



**Minutes of the Real Estate and Timberland Committee Remote Meeting
Wednesday, May 7, 2025**

Committee members attending:

- Jill Hatton, CRE, Chair
- Treasurer Deborah Goldberg
- Lydia Chesnick, Esq.
- Robert Gifford
- Jack Lutz, Ph.D.
- Garlan Morse, Jr., CRE
- Carly Rose

Committee members not attending:

- William McCall, CRE
- Peter O’Connell

The PRIM Real Estate and Timberland Committee meeting was called to order at 9:31 a.m. Chair Jill Hatton announced that the meeting was being held in accordance with the provisions of Massachusetts Acts of 2022, Chapter 22, which was most recently amended on March 28, 2025, to include an extension of the 2020 Executive Order ‘Suspending Certain Provisions of the Open Meeting Law’ until June 30, 2027. All members of the Committee that participated did so remotely via audio/video conferencing, and public access to the deliberations of the Committee was provided via telephone, with all documents referenced at the meeting available to be viewed on PRIM’s website (www.mapension.com). At the start of the meeting, the members' names participating remotely were announced.

I. Approval of the Minutes (Voting Item)

The PRIM Real Estate and Timberland Committee approved, by unanimous roll-call vote, the minutes of its February 12, 2025, meeting.

II. Executive Director/Chief Investment Officer Report

Michael G. Trotsky, CFA, Executive Director, and Chief Investment Officer, made comments to the Committee, including:

The PRIT Fund ended the quarter with a balance of \$110 billion as of March 31, 2025, essentially flat despite U.S. equity markets being down more than 4%. The PRIT Fund gained 5.5% for the trailing one-year period. U.S. equity markets were the hardest hit, but the PRIT Fund’s international equity exposures fared better, posting positive returns for the quarter. Additionally, bonds and alternative investments provided an additional buffer to weaker U.S. equity markets. Equity and bond volatility were elevated.

Mr. Trotsky mentioned that legendary investor Warren Buffet wrote soon after the stock market crash of 1987 including “Black Monday”, the largest single day drop in the market’s history (DJIA down 508 points or 22.6%), “... *an investor will succeed by coupling good business judgement with an ability to insulate his [or her] thoughts and behavior from the super-contagious emotions that swirl about the marketplace.*”

Mr. Trotsky explained that this quote is an excellent summary of what the entire PRIM team is doing at this critical time, monitoring every aspect of the PRIT Fund and maintaining close contact with investment managers and industry experts who support PRIM to ensure staff are well-informed. He added that, as usual, PRIM is analytical, disciplined, and unemotional about every investment decision it makes. Importantly, PRIM adheres to its fundamental investment philosophy: “PRIM can’t accurately predict the future, so we don’t try; and PRIM can’t predict the future of the financial markets, so we

don't try." Instead, the PRIT Fund is a carefully constructed, broadly diversified portfolio with components that are expected to perform well in any environment. Critical to PRIM's beneficiaries and stakeholders is the fact that PRIM is not facing any liquidity stress due to recent volatility and can easily meet all commitments. The PRIT Fund is performing well, is well-positioned, and resilient.

Organizational Update

Matt Marshall joined PRIM's Private Equity team in late February as an Investment Officer, reporting to Alyssa Acker. Mr. Marshall has over 10 years of experience in portfolio management, primarily allocating investments to private markets on behalf of endowments. For the past seven years, he was an Investment Director at Beth Israel Lahey Health Investment Office, sourcing and leading due diligence efforts for venture capital and private equity. Prior to that, he was an Investment Analyst at Mass General Brigham Investment Office. Mr. Marshall graduated from George Washington University with a bachelor's degree in Business Administration in Finance and International Business.

Private Equity International has named Senior Investment Officer on the Private Equity team, **Helen Huang**, a member of its annual "40 under 40: Future Leaders of Private Equity" list. The publication credits Helen with helping to "reinvigorate the pension plan's venture capital program [and contributing] significantly to PE investment process design." The publication lauded PRIM's Private Equity team's proactive approach to sourcing new ideas and status as one of the top-performing public pension fund Private Equity portfolios based on its 10-year private equity returns.

Market Update

Mr. Trotsky added that the market environment and news flow are changing rapidly, and there is concern about the institutional guardrails protecting the financial markets. In early April, a quick reversal of policy decisions was encouraging after the bond market flashed warning signs after a spike in volatility; equity markets rebounded strongly in the subsequent days. Some believe that the bond market is the ultimate enforcer; that an orderly bond market, which enables the Government to borrow and finance itself consistently, is a fundamental force of immense and independent power. At that critical moment, the bond market appeared to have extraordinary coercive power.

Mr. Trotsky explained that PRIM does not know exactly how the current Administration's tariff plan will play out or how policies will impact the economy; it is impossible to predict. However, cooler heads prevailed, and the markets have responded positively in April and into May. There are many risks to the market and the economy right now, and there are so many unknowns. However, it is PRIM's job to, in the words of Winston Churchill, who incidentally began his political career in the early 1900s vigorously fighting tariff proposals, "Keep calm and carry on." That's what staff at PRIM are doing. PRIM staff are maintaining and carefully monitoring a broad, diversified portfolio that contains strategies designed to perform well regardless of the future's uncertainties. Mr. Trotsky added that, for the first time in a long time, international equities outperformed US equities in the March quarter, which helped PRIM's broadly diversified portfolio. German equities were up 15.5%, UK equities were up 9.7%, China equities were up 15%, while Japan equities were flat, and the US market was down more than 4%.

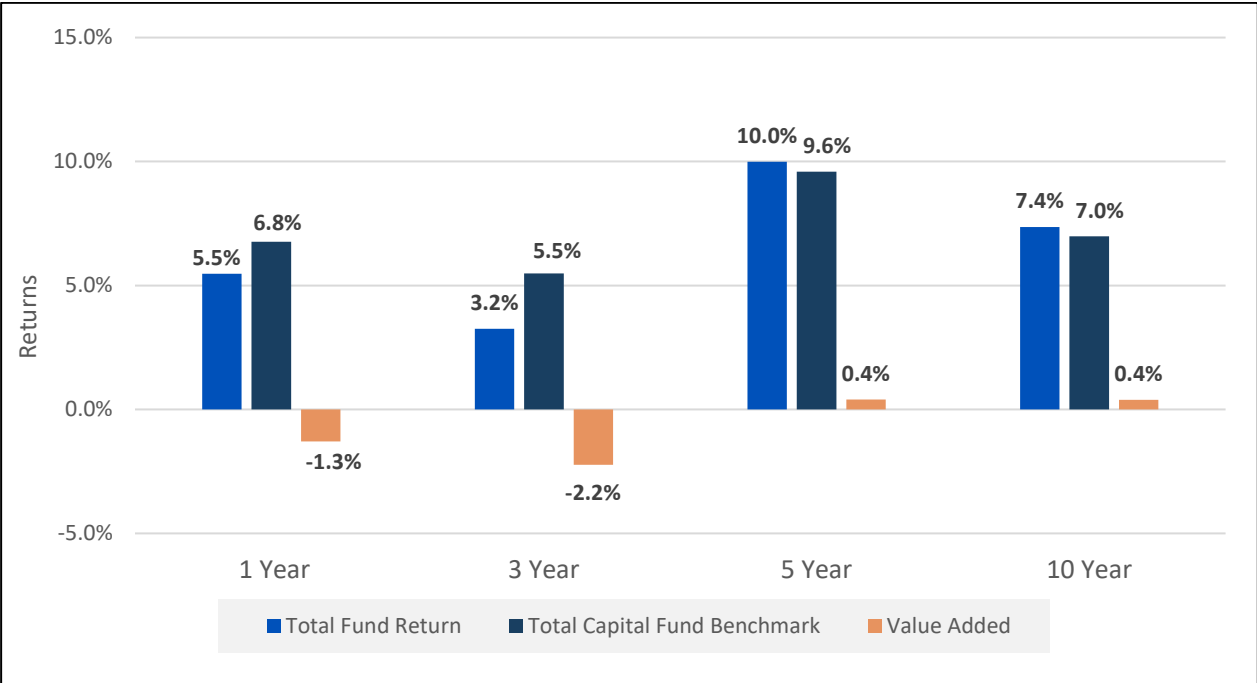
Mr. Trotsky summarized comments made at the Investment Committee, highlighting the unusual and extreme bearishness in sentiment and surveys. Noting that if the peak negativeness on tariffs has passed and the bottom has already been tested, there could be upside potential in the equity markets as some of these disputes are resolved. As for fixed income, where most yields are based in part on the yield of so-called risk-free Treasuries, there are some reasons to fear that demand might erode even though the most recent Treasury auctions have functioned relatively well. First, central banks are significant buyers of Treasuries, purchasing them to recycle their trade surpluses with the U.S. Japan, China, and the UK are among the largest buyers of U.S. Treasuries. With a trade war, the surplus could diminish, and those buyers will have less trade surplus to recycle into Treasuries. Second, Hedge Funds have become the

largest buyers of Treasuries, and with the volatility of the markets, Hedge Funds could pull back leverage and thereby reduce their purchases of Treasuries. Meanwhile, the Federal Government has signaled the need to finance itself through large and steady Treasury auctions. As for the dollar, it is extremely difficult to dislodge the US dollar as the global currency reserve, with more than 80% of global trade done in US dollars, it will be hard to create a major and sustained downturn for the U.S dollar, the dollar has historically been very resilient, and markets have short memories for any dislocations. Mr. Trotsky described a cartoon shown at the Investment Committee meeting depicting Uncle Sam literally stuffing Treasuries into a fragile system. Mr. Trotsky concluded his market update by stating that in the end, with the large and steady supply of Treasuries necessary to fund the government, any decrease in demand could impact yields, necessitating them to rise to clear the auctions. That scenario would not be good for interest rates.

PRIT Fund Performance

Mr. Trotsky discussed the March 2025 PRIT Fund performance in more detail, referencing the following performance charts:

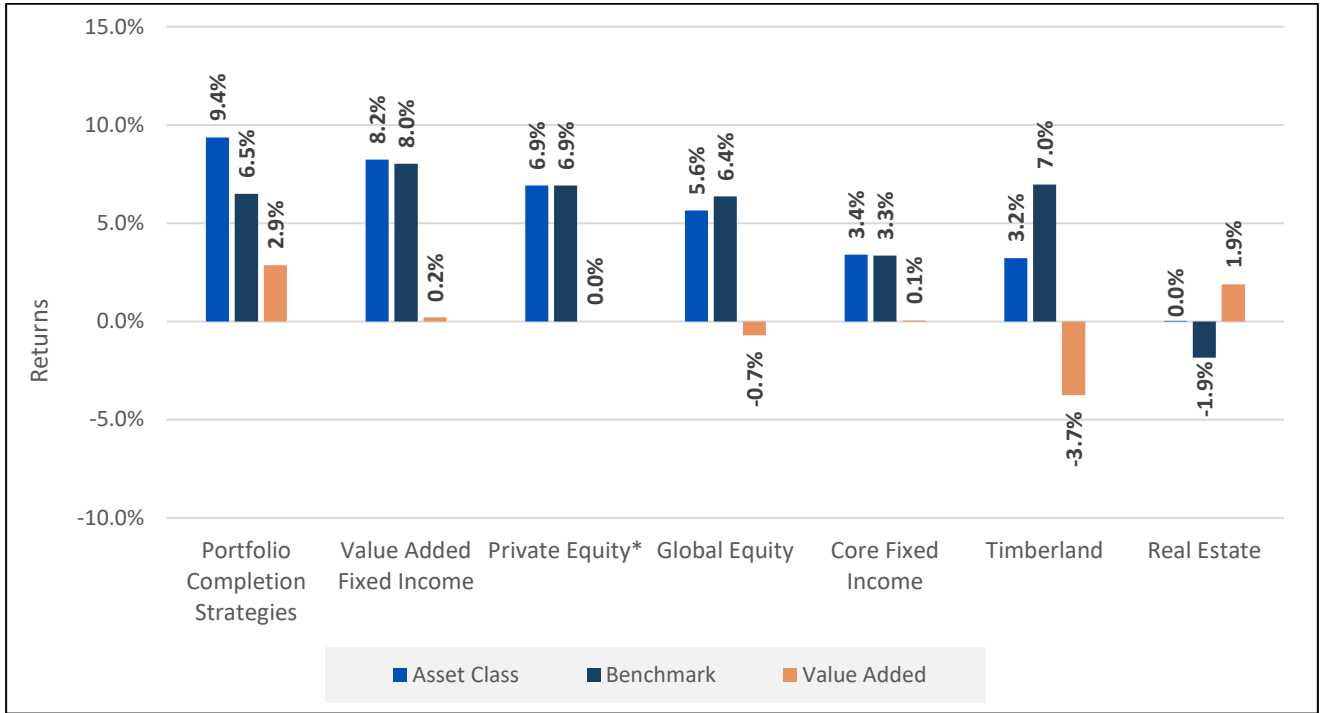
Total PRIT Fund Returns
 Annualized Returns as of March 31, 2025 (Net of Fees)



Source: BNY. Total Capital Fund Benchmark includes private equity benchmark.

PRIT Asset Class Performance Summary

One Year ended March 31, 2025 (Net of Fees)



Source: BNY. Totals may not add due to rounding. *Benchmark is actual performance.

PRIT Fund Annualized Returns by Asset Class

March 31, 2025 (Net of Fees)

1 Year	3 Year	5 Year	10 Year
PORTFOLIO COMPLETION STRATEGIES 9.4%	TIMBER 7.0%	PRIVATE EQUITY 16.1%	PRIVATE EQUITY 16.5%
VALUE-ADDED FIXED INCOME 8.2%	GLOBAL EQUITY 6.5%	GLOBAL EQUITY 15.2%	GLOBAL EQUITY 8.7%
PRIVATE EQUITY 6.9%	VALUE-ADDED FIXED INCOME 6.0%	VALUE-ADDED FIXED INCOME 8.2%	REAL ESTATE 6.2%
GLOBAL EQUITY 5.6%	PORTFOLIO COMPLETION STRATEGIES 5.9%	TIMBER 7.6%	TIMBER 5.3%
CORE FIXED INCOME 3.4%	PRIVATE EQUITY 1.6%	PORTFOLIO COMPLETION STRATEGIES 7.2%	VALUE-ADDED FIXED INCOME 5.2%
TIMBER 3.2%	CORE FIXED INCOME (2.4%)	REAL ESTATE 5.6%	PORTFOLIO COMPLETION STRATEGIES 3.9%
REAL ESTATE 0.0%	REAL ESTATE (3.1%)	CORE FIXED INCOME (1.9%)	CORE FIXED INCOME 1.1%

Source: BNY. Returns as of March 31, 2025

III. Performance Review and Market Summary

Timothy Schlitzer, CFA, CRE, Director of Real Estate and Timberland began by discussing positioning within PRIM's asset allocation. PRIM ended the year at 9.2%, or \$10.2 billion, of PRIT in Real Estate and 2.9%, or \$3.1 billion, in Timberland. Both asset classes are below their target mid-point but within range.

Real Estate

Mr. Schlitzer noted that the recently approved REIT managers invested the \$300 million (\$150 million each) commitment in April. Net private real estate deployment was \$118 million for the quarter, comprised of a warehouse portfolio acquisition and a small warehouse disposition. He observed that the volume of investment flow in the separate accounts had increased prior to the Liberation Day announcement but that markets had pulled back recently as investors digested the potential outcomes and implications of these policies. Mr. Schlitzer said that the team believes there may be some potential crowding of capital flows in the industrial and apartment markets, particularly as the size of the office market opportunity has decreased, and that the team and PRIM's investment managers continue to conduct research on alternative market segments.

Mr. Schlitzer provided additional detail on Real Estate performance. Total Real Estate was up 0.7% for the quarter. The team was pleased to see valuation support and a solid income yield coming from the asset class, which is expected to be just under 6% of invested capital for 2025. He added that there was less dispersion in appraisal changes at the sector level, which were in-line with the index for the quarter. Of the major sectors, retail lead, up almost 2%, with office down approximately 0.5%, and apartments and industrial inside that range.

Mr. Schlitzer stated that portfolio leverage reduced the separate account portfolio return by 14 basis points for the quarter and 40 basis points for the year, but that the detraction from leverage, which is expected during market cycles, is shrinking as returns stabilize. He added that the team is evaluating additional borrowing options as rates come down and the return environment improves. The total asset class return was 26 basis points under the benchmark for the quarter, net of fees. Mr. Schlitzer reiterated that PRIM's portfolio has been designed to have some additional leverage and business plan risk versus the market index. This has detracted from returns recently but has been accretive over the long term.

Mr. Schlitzer went on to discuss the one-year returns. Total Real Estate was approximately flat at 0.04% for the year, above the benchmark by 189 basis points. The attributes of the private real estate portfolio, which drives PRIM's results, haven't changed. He described in more detail the sector and geographic drivers of return. Industrial and apartments, portfolio overweights, representing over 70% of the portfolio, have held up well throughout the cycle. PRIM has a small underweight to retail but has benefited overall from the negligible construction pipeline and a recent capital market resurgence. The underweight to traditional office also continued to be accretive. He added that the overweight to medical office properties, which does not include hospital exposure, outperformed the office sector. Lastly, PRIM continues to have underweights to two major west coast markets and overweights to several southern markets including Atlanta, Miami, Dallas. This positioning added to PRIM's returns.

Ending with REIT performance, Mr. Schlitzer noted that REITS had strong performance for the year at 6.1%, equating to 281 basis points of outperformance.

Timberland

Mr. Schlitzer transitioned to an update on the Timberland portfolio. He confirmed that there was no timberland investment activity in PRIM's portfolio in the first quarter, adding that market transaction volume was approximately \$500 million. PRIM's timberland portfolio returned 3.2% for the year, 375 basis points below the benchmark, or about 240 basis points on an unlagged basis, using the actual March 31, 2025, index return, which is released after PRIM reports results.

Mr. Schlitzer described the reasons for the underperformance, which are concentrated in a few segments. First, he reiterated that the benchmark has no non-U.S. exposure. PRIM's portfolio, which has exposure to assets in Australia and New Zealand, experienced detractor from these assets, driven by moderating export log price assumptions and a decrease due to declines in local currency values. Next, he highlighted two assets in the Pacific Northwest with significant export exposure due to the high concentrations of Hemlock, a preferred export market species. This concentration led to changes to the discount rate and log price assumptions in PRIM's manager's valuations. Lastly, Mr. Schlitzer commented that regional index returns haven't aligned with fundamentals. From an attribution standpoint, a strong Southern return for the year drove index results despite Southern Log prices declining approximately 3% for the year.

IV. Timberland Appraisal – Request for Qualifications (RFQ) Search Committee Recommendation (Voting Item)

Minching Kao, Investment Officer, presented PRIM's recommendation for the placement of eight appraisers on PRIM's list of approved timberland appraisers. The eight groups included the following:

- American Forest Management
- Forest Resource Consultants
- Legacy Appraisal Services
- Mason, Bruce & Girard
- Sewall Forestry & Natural Resources Consulting
- Sizemore & Sizemore
- The Healy Company
- Timberland Appraisal Inc.

Ms. Kao provided an overview of the Timberland Appraisal Services RFQ process, including the timeline, Evaluation Committee members, and number of respondents. Ms. Kao mentioned that the eight respondents are currently on PRIM's list of approved timberland appraisers. She informed the Committee that the responses were thoroughly reviewed, and that the respondents' qualifications and quality of work were verified based on PRIM's firsthand experience. She further pointed out that, despite several notable organizational changes at two of the firms, the Evaluation Committee did not expect any material impact on either firm because of adequate succession planning.

Dr. Jack Lutz commented that he was familiar with each appraisal firm and concurred with the addition of each to PRIM's appraiser list.

The PRIM Real Estate and Timberland Committee voted, by unanimous roll-call vote, to make a recommendation to the PRIM Board to approve the placement of American Forest Management, Forest Resource Consultants, Legacy Appraisal Services, Mason, Bruce & Girard, Sewall Forestry & Natural Resources Consulting, Sizemore & Sizemore, The Healy Company, and Timberland Appraisal Inc. to PRIM's list of approved Timberland appraisers, as described in the Expanded Agenda, and further to authorize the Executive Director to take all actions necessary to effectuate this vote.

The PRIM Real Estate and Timberland Committee meeting adjourned at 10:30 a.m.

List of documents and exhibits used during the meeting:

- *Minutes of the PRIM Real Estate and Timberland Committee Meeting of February 12, 2025*
- *PRIT Fund Performance Presentation (March 31, 2025)*
- *PRIT Fund Performance Report (March 31, 2025)*
- *Real Estate and Timberland Performance Charts*
- *Timberland Search Committee Recommendation*