And the policy ensures that in such a
4 scenario, we are walking in lockstep with the
5 views of the committee and the board.

6 Let me stop here. Happy to take
7 questions.

8 TREASURER GOLDBERG: Are there questions
9 for Veena?

10 Were the pages numbered?

11 MS. RAMANI: It's just one page.

12 MS. FITCH: It's one page, and it's not
13 numbered.

14 I'm sorry.

15 TREASURER GOLDBERG: Just checking.

16 Just checking. You are my appointee so I want to
17 make you happy.

18 Okay then. We have a motion. We have a
19 second. I'm going to do a roll call vote.

20 Bob?

21 MR. BROUSSEAU: Yes.

22 TREASURER GOLDBERG: Catherine?

23 MS. D'AMATO: Yes.

24 TREASURER GOLDBERG: Ruth Ellen?

1 MS. FITCH: Yes.

2 TREASURER GOLDBERG: Theresa?

3 MS. MCGOLDRICK: Yes.

4 TREASURER GOLDBERG: Mark?

5 MR. LAPMAN: Yes.

6 TREASURER GOLDBERG: Dennis?

7 MR. NAUGHTON: Yes.

8 TREASURER GOLDBERG: Carly?

9 MS. ROSE: Yes.

10 TREASURER GOLDBERG: Myself, yes.

11 The motion carries.

12 Thank you, Veena.

13 MS. RAMANI: Thank you.

14 TREASURER GOLDBERG: All right. Our
15 final section for today is finance and
16 administration report, starting with the
17 legislative update.

18 And Emma, my deputy, did such an
19 outstanding job last time that she is going to do
20 it again.

21 MS. STAFF: Amazing.

22 MR. FALZONE: I have a brief update. I can do
23 it after the legislative update when we get into
24 the other matters. I do have something to
inform the board

1 about. But we can do that after.

2 TREASURER GOLDBERG: Okay. Thank you.

3 MS. STAFF: Awesome.

4 Good afternoon, everyone. I'm Emma.
5 I'm the Treasurer's deputy director of policy and
6 legislative affairs, here to just provide an
7 update on the legislature.

8 So 6,000 bills have been filed for this
9 session. The PRIM bills that make up part of that
10 6,000 can generally be categorized into three
11 different areas: board composition, divestment
12 and oversight.

13 The Board composition bill is similar
14 to in previous years, filed by Rep Peisch and
15 Senator Cronin. And these bills typically go to
16 state admin and public service, which are two of
17 the committees that the legislature has.

18 State admin has the same chair as last
19 year, that's Rep Cabral in the house. And there
20 have been changes to the public service committee
21 chair on the house side. This was announced last
22 night, but Rep Ryan, who was previously chair of
23 election laws, will be chairing public service.
24 We don't anticipate that this represents a

1 dramatic change in the tone of the committee, but
2 it is new leadership.

3 The other thing that we wanted to update
4 you all on is that the COVID-19 era public meeting
5 provisions that allow for remote meetings like
6 this do expire on March 31 of 2025.

7 There has not been any public discussion
8 of extending those or where the legislature is at,
9 something we're monitoring very closely. And in
10 previous years, it's been extended at the 11th
11 hour. So we are monitoring closely and will keep
12 you all updated.

13 So I think that covers the main things
14 we wanted to update you all on. I'm happy to
15 answer any questions you may have.

16 TREASURER GOLDBERG: Are there questions
17 for Emma?

18 I know, Bob, that I think you asked her
19 a question in our subcommittee.

20 MR. BROUSSEAU: Yes.

21 MR. NAUGHTON: If I may, Madam
22 Treasurer.

23 Emma, just quickly, kind of like, even
24 though it's on the record, it's like an off-the-

1 record question. Do you have a sense of how much
2 pushback there is to the governor's proposal on
3 extending the remote meetings? Because I think
4 her proposal contains an element that requires
5 local cities and towns to provide access to
6 meetings, and there would be a cost involved with
7 that. Has there been pushback over that from
8 cities and towns?

9 MS. STAFF: I'm not sure if any cities
10 and towns have pushed back, but I know that each
11 city and town operates in a unique way, has unique
12 budget constraints. And so that's certainly part
13 of the calculation that the legislature and the
14 governor's team are making as they think about
15 this.

16 Because it's not just meetings like
17 this, but also open town meetings with hundreds of
18 people or representative town meetings, all sorts
19 of different public bodies that all operate in
20 different ways. And for smaller towns, there are
21 different cost considerations.

22 MR. NAUGHTON: Okay. Thanks.

23 MR. BROUSSEAU: Madam Chair, I think in
24 our subcommittee, on the Admin Committee, we did

1 discuss -- I think it was the question I had
2 --the composition of the Board.

3 Is the legislation the same as was
4 submitted past years?

5 MS. STAFF: Yes, it is the same.

6 MR. BROUSSEAU: Could you just reiterate
7 that? I think -- Mark is new to the committee, so
8 probably if --

9 Will it impact the composition of the
10 Board somewhat?

11 MS. STAFF: I'm not super familiar with
12 the explicit ways that it changes the Board, but
13 I know that it is similar to how it's been filed
14 in the past.

15 MR. TROTSKY: Bob, during Mark's on-
16 boarding, I'll be sure to bring him through that.

17 MR. BROUSSEAU: Okay. Thank you.
18 That's fine.

19 MR. LAPMAN: Thank you.

20 TREASURER GOLDBERG: Any other questions
21 for Emma?

22 Don't make it too hard on her.

23 Remember, this is her second time doing this. And
24 she's done a yeoman's job.

1 MR. NAUGHTON: Well, we can see, Madam
2 Treasurer, that she has the right stuff. That's
3 why we don't hesitate to put her on the spot now
4 and again.

5 It's a growth experience, Emma.

6 TREASURER GOLDBERG: I know.

7 MS. STAFF: Thank you.

8 TREASURER GOLDBERG: Thank you, Emma.
9 And, Tony, you wanted to come up next.

10 MR. FALZONE: Yes. Thank you,
11 Treasurer.

12 So I do have one thing to mention.
13 Before I get into that, I want to welcome Mark,
14 like everyone else has.

15 And I also want to send my thoughts and
16 prayers to Paul Shanley's family. You know,
17 PRIM's a small place, and many people like me have
18 a lot of tenure here, and we work with the Board
19 very closely, and we're all family.

20 Many of the staff that report under me
21 know Paul very well, and we just send our thoughts
22 and prayers to his family.

23 So at the end of the year, 2024, that
24 is, we were notified that the state auditor's

1 office was planning to examine PRIM. I mentioned
2 that at the Admin and Audit Committee, but we
3 didn't have any formal engagement letter at the
4 time. Well, just yesterday, we received that
5 formal engagement letter.

6 Over the last few months, we have been
7 working closely with the state auditor's team,
8 supporting their audit planning. The engagement
9 letter mentions that they will be examining areas,
10 policies and procedures around DE&I, ESG,
11 divestment initiatives, performance calculations
12 and fees. That's what the engagement letter says.

13 We haven't had any discussions with them
14 since we received it, but again, our team has been
15 communicating with them pretty regularly.

16 For the Board's reference, the last
17 state audits were in 2017 and 2021. There were
18 similar areas of oversight on the last audit, so
19 some of it isn't that unusual. And we'll
20 continue to update you as the audit progresses.

21 And that's really the only comments I
22 have right now. We just received the letter
23 yesterday so --

24 TREASURER GOLDBERG: Okay. Thank you.

1 MS. D'AMATO: Madam Treasurer, I have a
2 question on that. When an audit like this occurs,
3 are you using additional resources, or are
4 additional resources brought in to be of help?

5 MR. FALZONE: For PRIM? We use existing
6 resources.

7 MS. D'AMATO: Okay.

8 MR. FALZONE: So, Catherine, as -- and I
9 say this all the time, we are in a perpetual state
10 of audit.

11 MS. D'AMATO: Yes, you are.

12 MR. FALZONE: Calendar year, fiscal
13 year. 35, 36 audits. I'm not a stranger to
14 audits. My team is very well-versed in supporting
15 them.

16 So we'll do what we do and see how
17 things go.

18 MS. D'AMATO: I'm sure your tick and tie
19 is awesome so appreciate that. Thank you.

20 MR. FALZONE: Thanks.

21 MR. TROTSKY: I think that's the agenda.
22 Everything else is informational. Correct, Tony?

23 MR. FALZONE: That's correct.

24 TREASURER GOLDBERG: I just wanted to

1 make sure there were no other questions.

2 MR. TROTSKY: And, Treasurer, I have to
3 commend you for running a very crisp, productive
4 meeting.

5 TREASURER GOLDBERG: Keeping you in line
6 on your executive director reports really sets the
7 tone.

8 MR. TROTSKY: But as you can tell, it
9 was a little difficult for all of us, and I think
10 you helped us along. So thank you.

11 TREASURER GOLDBERG: We're all dealing
12 with a tremendous amount of sadness right now.

13 In case people -- I might as well share.
14 My mother's in hospice.

15 MS. FITCH: Oh, I didn't know that.

16 TREASURER GOLDBERG: So it's amazing I
17 can even do all this.

18 So anyhow, everyone, it brings me back
19 to a lot of reflections of when my dad passed away
20 a couple years ago, and you all were shocked that
21 I got on and ran the meeting the following
22 morning.

23 So this is my job, and I take my job
24 very seriously. And so this Board meeting was

1 critically important to me, and it's critically
2 important to our beneficiaries and the state. So
3 want to do a good job for all of you.

4 So anyhow, with that, I would seek a
5 motion to adjourn. Is there a motion?

6 MR. BROUSSEAU: So moved.

7 TREASURER GOLDBERG: Is there a second?

8 MS. D'AMATO: Second.

9 MS. FITCH: Second.

10 TREASURER GOLDBERG: I will do a roll
11 call 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 MS. MCGOLDRICK: Yes.

20 TREASURER GOLDBERG: Mark?

21 MR. LAPMAN: Yes.

22 TREASURER GOLDBERG: Dennis?

23 MR. NAUGHTON: Yes.

24 TREASURER GOLDBERG: Carly?

1 MS. ROSE: Yes.

2 TREASURER GOLDBERG: And myself, yes.

3 The motion carries.

4 Thank you, everyone, for all of your
5 good work.

6 (Meeting adjourned at 12:07 p.m.)

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